Kalanikethan Silks Private Limited

Financial Statements

2021-22

INDEPENDENT AUDITOR'S REPORT

To
The Members of Kalanikethan Silks Private Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kalanikethan Silks Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (the "Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its loss, total comprehensive loss, cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Boards' report but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Other Matter

Reporting on comparatives in case of first Ind AS financial statements

The comparative financial information of the Company for the year ended 31st March, 2021 and the related transition date opening balance sheet as at 1st April, 2020 included in these financial statements, have been prepared after adjusting previously issued financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued financial statements were audited by the predecessor auditor whose report for the year ended 31st March, 2021 dated 29th October, 2021 expressed an unmodified opinion on those financial statements. Adjustments made to the previously issued financial statements to comply with Ind AS have been audited by us.

Our opinion on the financial statements is not modified in respect of the above matter on the comparative financial information.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:

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

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

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company does not have any pending litigations which would impact its financial position

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

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (the "Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (the "Ultimate Beneficiaries of funds advanced, loaned or investment") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries of funds advanced, loaned or investment.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities (the "Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not proposed, declared or paid any interim or final dividend during the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Varsha A. Fadte
Partner
(Membership No. 103999)
UDIN: 22103999AHIBNC5927

Panaji, Goa, 18th April, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in Paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kalanikethan Silks Private Limited ("the Company") as of 31st March, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Varsha A. Fadte
Partner
(Membership No. 103999)
UDIN: 22103999AHIBNC5927

Panaji, Goa, 18th April, 2022

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress and relevant details of right-of-use assets.

B. As the Company does not hold any intangible assets, reporting under clause (i)(a)B of the Order is not applicable.

(b) Property, plant and equipment, capital work-in-progress and right-of-use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the property, plant and equipment, capital work-in-progress, and right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) during the year. The Company does not have any intangible assets.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and based on the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable.

Sales tax, Service tax, duty of Excise and Value Added Tax are not applicable to the Company. Hence the reporting under clause (vii)(a) of the Order, with respect to these statutory dues, is not applicable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on 31st March, 2022.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

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

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.

(x) (a) The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act, 2013 for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.

(xiv) In our opinion, requirements related to of internal audit system under section 138 of the Companies Act, 2013 are not applicable to the Company and hence reporting under clause (xiv) of the Order is not applicable.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

The Group does not have any Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016 and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has incurred cash losses amounting to Rs. 7,393 lakhs in the financial year covered by our audit but had not incurred cash losses in the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors of the Company during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report which is not mitigated (refer Note B.1 to the financial statements) indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Varsha A. Fadte
Partner
(Membership No. 103999)
UDIN: 22103999AHIBNC5927

Panaji, Goa, 18th April, 2022

Kalanikethan Silks Private Limited
Balance Sheet as at 31st March, 2022

₹ in lakhs

	Notes	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Assets				
Non-Current Assets				
Property, Plant and Equipment	1	**4,260.19**	5,479.49	6,611.48
Capital Work-in-Progress	1	**146.90**	163.31	-
Financial Assets				
Other Financial Assets	2	**293.49**	313.59	328.57
Other Non- Current Assets	4	**15.21**	-	-
Total Non-Current Assets		**4,715.79**	5,956.39	6,940.05
Current Assets				
Inventories	5	**5,406.12**	6,622.81	17,661.41
Financial Assets				
Investments	6	**3,347.53**	-	-
Trade Receivables	7	**260.48**	365.49	326.02
Cash and Cash Equivalents	8	**225.25**	199.55	144.86
Other Financial Assets	9	**244.12**	283.06	375.38
Other Current Assets	10	**92.31**	747.67	1,937.43
Total Current Assets		**9,575.81**	8,218.58	20,445.10
Total Assets		**14,291.60**	14,174.97	27,385.15
Equity and Liabilities				
Equity				
Equity Share Capital	11	**1,600.00**	1,600.00	1,600.00
Other Equity	12	**5,222.98**	(10,738.04)	3,822.91
		6,822.98	(9,138.04)	5,422.91
Non-Current Liabilities				
Financial Liabilities				
Borrowings	13	**-**	2,992.32	6,779.56
Lease Liabilities		**2,025.05**	2,499.33	3,027.09
Deferred Tax Liabilities (Net)	3	**-**	14.18	45.99
Total Non-Current Liabilities		**2,025.05**	5,505.83	9,852.64
Current Liabilities				
Financial Liabilities				
Borrowings	14	**1,800.00**	6,370.47	6,150.87
Lease Liabilities		**707.11**	696.04	699.32
Trade Payables	15			
Dues of Micro and Small Enterprises		**-**	-	-
Dues of creditors other than Micro and Small Enterprises		**1,691.81**	9,447.30	4,443.15
Other Financial Liabilities	16	**141.70**	589.17	107.86
Other Current Liabilities	17	**1,102.79**	213.44	164.67
Provisions	18	**0.16**	490.76	543.73
Total Current Liabilities		**5,443.57**	17,807.18	12,109.60
Total Liabilities		**7,468.62**	23,313.01	21,962.24
Total Equity and Liabilities		**14,291.60**	14,174.97	27,385.15

Significant Accounting Policies	**A & B**
See accompanying notes to the financial statements	**1 to 36**

Kalanikethan Silks Private Limited

As per our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration No. 117366W/W-100018

Varsha A. Fadte
Partner
Membership No. 103999

Dated: 18th April, 2022

For and on Behalf of the Board

Nagabhushanam Vemuluri
Managing Director

Rakesh Sharma
Director

Akhilesh Prasad
Director

Sameer Agrawal
Chief Financial Officer

Priyanshi Garg
Company Secretary

Kalanikethan Silks Private Limited
Statement of Profit and Loss for the year ended 31st March, 2022

₹ in lakhs

	Notes	2021-22	2020-21
INCOME			
Value of Sales (Revenue)		**10,943.87**	10,403.18
Less: GST Recovered		**605.80**	567.67
Revenue from Operations	**19**	**10,338.07**	9,835.51
Other Income	**20**	**333.38**	316.12
Total Income		**10,671.45**	10,151.63
EXPENSES			
Purchases of Stock-in-Trade		**8,693.28**	8,169.28
Changes in Inventories of Stock-in-Trade	**21**	**1,216.69**	11,038.60
Employee Benefits Expense	**22**	**890.58**	879.40
Finance Costs	**23**	**1,106.79**	1,341.43
Depreciation Expense	**1**	**1,411.41**	1,312.95
Other Expenses	**24**	**1,431.42**	1,994.75
Total Expenses		**14,750.17**	24,736.41
Loss Before Tax		**(4,078.72)**	(14,584.78)
Tax Expenses:			
Current Tax	**25**	**9.50**	-
Deferred Tax	**25**	**(14.18)**	(31.81)
Tax expense of earlier years	**25**	**149.67**	49.38
Total Tax Expense		**144.99**	**17.57**
Loss for the year		**(4,223.71)**	(14,602.35)
Other Comprehensive Income (OCI)			
(i) Items that will not be reclassified to Statement of Profit and Loss		**19.73**	41.40
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss		**-**	-
(iii) Items that will be reclassified to Statement of Profit and Loss		**-**	-
(iv) Income tax relating to items that will be reclassified to Statement of profit and Loss		**-**	-
Total Other Comprehensive Income for the Year [Net of Tax]		**19.73**	41.40
Total Comprehensive Income for the year		**(4,203.98)**	(14,560.95)
Earnings per equity share of face value of ₹ 10 each			
Basic (in Rs.)	**26**	**(26.40)**	(91.26)
Diluted (in Rs.)	**26**	**(5.35)**	(91.26)
Significant Accounting Policies	**A & B**		
See accompanying notes to the financial statements	**1 to 36**		

Kalanikethan Silks Private Limited

As per our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration No. 117366W/W-100018

Varsha A. Fadte
Partner
Membership No. 103999

Dated: 18th April, 2022

For and on Behalf of the Board

Nagabhushanam Vemuluri
Managing Director

Rakesh Sharma
Director

Akhilesh Prasad
Director

Sameer Agrawal
Chief Financial Officer

Priyanshi Garg
Company Secretary

Kalanikethan Silks Private Limited
Statement in Changes in Equity for the year ended 31st March, 2022

₹ in lakhs

A Equity Share Capital

Balance as at 1st April, 2020	Changes in equity share capital during the financial year 2020-21	Balance as at 31st March, 2021	Changes in equity share capital during the financial year 2021-22	Balance as at 31st March, 2022
1,600.00	-	1,600.00	-	1,600.00

B Other Equity

₹ in lakhs

Particulars	Instruments Classified as Equity 0.0001% Optionally Fully Convertible Debentures of Rs. 100 each	Reserves & Surplus Retained earnings	Total
Balance as at 1st April, 2020	-	3,822.91	3,822.91
Add: Loss for the year	-	(14,560.95)	(14,560.95)
Balance as at 31st March, 2021	**-**	**(10,738.04)**	**(10,738.04)**
Balance as at 1st April 2021	**-**	**(10,738.04)**	**(10,738.04)**
Add : Issued during the year	20,165.00	-	20,165.00
Add: Loss for the year	-	(4,203.98)	(4,203.98)
Balance as at 31st March, 2022	**20,165.00**	**(14,942.02)**	**5,222.98**

Kalanikethan Silks Private Limited

As per our Report of even date

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Kalanikethan Silks Private Limited
Cash Flow Statement for the year ended 31st March, 2022

₹ in lakhs

	2021-22	2020-21
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax as per Statement of Profit and Loss	**(4,078.72)**	(14,584.78)
Adjusted for:		
Loss on sale/discarding of Property, Plant and Equipment (net)	**(3.39)**	4.15
Depreciation expense	**1,411.41**	1,312.95
Net gain on financial assets	**(47.88)**	-
Lease concessions on account of COVID-19	**(188.65)**	(303.93)
Finance costs	**1,106.79**	1,341.43
	2,278.28	2,354.60
Operating (Loss) before Working Capital Changes	**(1,800.44)**	(12,230.18)
Adjusted for:		
Trade and Other Receivables	**834.62**	1,257.59
Inventories	**1,216.69**	11,038.60
Trade and Other Payables	**(7,278.35)**	5,284.56
	(5,227.04)	17,580.75
Cash Generated from/(used in) Operations	**(7,027.48)**	5,350.57
Taxes Paid (Net)	**(366.15)**	(99.69)
Net Cash flow from/(used in) Operating Activities	**(7,393.63)**	5,250.88
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	**(235.79)**	(8.27)
Proceeds from disposal of Property, Plant and Equipment	**99.83**	30.77
Purchase of Financial instruments	**(7,049.65)**	-
Proceeds from Sale of Financial instruments	**3,750.00**	-
Net Cash Flow (used in)/from Investing Activities	**(3,435.61)**	22.50
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds form Borrowings - Non-Current	**387.00**	422.26
Repayment from Borrowing - Non current	**(4,209.51)**	(4,027.34)
Payment of Lease Liabilities	**(762.95)**	(699.66)
Proceeds from 0.0001% Optionally Fully Convertible Debentures	**20,165.00**	-
Borrowings Current (Net)	**(3,740.28)**	37.44
Interest Paid	**(984.32)**	(951.39)
Net Cash Flow from / (used in) Financing Activities	**10,854.94**	(5,218.69)
Net (Decrease)/ Increase in Cash and Cash Equivalents	**25.70**	54.69
Opening Balance of Cash and Cash Equivalents	**199.55**	144.86
Closing Balance of Cash and Cash Equivalents	**225.25**	199.55

Significant Accounting Policies	A & B
See accompanying notes to the financial statements	1 to 36

Kalanikethan Silks Private Limited

As per our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
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Varsha A. Fadte
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Sameer Agrawal
Chief Financial Officer

Priyanshi Garg
Company Secretary

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

A. Company overview

Kalanikethan Silks Private Limited (the ‘Company’) was incorporated on 17th June, 2005 as a private limited company under the Companies Act, 1956 ('the Act’). The Company is engaged in the business of distribution, marketing and retail trading of women apparels.

During the current year, Reliance Retail Ventures Ltd (RRVL) acquired 100% of the Equity shares of the Company w.e.f. 25th November, 2021, thereby making the Company a subsidiary of RRVL.

B. Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For periods up to and including the year ended 31st March, 2021, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India (‘previous GAAP’). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2020. Refer Note 34 for the explanations of transition to Ind AS.

B.1 Going Concern

During the current year, the Company has reported net loss after tax of ₹ 4,223.71 lakhs and has an accumulated losses of ₹ 14,942.02 lakhs. However, it has net positive cash flow of ₹ 25.70 lakhs, net worth has improved by ₹ 15,961.02 lakhs and the current assets exceeds current liabilities by ₹ 4,132.24 lakhs as at 31st March 2022.

Further, based on management plans and having consideration to the forecasts for the future periods, the management is confident of generating operating profits in the foreseeable future. Accordingly, these financial statements, do not include any adjustments, if any, relating to recoverability and classification of assets or / and liabilities that may be necessary if the Company was unable to continue as a going concern.

B.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair values:

i) Certain financial assets and liabilities,
ii) Defined benefit plans – plan assets and liabilities

The financial statements of the Company have been prepared to comply with the Indian Accounting standards (‘Ind AS’), including the rules notified under the relevant provisions of the Companies Act, 2013, amended from time to time.
The Company’s financial statements are presented in Indian Rupees (INR), which is also its functional currency

B.3 Current/ non-current classification

All assets and liabilities are classified into current and non-current

An asset is classified as current when it satisfies any of the following criteria:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has ascertained 12 months as its operating cycle.

B.4 Inventories

Inventories are valued on a specific identification, at the lower of cost and net realisable value. Cost comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The comparison of cost and net realisable value of inventory is made on an item by item basis. Necessary adjustments/ provisions are made in respect of non-moving, slow moving and damaged items of inventory.

B.5 Revenue recognition

Revenue from sale of traded goods is recognised when the risks and rewards of ownership are transferred to the customer, which generally coincides with delivery to the customer. The amount recognised as sales is exclusive of goods and services tax, shipping charges, cash on delivery charges and trade and quantity discounts.

The Company recognises revenue from services when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

Rental income is recognised on the basis of contractual agreement entered with the respective parties.

B.6 Property, plant and equipment and intangible assets

Plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Capital work-in-progress includes the cost of the property, plant and equipment that are not yet ready for their intended use as the balance sheet date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet are shown as capital advances under other non-current assets.

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Depreciation and amortisation
Depreciation is provided on the straight-line method over the useful lives of assets estimated by the Company. The Company estimates the useful lives for property, plant and equipment as follows:

Asset classification	Estimated useful life
Computer equipment	3 years
Office equipment	15 years
Furniture and fixtures	15 years
Vehicles	8 years

*Based on internal assessment and technical evaluation carried out in the previous year, the management believes that the useful life as given above best represents the period over which management expects to use these assets. Hence, the useful lives of these assets is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.

Leasehold improvements are amortised over the primary period of the lease or the useful life of assets, whichever is shorter. Any subsequent additions to leasehold improvements are amortised over remaining period of the primary lease term or useful life of assets, whichever is shorter.

Depreciation is charged on a proportionate basis for all assets purchased/sold during the year.

Depreciation for the year is recognised in the statement of profit and loss. Assets are eliminated from the financial statements on disposal or when no further benefit is expected from their use and disposal. Losses arising from retirement or gains or losses arising from disposal of plant and equipment which are carried at cost are recognised in the statement of profit and loss.

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Intangible assets in the nature of licensed software are amortized over 3 years from the month of purchase. Software upgrades and enhancements, where no substantial additional functionality is added, are charged off to the statement of profit and loss.

B.7 Foreign currency transactions
Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalised as cost of assets.

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

In case of an asset, expense or income where a non-monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognised. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

B.8 Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to a Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme are defined benefit plans. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognised in the period in which they occur in other comprehensive income.

The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Termination benefits

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

B.9 Income taxes

The tax expenses for the year comprises of current tax and deferred tax. Tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income. In which case, the tax is also recognised in other comprehensive income.

i. Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the income tax authorities, based on tax rates and laws that are enacted at the balance sheet date.

ii. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

B.10 Leases

As Lessor

Assets given by the Company under operating lease are included in property, plant and equipment. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

As Lessee

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.
The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.
The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.
For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term

Lease Incentives

During the year, the Company received rent waivers for the properties taken on lease on account of the COVID-19 pandemic. The same has been considered as other income in the financial statements.

B.11 Earnings per share

Basic:

The number of equity shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

Diluted:

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Company (after adjusting for interest on optionally fully convertible debentures, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

B.12 Impairment of assets

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the statement of profit and loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

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

B.13 Borrowing Costs

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

B.14 Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably will require an outflow of resources to settle the obligation, and in respect of which a reliable estimate can be made. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources, in case of a possible obligation or a present obligation is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

B.15 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash at banks, short-term deposits, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B.16 Cash flow statement

Cash flows are reported using the indirect method, whereby net loss/profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

B.17 Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segment is based on the areas in which major operating divisions of the Company operate.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

B.18 Financial Instruments

i. Financial Assets

A. Initial Recognition and Measurement

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at Fair Value Through Profit or Loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent Measurement

a) Financial Assets measured at Amortised Cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows on specified dates that represent solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. Financial assets are reclassified subsequent to their recognition, if the Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109 – Financial Instruments.

C. Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected Credit Losses are measured through a loss allowance at an amount equal to:

• The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

• Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables.

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed.
For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ii. Financial Liabilities

A. Initial Recognition and Measurement

All Financial Liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the statement of profit and loss as finance cost.

B. Subsequent Measurement

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

iii. Derecognition of Financial Instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A Financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

iv. Offsetting

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

B.19 Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

(A) Property Plant and Equipment/ Intangible Assets

Estimates are involved in determining the cost attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Property, Plant and Equipment/Intangible Assets are depreciated/amortised over their estimated useful life, after taking into account estimated residual value. Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful life and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates.

(B) Recoverability of trade receivables

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include

KALANIKETHAN SILKS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

(C) Provisions

The timing of recognition and quantification of the liability (including litigations) requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

(D) Impairment Of Financial And Non-Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.
In case of non-financial assets Company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use.
In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

(E) Global Health Pandemic On Covid-19

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operations and revenue during the period were impacted due to COVID-19. The Company has taken into account the possible impact of COVID-19 in preparation of financial statements, including its assessment of recoverable value of its assets based on internal and external information upto the date of approval of these financial statements and current indicators of future economic conditions.

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

1 Property, Plant and Equipment and Capital Work-in-progress

₹ in lakhs

Description	Gross block							Depreciation							Net block		
	As at 1st April, 2020	Additions	Deductions	**As at 31st March, 2021**	Additions	Deductions	**As at 31st March, 2022**	**As at 1st April, 2020**	For the year	Deductions	**As at 31st March, 2021**	For the year	Deductions	**As at 31st March, 2022**	**As at 31st March, 2022**	As at 31st March, 2021	As at 1st April, 2020
Property, Plant and Equipment																	
Own Assets:																	
Computer Equipments	3.15	0.77	-	3.92	2.41	-	**6.33**	-	0.67	-	0.67	0.97	-	**1.64**	**4.69**	3.25	3.15
Office Equipments	417.68	6.93	6.59	418.02	3.88	5.90	**416.00**	-	54.47	-	54.47	53.81	-	**108.28**	**307.72**	363.55	417.68
Furniture and Fixtures	1,900.45	16.56	-	1,917.01	2.74	-	**1,919.75**	-	249.27	-	249.27	248.71	-	**497.98**	**1,421.77**	1,667.74	1,900.45
Vehicles	192.52	-	28.33	164.19	-	-	**164.19**	-	28.17	-	28.17	22.85	-	**51.02**	**113.17**	136.02	192.52
Leasehold Improvements	371.27	12.02	-	383.29	-	42.40	**340.89**	-	72.95	-	72.95	267.94	-	**340.89**	**-**	310.34	371.27
Sub-Total (A)	**2,885.07**	**36.28**	**34.92**	**2,886.43**	**9.03**	**48.30**	**2,847.16**	**-**	**405.53**	**-**	**405.53**	**594.28**	**-**	**999.81**	**1,847.35**	**2,480.90**	**2,885.07**
Right-of-Use Assets																	
Leasehold Land	3,726.41	179.60	103.34	3,802.67	231.38	213.66	**3,820.39**	-	907.42	103.34	804.08	817.13	213.66	**1,407.55**	**2,412.84**	2,998.59	3,726.41
Sub-Total (B)	**3,726.41**	**179.60**	**103.34**	**3,802.67**	**231.38**	**213.66**	**3,820.39**	**-**	**907.42**	**103.34**	**804.08**	**817.13**	**213.66**	**1,407.55**	**2,412.84**	**2,998.59**	**3,726.41**
Total (A+B)	**6,611.48**	**215.88**	**138.26**	**6,689.10**	**240.41**	**261.96**	**6,667.55**	**-**	**1,312.95**	**103.34**	**1,209.61**	**1,411.41**	**213.66**	**2,407.36**	**4,260.19**	**5,479.49**	**6,611.48**
Previous year				*6,611.48*	*215.88*	*138.26*	*6,689.10*				-	*1,312.95*	*103.34*	*1,209.61*	*5,479.49*	*6,611.48*	
Capital Work-in-Progress (Refer Note 1.1)															**146.90**	**163.31**	-

1.1 Capital Work-in-Progress Ageing :

(a) Ageing Schedule as at 31st March, 2022 ₹ in lakhs

Particulars	**<1 Year**	**1-2 Years**	**2-3 Years**	**>3 Years**	**Total**
Capital Work-in-Progress	**12.08**	**134.82**	**-**	**-**	**146.90**

(b) Ageing Schedule as at 31st March, 2021 ₹ in lakhs

Particulars	**<1 Year**	**1-2 Years**	**2-3 Years**	**>3 Years**	**Total**
Capital Work-in-Progress	**163.31**	**-**	**-**	**-**	**163.31**

(c) Ageing Schedule as at 1st April, 2020 ₹ in lakhs

Particulars	**<1 Year**	**1-2 Years**	**2-3 Years**	**>3 Years**	**Total**
Capital Work-in-Progress	**-**	**-**	**-**	**-**	**-**

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
2 Others Financial Assets			
Deposits	**293.49**	313.59	328.57
Total	**293.49**	313.59	328.57

3 Deferred Tax

₹ in lakhs

	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Component of Deferred Tax Assets/ (Liabilities):			
Deferred Tax Assets (Net)	**-**	-	-
Deferred Tax Liabilities (Net)	**-**	14.18	45.99
Net Deferred Tax Assets/ (Liabilities)	**-**	(14.18)	(45.99)

₹ in lakhs

Component of Deferred tax	As at 1st April, 2020	(Charge)/Credit to Statement of Profit and Loss	(Charge)/Credit to Other comprehensive Income	As at 31st March, 2021	(Charge)/Credit to Statement of Profit and Loss	(Charge)/Credit to Other comprehensive Income	As at 31st March, 2022
Deferred tax asset (Net) in relation to:							
Property, plant and equipment	-		-	-	-	-	-
Total	-	-	-	-	-	-	-
Deferred tax liabilities (Net) in relation to:							
Property, plant and equipment	45.99	(31.81)	-	14.18	(14.18)	-	**-**
Total	45.99	(31.81)	-	14.18	(14.18)	-	**-**
Net Deferred Tax Asset / (Liabilities)	**(45.99)**	**31.81**	**-**	**(14.18)**	**14.18**	**-**	**-**

During the current year, the Company has recognised deferred tax asset in respect of temporary differences only to the extent of the deferred tax liability in accordance with Ind AS 12 “Income Taxes” in the absence of convincing evidence pertaining to the recoverability of the tax assets.

Unused tax losses for which no deferred tax has been recognised as at 31st March, 2022 are as under :

Nature of loss/allowance	Pertains to	₹ in lakhs	Expiry date
Unabsorbed Depreciation	A.Y. 2021-22	287.31	Not Applicable

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

4	Other Non- Current Assets *(Unsecured and Considered Good)*	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
	Advance Income Tax (Net of Provision)	**15.21**	-	-
	Total	**15.21**	-	-

₹ in lakhs

4.1	Advance Income Tax (Net of Provision)	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
	At start of year	**(191.77)**	(242.08)	-
	Charge for the year	**(159.17)**	(49.38)	-
	Taxes deducted at source	**366.15**	99.69	-
	Tax paid during the year (net of refunds)	**-**	-	-
	At end of year	**15.21**	(191.77)	(242.08)

Net tax provision as at 31st March, 2021 and 1st April, 2020 has been disclosed under "Current Liabilities".

₹ in lakhs

5	Inventories *(Valued at lower of cost or net realisable value)*	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
	Stock-in-Trade	**5,406.12**	6,622.81	17,661.41
	Total	**5,406.12**	6,622.81	17,661.41

₹ in lakhs

6	Current Investments	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
	Investments measured at Fair Value Through Profit and Loss (FVTPL) *			
	Investment in Mutual Funds -In Units - Unquoted	**3,347.53**	-	-
	Total Investments-Current	**3,347.53**	-	-
	Aggregate Value of Unquoted Investments and market value thereof	**3,347.53**	-	-
	Aggregate Value of Quoted Investments and market value thereof	**-**	-	-

* Refer Note 29

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

7 Trade Receivables *(Unsecured and considered good)*	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Trade receivables (Refer Note 30)	**260.48**	365.49	326.02
Total	**260.48**	365.49	326.02

7.1 Trade Receivables ageing schedule as at 31st March, 2022

₹ in lakhs

Particulars	< 6 Months	6 months-1 year	1-2 years	2-3 years	>3 years	Total
(i) Undisputed Trade receivables considered good	7.75	135.31	93.27	-	-	236.33
(ii) Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables credit impaired	-	-	-	-	-	-
Total	7.75	135.31	93.27	-	-	236.33

7.2 Trade Receivables ageing schedule as at 31st March, 2021

₹ in lakhs

Particulars	< 6 Months	6 months-1 year	1-2 years	2-3 years	>3 years	Total
(i) Undisputed Trade receivables considered good	12.07	319.09	-	-	20.75	351.91
(ii) Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables credit impaired	-	-	-	-	-	-
Total	12.07	319.09	-	-	20.75	351.91

7.3 Trade Receivables ageing schedule as at 1st April, 2020

₹ in lakhs

Particulars	< 6 Months	6 months-1 year	1-2 years	2-3 years	>3 years	Total
(i) Undisputed Trade receivables considered good	31.59	273.57			20.75	325.91
(ii) Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables credit impaired	-	-	-	-	-	-
Total	31.59	273.57	-	-	20.75	325.91

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

8	Cash & Cash Equivalents	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
	Cash in hand	**11.63**	90.68	39.57
	Balances with banks(i)	**213.62**	108.87	105.29
	Cash and Cash Equivalents as per Balance Sheet	**225.25**	199.55	144.86
	Cash and Cash Equivalents as per Cash Flow Statement	**225.25**	199.55	144.86

(i)Includes deposits Rs. Nil (31st March, 2021 - Rs.97.67 lakhs, 1st April, 2020 - Rs. 92.45 lakhs) given as collateral for loans to banks.

8.1 Cash and Cash Equivalents includes bank deposits Rs. 82.51 lakhs (31st March, 2021 - Rs.97.67 lakhs; 1st April, 2020 - Rs. 92.45 lakhs) maintained by the Company with banks with maturity more than three months but less than 12 months.

₹ in lakhs

9	Other Financial Assets	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
	Deposits	**244.12**	283.06	375.38
	Total	**244.12**	283.06	375.38

₹ in lakhs

10	Other Current Assets	As at	As at	As at
	(Unsecured and Considered Good)	**31st March, 2022**	**31st March, 2021**	**1st April, 2020**
	Balance with GST and State Authorities.	**91.37**	121.51	45.87
	Others (i)			
	- Considered good	**0.94**	626.16	1,891.56
	- Considered doubtful	**1,054.78**	1,054.78	-
	Less: Provision for doubtful advances	**(1,054.78)**	(1,054.78)	-
	Total	**92.31**	747.67	1,937.43

(i) Includes advances to vendors, employees and prepaid expenses.

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Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

11	Share Capital	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
	Authorised:			
	Equity shares			
	2,00,00,000 (31st March, 2021 : 2,00,00,000, 1st April, 2020 : 2,00,00,000) equity shares of Rs. 10 each	**2,000.00**	2,000.00	2,000.00
	Total	**2,000.00**	2,000.00	2,000.00
	Issued, Subscribed and Paid-Up:			
	Equity shares			
	1,60,00,000 (31st March, 2021 : 1,60,00,000, 1st April, 2020 : 1,60,00,000) equity shares of Rs. 10 each	**1,600.00**	1,600.00	1,600.00
	Total	**1,600.00**	1,600.00	1,600.00

11.1 During the current year, w.e.f. 25th November, 2021, Reliance Retail Ventures Limited acquired 100% of the Equity shares of the Company, thereby making the Company a wholly owned subsidiary of Reliance Retail Ventures Limited. Accordingly, all equity shares of Rs. 10 each fully paid-up are held by Reliance Retail Ventures Limited, the Holding Company along with its nominees.

11.2 Shareholding of Promoter

As at 31st March, 2022

S. No.	Promoter Name	No. of Shares at the beginning of the year	Changes during the year	No. of Shares at the end of the year	% of Total Shares	% change during the year
	Fully Paid up Equity Shares of Rs. 10 each					
1	Reliance Retail Ventures Limited	-	1,60,00,000	1,60,00,000	100.00%	100.00%
2	Nagabhushanam Vemuluri	1,58,88,500	(1,58,88,500)	-	0.00%	-100.00%
3	Suvarchala Vemuluri	1,11,500	(1,11,500)	-	0.00%	-100.00%

As at 31st March, 2021

S. No.	Promoter Name	No. of Shares at the beginning of the year	Changes during the year	No. of Shares at the end of the year	% of Total Shares	% change during the year
	Fully Paid up Equity Shares of Rs. 10 each					
1	Nagabhushanam Vemuluri	1,58,88,500	-	1,58,88,500	99.30%	0.00%
2	Suvarchala Vemuluri	1,11,500	-	1,11,500	0.70%	0.00%

As at 1st April, 2020

S. No.	Promoter Name	No. of Shares at the beginning of the year	Changes during the year	No. of Shares at the end of the year	% of Total Shares	% change during the year
	Fully Paid up Equity Shares of Rs. 10 each					
1	Nagabhushanam Vemuluri	1,58,88,500	-	1,58,88,500	99.30%	0.00%
2	Suvarchala Vemuluri	1,11,500	-	1,11,500	0.70%	0.00%

11.3 The details of Shareholders holding more than 5% shares :

		As at 31st March, 2022		As at 31st March, 2021		As at 1st April, 2020
Name of the Shareholders	**No. of Shares**	**% held**	**No. of Shares**	**% held**	**No. of Shares**	**% held**
Reliance Retail Ventures Limited	**1,60,00,000**	**100.00%**	-	-	-	-
Nagabhushanam Vemuluri	**-**	**-**	1,58,88,500	99.30%	1,58,88,500	99.30%

11.4 The Reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31st March, 2022 No. of shares	As at 31st March, 2021 No. of shares	As at 1st April, 2020 No. of shares
Equity Shares outstanding at the beginning of the year	**1,60,00,000**	1,60,00,000	1,60,00,000
Add: Equity Shares issued during the year	**-**	-	-
Equity Shares outstanding at the end of the year	**1,60,00,000**	1,60,00,000	1,60,00,000

11.5 The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

₹ in lakhs

12 Other Equity

	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Instruments Classified as Equity			
0.0001% Optionally Fully Convertible Debentures of Rs.100 each			
Opening Balance	-	-	-
Add: Issued during the year	20,165.00	-	-
Less: Redeemed during the year	-	-	-
	20,165.00	-	-
Retained Earnings			
As per last Balance Sheet	(10,738.04)	3,822.91	-
Less: Loss for the year	(4,203.98)	(14,560.95)	3,822.91
	(14,942.02)	(10,738.04)	3,822.91
Total	5,222.98	(10,738.04)	3,822.91

12.1 Details of 0.0001% Optionally Fully Convertible Debentures of Rs.100 each (herein referred to as "OFCD")

Name of the Debenture Holders	As at 31st March, 2022 No. of Debentures	As at 31st March, 2022 % held	As at 31st March, 2021 No. of Debentures	As at 31st March, 2021 % held	As at 1st April, 2020 No. of Debentures	As at 1st April, 2020 % held
Reliance Retail Ventures Limited (Holding Company)	2,01,65,000	100%	-	-		-

Terms of 0.0001% Optionally Fully Convertible Debentures (OFCD)

Both the Company and OFCD holder have an option for early conversion at any time after allotment of the OFCDs by giving one-month notice.
Both the Company and the OFCD holder shall have an option to convert each OFCD into 10 equity shares of Rs. 10 each.
The Equity Shares arising out of conversion of the OFCDs will rank pari-passu in all respects with the then outstanding Equity Shares of the Company on the date of such conversion, except for dividend, which if declared, shall be paid on pro-rata basis from the date of allotment of such Equity Shares.

Rights, Preferences and Restrictions attached to 0.0001% Optionally Fully Convertible Debentures

The Company has one class of Debentures i.e. OFCD of Rs. 100/- per debenture.
The OFCDs shall be transferrable, subject to the provisions of the Act, the Memorandum and Articles of Association of the Company and any other statutory provisions, rules, directions as may be applicable to the Company, transferor and transferee concerned, by a separate instrument of transfer.
Members in the Company will be allowed to apply for additional subscriptions to OFCDs over and above their rights entitlements.

Redemption of 0.0001% Optionally Fully Convertible Debentures

The tenure for each OFCD shall be 10 (ten) years from the date of its allotment. OFCDs may be redeemed at any time earlier than 10 (ten) years (at any time after expiry of 30 days from the date of allotment of the OFCDs) at the option of the Company.

The reconciliation of the number of 0.0001% Optionally Fully Convertible Debentures outstanding is set out below :

	As at 31st March, 2022 No. of Debentures	As at 31st March, 2021 No. of Debentures	As at 1st April, 2020 No. of Debentures
As at the beginning of the year	-	-	-
Less: Issued during the year	2,01,65,000	-	-
As at the end of year	2,01,65,000	-	-

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

13 Borrowings - Non Current	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Secured - At amortised cost			
Term Loans from Banks [(i)]	-	678.39	-
Vehicle Loans from Banks [(ii)]	-	56.55	73.01
Others [(iii)]	-	2,257.38	2,349.01
Unsecured - At amortised cost			
Loan from Related Party	-	-	7.54
Term Loans from Others	-	-	4,350.00
Total	-	2,992.32	6,779.56

(i) Details of security for term loans from banks outstanding as at 31st March, 2021 and 1st April, 2020:
Term loans from Banks were secured against freehold land and personal guarantee given by directors. During the year, entire term loans have been repaid.

(ii) **Details of security for vehicle loans from banks outstanding as at 31st March, 2021 and 1st April, 2020:**
Vehicle loans from banks were secured against the corresponding vehicle underlying the loan.

(iii) Details of security for other loans outstanding as at 31st March, 2021 and 1st April, 2020:
Loans from others includes vehicle loans which were secured against the corresponding vehicle underlying the loan and personal guarantee given by directors. During the year, these have been paid entirely.

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

14	**Borrowings - Current**	**As at 31st March, 2022**	**As at 31st March, 2021**	**As at 1st April, 2020**
	Secured - At amortised Cost			
	Working Capital Loans			
	From banks[(i)]	-	5,490.40	5,502.84
	Unsecured - At amortised Cost			
	From banks	-	49.88	-
	Inter corporate deposit from related party (Refer Note 30)	1,800.00	-	-
	Current maturities of long term debt	-	830.19	648.03
	Total	**1,800.00**	6,370.47	6,150.87

(i) Details of security for working capital loans from banks outstanding as at 31st March 2021 and 1st April 2020 :

Working Capital Loans from Banks were secured against hypothecation of inventories and personal guarantee given by directors. The loans have been repaid / settled during the year.

The statements of inventories filed by the company with banks are in agreement with the unaudited books of accounts.

14.1 Inter-corporate deposit from related party is for a period of 1 year and carries an interest rate ranging from 9.25% to 7.50% per annum.

14.2 Refer note 29 for maturity profile.

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

15 Trade payable	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Dues of creditors other than micro and small enterprises (Refer Note 30)	**1,691.81**	9,447.30	4,443.15
Total	**1,691.81**	9,447.30	4,443.15

Ageing Schedule as on 31st March, 2022 ₹ in lakhs

	Less than 1 year	1-2 years	2-3 years	> 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	913.25	16.20	7.97	0.07	937.49
(iii) Disputed Dues -MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Total	**913.25**	**16.20**	**7.97**	**0.07**	**937.49**

Ageing Schedule as on 31st March, 2021 ₹ in lakhs

	Less than 1 year	1-2 years	2-3 years	> 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	6,198.21	138.05	2.04	8.37	6,346.67
(iii) Disputed Dues -MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Total	**6,198.21**	**138.05**	**2.04**	**8.37**	**6,346.67**

Ageing Schedule as on 1st April, 2020 ₹ in lakhs

	Less than 1 year	1-2 years	2-3 years	> 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	526.50	7.64	6.86	1.63	542.63
(iii) Disputed Dues -MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Total	**526.50**	**7.64**	**6.86**	**1.63**	**542.63**

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

16 Other Financial Liabilities	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Interest accrued but not due on borrowings	-	134.54	37.45
Creditors for capital expenditure	-	195.03	3.71
Deposits	48.70	48.70	66.70
Others	93.00	210.90	-
Total	**141.70**	589.17	107.86

₹ in lakhs

17 Other Current Liabilities	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Advance from Customers (Refer Note 30)	1,035.55	5.70	4.19
Statutory dues	11.11	126.59	98.00
Due to employees	56.13	81.15	62.48
Total	**1,102.79**	213.44	164.67

₹ in lakhs

18 Provisions - Current	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Provision for employee benefits (Refer Note 22.1)[(i)]	0.16	298.99	301.65
Provision for Income tax (net)	-	191.77	242.08
Total	**0.16**	490.76	543.73

(i) The provision for employee benefit includes provision for gratuity.

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

19	Revenue from Operations	2021-22	2020-21
	Value of Sales	10,338.07	9,835.51
	Total *	**10,338.07**	9,835.51
	* Net of GST		

₹ in lakhs

20	Other Income	2021-22	2020-21
	Interest (at amortised cost)		
	Bank Deposits	5.76	8.39
		5.76	8.39
	Net gain on fair value changes of financial assets (at fair value through Profit and Loss)		
	Realised Gain	15.45	-
	Unrealised Gain	32.43	-
		47.88	-
	Profit on Sale of Freehold Land	52.43	
	Other Non-Operating Income	227.31	307.73
	Total	**333.38**	316.12

Other Non-Operating Income comprises of rent received from franchises and lease concessions.

₹ in lakhs

20.1	Other Comprehensive Income - Items that will not be reclassified to Statement of Profit and loss	2021-22	2020-21
	Remeasurement of Defined Benefits Plan	19.73	41.40
	Total	**19.73**	41.40

₹ in lakhs

21	Changes in Inventories of Stock-in-Trade	2021-22	2020-21
	Inventories (closing)		
	Stock-in-Trade	5,406.12	6,622.81
	Inventories (opening)		
	Stock-in-Trade	6,622.81	17,661.41
	Total	**1,216.69**	11,038.60

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

22 Employee Benefits Expense

	2021-22	2020-21
Salaries and Wages	**839.26**	715.13
Contribution to Provident and Other Funds	**31.08**	70.71
Staff Welfare Expenses	**20.24**	93.56
Total	**890.58**	879.40

22.1 As per Indian Accounting Standard 19 “Employee benefits”, the disclosures as defined are given below :

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expenses for the year is as under: ₹ in lakhs

Particulars	2021-22	2020-21
Employer’s contribution to provident fund	**19.66**	23.79

The Company's Provident Fund is exempted under section 17 of Employee's Provident Fund and Miscellaneous Provisions Act, 1952.

Defined Benefit Plans

The Company operates post retirement benefit plans as follows:

I. Reconciliation of Opening and Closing Balances of Defined Benefit Obligation ₹ in lakhs

	Gratuity (unfunded)	
Particulars	**2021-22**	**2020-21**
Defined Benefit Obligation at beginning of the year	**298.99**	301.65
Current Service Cost	**0.09**	38.20
Interest Cost	**20.76**	20.62
Actuarial (Gain)/ Loss	**(19.73)**	(41.40)
Benefits Paid	**(299.95)**	(20.08)
Defined Benefit Obligation at year end	**0.16**	298.99

II. Reconciliation of Fair Value of Assets and Obligations ₹ in lakhs

	Gratuity (unfunded)		
Particulars	**As at 31st March, 2022**	**As at 31st March, 2021**	**As at 1st April, 2020**
Fair Value of Plan Assets	**-**	-	0
Present Value of Obligation	**0.16**	298.99	301.65
Amount recognised in Balance Sheet Surplus / (Deficit)	**(0.16)**	(298.99)	(301.65)

III. Expenses recognised during the year ₹ in lakhs

	Gratuity (unfunded)	
Particulars	**2021-22**	**2020-21**
In Income Statement		
Current Service Cost	**0.09**	38.20
Interest Cost	**20.76**	20.62
Net Cost	**20.86**	58.82
In Other Comprehensive income		
Actuarial (Gain)/ Loss	**(19.73)**	(41.40)
Net (Income)/ Expense for the year Recognised in OCI	**(19.73)**	(41.40)

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

IV. Actuarial Assumptions

Particulars	Gratuity (unfunded) As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Discount Rate (per annum)	**7.09%**	6.95%	6.84%
Rate of Escalation in Salary (per annum)	**6.00%**	6.00%	6.00%
Rate of employee turnover (per annum)	**2.00%**	2.00%	2.00%
Mortality Table		**100% of IALM 2012-14**	

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

V. The Gratuity plan is unfunded and hence the expected contribution for next year is considered as Nil, i.e. in line with Financial year 2021-22

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan`s debt investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan`s liability.

Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan`s liability.

VI. Sensitivity Analysis

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

` in lakhs

Particulars	As at 31st March, 2022 Decrease	As at 31st March, 2022 Increase	As at 31st March, 2021 Decrease	As at 31st March, 2021 Increase
Change in rate of discounting (delta effect of +/- 0.5%)	**0.02**	**0.02**	19.35	17.71
Change in rate of salary increase (delta effect of -/+ 0.5%)	**0.02**	**0.02**	17.95	19.43
Change in rate of employee turnover (delta effect of -/+ 0.25%)	**0.00**	**0.00**	0.96	0.90
Change in rate of mortality (delta effect of -/+ 10%)	**0.00**	**0.00**	-0.04	0.04

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Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

23 Finance Costs

	2021-22	2020-21
Interest expenses on borrowings	**849.78**	1,048.48
Interest on lease liabilities	**257.01**	292.95
Total	**1,106.79**	1,341.43

₹ in lakhs

24 Other expenses

	2021-22	2020-21
Selling and distribution expenses		
Sales promotion and advertisement expenses	**265.84**	221.75
Contract Labour	**204.26**	203.48
Brokerage, Discount, Royalty and Commission	**52.29**	
	522.39	425.23
Establishment Expenses		
Stores and packing materials	**42.32**	33.07
Repairs and maintenance	**130.39**	99.83
Rent including lease rentals	**29.50**	0.61
Insurance	**16.08**	18.90
Rates and taxes	**88.68**	5.33
Travelling and conveyance expenses	**43.14**	24.56
Payment to auditors	**17.00**	0.30
Professional fees	**108.19**	16.41
Loss on sale/ discarding of assets	**49.04**	4.15
Electricity expenses	**275.05**	230.82
Provision for doubtful debts	**-**	1,054.78
General expenses	**109.64**	80.76
	909.03	1,569.52
Total	**1,431.42**	1,994.75

25.1 Payment to auditors as:

₹ in lakhs

	2021-22	2020-21
Statutory audit fees	**17.00**	0.30
	17.00	0.30

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

25 Taxation	**2021-22**	**2020-21**
Income Tax recognised in Statement of Profit and Loss		
Current tax	**9.50**	-
Deferred tax	**(14.18)**	(31.81)
Tax expense of earlier years	**149.67**	49.38
Total income tax expense	**144.99**	17.57

During the current year, the Company has recognised deferred tax asset in respect of temporary differences only to the extent of the deferred tax liability in accordance with Ind AS 12 “Income Taxes” in the absence of convincing evidence pertaining to the recoverability of the tax assets.

The Income Tax expenses for the year can be reconciled to the accounting profit as follows:

₹ in lakhs

Particulars	**2021-22**	**2020-21**
Loss before tax	**(4,078.72)**	(14,584.78)
Applicable tax rate	**25.17%**	25.17%
Computed tax expense/(reversal)	**(1,026.53)**	(3,670.70)
Tax effect of :		
Losses carried forward	**1,040.74**	3,670.70
Effect of additional allowances for capital gain	**(4.71)**	-
Current Tax Provision (A)	**9.50**	-
Incremental deferred tax liability on account of Property, Plant and Equipment	**(14.18)**	(31.81)
Deferred Tax Provision (B)	**(14.18)**	(31.81)
Tax expenses recognised in Statement of Profit and Loss excluding prior period tax expenses (A+B)	**(4.68)**	(31.81)
Effective Tax Rate	**0.11%**	0.22%

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

26 Earnings Per Share (EPS)

		(in Rs. lakhs)
	2021-22	**2020-21**
Face Value per Equity Share (₹)	**10**	10
Basic Earnings per Share (₹)	**(26.40)**	(91.26)
Net Loss as per Statement of profit and loss	**(4,223.71)**	(14,602.35)
Weighted average number of equity shares used as denominator for calculating EPS	**1,60,00,000**	1,60,00,000
Diluted Earnings per Share (₹)	**(5.35)**	(91.26)
Net Loss as per Statement of profit and loss	**(4,223.71)**	(14,602.35)
Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	**7,89,81,096**	**1,60,00,000**
Reconciliation of weighted average number of shares outstanding		
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	**1,60,00,000**	1,60,00,000
Total Weighted Average Potential Equity Shares	6,29,81,096	-
Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	**7,89,81,096**	1,60,00,000

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

27 Commitments and Contingent Liabilities

₹ in lakhs

		2021-22	2020-21
(I)	Contingent Liabilities	Nil	Nil
(II)	Commitments	Nil	Nil

28 Capital Management

The Company adheres to a disciplined Capital Management framework, the pillars of which are as follows:

a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimise liquidity risk.

b) Manage financial market risks arising from foreign exchange and interest rates, and minimise the impact of market volatility on earnings.

c) Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of Balance Sheet. This framework is adjusted based on underlying macroeconomic factors affecting business environment, financial market conditions and interest rates environment.

The net gearing ratio at the end of each reporting period was as follows: ₹ in lakhs

	As at 31st March, 2022	**As at 31st March, 2021**	**As at 1st April, 2020**
Gross Debt	**1,800.00**	9,362.79	12,930.43
Cash and Marketable Securities*	**3,572.78**	199.55	144.86
Net Debt (A)	**(1,772.78)**	9,163.24	12,785.57
Total Equity (As per Balance Sheet) (B)	**6,822.98**	(9,138.04)	5,422.91
Net Gearing (A/B)	**(0.26)**	(1.00)	2.36

*Cash and Marketable Securities include Cash and Cash Equivalents of Rs.225.25 lakhs (31st March, 2021 - Rs.199.55 lakhs, 1st April, 2020 - Rs. 144.87 lakhs), Current Investments of Rs. 3,347.53 lakhs (31st March, 2021 - Rs. Nil, 1st April, 2020 - Rs. Nil) .

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

29 Financial Instruments

Valuation Methodology

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

a) The fair value of investment in unquoted Mutual Funds is measured at NAV.
b) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
c) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair value measurement hierarchy:

₹ in lakhs

Particulars	As at 31st March, 2022		As at 31st March, 2021		As at 1st April, 2020	
	Carrying Amount	Level of input used in - Level 1	Carrying Amount	Level of input used in - Level 1	Carrying Amount	Level of input used in - Level 1
Financial Assets						
At Amortised Cost						
Trade Receivables	260.48	-	365.49	-	326.02	-
Cash and Bank Balances	225.25	-	199.55	-	144.86	-
Other Financial Assets	537.61	-	596.65	-	703.95	-
At FVTPL						
Investments	3,347.53	3,347.53	-	-	-	-
Financial Liabilities						
At Amortised Cost						
Borrowings	1,800.00	-	9,362.79	-	12,930.43	-
Trade Payables	1,691.81	-	9,447.30	-	4,443.15	-
Lease Liabilities	2,732.16	-	3,195.37	-	3,726.41	-
Other Financial Liabilities	141.70	-	589.17	-	107.86	-

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

Foreign Currency Risk

Foreign Currency Risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee. The Company has insignificant exposure to foreign currency transactions and the corresponding foreign currency risk is negligible.

Interest Rate risk

i. **Liabilities**

The Company's borrowings are carried at amortised cost and are fixed rate borrowings. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

ii. **Assets**

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the Company. Credit risk arises from Company's activities in investments and receivables from customers. The Company ensure that sales of products are made to customers with appropriate creditworthiness. Investment and other market exposures are managed against counterparty exposure limits. Credit information is regularly shared between businesses and finance function, with a framework in place to quickly identify and respond to cases of credit deterioration.

The Company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Credit risk across the Company is actively managed through Letters of Credit, Bank Guarantees, Parent Group Guarantees, advance payments and factoring & forfaiting without recourse to the Company. The Company restricts its fixed income investments in liquid securities carrying high credit rating.

Liquidity Risk

Liquidity risk arises from the Company’s inability to meet its cash flow commitments on the due date. The Company maintains sufficient stock of cash, marketable securities and committed credit facilities. The Company accesses local financial markets to meet its liquidity requirements. Treasury monitors rolling forecasts of the Company’s cash flow position and ensures that the Company is able to meet its financial obligation at all times including contingencies.

The Company’s liquidity is managed centrally with operating units forecasting their cash and liquidity requirements. Treasury pools the cash surpluses and arranges to either fund the net deficit or invest the net surplus in a range of short-dated, secure and liquid instruments including short-term bank deposits and similar instruments. The portfolio of these investments is diversified to avoid concentration risk in any one instrument or counterparty.

Kalanikethan Silks Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022

₹ in lakhs

Maturity Profile of Loans and Lease Liabilities as on 31st March, 2022

Liquidity Risks*	Below 3 months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non Current	-	-	-	-	-	-	-
Current	1,800.00	-	-	-	-	-	**1,800.00**
Total	**1,800.00**	**-**	**-**	**-**	**-**	**-**	**1,800.00**
Lease Liabilities	**229.30**	**229.30**	**453.42**	**1,278.94**	**741.22**	**432.16**	**3,364.34**

₹ in lakhs

Maturity Profile of Loans and Lease Liabilities as on 31st March, 2021

Liquidity Risks*	Below 3 months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non Current	-	-	-	2,350.91	492.63	148.78	2,992.32
Current	256.17	207.19	5,907.11	-	-	-	6,370.47
Total	**256.17**	**207.19**	**5,907.11**	**2,350.91**	**492.63**	**148.78**	**9,362.79**
Lease Liabilities	**239.21**	**239.21**	**457.26**	**1,637.93**	**784.58**	**610.47**	**3,968.66**

₹ in lakhs

Maturity Profile of Loans and Lease Liabilities as on 1st April, 2020

Liquidity Risks*	Below 3 months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non Current	-	-	4,350.00	1,765.77	466.24	190.00	6,772.01
Current	192.99	187.66	5,770.22	-	-	-	6,150.87
Total	**192.99**	**187.66**	**10,120.22**	**1,765.77**	**466.24**	**190.00**	**12,922.88**
Lease Liabilities	**272.47**	**272.47**	**433.86**	**1,726.67**	**1,111.07**	**926.25**	**4,742.79**

* Does not include Trade Payable amounting to Rs. 1,691.81 lakhs (31st March, 2021 - Rs. 9,447.30 lakhs, 1st April 2020 - Rs. 4,443.15 lakhs)

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Notes to the Financial Statements for the year ended 31st March, 2022

30 Related Party Disclosures :

(i) List of related parties with whom transactions have taken place and relationship

Sr.	Name of the Related Party	Relationship
	Parties where control exists	
1	Reliance Industries Limited (w.e.f. 25th November, 2021)	Ultimate Holding Company
2	Reliance Retail Ventures Limited (w.e.f. 25th November, 2021)	Holding Company
3	Reliance Retail Limited (w.e.f. 25th November, 2021)	Fellow Subsidiary
4	Kalanikethan Fashions Private Limited (upto 24th November, 2021)	Significant Influence
5	Kalanikethan Fashions Private Limited (w.e.f. 25th November, 2021)	Fellow Subsidiary
	Key Managerial Personnel	
6	Nagabhushanam Vemuluri	Managing Director
7	Suvarchala Vemuluri (Director upto 24th November, 2021)	Relative of KMP
8	Rakesh Sharma (w.e.f. 25th November, 2021)	Director
9	Akhilesh Prasad (w.e.f. 25th November, 2021)	Director
10	Sameer Agrawal (w.e.f. 9th March, 2022)	Chief Financial Officer
11	Priyanshi Garg (w.e.f. 9th March, 2022)	Company Secretary

(ii) Disclosure in respect of major related party transactions during the year:

₹ in lakhs

Sr No	Particulars	Relationship	2021-22	2020-21
1	**Issuance of 0.0001% Optionally Fully Convertible Debentures**			
	Reliance Retail Ventures Limited	Holding Company	20,165.00	-
2	**Revenue from Operations**			
	Reliance Retail Limited	Fellow Subsidiary	311.27	-
3	**Purchase of Goods**			
	Kalanikethan Fashions Private Limited	Fellow Subsidiary	2,156.94	-
4	**Inter corporate deposit received**			
	Reliance Retail Ventures Limited	Holding Company	1,800.00	-
5	**Finance Cost**			
	Reliance Retail Ventures Limited	Holding Company	60.20	-
6	**Payment to Key Managerial Personnel**			
	Nagabhushanam Vemuluri	KMP	8.00	12.00
	Suvarchala Vemuluri	Relative of KMP	6.00	5.00
7	**Sale of Property, Plant & Equipment**			
	Nagabhushanam Vemuluri	Key Management Personnel	94.83	-

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Notes to the Financial Statements for the year ended 31st March, 2022

(iii) Balances outstanding as at the year end:

₹ in lakhs

		As at 31st March 2022	As at 31st March, 2021	As at 1st April 2020
1	**0.0001% Optionally Fully Convertible Debentures**			
	Reliance Retail Ventures Limited	20,165.00	-	-
2	**Advance to vendors**			
	Kalanikethan Fashions Private Limited	-	411.82	431.82
3	**Advance from customers**			
	Reliance Retail Limited	1,032.73	-	-
4	**Inter-Corporate Deposit**			
	Reliance Retail Ventures Limited	1,800.00	-	-
5	**Trade Payables**			
	Kalanikethan Fashions Private Limited	527.01	-	-

30.1 Compensation of Key Managerial Personnel

₹ in lakhs

	2021-22	2020-21
Short-term benefits	14.00	17.00

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Notes to the Financial Statements for the year ended 31st March, 2022

31 Segment Information

The Company has one operating and reportable segment i.e. distribution, marketing and retail trading of women apparels. The chief operating decision maker reviews information presented in the financial statement for purposes of allocating revenue and evaluating financial performance. Hence, there are no additional disclosures required, other than those already provided in the financial statements.

₹ in lakhs, except for ratios

32	Ratios	**2021-22**	**2020-21**
i	Current Ratio	1.76	0.46
ii	Debt Service Coverage ratio	(0.27)	(2.07)
iii	Inventory Turnover Ratio	1.65	1.58
iv	Trade Payable Turnover Ratio	1.82	1.46
v	Net Profit/Loss Ratio	-40.86%	-148.47%
vi	Return on Investment	6.82%	4.87%
vii	Debt-Equity Ratio	0.26	(1.02)
viii	Trade Receivables Turnover Ratio	33.03	28.45
ix	Net Capital Turnover Ratio	(3.79)	(15.70)
x	Return on Capital Employed	-139.29%	-148.04%
xi	Return on Equity	364.89%	786.10%

Note		**2021-22**	**2020-21**
i	Current Assets (A)	9,575.81	8,218.58
	Current Liabilities (B)	5,443.57	17,807.18
	Current Ratio (A/B)	1.76	0.46

Reason: The current ratio has improved on account of decrease in Current Liabilities as during the year there were repayment of current borrowing and trade creditors.

ii	Earnings before Interest, Depreciation, and Tax (C)	(1,560.52)	(11,930.40)
	Interest Expense (D)	849.78	1,048.48
	Principal Repayments made during the period for long term loans and leases (E)	4,972.46	4,727.00
	Debt Service Coverage ratio (C/(D+E))	(0.27)	(2.07)

Reason: The opening stock of previous year was very high which resulted in higher fluctuation in changes in inventory which in turn resulted in decrease in profits in previous year.

iii	Cost of Goods Sold (Purchases of Stock-in-Trade + Changes in Inventories of Stock-in-Trade) (F)	9,909.97	19,207.88
	Average Inventories of Stock-in-Trade (G)	6,014.47	12,142.11
	Inventory Turnover Ratio (F/G)	1.65	1.58
iv	Purchases of Stock-in-Trade + Other Expenses (H)	10,124.70	10,164.03
	Average Trade Payables (I)	5,569.56	6,945.23
	Trade Payable Turnover Ratio (H/I)	1.82	1.46
v	Loss After Tax (J)	(4,223.71)	(14,602.35)
	Revenue from Operations (K)	10,338.07	9,835.51
	Net Profit/Loss Ratio (J/K)	-40.86%	-148.47%

Reason: The opening stock of previous year was very high which resulted in higher fluctuation in changes in inventory which in turn resulted in decrease in profits in previous year.

vi	Other Income (Excluding Dividend and lease concession) (L)	128.73	8.39
	Average Cash, Cash Equivalents & Other Marketable Securities (M)	1,886.17	172.21
	Return on Investment (L/M)	6.82%	4.87%

Reason: Other income increased due to profit on sale of property and the realised & unrealised gain on mutual funds. Also, Cash, Cash Equivalents & Other Marketable Securities increased due to proceeds from property sale and investment in mutual funds, which was not there last year.

vii	Total Debt (N)	1,800.00	9,362.79
	Total Equity (O)	6,822.98	(9,138.04)
	Debt-Equity Ratio (N/O)	0.26	-1.02

Reason: Since the company repaid all its debt during the current year, the total debt has come down except for ICD. Total equity has increased as the company has issued OFCD in current year, which is classified as equity in current year.

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

viii	Revenue from Operations (P)	10,338.07	9,835.51
	Average Trade Receivables (Q)	312.99	345.76
	Trade Receivables Turnover Ratio (P/Q)	33.03	28.45
ix	Revenue from Operations (R)	10,338.07	9,835.51
	Average Working Capital (S)	(2,728.18)	(626.55)
	Net Capital Turnover Ratio (R/S)	(3.79)	(15.70)

Reason: Average working capital was lower in the previous year due to higher opening inventory position in the previous year and also due to repayment of borrowings in current year.

x	Net Loss After Tax + Deferred Tax + Finance Cost (-) Other Income (T)	(3,464.48)	(13,567.45)
	Average capital employed (U)	2,487.20	9,164.64
	Return on Capital Employed (T/U)	-139.29%	-148.04%

Reason: Net loss has reduced as there was a profit in sale of property and also, the realised and unrealised gain on mutual funds which was not there in previous year. Further the opening inventory of previous year was higher as compared to current year. Further, Average capital employed reduced because of repayment of short & long term borrowings.

xi	Loss After Tax (Attributable to Owners) (V)	(4,223.71)	(14,602.35)
	Average Net Worth (W)	(1,157.53)	(1,857.56)
	Return on Equity (V/W)	364.89%	786.10%

Reason: Net loss has reduced as there was a profit in sale of property and also, the realised and unrealised gain on mutual funds which was not there in previous year. Further the opening inventory of previous year was higher as compared to current year. Further, Average Net Worth has reduced because of losses in both current and previous year.

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

32.1 Formulae for computation of ratios are as under :

Sr. No.	Particulars	Formula
1	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2	Debt Service Coverage Ratio	$\frac{\text{Earnings before Interest, Depreciation and Tax}}{\text{Interest Expense + Principal Repayments made during the period for long term loans + Lease Payments}}$
3	Inventory Turnover Ratio	$\frac{\text{Cost of Goods Sold}}{\text{Average Inventories of Stock-in-Trade}}$
4	Trade Payables Turnover Ratio	$\frac{\text{Purchases of Stock in Trade + Other Expenses}}{\text{Average Trade Payables}}$
5	Net Loss Ratio %	$\frac{\text{Loss After Tax}}{\text{Revenue from Operations}}$
6	Return on Investment	$\frac{\text{Other Income (Excluding Dividend and Lease Concession)}}{\text{Average Cash, Cash Equivalents \& Other Marketable Securities}}$
7	Debt-Equity Ratio	$\frac{\text{Total Debt}}{\text{Total Equity}}$
8	Trade Receivables Turnover Ratio	$\frac{\text{Revenue from Operations}}{\text{Average Trade Receivables}}$
9	Net Capital Turnover Ratio	$\frac{\text{Revenue from Operations}}{\text{Average Working Capital}}$
10	Return on Capital Employed	$\frac{\text{Net Profit After Tax + Deferred Tax + Finance Cost (-) Other Income}}{\text{Average Capital Employed}}$
11	Return on Equity	$\frac{\text{Profit / (Loss) After Tax}}{\text{Average Net Worth}}$

33 The figures of the corresponding year has been regrouped / reclassified wherever necessary, to make them comparable.

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

34 First time adoption of Ind AS

The first time adoption of Ind AS was carried out in accordance with Ind AS 101, using 1st April, 2020 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the first Ind AS financial statements for the year ended 31st March, 2022, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and previous GAAP as at the transition date have been recognized directly in equity at the transition date.

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

(a) Exceptions from full retrospective application

Estimates exception: Upon an assessment of the estimates made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by the previous GAAP.

(b) Exemptions from retrospective application:

(i) Deemed cost : The Company has elected to apply the deemed cost exemption in Ind AS 101 whereby the Company has the option to carry all items and classes of property, plant and equipment on the date of transition to Ind AS per the carrying amounts prevailing as per previous GAAP. Pursuant to this exemption, no adjustment pertaining to property, plant and equipment is required on the date of transition for effects of retrospective application of other standards.

(ii) Leases : The company opted to avail Modified Retrospective under Ind AS 116, where by Lease liability is calculated as the present value of remaining lease payment discounted using incremental borrowing rate (IBR) on date of transition. Right Of Use Asset is equal to lease liability adjusted with prepaid rent and lease liability recognized in balance sheet immediately before the date of transition.

(c) Reconciliation:

(i) Reconciliation of total equity as on 31st March, 2021 and 01st April, 2020

₹ in lakhs

Particulars	Note no.	As at 31-Mar-2021	As at 01-Apr-2020
Total Equity as per previous GAAP		(8,877.13)	5,500.46
Adjustments:			
Depreciation of Right-of-use assets	(i)	(907.42)	-
Interest on lease liabilities	(i)	(292.95)	-
Rent payments (including rent concession)	(i)	1,003.58	-
Re-measurement of defined benefit obligation	(ii)	(64.12)	(77.55)
Total Equity as per Ind AS		**(9,138.04)**	**5,422.91**

(ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2021

₹ in lakhs

Particulars	Note no.	2020-21
Net loss as per previous GAAP		**(14,377.59)**
(Add)/Less		
Depreciation of Right-of-use assets	(i)	(907.42)
Interest on lease liabilities	(i)	(292.95)
Rent payments (including rent concession)	(i)	1,003.58
Gratuity provision	(ii)	(27.97)
Loss as per Ind AS		**(14,602.35)**
Other Comprehensive Income:		
Re-measurement gain of defined benefit obligation	(ii)	41.40
Total comprehensive loss as per Ind AS		**(14,560.95)**

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

Explanatory notes to the reconciliation

(i) Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Under Ind AS 116 lessees have to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts. Ind AS 116 records the present value of all future lease payments as liability in the books of lessee as also a corresponding Right-of-use (ROU) asset. As the liability is at present value there is an interest cost which builds the liability to match the actual pay outs. The Right-of-use asset is depreciated over the lease term.

(ii) Under previous GAAP, the Company had recognised provision for defined benefit obligation (gratuity) on full liability basis. Upon adoption of Ind AS, the Company has recognised the said gratuity provision on Projected Unit Credit Method as specified under Ind AS 19. Consequently, any increase/decrease in liability has been recognised in opening equity as at 1st April, 2020. Subsequently, the change in value of gratuity provision has been routed through Statement of Profit and Loss and Other Comprehensive Income, as applicable.

Kalanikethan Silks Private Limited
Notes to the Financial Statements for the year ended 31st March, 2022

35 MCA notification dated 24th March, 2021 for amendments to Schedule iii disclosures and other statutory information:

(i) Title deeds of Immovable Property not held in name of the Company - Not applicable as there are no immovable properties other than lease hold properties.

(ii) Details of Benami Property and its proceedings- Not applicable as there are no proceedings which have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(iii) Wilful Defaulter - The Company has no loans from Banks or Financial Institution and hence the Company has not been classified as a wilful defaulter.

(iv) Relationship with Struck off Companies - As per section 248 of the Companies Act, 2013, there are no balances outstanding with struck off companies.

(v) Compliance with number of layers of companies - Not Applicable as the Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(vi) Compliance with approved Scheme(s) of Arrangements - Not Applicable as the Company has no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

(vii) Details of Crypto Currency or Virtual Currency - Not Applicable as the Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(viii) There were no whistle blower complaints received by the Company during the year.

(ix) The Company does not have any such transaction which is not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.

(x) The Company does not have any intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.

(xi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), 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) Provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(xii) The Company has not received any fund from any person(s) or entity(ies), 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) Provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

36 These financial statements were adopted by the Board of Directors in their meeting held on 18th April, 2022.

Kalanikethan Silks Private Limited

As per our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration No. 117366W/W-100018

Varsha A. Fadte
Partner
Membership No. 103999

Dated: 18^{th} April, 2022

For and on Behalf of the Board

Nagabhushanam Vemuluri
Managing Director

Rakesh Sharma
Director

Akhilesh Prasad
Director

Sameer Agrawal
Chief Financial Officer

Priyanshi Garg
Company Secretary