Shri Kannan Departmental Store Limited

(formerly known as Shri Kannan Departmental Store Private Limited)

Financial Statements
2021-22

INDEPENDENT AUDITOR'S REPORT

To The Members of Shri Kannan Departmental Store Limited (Formerly known as Shri Kannan Departmental Store Private Limited) Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shri Kannan Departmental Store Limited (Formerly known as Shri Kannan Departmental Store 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, ("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 profit, its 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 (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 Board's report but does not include 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 on the other information that we obtained prior to the date of this auditor's report, 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 statements 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.

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 relevant 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 best of our information and according to explanations given to us, the Company has not paid/ provided any remuneration to its directors during the year.

   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 has disclosed the impact of pending litigation on its financial position in its financial statement (Refer Note 29 to the financial statements).

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 to us that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented to us that, to the best of it's knowledge and belief and as disclosed in the notes to the accounts, 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 ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that cause us to believe that the representation given by the Management 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 declared or paid any dividend during the current 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 and Sells LLP
Chartered Accountants
(Firm's Registration No 117366W/W-100018)

Pallavi Sharma
Partner
Membership No. 113861
(UDIN: **22113861AHHLYJ2239**)

Mumbai, 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 to the members of Shri Kannan Departmental Store Limited (Formerly known as Shri Kannan Departmental Store Private Limited) for the year ended 31st March,2022**)**

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 Shri Kannan Departmental Store Limited (Formerly known as Shri Kannan Departmental Store 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 (ICAI). 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 Companies Act, 2013.

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 Companies Act, 2013, 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 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 March 31st, 2022, based on the criteria for internal financial control over financial reporting 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.

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

Pallavi Sharma
Partner
Membership No. 113861
(UDIN: **22113861AHHLYJ2239**)

Mumbai, 18th April 2022

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
[Referred to in Paragraph 2 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Shri Kannan Departmental Store Limited (Formerly known as Shri Kannan Departmental Store Private Limited) for the year ended 31st March,2022]

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

i. In respect of its Property, Plant and Equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) The Property, Plant and Equipment and capital working progress were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of freehold land and building disclosed in the financial statements included in Property, Plant and Equipment are held in the name of the Company as at balance sheet date.

(d) The Company has not revalued any of its property, plant and equipment 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 Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. In respect of its Inventories:

(a) In our opinion, the inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to size of the Company and the nature of operations. No discrepancies of 10% or more in the aggerate 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, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

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 to which provisions of Sections 185 or 186 of the Act apply 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 Provident Fund, Employee State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Income-tax, Goods and Service Tax, 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.

b) There are no statutory dues referred in sub-clause (a) above which have 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 Act, 1961(43 of 1961) during the year.

ix. In respect of Loans taken:

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 government authority.

c) To best of our knowledge and belief, in our opinion, term loan 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 a 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. In respect of issue of securities:

a) The Company has not raised moneys 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 the reporting under clause (x)(b) of the Order is not applicable to the Company.

xi. In respect of Frauds:

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

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

xiii. According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Act, where applicable, 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.

xiv. In respect of Internal Audit:

a) To our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto September 30, 2021 as determined by the Management.

xv. In our opinion and according to the information and explanations given to us, during the period, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate Company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

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 hence the reporting under clause (xvi)(d) of the Order is not applicable.

xvii. The Company has incurred cash losses amounting to Rs. 36.45 crore during the financial year covered by our audit and Rs. 17.40 crore in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

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 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. The Company is not required to spend any amount towards Corporate Social Responsibility (CSR) as there are no profits in the preceding years and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of paragraph 3 of the Order is not applicable for the year.

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

Pallavi Sharma
Partner
Membership No. 113861
(UDIN: **22113861AHHLYJ2239**)

MUMBAI, 18th April 2022

Shri Kannan Departmental Store Limited

(formerly known as Shri Kannan Departmental Store Private Limited)

Balance Sheet as at 31st March, 2022

₹ Crore

	Notes		As at 31st March, 2022		As at 31st March, 2021
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	1	236.14		227.65	
Capital Work-in-Progress	1	0.91		5.49	
		237.05		233.14	
Financial Assets					
Other Financial Assets	2	5.81		6.08	
Deferred Tax Assets (net)	3	-		0.01	
Other Non-Current Assets	4	0.89		0.81	
Total Non-Current Assets			243.75		240.04
Current Assets					
Inventories	5	12.55		75.87	
Financial Assets					
Investments	6	8.42		8.04	
Trade Receivables	7	2.94		7.54	
Cash and Cash Equivalents	8	2.47		8.21	
Other Current Assets	9	5.08		1.11	
Total Current Assets			31.46		100.77
Total Assets			275.21		340.81
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	10	8.49		8.49	
Other Equity	11	88.40		132.47	
Total Equity			96.89		140.96
Liabilities					
Non-Current Liabilities					
Financial Liabilities					
Borrowings	12	151.43		99.35	
Provisions	13	1.80		1.82	
Total Non-Current Liabilities			153.23		101.17
Current Liabilities					
Financial Liabilities					
Trade Payables Due to:	14				
Micro and Small Enterprise		-		0.28	
Other than Micro and Small enterprise		20.72		94.40	
Other Financial Liabilities	15	-		0.02	
Provisions	16	0.06		0.14	
Other Current Liabilities	17	4.31		3.84	
Total Current Liabilities			25.09		98.68
Total Liabilities			178.32		199.85
Total Equity and Liabilities			275.21		340.81

Significant accounting policies
See accompanying Notes to the Financial Statements **1 to 34**

Shri Kannan Departmental Store Limited
(formerly known as Shri Kannan Departmental Store Private Limited)

As per our Report of even date

For and on behalf of the Board

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm Registration No 117366W / W -100018)

T. Thanushgaran
Director

Pallavi Sharma
Partner
Membership No : 113861

Rajendra Kamath
Director

Shivram Murti
Director

Radhika Disale
Director

Dated : 18th April, 2022

Shri Kannan Departmental Store Limited

(formerly known as Shri Kannan Departmental Store Private Limited)

Statement of Profit and Loss for the year ended 31st March 2022

₹ Crore

	Note		2021-22		2020-21
INCOME					
Value of Sales			**302.94**		324.56
Income from Services			**0.78**		0.39
Value of Sales & Services (Revenue)			**303.72**		324.95
Less:GST / Service Tax recovered			**27.35**		25.55
Revenue from Operations			**276.37**		299.40
Other Income	**18**		**0.38**		0.20
Total Income			**276.75**		299.60
EXPENSES					
Purchases of Stock-in-Trade			**197.68**		285.48
Changes in Inventories of Stock-in-Trade	**19**		**63.37**		(24.48)
Employee Benefits Expense	**20**		**7.88**		15.52
Finance Costs	**21**		**7.18**		7.16
Depreciation and Amortisation Expense	**1**		**7.05**		7.96
Other Expenses	**22**		**37.80**		34.98
Total Expenses			**320.96**		326.62
Loss before Tax			**(44.21)**		(27.02)
Tax expenses					
Current Tax			-		-
Deferred Tax	**3**		**0.01**		-
Loss for the year			**(44.22)**		(27.02)
Other Comprehensive Income					
Items that will not be reclassified to Statement of profit and loss	**20.1**	**0.15**		1.43	
Total Other Comprehensive Income for the year (Net of tax)			**0.15**		1.43
Total Comprehensive Income for the year			**(44.07)**		(25.59)
Earnings per equity share of face value of ₹ 100 each					
Basic and Diluetd (in ₹)	**25**		**(520.68)**		(318.16)
Significant accounting policies See accompanying Notes to the Financial Statements	**1 to 34**				

Shri Kannan Departmental Store Limited
(formerly known as Shri Kannan Departmental Store Private Limited)

As per our Report of even date

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm Registration No 117366W / W -100018)

Pallavi Sharma
Partner
Membership No : 113861

Dated : 18th April, 2022

For and on behalf of the Board

T. Thanushgaran
Director

Rajendra Kamath
Director

Shivram Murti
Director

Radhika Disale
Director

Shri Kannan Departmental Store Limited

(formerly known as Shri Kannan Departmental Store Private Limited)

Statement of Changes in Equity for the year ended 31st March 2022

₹ Crore

A. Equity Share Capital

	Balance as at 1st April , 2021	Changes in equity share capital due to prior period Errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of reporting period i.e 31st March 2022
Issued Subscribed and paid up capital	**8.49**	**-**	**8.49**	**-**	**8.49**

	Balance as at 1st April ,2020	Changes in equity share capital due to prior period Errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of reporting period i.e 31st March 2021
Issued Subscribed and paid up capital	**8.49**	**-**	**8.49**	**-**	**8.49**

B.Other Equity

	Reserves & Surplus				Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings	Revaluation Reserve		
As on 31st March, 2021						
Balance at the beginning of reporting period 1st April, 2020	11.61	36.16	(78.36)	188.94	(0.29)	158.06
Add: During the year	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	(27.02)	-	1.43	(25.59)
Balance at the end of reporting period 31st March, 2021	**11.61**	**36.16**	**(105.38)**	**188.94**	**1.14**	**132.47**
As on 31st March, 2022						
Balance at the beginning of reporting period 1st April, 2021	11.61	36.16	(105.38)	188.94	1.14	132.47
Add: During the year (including revaluation reserve)	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	(44.22)	-	0.15	(44.07)
Balance at the end of reporting period 31st March 2022	**11.61**	**36.16**	**(149.60)**	**188.94**	**1.29**	**88.40**

Shri Kannan Departmental Store Limited
(formerly known as Shri Kannan Departmental Store Private Limited)

As per our Report of even date

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm Registration No 117366W / W -100018)

Pallavi Sharma
Partner
Membership No : 113861

Dated : 18th April, 2022

For and on behalf of the Board

T. Thanushgaran
Director

Rajendra Kamath
Director

Shivram Murti
Director

Radhika Disale
Director

Shri Kannan Departmental Store Limited
(formerly known as Shri Kannan Departmental Store Private Limited)

Cash Flow Statement for the year ended 31st March, 2022

₹ Crore

			21-22		20-21
A:	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Loss Before Tax as per Statement of Profit and Loss		**(44.21)**		(27.02)
	Adjusted for:				
	Loss on Sale/ Discarding of Property, Plant and Equipment (Net)	**1.10**		1.70	
	Depreciation and Amortisation Expense	**7.05**		7.96	
	Interest Income	**-**		(0.16)	
	Unrealised gain on Mutual Fund units	**(0.38)**		(0.04)	
	Finance Costs	**7.18**		7.16	
			14.95		16.62
	Operating Profit before Working Capital Changes		**(29.26)**		(10.40)
	Adjusted for:				
	Trade and Other Receivables	**0.91**		(4.65)	
	Inventories	**63.32**		(24.48)	
	Trade and Other Payables	**(73.47)**		33.63	
			(9.24)		4.50
	Cash Generated from Operations		**(38.50)**		(5.90)
	Taxes Paid (Net)		**(0.08)**		(0.02)
	Net Cash Flow (Used in) Operating Activities		**(38.58)**		(5.92)
B:	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment and Intangible Assets		**(12.23)**		(5.99)
	Proceeds from disposal of Property, Plant and Equipment and Intangible Assets		**0.17**		0.22
	Purchase of Other Investments		**-**		(16.00)
	Proceeds from Sale of Financial Assets		**-**		8.00
	Net Cash Flow From Other Financial Assets		**-**		-
	Interest Income		**-**		0.16
	Net Cash Flow (Used in) Investing Activities		**(12.06)**		(13.61)
C:	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Repayment of Borrowings - Non Current		**(59.88)**		(92.18)
	Borrowings taken during the year		**111.96**		99.35
	Interest Paid		**(7.18)**		(7.16)
	Net Cash Flow From Financing Activities		**44.90**		0.01
	Net Decrease in Cash and Cash Equivalents		**(5.74)**		(19.52)
	Opening Balance of Cash and Cash Equivalents		**8.21**		27.73
	Closing balance of Cash and Cash Equivalents (Refer Note "8")		**2.47**		8.21

Shri Kannan Departmental Store Limited
(formerly known as Shri Kannan Departmental Store Private Limited)

As per our Report of even date

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
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Pallavi Sharma
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Shri Kannan Departmental Store Limited

(formerly known as Shri Kannan Departmental Store Private Limited)

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

A. CORPORATE INFORMATION

Shri Kannan Departmental Store Limited ("the Company") is a limited company incorporated in India. The registered office of the Company is located at No. 13, 2nd Floor, Sri Bhairavi Complex, SKC Road, Erode – 638001 India.

The Company is engaged in organised retail primarily catering to Indian consumers.

B. SIGNIFICANT ACCOUNTING POLICIES:

B.1 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 value amount:

i) Certain Financial Assets and Liabilities (including derivative instruments),
ii) Defined Benefit Plans – Plan Assets and
iii) Equity settled Share Based Payments

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 (`), which is also its functional currency and all values are rounded to the nearest crore (`00,00,000), except when otherwise indicated.

B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Current and Non-Current Classification

The Company presents assets and liabilities in the Balance Sheet based on Current/ Non-Current classification.

An asset is treated as Current when it is –

- 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.

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.

Shri Kannan Departmental Store Limited
(formerly known as Shri Kannan Departmental Store Private Limited)

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Property, Plant and Equipment

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. In case of land the Company has availed fair value as deemed cost on the date of transition to Ind AS.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

Depreciation on Property, Plant and Equipment is provided using written down value method on depreciable amount. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.
Leasehold improvements are amortized over the lower of estimated useful life or lease period; on assets acquired under finance lease depreciation is provided over the lease term.
The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

(c) Leases

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

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

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

(d) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Intangible Assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Intangible Assets Under Development.

Gains or losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised. The Company's intangible assets comprises assets with finite useful life which are amortised on a straight-line basis over the period of their expected useful life.

The amortisation period and the amortisation method for Intangible Assets with a finite useful life are reviewed at each reporting date.

(e) Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss as and when incurred.

Development costs are capitalised as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

(f) Cash and Cash Equivalents

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

(g) Finance Costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

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

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

(h) Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any, except in case of by-products which are valued at net realisable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

Cost of stores and spares, packing materials, trading and other products are determined on weighted average basis.

(i) Impairment of Non-Financial Assets - Property, Plant and Equipment and Intangible Assets

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets 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.

(j) Provisions

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

(k) Contingent Liabilities

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

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

(l) Employee Benefits Expense

Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits

Defined Contribution Plans

The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

Defined Benefit Plans

The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days basic salary for every completed year of service as per the Payment of Gratuity Act, 1972. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

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.

Employee Separation Costs: The Company recognises the employee separation cost when the scheme is announced, and the Company is demonstrably committed to it.

(m) Tax Expenses

The tax expenses for the period comprises of current tax and deferred income 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 in the period

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

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.

(n) Foreign Currencies Transactions and Translation

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. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2016 which are related to the acquisition or construction of qualifying assets are adjusted in the carrying cost of such 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.

(o) Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. The Company is generally the principal as it typically controls the goods or services before transferring them to the customer.

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

In case of discounts, rebates, credits, price incentives or similar terms, consideration are determined based on its most likely amount, which is assessed at each reporting period.

Shri Kannan Departmental Store Limited

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

Contract Balances

Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Company performs under the contract.

Interest Income

Interest Income from a Financial Assets is recognised using effective interest rate method.

Dividend Income

Dividend Income is recognised when the Company's right to receive the amount has been established.

(q) 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

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

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.

D. Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments are recognised in Statement of Profit and loss when the Company's right to receive payment is established.

E. 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.

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. Derivative Financial Instruments and Hedge Accounting

The Company uses various derivative financial instruments such as interest rate swaps, currency swaps, forwards & options and commodity contracts to mitigate the risk of changes in interest rates, exchange rates and commodity prices. At the inception of a hedge relationship, the Company formally

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

designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value.

Derivatives are carried as Financial Assets when the fair value is positive and as Financial Liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedge which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or is treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a Non-Financial Assets or Non-Financial liability.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

A. Cash Flow Hedge

The Company designates derivative contracts or non-derivative Financial Assets/ Liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold or terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

B. Fair Value Hedge

The Company designates derivative contracts or non-derivative Financial Assets/Liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

iv. 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.

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

v. 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.

(r) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year adjusted for bonus element in equity share. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

C.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 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

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

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) RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits and business developments.

(F) FAIR VALUE MEASUREMENT

For estimates relating to fair value of financial instruments refer note 36 of financial statements.

(G) 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.

(H) STANDARDS ISSUED BUT NOT EFFECTIVE

On March 23, 2022, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2022. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from April 1, 2022.

i. Ind AS 101 – First time adoption of Ind AS
ii. Ind AS 103 – Business Combination
iii. Ind AS 109 – Financial Instrument
iv. Ind AS 16 – Property, Plant and Equipment
v. Ind AS 37 –Provisions, Contingent Liabilities and Contingent Assets
vi. Ind AS 41 – Agriculture

Application of above standards are not expected to have any significant impact on the company's financial statements.

Shri Kannan Departmental Store Limited

(formerly known as Shri Kannan Departmental Store Private Limited)

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

1. Property, Plant and Equipment and Capital Work-in-Progress

₹ Crore

Description	Gross Block				Depreciation/ Amortisation				Net Block	
	As at 1st April, 2021	Additions	Deductions/ Adjustments	As at 31st March, 2022	As at 1st April, 2021	For the year	Deductions/ Adjustments	**As at 31st March, 2022**	**As at 31st March, 2022**	As at 31st March, 2021
Property, Plant and Equipment										
Own assets:										
Freehold land	105.96	-	-	105.96	-	-	-	-	105.96	105.96
Buildings	114.73	0.24	-	114.97	11.91	4.98	0.01	16.88	98.09	102.82
Plant and machinery	17.95	0.48	2.33	16.10	13.13	0.57	1.92	11.78	4.32	4.81
Electrical installations	4.43	1.44	0.78	5.09	3.61	0.23	0.71	3.13	1.96	0.81
Equipment	0.24	2.80	-	3.04	-	0.05	-	0.05	2.99	0.24
Furniture and fixtures	24.99	11.03	3.48	32.54	17.98	0.89	2.72	16.15	16.39	7.01
Vehicles	5.97	-	-	5.97	5.54	0.06	-	5.60	0.37	0.45
Leasehold improvements	10.84	0.82	0.05	11.61	5.29	0.27	0.01	5.55	6.06	5.55
Sub-Total	285.11	16.81	6.64	295.28	57.46	7.05	5.37	59.14	236.14	227.65
Total	285.11	16.81	6.64	295.28	57.46	7.05	5.37	59.14	236.14	227.65
Previous year	296.60	0.49	11.99	285.11	59.56	7.96	10.07	57.47	227.64	
Capital work-in-progress									0.91	5.49

Ageing as on 31st March, 2022

	Amount in CWIP for a period of				
Particulars	**<1 Year**	**1-2 Years**	**2-3 Years**	**>3 Years**	**Total**
Capital Work In Progress	0.91				0.91

Ageing as on 31st March, 2021

	Amount in CWIP for a period of				
Particulars	**<1 Year**	**1-2 Years**	**2-3 Years**	**>3 Years**	**Total**
Capital Work In Progress	5.49				5.49

Note :- There are no capital-work-in progress projects whose completion is overdue or has exceeded its cost compared to its original plan.

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

₹ Crore

2. Other Financial Assets - Non Current	As at 31st March, 2022	As at 31st March, 2021
Security Deposit	5.81	6.08
Total	5.81	6.08

Shri Kannan Departmental Store Limited

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

₹ Crore

3 Deferred Tax Assets (Net)	As at 31st March, 2022	As at 31st March, 2021
The movement on the deferred tax account is as follows:		
At the start of the year	**0.01**	0.01
Charge to profit or loss	**(0.01)**	-
At the end of year	**-**	0.01

Component of Deferred tax Assets / (liabilities)

	As at 31st March, 2021	Charge/(credit) to profit or loss	31st March, 2022
Deferred tax asset in relation to:			
Property, plant and equipment	(2.53)	0.33	**(2.20)**
Unabsorbed depreciation	1.84	-	**1.84**
Disallowances	0.70	(0.34)	**0.36**
	0.01	(0.01)	**-**

Shri Kannan Departmental Store Limited

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

₹ Crore

4. Other Non-Current Assets *(unsecured and considered good)*	**As at 31st March, 2022**	As at 31st March, 2021
Advance Income Tax (Net of provision)	**0.89**	0.81
Total	**0.89**	0.81

(i) **Advance Income Tax (Net of Provision)**	**As at 31st March, 2022**	As at 31st March, 2021
At start of year	**0.81**	0.79
Charge for the year - Current Tax	**-**	-
Tax paid (Net) during the year	**0.08**	0.02
At end of year	**0.89**	0.81

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

5. Inventories	As at	₹ Crore As at
(valued at lower of cost or net realisable value)	**31st March, 2022**	31st March, 2021
Stock-in-trade	**12.50**	75.87
Consumables	**0.05**	-
Total	**12.55**	75.87

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

6. Investments :- Current	**As at 31st March, 2022**	₹ Crore As at 31st March, 2021
Investment Measured at Fair Value Through Profit & Loss		
HDFC Floating Rate Debt Fund- Direct Plan - Direct Growth No of units 20,99,665 (previous year - 20,99,665)	**8.42**	8.04
Total	**8.42**	8.04
Aggregate Value of Unquoted Investment	**8.42**	8.04

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

₹ Crore

7. Trade Receivables	**As at**	As at
(unsecured and considered good)	**31st March, 2022**	31st March, 2021
Trade Receivables (Refer Note 28 Related party)	**2.94**	7.54
Total	**2.94**	7.54

Ageing as on 31st March, 2022

Particulars	**< 6 Months**	**6 months-1year**	**1-2 years**	**2-3 years**	**>3 years**	**Total**
(i) Undisputed Trade receivables considered	2.42	0.11				2.54
(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	-			-		

Ageing as on 31st March, 2021

Particulars	**< 6 Months**	**6 months-1year**	**1-2 years**	**2-3 years**	**>3 years**	**Total**
(i) Undisputed Trade receivables considered good	0.19	-				0.19
(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	-			-		

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

₹ Crore

8.Cash and Cash Equivalents	As at 31st March, 2022	As at 31st March, 2021
Cash on Hand	**0.49**	0.55
Balances with Banks		
In Current Accounts	**1.98**	7.66
Cash and Cash Equivalents as per Balance Sheet / Statement of Cash Flows	**2.47**	8.21

Shri Kannan Departmental Store Limited

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

₹ Crore

9 Other Current Assets *(unsecured and considered good)*	**As at 31st March, 2022**	As at 31st March, 2021
Balance with Government Authorities (i)	**4.48**	0.61
Others (ii)	**0.60**	0.50
Total	**5.08**	1.11

(i) Includes GST and Electricity Deposit

(ii) Includes Advances to Employees and Vendors.

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

₹ Crore

10. Share capital			As at 31st March, 2022	As at 31st March, 2021
Authorised Share Capital				
	10,00,000	Equity shares of ₹ 100 each	10.00	10.00
Total			10.00	10.00
Issued, Subscribed and Paid up:				
	8,49,267	Equity shares of ₹ 100 each fully paid up	8.49	8.49
Total			8.49	8.49

(i) Out of the above 8,49,267 (previous year 8,49,267) equity shares of ₹ 100 each fully paid-up are held by Reliance Retail Ventures Limited, the Holding Company, along with its nominees.

(ii) **The details of Shareholders holding more than 5% shares :**

Name of the Shareholders	As at 31st March , 2022 No. of Shares	As at 31st March , 2022 % held	As at 31st March, 2021 No. of Shares	As at 31st March, 2021 % held
Reliance Retail ventures Limited	8,49,267	100%	8,49,267	100%

Particulars	As at 31st March, 2022 No. of Shares	As at 31st March, 2021 No. of shares
Equity shares at the beginning of the year	8,49,267	8,49,267
Equity shares at the end of the year	8,49,267	8,49,267

(iii) The Company has only one class of equity shares having par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends as approved by Board/AGM . event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholdings.

Shareholding of promoter

As at 31st March, 2022

S.no	Promoter name	No of Shares at the beginning of the year	Change during the year	No of Shares at the end of the year	% of Total Shares	% change during the year
1	Reliance Retail Ventures Limited	8 49 267	-	8 49 267	100%	-

As at 31st March, 2021

S.no	Promoter name	No of Shares at the beginning of the year	Change during the year	No of Shares at the end of the year	% of Total Shares	% change during the year
1	Reliance Retail Ventures Limited	8 49 267	-	8 49 267	100%	-

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

₹ Crore

11. Other Equity		As at 31st March, 2022		As at 31st March, 2021
		-		-
General Reserve	**36.16**		36.16	
As per last Balance Sheet		**36.16**		36.16
Securities Premium				
As per last Balance Sheet	**11.61**		11.61	
		11.61		11.61
Retained Earnings				
As per last Balance Sheet	**(105.38)**		(78.36)	
Add: Loss for the year	**(44.22)**		(27.02)	
		(149.60)		(105.38)
Other Comprehensive Income (OCI)				
As per last Balance Sheet	**1.14**		(0.29)	
Add: Movement in OCI (Net) during the year	**0.15**		1.43	
		1.29		1.14
Revaluation Reserve				
As per last Balance sheet	**188.94**		188.94	
		188.94		188.94
Total		**88.40**		132.47

Shri Kannan Departmental Store Limited

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

12. Borrowings - Non Current	As at 31st March, 2022	₹ Crore As at 31st March, 2021
Unsecured - At amortised Cost		
Loans from holding company [Refer to Note 28]	**151.43**	99.35
Total	**151.43**	99.35

* Details of Borrowing

Loan taken from Reliance Retail Venture Limited (Holding Company) rate of interest of 7.5% p.a. (Previous Year 7.5% p.a.) for the purpose long term fund which is repayable at end of three years from date of disbursement. (Refer Note 27 for maturity profile).

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

13. Provisions - Non Current	As at 31st March, 2022	₹ Crore As at 31st March, 2021
Provision for employee benefits (Refer Note 20.1)[(i)]	**1.80**	1.82
Total	**1.80**	**1.82**

[(i)] The provision for employee benefit includes annual leave and vested long service leave entitlement accrued.

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

₹ Crore

14	Trade payables		As at 31st March, 2022		As at 31st March, 2021
	Micro and Small Enterprises	-	-	0.28	-
	Others	20.72	20.72	94.40	94.68
	Total		**20.72**		94.68

14.1 There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2022 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

Ageing Schedule as on 31st March, 2022

Particulars	Less than 1 years	1-2 years	2-3 years	>3 years	Total
(i) MSME					-
(ii) Others	2.03				2.03
(iii) Disputed Dues -MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-

Ageing Schedule as on 31st March, 2021

Particulars	Less than 1 years	1-2 years	2-3 years	>3 years	Total
(i) MSME					-
(ii) Others	4.17				4.17
(iii) Disputed Dues -MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

15. Other Financial Liabilities - Current	As at 31st March, 2022	₹ Crore As at 31st March, 2021
Interest Accrued but not due on Borrowings	-	0.02
	-	0.02

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

16. Provisions - Current	**As at 31st March, 2022**	₹ Crore As at 31st March, 2021
Provision for employee benefits (Refer note 20.1) [(i)]	**0.06**	0.14
Total	**0.06**	0.14

(i) The provision for employee benefit includes annual leave and vested long service leave entitlement accrued.

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

₹ Crore

	As at 31st March, 2022	As at 31st March, 2021
17. Other Current Liabilities		
Other Payables [i]	**4.31**	3.84
	4.31	3.84

[i] Includes Statutory Dues.

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

		₹ Crore
18. Other Income	**2021-22**	2020-21
Interest		
Bank Deposits	**-**	0.16
Gain on Financial Assets measured at FVTPL		-
Unrealised Gain (from Mutual Fund Units)	**0.38**	0.04
Total	**0.38**	0.20

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

		₹ Crore
19. Changes in Inventories of Stock-in-Trade	**2021-22**	2020-21
Inventories (at end of the year)		
Stock-in-trade	**12.50**	75.87
Inventories (at beginning of the year)		
Stock-in-trade	**75.87**	51.39
Total	**63.37**	(24.48)

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

₹ Crore

20. Employee Benefits Expense	2021-22	2020-21
Salaries and Wages	**6.73**	12.63
Contribution to Provident Fund and Other Funds	**1.07**	1.32
Staff Welfare Expenses	**0.08**	1.57
Total	**7.88**	15.52

20.1 As per IND AS 19 “Employee Benefits”, the disclosures as defined are given below :

Defined Contribution Plan

₹ Crore

Contribution to Defined Contribution Plan, recognised as expenses for the year is as under:

Particulars	2021-22	2020-21
Employer’s Contribution to Provident Fund	**0.19**	0.30
Employer’s Contribution to Pension Scheme	**0.33**	0.35

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

Defined benefit plan

I. Reconciliation of opening and closing balances of defined benefit obligation

₹ Crore

	Gratuity (unfunded)	
Particulars	**2021-22**	2020-21
Defined Benefit Obligation at beginning of the year	**1.81**	3.38
Current Service cost	**0.15**	0.18
Interest Cost	**0.13**	0.23
Actuarial (Gain)	**(0.15)**	(1.43)
Benefits Paid	**(0.31)**	(0.55)
Defined Benefit Obligation end of the year	**1.63**	1.81

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

II. Reconciliation of fair value of Obligations ₹ Crore

	Gratuity (unfunded)	
	2021-22	2020-21
Present Value of Obligation	**1.63**	1.81
Amount recognised in Balance Sheet (Surplus/ Deficit)	**1.63**	1.81

III. Expenses recognised during the year ₹ Crore

	Gratuity (unfunded)	
In Income Statement	**2021-22**	2020-21
Current Service Cost	**0.15**	0.18
Interest Cost	**0.13**	0.23
Net Cost	**0.28**	0.41
In Other Comprehensive Income		
Actuarial (Gain)/ Loss	**(0.15)**	(1.43)
Net (Income) / Expense For the period Recognised in OCI	**(0.15)**	(1.43)

IV. Actuarial assumptions

	Gratuity (unfunded)	
	2021-22	2020-21
Mortality Table (IALM)	**2012-14 (Ultimate)**	2006-08 (Ultimate)
Discount Rate (per annum)	**7.09%**	6.95%
Rate of Escalation in Salary (per annum)	**6.00%**	6.00%
Rate of Employee Turnover (per annum)	**2.00%**	2.00%

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.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

V. The expected contributions for Defined Benefit Plan for the next financial year will be ₹ 0.05 crores (Previous year ₹ 0.13 crores)

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

VI. Sensitivity Analysis

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

₹ Crore

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Decrease	Increase	Decrease	Increase
Change in rate of discounting (delta effect of +/- 0.5%)	0.12	(0.11)	0.13	(0.12)
Change in rate of salary increase (delta effect of +/- 0.5%)	(0.11)	0.12	(0.12)	0.13
Change in rate of employee turnover (delta effect of +/- 0.5%)	(0.01)	0.01	(0.01)	0.01

20.2 Compensated absence

The Company has a policy on compensated absence which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absence is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Shri Kannan Departmental Store Limited
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Notes to Financial Statements for the year ended 31st March, 2022

21. Finance Costs	2021-22	₹ Crore 2020-21
Interest Expenses on Loan from holding Company	**7.18**	7.16
Total	**7.18**	7.16

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

₹ Crore

22. Other Expenses			2021-22			2020-21
Sales promotion and advertisement expenses		**1.46**			0.21	
Store running expenses						
Hire Charges Contracted Services	**7.56**			10.81		
Collection Charges	**1.00**	**8.56**		0.17	10.98	
Warehousing and distribution expenses		**2.57**			0.21	
Stores and packing materials		**1.22**			0.15	
Building repairs and maintenance		**0.40**			1.79	
Rent		**11.23**			10.99	
Insurance		**0.19**			0.38	
Rates and taxes		**3.19**			0.52	
Travelling and conveyance expenses		**0.04**			0.04	
Professional fees		**0.70**			0.17	
Loss on sale/ discarding of assets (net)		**1.10**			1.70	
Electricity expenses		**2.67**			4.56	
Hire charges		**0.02**				
General expenses		**4.20**			3.03	
			37.55			34.73
Payments to auditor						
Statutory Audit fees		**0.25**			0.25	
Certification and consultation fees		**-**			-	
			0.25			0.25
Total			**37.80**			34.98

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

₹ Crore

23. Taxation	As at 31st March, 2022	As at 31st March, 2021
Income Tax recognised in the statement of Profit & Loss		
Current tax	-	-
Deferred tax	0.01	-
Total income tax expenses recognised in the current year	**0.01**	-
The income tax expenses for the year can be reconciled to the accounting profit as follows:		
Loss before tax	(44.21)	(27.02)
Applicable Tax rate	25.17%	25.17%
Computed tax expenses	**(11.13)**	**(6.80)**
Tax Effect of :		
Carry forward losses utilised	**10.55**	5.81
Exempted Income	-	
Prior Period Adjustment	-	-
Expenses Disallowed	1.78	2.01
Additional Allowances	(1.20)	(1.01)
MAT Credit	-	-
Current Tax Provision (A)	**0.00**	**-0.00**
Incremental Deferred Tax Liability on account of PPE & Intangible Assets	-	-
Incremental Deferred Tax Liability on account of Financial Assets & Other items	-	-
Deferred Tax Provision (B)	**-**	**-**
Tax Expenses recognised in Statement of Profit and Loss (A+B)	**0.00**	**-0.00**
Effective Tax Rate	0.0%	0.0%

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

24 The Company is mainly engaged in ‘Organised Retail’ primarily catering to Indian consumers in various consumption baskets. All the activities of the Company revolve around this main business. Accordingly, the Company has only one identifiable segment reportable under Ind AS 108 "Operating Segment". The Chief operational decision maker monitors the operating results of the entity's business for the purpose of making decisions about resource allocation and performance assessment.

25 Earnings per share (EPS)

	2021-22	2020-21
Face Value per Equity Share (₹)	**100.00**	100.00
Basic Earnings per Share (₹)	**(520.68)**	(318.16)
Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore)	**(44.22)**	(27.02)
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	**8,49,267**	8,49,267

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

26 Capital Management

For the purpose of the company's capital management, capital includes issued capital, share premium, convertible instruments and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares.

The Company monitors capital using a Gearing Ratio, which is Net Debt divided by Equity.

The Company includes within Net debt, interest bearing Loans and Borrowings, less Cash & Cash Equivalents.

Net Gearing Ratio

The Net Gearing Ratio at end of the reporting period was as follows. ₹ Crore

	As at 31st March, 2022	As at 31st March, 2021
Gross Debt	**151.43**	99.35
Cash and Marketable Securities	**10.89**	16.25
Net Debt (A)	**140.54**	83.10
Total Equity (As per Balance Sheet) (B)	**96.89**	140.96
Net Gearing Ratio (A/B)	**1.45**	0.59

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

27 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 quoted price or NAV.

b) The fair value of Forward Foreign Exchange contracts is determined using forward exchange rates at the balance sheet date.

c) Commodity derivative contracts are valued using readily available information in markets and quotations from exchange & brokers.

d) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

e) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair value measurement hierarchy:

₹ Crore

Particulars	As at 31st March, 2022				As at 31st March, 2021			
	Carrying Amount	Level of input used in			Carrying Amount	Level of input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
Trade Receivables	**2.94**	-	-		7.54	-		-
Cash and Cash Equivalents	**2.47**	-	-		8.21	-		-
Loans	-	-	-		-	-		-
Other Financial Assets	-	-	-		-	-		-
At FVPTL								
Investments	**8.42**	-	**8.42**		8.04	-	8.04	
Financial Liabilities								
At Amortised Cost								
Borrowings	**151.43**		-		99.35	-		-
Trade Payables	**20.72**		-		94.68	-		-
Other Financial Liabilities	-				0.02	-		-

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

Level 3: Inputs based on unobservable market data.

Interest Rate Risk

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

₹ Crore

Particulars	As at 31st March, 2022	As at 31st March, 2021
Borrowings - Non Current	**151.43**	99.35
Total	**151.43**	99.35

There is no Interest Rate Risk as all the Borrowings are at fixed rate of interest.

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, dealing in derivatives and receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Credit risk is actively managed through Letters of Credit, Bank Guarantees, Parent Company 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.

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

₹ Crore

Liquidity Risk

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Maturity Profile of Loans and other Financial Liabilities

Liquidity Risks	Below 3 months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings				151.43			151.43
Total	-	-	-	**151.43**	-	-	**151.43**

In the current year though the company has incurred cash losses, the same however is being addressed through planned borrowing facility/support, the company obtains from its Holding Company. Accordingly, as per the management's assessment, the current mode of operations and growth, support the company's ability to have good financial performance will lead to continued better liquidity inflows in the years to come and will be able to continue to maintain its growth path by keeping up its momentum

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

28 Related Parties Disclosures

As per Ind AS 24, the disclosures of transactions with the related parties are given below :

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

Sr No	Name of the related party	Relationship
1	Reliance Industries Limited	Ultimate holding company
2	Reliance Retail Ventures Limited	Holding company
3	Reliance SMSL Limited	Fellow Subsidiaries
4	Reliance Retail Limited	Fellow Subsidiaries
5	Reliance Jio Infocomm Limited	Fellow Subsidiaries
6	Reliance Projects & Property Management Services Limited	Fellow Subsidiaries
7	Jio Platforms Limited	Fellow Subsidiaries
8	Lifestyle (Partnership)	Enterprises over which Key Managerial Personnel are able to exercise significant influence
9	Dharmik Foods (Sole Proprietor)	Enterprises over which Key Managerial Personnel are able to exercise significant influence

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

(ii) Transactions during the year with related parties (excluding reimbursements):

₹ Crore

Sr No	Nature of transactions	Ultimate holding company	Holding company	Fellow subsidiaries	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
1	Additional Investment		**-**	**-**	**-**	**-**
	in Share Capital #	-	-	-	-	-
2	Net unsecured loans	**-**	**52.08**	**-**	**-**	**52.08**
	taken/ (repaid)	-	*99.35*	*-92.18*	-	*7.17*
3	Purchase of Property	**-**	**-**	**11.05**	**-**	**11.05**
	Plant & Equipment / Project materials	-	-	*0.95*	-	1.90
4	Revenue from	**-**	**-**	**71.01**	**-**	**71.01**
	operations	-	-	*8.31*	*0.82*	*17.44*
5	Purchases	**-**	**-**	**199.07**	**1.84**	**200.91**
		-	-	*87.43*	*11.36*	*98.79*
6	Expenditure					
a.	Interest cost	**-**	**-**	**7.18**	**-**	**7.18**
		-	*0.02*	*7.14*	-	*7.16*
b.	Store running	**-**	**-**	11.95	**-**	**11.95**
	expenses	-	-	*10.69*	-	*10.69*
c.	Staff Welfare	**-**	**-**	**-**	**-**	**-**
	Expenses	-	-	-	*1.45*	*1.45*
d.	General &	**-**	**-**	**0.31**	**-**	**0.31**
	Administrative	-	-	0.32	-	*0.32*
e.	Rent	**-**	**-**	**-**	**-**	**-**
		-	-	-	*0.82*	*0.82*
f.	Warehousing and Distribution	-	**2.47**	-	-	*2.47*
		-	*0.24*	-	-	*0.24*
g.	Professional Fees	-	-	**0.60**	-	*0.60*
		-	-	-	-	-

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

₹ Crore

Sr No	Nature of transactions	Ultimate holding company	Holding company	Fellow subsidiaries	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
	Balance as at 31st March 2022					
1	Equity Share Capital	**-**	**8.49**	**-**	**-**	**8.49**
		-	*8.49*	*-*	*-*	*8.49*
		-	-	-	-	-
2	Long term borrowings	**-**	**151.43**	**-**	**-**	**151.43**
		-	*99.35*	*-*	*-*	*99.35*
3	Trade Receivables	**-**	**-**	**1.98**	**-**	**1.98**
		-	*-*	*8.98*	*-*	*8.98*
4	Other Financial liability	**-**	**-**	**-**	**-**	**-**
		-	*0.02*	*-*	*-*	*0.02*
5	Trade payables	**-**	**-**	**18.00**	**-**	**18.00**
		-	*-*	*89.43*	*1.22*	*90.65*

Figures in *italics* represents previous year's amount.

[#] Including Securities Premium.

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

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

₹ Crore

	Particulars	Relationship	2021-22	2020-21
1	**Additional Investment in Share Capital**			
	Reliance Retail Ventures Limited	Holding Company	**-**	-
2	**Net unsecured loans taken/ (repaid)**			
	Reliance Retail Ventures Limited	Holding Company	**151.43**	99.35
	Reliance Retail Limited	Fellow Subsidiary	**-**	(92.18)
3	**Purchase of Property Plant & Equipment / Project materials**			
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	**11.05**	0.74
	Reliance Retail Limited	Fellow Subsidiary	**-**	0.21
4	**Revenue from operations**			
	Reliance Retail Limited*	Fellow Subsidiary	**71.01**	8.32
	Lifestyle	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	**-**	0.34
	Dharmik Foods		**-**	0.82

* Sale of Inventory

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

₹ Crore

		Relationship	2021-22	2020-21
5	**Purchases**			
	Reliance Retail Limited	Fellow Subsidiary	**199.07**	87.43
	Dharmik Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	**1.84**	11.02
6	**Expenditure**			
a.	**Interest cost**			
	Reliance Retail Ventures Limited	Holding Company	**7.18**	0.02
	Reliance Retail Limited	Fellow Subsidiary	**-**	7.14
b.	**Store running expenses**			
	Reliance SMSL Limited	Fellow Subsidiary	**2.89**	10.69
	Reliance Projects & Property Management	Fellow Subsidiary	**9.06**	-
c	**Staff Welfare Expenses**			
	Dharmik Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	**-**	1.45
d	**General and Administrative Expenses**			
	Reliance Jio Infocomm Limited	Fellow Subsidiary	**0.31**	0.32
e.	**Rent**			
	Dharmik Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	**-**	0.82
f	**Warehousing and Distribution Expenses**			
	Reliance Retail Ventures Limited	Holding Company	**2.47**	0.24
g	**Professional Fees**			
	Jio Platforms Limited	Fellow Subsidiary	**0.60**	-

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

	2021-22	₹ Crore 2020-21
29 Contingent Liabilities		
(i) Claim against the Company/ Disputed Liabilities not acknowledged as Debts		
(a) Consumer Complaints	**0.04**	0.06
Total	**0.04**	0.06

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

30	Ratios	As at 31st March, 2022	As at 31st March, 2021
i	Current Ratio	1.25	1.02
ii	Debt Service Coverage ratio [a]	-5.16	-2.77
iii	Inventory Tunrover Ratio [b]	5.91	4.10
iv	Trade Payable Turnover Ratio [c]	5.18	3.89
v	Net Profit Ratio [d]	-0.15	-0.08
vi	Return on Investment [e]	3%	1%
vii	Debt-Equity Ratio [f]	1.56	0.70
viii	Return on Equity Ratio [g]	-0.37	-0.18
ix	Trade Recievables Turnover Ratio [h]	57.99	58.71
x	Net Capital Turnover Ratio [i]	3.13	2.31
xi	Return on Capital Employed [j]	-0.32	-0.25

a Debt service ratio has increased due the proportionate increase in borrowings is more than proportionate increase in earnings

b Inventory Turnover ratio has increased due to decrease in value of inventory

c Trade payable turnover ratio has increased due to decrease in trade payable.

d Net profit ratio has decreased primarily due to decrease in sales.

e Return on investment has increased due to increased realisation in mutual funds

f Debt equity ratio has increased due to increase in borrowings

g Return on equity has increased due to increase in net Loss.

h Trade receivables turnover ratio has increased due to effective collection of receivables

i Net capital turnover ratio has increased due to higher turnover.

j Return on Capital Employed has increased due to increase in net loss.

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

Sr. No.	Particulars	Formula
1	Current Ratio	Current Assets / Current Liabilities
2	Debt-Equity Ratio	Total Debt / Total Equity
3	Debt Service Coverage Ratio	Earnings before Interest, Tax and Exceptional Items / Interest Expense + Principal Repayments made during the period for long term loans
4	Return on Equity Ratio	Profit After Tax (Attributable to Owners) / Average Net Worth
5	Inventory Turnover Ratio	Cost of Goods Sold / Stock-in-Trade
6	Trade Receivables Turnover Ratio	Revenue from Operations (inclusing GST) / Average Trade Receivables
7	Trade Payables Turnover Ratio	Cost of Materials Consumed (after adjustment of RM Inventory) + Purchases of Stock-in-Trade + Other Expenses / Average Trade Payables
8	Net Capital Turnover Ratio	Revenue from Operations (inclusing GST) / Net Worth
9	Net Profit Ratio %	Profit After Tax / Revenue from Operations (inclusing GST)
10	Return on Capital Employed (Excluding Working Capital financing)	Net Profit After Tax + Deferred Tax Expense/(Income) + Finance Cost (-) Other Income (-) Share of Profit / (Loss) of Associates and Joint Ventures / Average Capital Employed
11	Return on Investment	Other Income (Excluding Dividend) / Securities

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

31 MCA notification dated 24th March 2021 for amendments to Schedule III disclosures :-

(i) Title deeds of all Immovable Properties which are held in name of the Company are disclosed in Note no 1 under property plant and equipment.

(ii) Details of Benami Property and its proceedings - 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) Willful Defaulter - Not applicable as the Company has no loans from Banks or Financial Institution and the Company has not been classified as a willful defaulter

(iv) There is no balance outstanding on account of any transaction with the companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956

(v) Registration of charges or satisfaction with Registrar of Companies - Not applicable as there is no charge created against the assets of the Company

(vi) 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,

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

(viii) 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

(ix) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that intermediary shall :
a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries)or
b) Provide any guarantee , security or the like on behalf of ultimate beneficiaries.

(x) The Company have not received any fund from any person(s) or entity(ies), including foreignentities (funding party) with the understanding (whether receorded 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 company (Ultimate Beneficiaries)or
b) Provide any guarantee , security or the like on behalf of ultimate beneficiaries.

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

32 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

33 The figures for corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

34 The Financial Statements were approved for issue by the Board of Directors on 18th April,2022.

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As per our Report of even date	For and on behalf of the Board
For **Deloitte Haskins and Sells LLP** Chartered Accountants (Firm Registration No 117366W / W -100018)	**T. Thanushgaran** Director
Pallavi Sharma Partner Membership No : 113861	**Rajendra Kamath** Director
	Shivram Murti Director
Dated : 18th April, 2022	**Radhika Disale** Director