URBAN LADDER HOME DÉCOR SOLUTIONS PRIVATE LIMITED

Financial Statements

2020-21

INDEPENDENT AUDITOR'S REPORT

To The Members of Urban Ladder Home Décor Solutions Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Urban Ladder Home Décor Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows 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 March 31, 2021, and its loss, total comprehensive loss, 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 the financial statements and our auditor's report thereon.

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

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

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

Management’s Responsibility for the Financial Statements

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

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

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

Auditor’s Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements.

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 Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

    e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Shreedhar Ghanekar
Partner
(Membership No. 210840)
UDIN: 21210840AAAAAZ1467

BENGALURU, April 26, 2021
SMG/PS/2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Urban Ladder Home Décor Solutions Private Ltd ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Shreedhar Ghanekar
Partner
(Membership No. 210840)
UDIN: 21210840AAAAAZ1467

BENGALURU, April 26, 2021
SMG/PS/2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (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 were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold land or building. In respect of immovable properties of buildings that have been taken on lease and disclosed as right-of-use assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noted on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

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

(v) According to the information and explanations given to us, the Company has not accepted any deposit and hence reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Provident Fund, Employee's State Insurance, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Sales-Tax, Service-Tax, Customs duty, Excise Duty and Value Added Tax as on March 31, 2021 on account of disputes. Details of dues of Income-Tax which have not been deposited as at March 31, 2021 on account of disputes are given below:

Name of the statute	**Nature of dues**	**Amount (Rs.in lakhs)**	**Period to which amount relates to**	**Forum where dispute is pending**
Income Tax Act, 1961	Tax deducted at source	287.07 [1]	AY 2015-16	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Tax deducted at source	255.87 [2]	AY 2016-17	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Tax deducted at source	46.86 [3]	AY 2017-18	Income Tax Appellate Tribunal, Bangalore

[1] Net of Rs. 71.77 lakhs paid under protest
[2] Net of Rs. 63.97 lakhs paid under protest
[3] Net of Rs. 11.71 lakhs paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and to the best of our information and according to the explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

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

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, to the extent 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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

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

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Shreedhar Ghanekar
Partner
(Membership No. 210840)
UDIN: 21210840AAAAAZ1467

BENGALURU, April 26, 2021
SMG/PS/2021

Urban Ladder Home Décor Solutions Private Limited
Balance Sheet as at 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3 (i)	667.35	747.69
Right-of-use assets	3 (ii)	2,847.17	3,948.04
Intangible assets	4	6.12	31.02
Financial assets			
(i) Investments in subsidiary	6	-	-
(ii) Other financial assets	7	284.27	451.65
Deferred tax assets, net	8	-	-
Other non-current assets	9	141.77	345.15
Total non-current assets		**3,946.68**	**5,523.55**
Current assets			
Inventories	5	3,666.67	2,414.91
Financial assets			
(i) Investments	6	797.51	80.57
(ii) Trade receivables	10	177.42	116.92
(iii) Cash and cash equivalents	11	265.55	66.82
(iv) Bank balances other than (iii) above	12	16.33	14.47
(v) Other financial assets	7	188.01	1,045.72
Other current assets	9	4,948.83	3,723.02
Total current assets		**10,060.32**	**7,462.43**
TOTAL ASSETS		**14,007.00**	**12,985.98**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	13	2,507.09	1.03
Other equity	14	(1,519.99)	(83,679.25)
Total equity		**987.10**	**(83,678.22)**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15	-	82,843.24
(ii) Lease liability	3 (ii)	3,662.51	3,972.74
(iii) Other financial liabilities	16	32.64	328.46
Provisions	17	165.44	126.80
Other non-current liabilities	19	6.73	9.61
Total non-current liabilities		**3,867.32**	**87,280.85**
Current liabilities			
Financial liabilities			
(i) Borrowings	15	3,500.00	2,248.89
(ii) Lease liability	3 (ii)	372.88	1,063.09
(iii) Trade payables	18		
(a) Total outstanding dues of micro enterprises and small enterprises		11.45	859.23
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,651.39	2,078.60
(iv) Other financial liabilities	16	498.91	1,964.24
Provisions	17	202.52	357.46
Other current liabilities	19	2,915.43	811.83
Total current liabilities		**9,152.58**	**9,383.35**
TOTAL EQUITY AND LIABILITIES		**14,007.00**	**12,985.98**

See the accompanying notes to the financial statements 1-43

As per our Report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Ashish Goel
Whole-time Director
DIN: 03067864
Bengaluru
26th April 2021

Akhilesh Prasad
Director
DIN: 01757265
Bengaluru
26th April 2021

Shreedhar Ghanekar
Partner
Membership No: 210840
Bengaluru
26th April 2021

Rakesh Sharma
Chief Financial Officer
Mumbai
26th April 2021

Ramya Krishna S
Company Secretary
Chennai
26th April 2021

Urban Ladder Home Décor Solutions Private Limited
Statement of Profit and loss for the year ended 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
INCOME			
Revenue from operations			
Sale of products		13,292.58	24,672.21
Income from services		40.00	52.89
Value of sales and services (Revenue)		13,332.58	24,725.10
Less: GST recovered		1,957.30	3,640.29
Revenue from operations	20	**11,375.28**	**21,084.81**
Other income	21	695.38	3,955.12
Total income		**12,070.66**	**25,039.93**
EXPENSES			
Cost of materials consumed		253.76	-
Purchases of stock-in-trade		7,434.75	12,186.30
Changes in inventories of finished goods and stock-in-trade	22	(1,251.76)	1,600.72
Employee benefits expense	23	1,629.05	2,397.58
Finance costs	24	946.66	1,331.80
Depreciation and amortisation expense	25	1,025.73	1,397.51
Other expenses	26	3,605.48	6,737.25
Total expenses		**13,643.67**	**25,651.16**
Loss before tax		**(1,573.01)**	**(611.23)**
Tax expenses		-	-
Loss for the year		**(1,573.01)**	**(611.23)**
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss:			
(i) Remeasurement gains in defined benefit plans		(4.44)	78.17
(b) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income		(4.44)	78.17
Total comprehensive income for the year		**(1,577.45)**	**(533.06)**
Loss per equity share of ₹ 1 each (in ₹)			
(i) Basic (par value of ₹ 1)	27	(2.88)	(592.21)
(ii) Diluted (par value of ₹ 1)		(2.88)	(592.21)

See the accompanying notes to the financial statements 1-43

As per our Report of even date

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Mumbai
26th April 2021

Ramya Krishna S
Company Secretary
Chennai
26th April 2021

Urban Ladder Home Décor Solutions Private Limited
Statement of Changes in Equity for the year ended 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

Equity shares of ₹ 1 each, fully paid-up	**Amount**
Balance at 01 April 2019	1.03
Add: Issued and subscribed during the year	0.00
Balance at 31 March 2020	1.03
Add: Issued and subscribed during the period	2,506.06
Balance at 31 March 2021	**2,507.09**

B. Other equity	**Reserves and surplus**					
	Securities premium	**Stock options outstanding reserve**	**Deemed Capital Contribution by Reliance Retail Ventures Limited**	**General reserve**	**Retained earnings/ (Accumulated losses)**	**Total other equity**
Balance at 01 April 2019	**1,075.41**	**1,397.31**	**-**	**-**	**(84,741.72)**	**(82,269.00)**
Additions during the year	**0.19**	**-**	**-**	**-**	-	**0.19**
Impact on account of adoption of Ind AS 116	**-**	**-**	**-**	**-**	(995.64)	**(995.64)**
Loss for the year	-	-	-	-	(611.23)	**(611.23)**
Other comprehensive income, net of income tax	-	-	-	-	78.17	**78.17**
Employee stock based compensation cost	-	118.26	-	-	-	**118.26**
Balance at 31 March 2020	**1,075.60**	**1,515.57**	**-**	**-**	**(86,270.42)**	**(83,679.25)**
Additions during the year	83,352.15	**-**	-	-	-	**83,352.15**
Loss for the year	-	-	-	-	(1,573.01)	**(1,573.01)**
Other comprehensive income, net of income tax	-	-	-	-	(4.44)	**(4.44)**
Share based payments to employees	-	384.56	-	-	-	**384.56**
Settled during the year	-	(570.00)	-	-	-	**(570.00)**
Transferred to reserve during the year	-	(1,330.13)	570.00	1,330.13	-	**570.00**
Balance at 31 March 2021	**84,427.75**	**-**	**570.00**	**1,330.13**	**(87,847.87)**	**(1,519.99)**

See the accompanying notes to the financial statements 1-43

As per our Report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Ashish Goel
Whole-time Director
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Chennai
26th April 2021

Urban Ladder Home Décor Solutions Private Limited
Statement of Cash Flows for the year ended 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

		Year ended 31 March 2021	Year ended 31 March 2020
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss for the year	(1,573.01)	(611.23)
	Adjusted for:		
	Depreciation and amortisation	1,025.73	1,397.51
	Gain on account of termination of leases	(130.18)	(42.12)
	Interest income	(71.31)	(90.99)
	Gain on sale / change in fair value of current investments	(25.62)	(46.72)
	Gain due to change in fair value of compulsorily convertible preference shares	-	(3,033.32)
	Gain due to change in fair value of liability settled award	-	(115.60)
	Bad trade receivables written off	18.89	72.12
	Liabilities no longer required, written back	(12.80)	-
	Employee stock based compensation cost	384.56	118.26
	Stock appreciation rights	(514.90)	29.21
	Measurement gain on financial assets	0.75	28.06
	Unrealized foreign exchange loss	2.91	11.19
	Finance cost	946.66	1,331.80
	Gain on sale of property, plant and equipment	(9.61)	(37.45)
	Operating profit / (loss) before working capital changes	**42.07**	**(989.28)**
	Working capital changes		
	Decrease / (Increase) in trade receivables	(30.02)	75.42
	Decrease / (Increase) in inventory	(1,251.76)	1,600.72
	Decrease in other assets (including financial assets)	(1,062.43)	726.91
	(Decrease) / Increase in trade payables and provisions	(1,387.09)	(1,234.12)
	(Decrease) / Increase in other liabilities (including financial liabilities)	1,897.56	(1,251.77)
	Cash used in operations	**(1,791.67)**	**(1,072.12)**
	Income tax (paid) / refund (net)	123.31	167.05
	NET CASH USED IN OPERATING ACTIVITIES	**(1,668.36)**	**(905.07)**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment and other intangible assets	(327.14)	(32.77)
	Proceeds from sale of property, plant and equipment	(11.11)	143.53
	Proceeds from sale of investment in subsidiary	1.00	-
	Purchase of current investments	(3,875.00)	(2,300.00)
	Proceeds from sale of current investments	3,182.68	3,683.84
	Interest income	62.97	4.12
	Movement in margin money deposit, net	900.00	(225.00)
	Movement in other bank balances	(1.86)	-
	NET CASH GENERATED FROM INVESTING ACTIVITIES	**(68.46)**	**1,273.72**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of equity shares	2,500.00	0.19
	Proceeds from issue of compulsorily convertible preference shares	797.90	1,490.86
	Payment of finance charges and interest on borrowings	(365.82)	(542.64)
	Repayment of lease liabilities - Principal	(364.23)	(378.50)
	Repayment of lease liabilities - Interest	(615.23)	(734.18)
	Redemption of redeemable, non-convertible debentures	(1,268.18)	(226.85)
	Proceeds from short term borrowings, net	1,251.11	23.56
	NET CASH (USED) / GENERATED FROM FINANCING ACTIVITIES	**1,935.55**	**(367.56)**
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]	198.73	1.09
	Cash and cash equivalents at the beginning of the year	66.82	65.73
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**265.55**	**66.82**

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Urban Ladder Home Décor Solutions Private Limited
Statement of Cash Flows for the period year ended 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

Changes in liabilities arising from financing activities for the year ended 31 March 2021

Particulars	As at 1 April 2020	Financing cash flows	Fair Value adjustment	Derecognition of liability/ Other adjustments	As at 31 March 2021
(i) Compulsorily convertible preference shares	82,560.33	797.90	-	(83,358.23)	-
(ii) Liability settled awards	12.79	-	-	(12.79)	-
(iii) Lease liability	5,035.83	(979.46)	615.23	(859.19)	3,812.41
(iv) Redeemable, non-convertible debentures	1,265.57	(1,268.18)	2.61	-	-
(v) Working capital loan	2,248.89	1,251.11	-	-	3,500.00
(vi) Interest accrued on borrowings	40.64	(365.82)	-	325.18	-

Changes in liabilities arising from financing activities for the year ended 31 March 2020

Particulars	As at 1 April 2019	Financing cash flows	Fair Value adjustment	Derecognition of liability/ Other adjustments	As at 31 March 2020
(i) Compulsorily convertible preference shares	84,102.79	1,490.86	(3,033.32)	-	82,560.33
(ii) Liability settled awards	128.39	-	(115.60)	-	12.79
(iii) Lease liability	-	(1,112.69)	734.18	5,414.34	5,035.83
(iv) Redeemable, non-convertible debentures	1,492.42	(226.85)	-	-	1,265.57
(v) Working capital loan	2,225.33	23.56	-	-	2,248.89
(vi) Interest accrued on borrowings	23.84	(542.64)	559.44	-	40.64

See the accompanying notes to the financial statements 1-43

As per our Report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Ashish Goel
Whole-time Director
DIN: 03067864
Bengaluru
26th April 2021

Akhilesh Prasad
Director
DIN: 01757265
Bengaluru
26th April 2021

Shreedhar Ghanekar
Partner
Membership No: 210840
Bengaluru
26th April 2021

Rakesh Sharma
Chief Financial Officer
Mumbai
26th April 2021

Ramya Krishna S
Company Secretary
Chennai
26th April 2021

Urban Ladder Home Décor Solutions Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, unless otherwise stated)

1 Background

Urban Ladder Home Décor Solutions Private Limited ('The Company') was incorporated on 17 February 2012. The Company in engaged in the business of trading goods under single brand retail trading (SBRT) model.
The Company has also started manufacturing goods with effect from date 01 October 2020.
The registered office of the Company is located at No. 259 & 276, Amarjyothi HBCS Layout, Domlur, Bangalore - 560071.
The Company's 96.34% equity stake was acquired by Reliance Retail Ventures Limited on 13 November 2020. Later during the year, on account of capital infusion by Reliance Retail Ventures Limited in the Company, the stake was raised to 99.99%.The ultimate holding company of the Company is Reliance Industries Limited.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation and presentation

i. Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013, as applicable. The accounting policies are applied consistently to all the periods presented in the financial statements

ii. Historical cost convention

The financial statements have been prepared on a historical cost basis except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

iii. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded-off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

iv. Use of estimates and judgements

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.
The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(b) Revenue recognition

i. The Company derives revenues primarily from sale of traded goods and related services.
Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.
The Company recognises provision for sales return, based on the historical results. Therefore, a refund liability (and corresponding adjustment to cost of sale), included in other current liabilities, are recognized for the products expected to be returned and an asset (and corresponding adjustment to cost of sales), is recognized for its right to recover products from customers on settling the refund liability. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.
The Company has a policy that if the customer receives a damaged or defective product, or a product that does not comply with the specifications as per your original order, the customer can return it on the spot, at the time of delivery. No requests for return will be accepted post-delivery.

ii. Interest income

Interest income is reported on an accrual basis using the effective interest method and is included under the head “Other Income” in the Statement of Profit and Loss.

iii. Rental income
The Company's policy for recognition of revenue from operating leases is described in note 2(c) below.

(c) Leases

Company as a lessee:
The Company’s lease asset classes consist of leases for buildings and leasehold improvements. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:
• the Contract involves the use of an identified asset
• the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
• the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset (“ROU”) representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception 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.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any. 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. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of profit and loss.

The lease liability is initially and subsequently measured at the present value of the future lease payments that are not paid at the commencement date or at the reporting date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has not received any concession on leases on account of Covid-19.

Company as a lessor:
The Company has executed several sublease contracts deriving monthly rental income. In classifying a sublease, the Company shall classify the sublease as a finance lease or an operating lease as follows:
a) if the head lease is a short-term lease, the Company has classified the sublease as an operating lease.
b) otherwise, the sublease is classified with reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

Operating lease:
Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset (ROU) are classified as operating leases. Assets subjected to operating leases are included in Right-to-use of assets. Lease income on an operating lease is recognised in the Statement of Profit or loss as and when received.

Finance lease:
Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance lease. Assets (ROU) given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the Statement of Profit or Loss. Initial direct costs such as legal cost, brokerage costs, etc. are to be amortised over the lease term.

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(d) Foreign currency transactions

i. Functional and presentation currency

The financial statements are presented in Indian rupee (₹), which is Company's functional and presentation currency unless stated otherwise.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(e) Impairment of non-financial assets

Non- financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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(g) Income tax

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised on temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside Statement Profit and Loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(h) Property, plant and equipment

i. Tangible assets

Property, plant and equipment are tangible items that are held for use in the production or supply for goods and services, rental to others or for administrative purposes and are expected to be used during more than one period. The cost of an item of property, plant and equipment shall be recognised as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. 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 Company and the cost of the item can be measured reliably.

Each part of item of property, plant and equipment, if significant in relation to the total cost of the item, is depreciated separately. Further, parts of plant and equipment that are technically advised to be replaced at prescribed intervals/period of operation, insurance spares and cost of inspection/overhauling are depreciated separately based on their specific useful life provided these are of significant amounts commensurate with the size of the Company and scale of its operations. The carrying amount of any equipment / inspection / overhauling accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Property, plant and equipment (Cont'd)

i. Tangible assets

Depreciation methods, estimated useful lives and residual value

Depreciation commences when the assets are ready for their intended use. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The useful life as prescribed in Schedule II to the Companies Act, 2013 are considered with the management's estimate except for furniture and fixtures.

Management's estimation useful life of tangible assets is as follows:

- Furniture and fixtures*: 7 years
- Office equipment: 5 years
- Computers and peripherals: 3 years
- Plant & Machinery: 5 years

* For these classes of assets, based on internal assessment, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Pro-rata depreciation is provided on all assets purchased and sold during the year. Leasehold improvements are amortised over the period of the lease or the useful lives whichever is shorter.

ii. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Management's estimation useful life of intangible assets is as follows:

- Software: 3 years
- Mobile application: 3 years

(i) Inventories

Inventories are valued at lower of cost or net realisable on specific identification basis, item wise. For this purpose, the cost of bought-out inventories comprise of the purchase cost of the items, net of applicable tax / duty credits and cost of bringing such items into the factory on a weighted average basis. The net realisable value of bought out inventories is taken at their current replacement value. The cost formula follwed by the company is FIFO basis.

(j) Provision and contingent liabilities

i. *Provisions*

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

ii. *Contingent liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed 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 is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

iii. Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

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(k) Employee benefits

i. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. The liabilities are presented as current benefit obligations in the Balance Sheet.

ii. Post employment obligations

The Company operates the following post-employment schemes:

- defined benefit plan towards payment of gratuity, and,
- defined contribution plans towards provident fund and employee state insurance.

Defined benefit plans

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement / termination of employment or death of an employee, based on the respective employees' salary and years of employment with the Company.

The liability or asset recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The present value of the defined benefit obligation is determined using projected unit credit method by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation, with actuarial valuations being carried out at the end of each annual reporting period.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, if any. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income/ (Loss). They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Defined contribution plans

Defined contribution plans are retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company has no further payment obligations once the contributions have been paid. The defined contribution plans are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Provident Fund Plan and Employee Pension Scheme: The Company makes monthly contributions at prescribed rates towards Employees' Provident Fund / Employees' Pension Scheme to a Fund administered and managed by the Government of India.

Employee State Insurance: The Company makes prescribed monthly contributions towards Employees' State Insurance Scheme.

iii. Other long-term employee benefit obligations

Other long-term employee benefits include earned leaves.

Compensated absences

The liabilities for earned leaves are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit & loss. The obligations are presented as provisions in the balance sheet. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

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(l) Financial assets

i. Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through Other Comprehensive Income, or through Statement of Profit and Loss), and

b) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of Profit and Loss or Other Comprehensive Income. For assets in the nature of debt instruments, this will depend on the business model. For assets in the nature of equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through Other Comprehensive Income.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

ii. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

• Fair value through other comprehensive income (FVTOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in Statement of Profit and Loss . When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

• Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value, except for equity investments in subsidiary where the Company has the option to either measure it at cost or fair value. The Company has opted to measure equity investments in subsidiary at cost. Where the Company's management elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

iii. Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss associated with its financial assets carried at amortised cost and FVTOCI debt instruments.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, Revenue from contracts with customers, the Company applies simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognised after initial recognition of receivables. For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-months ECL.

(l) Financial assets (Cont'd)

ECL represents expected credit loss resulting from all possible defaults and is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate. While determining cash flows, cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms are also considered.

ECL is determined with reference to historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

iv. Derecognition of financial assets

A financial asset is derecognised only when:

a) the Company has transferred the rights to receive cash flows from the financial asset; or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

v. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(m) Financial liabilities and equity instruments

i. Classification

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities

The Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those measured at amortised cost.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL, other financial liabilities are measured at amortised cost at the end of subsequent accounting periods.

(m) Financial liabilities and equity instruments (Cont'd)

ii. Measurement

Equity Instruments

Equity instruments issued by the Company are recognised at the proceeds received. Transaction cost of equity transactions shall be accounted for as a deduction from equity.

Financial liabilities

At initial recognition, the Company measures a financial liability at its fair value net of, in the case of a financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial liabilities depends on the classification of financial liabilities. There are two measurement categories into which the Company classifies its financial liabilities:

• Fair value through profit or loss (FVTPL): Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

• Amortised cost: Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

iii. Derecognition:

Equity instruments

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

iv. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

v. Foreign Exchange gain or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in ‘Other income’. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

(n) Offsetting financial statements

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

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(o) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities .
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(p) Earnings / (loss) per share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.
Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(q) Cash and cash equivalents

Cash and cash equivalent in the statement of financial position comprises cash at banks and on hand, demand deposits, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

(r) Advertising, marketing and sales promotion expense

Advertisement and sales promotional expense in respect of the market place and for general corporate purposes are expensed to the Statement of Profit and Loss as incurred.

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(s) Share-based compensation

Equity settled awards

Eligible employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in employee stock option outstanding reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Liability settled awards

The cost of the liability settled awards is determined by estimating its fair value at the reporting date using an appropriate valuation model. The cost is recognised in the Statement of Profit and Loss with a corresponding increase in the liability. The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in finance cost. Liability settled awards are remeasured at the end of each reporting period until settlement.

Stock appreciation rights

Liabilities for the Company's stock appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as Stock appreciation rights obligations under other financial liabilities in the balance sheet.

(t) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. **Employee benefit plans**: The cost of the defined benefit plans and other long term employee benefits and the present value of the obligation thereon are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition and mortality rates. Due to the complexities involved in the valuation and its long-term nature, obligation amount is highly sensitive to changes in these assumptions.

   The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds. Future salary increases are based on expected future inflation rates and expected salary trends in the industry. Attrition rates are considered based on past observable data on employees leaving the services of the Company. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes.

2. **Useful life and residual value of property, plant and equipment and intangible assets**: The useful life and residual value of property, plant and equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

3 **Evaluation of indicators for impairment of assets**: The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

4 **Employee share based compensation:** The Company measures the cost of equity-settled transactions and cash settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted/at the end of reporting period as the case may be. Estimating fair value for share-based payment transaction requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

5 **Provision for slow moving inventory:** The Company write-downs the inventories to net realisable value on account of obsolete and slow-moving inventories, which is recognised based on the management’s assessment. This requires an estimation of the net realisable value of the obsolete and slow-moving inventories. The net realisable value of these inventories may be affected by the future demand or other market-driven changes that may reduce future selling prices.

6 **Fair value measurements:** Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

7 **Recognition of deferred tax assets:** The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

8 **Provision for litigations and contingencies**: The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

3 **Recent Pronouncement**: On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:
• Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
• Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
• Specified format for disclosure of shareholding of promoters.
• Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
• If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
• Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:
• Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

(All amounts in ₹ lakhs, unless otherwise stated)

3 (i) Property, plant and equipment

	Furniture and fixtures	Leasehold improvement	Office equipment	Computer and peripherals	Plant & Machinery	Total
Gross carrying amount						
Balance as at 31 March 2019	**115.81**	**1,147.15**	**237.71**	**419.89**	**605.12**	**2,525.68**
Additions during the year	7.34	1.95	2.50	1.80	19.18	32.77
Disposals during the year	(13.91)	(399.03)	(47.14)	(34.46)	(204.68)	(699.22)
Balance as at 31 March 2020	**109.24**	**750.07**	**193.07**	**387.23**	**419.62**	**1,859.23**
Additions during the year	2.17	-	0.78	21.62	302.57	327.14
Disposals during the year	(14.64)	-	(1.85)	(5.34)	(1.40)	(23.23)
Balance as at 31 March 2021	**96.77**	**750.07**	**192.00**	**403.51**	**720.79**	**2,163.14**
Accumulated depreciation						
Balance as at 31 March 2019	**38.08**	**223.85**	**121.91**	**371.37**	**289.78**	**1,044.99**
Charge for the year	29.97	453.91	45.55	32.33	97.93	659.69
Disposals during the year	(13.01)	(386.50)	(31.18)	(33.35)	(129.10)	(593.14)
Balance as at 31 March 2020	**55.04**	**291.26**	**136.28**	**370.35**	**258.61**	**1,111.54**
Charge for the year	17.30	234.72	29.47	16.05	108.44	405.98
Disposals during the year	(13.76)	0.00	(1.45)	(5.34)	(1.18)	(21.73)
Balance as at 31 March 2021	**58.58**	**525.98**	**164.30**	**381.06**	**365.87**	**1,495.79**
Net carrying amount						
Balance as at 31 March 2019	**77.73**	**923.30**	**115.80**	**48.52**	**315.34**	**1,480.69**
Balance as at 31 March 2020	**54.20**	**458.81**	**56.79**	**16.88**	**161.01**	**747.69**
Balance as at 31 March 2021	**38.19**	**224.09**	**27.70**	**22.45**	**354.92**	**667.35**

Note :

a. **Contractual commitments**
There are no contractual commitments as on 31 March 2021 and 31 March 2020.

b. **Capitalised borrowing cost**
There are no borrowing costs capitalised during the year ended 31 March 2021 and 31 March 2020.

c. **Property, plant and equipment pledged as security**
All the assets are owned by the Company unless otherwise stated (Refer Note 30)

Urban Ladder Home Décor Solutions Private Limited
Notes to financial statements for the year ended 31 March 2021 (cont'd)
(All amounts in ₹ lakhs, unless otherwise stated)

3 (ii) Right-of-use assets

	Building	Leasehold improvements	Total
Gross carrying amount			
Balance as at 01 April 2019	**5,582.85**	**-**	**5,582.85**
Additions	461.81	43.11	504.92
Adjustments #	(352.41)	-	(352.41)
Balance as at 31 March 2020	**5,692.25**	**43.11**	**5,735.36**
Additions	-	-	-
Adjustments #	(851.33)	-	(851.33)
Balance as at 31 March 2021	**4,840.92**	**43.11**	**4,884.03**
Accumulated depreciation			
Balance as at 01 April 2019	**1,205.68**	**-**	**1,205.68**
Additions	706.72	4.34	711.06
Adjustments #	(129.42)		(129.42)
Balance as at 31 March 2020	**1,782.98**	**4.34**	**1,787.32**
Additions	586.37	8.48	594.85
Adjustments #	(345.31)	-	(345.31)
Balance as at 31 March 2021	**2,024.04**	**12.82**	**2,036.86**
Net carrying amount			
Balance as at 01 April 2019	**4,377.17**	**-**	**4,377.17**
Balance as at 31 March 2020	**3,909.27**	**38.77**	**3,948.04**
Balance as at 31 March 2021	**2,816.88**	**30.29**	**2,847.17**

Where the Company is the lessee:

The Company has executed leasing agreements for cancellable and non-cancellable term for its warehouses, fulfilment centres, delivery centres, office premises and machinery at warehouses. The cancellable leases are generally for a period of 11 months and may be extended on mutual agreement. The non-cancellable lease period ranges from 11-36 months. The leases carry an escalation clause ranging from 5%-10% increase in annual rents.
There are no restrictions imposed by lease arrangements.

a. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Buildings	Leasehold improvements	Total
As at 01 April 2019	**4,377.17**	**-**	**4,377.17**
Additions	461.81	43.11	504.92
Adjustment #	(222.99)	-	(222.99)
Depreciation expenses	(706.72)	(4.34)	(711.06)
As at 31 March 2020	**3,909.27**	**38.77**	**3,948.04**
Additions	-	-	-
Adjustments #	(506.02)	-	(506.02)
Depreciation expenses	(586.37)	(8.48)	(594.85)
Balance as at 31 March 2021	**2,816.88**	**30.29**	**2,847.17**

b. Set out below are the carrying amounts of lease obligation and the movements during the year:

Particulars	Buildings	Leasehold improvements	Total
As at 01 April 2019	5,187.21	**-**	**5,187.21**
Additions	449.13	43.11	492.24
Adjustment #	(265.11)	-	(265.11)
Accretion of interest	731.39	2.79	734.18
Payment	(1,103.84)	(8.85)	(1,112.69)
As at 31 March 2020	**4,998.78**	**37.05**	**5,035.83**
Additions	**-**	**-**	-
Adjustment #	(636.20)	-	(636.20)
Accretion of interest	611.09	4.13	615.22
Payment	(976.27)	(3.19)	(979.46)
As at 31 March 2021	**3,997.40**	**37.99**	**4,035.39**

(#) Related to leases terminated prior to expected termination date.

(All amounts in ₹ lakhs, unless otherwise stated)

3 (ii) Right-of-use assets (Cont'd)

c. The effective interest rate for lease obligation is 14%, with maturity between 2020-30.

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Lease payments		
Not later than one year	906.66	1,137.34
Later than one year and not later than five years	2,805.35	3,588.18
Later than five years	3,549.97	4,451.08
Total	**7,261.98**	**9,176.60**

d.

Amount recognised in Statement of Profit and Loss	**For the year ended**	
	31 March 2021	**31 March 2020**
Depreciation on right of use assets	594.85	711.06
Interest on lease lease obligation	615.23	734.18
Expenses relating to short term leases	91.41	327.37

e.

Amount recognised in Statement of Cash Flows under financing activity	**For the year ended**	
	31 March 2021	**31 March 2020**
Total cash outflow for leases		
- Principal	364.23	378.51
- Interest	615.23	734.18

Where the Company is the lessor:
The Company has executed several sublease contracts deriving monthly rental income. The non-cancellable lease period ranges from 11 months to 60 months. The leases carry an escalation clause of 5%. The Company has classified all the subleases as operating lease as at 31 March 2020 and as at 31 March 2019.

f.

Amount recognised in Statement of profit and loss account	**For the year ended**	
	31 March 2021	**31 March 2020**
Other income		
- Rental income	431.22	541.60

4 Intangible assets

	Computer software	**Mobile application**	**Total**
Gross carrying amount			
Balance as at 31 March 2019	**282.13**	**29.29**	**311.42**
Additions during the year	-	-	-
Balance as at 31 March 2020	**282.13**	**29.29**	**311.42**
Additions during the year	-	-	-
Balance as at 31 March 2021	**282.13**	**29.29**	**311.42**
Accumulated amortisation			
Balance as at 31 March 2019	**224.35**	**29.29**	**253.64**
Amortisation charge for the year	26.76	-	26.76
Balance as at 31 March 2020	**251.11**	**29.29**	**280.40**
Amortisation charge for the year	24.90	-	24.90
Balance as at 31 March 2021	**276.01**	**29.29**	**305.30**
Net carrying amount			
Balance as at 31 March 2019	**57.78**	**-**	**57.78**
Balance as at 31 March 2020	**31.02**	**-**	**31.02**
Balance as at 31 March 2021	**6.12**	**-**	**6.12**

(All amounts in ₹ lakhs, unless otherwise stated)

		As at 31 March 2021	As at 31 March 2020
5	**Inventories**		
	Stock-in-trade [includes goods in transit of ₹197.98 (31 March 2020: ₹Nil)]	3,235.02	2,414.91
	Raw Material	164.35	-
	Manufactured Finished Goods	267.30	-
		3,666.67	**2,414.91**

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. These write-downs were recognised as an expense and included in 'Changes in inventories of finished goods and stock-in-trade' in the Statement of Profit and Loss.

6	**Investments**		
	Unquoted		
	Non-current - Investments carried at cost - Investments in equity instruments		
	Investment in subsidiary (fully paid up)		
	*Urban Ladder Home Solutions Private Limited**	-	124.89
	(9,999 equity share of ₹ 1,000 each)		
	Less: Provision for impairment of investment	-	(124.89)
		-	**-**

*The subsidiary has been sold on 23 October 2020.

Current - Investments carried at fair value through profit or loss		
Investments in Mutual Funds:		
Nil units, (31 March 2020: 1,202.52 units) of Franklin India Liquid Fund Direct Plan	-	35.88
519,307.37 units, (31 March 2020: NIL units) of HDFC Low	247.09	
19,850.80 Nil units, (31 March 2020: NIL units) of Kotak Low Duration Fund Direct	550.42	
Nil units, (31 March 2020: 1,348.89 units) of Kotak Money Market Scheme - Direct Plan - Growth	-	44.69
	797.51	**80.57**
Aggregate amount of unquoted investments	-	205.46
Aggregate amount of quoted investments	797.51	-
Aggregate amount of impairment in the value of investments	-	(124.89)
	797.51	**80.57**

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Urban Ladder Home Décor Solutions Private Limited
Notes to financial statements for the year ended 31 March 2021 (cont'd)
(All amounts in ₹ lakhs, unless otherwise stated)

		As At 31 March 2021	As At 31 March 2020
7	**Other financial assets**		
	Non-current		
	(Unsecured, considered good)		
	Rental deposits	269.47	436.85
	Other deposits	14.80	14.80
		284.27	**451.65**
	Current		
	(Unsecured, considered good)		
	Margin money deposits	-	900.00
	Employee advances	9.78	15.25
	Interest accrued on fixed deposits	0.06	46.12
	Rental deposits	83.23	34.98
	Other receivables	94.94	49.37
		188.01	**1,045.72**
	(Unsecured, considered doubtful)		
	Other deposits (refer note 35)	-	1,788.28
	Other receivables (refer note 36)	-	1,869.99
	Receivable from subsidiary	-	32.58
		-	**3,690.85**
	Less: Allowances for doubtful advances and deposits	-	(3,690.85)
		188.01	**1,045.72**
8	**Deferred tax assets, net**		
	Deferred tax liability on depreciation and amortisation	-	257.29
	Deferred tax asset on employee benefits	-	(56.77)
	Deferred tax asset on provision for obsolete inventory	-	(103.55)
	Deferred tax asset on provision for warranty	-	-
	Deferred tax asset on brought forward tax losses/unabsorbed depreciation		(96.97)
		-	-

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

Unused tax losses for which no deferred tax asset has been recognised as on 31 March 2021:

Nature of loss/allowance	**Pertains to**	**Amount**	**Expiry date**
Depreciation loss	AY 2013-14	5.52	-
Depreciation loss	AY 2014-15	15.50	-
Depreciation loss	AY 2015-16	82.46	-
Depreciation loss	AY 2016-17	266.97	-
Depreciation loss	AY 2017-18	414.81	-
Depreciation loss	AY 2018-19	266.32	-
Depreciation loss	AY 2019-20	319.54	-
Depreciation loss	AY 2020-21	277.22	-

Note: On account of change in the shareholding pattern the Business losses of the earliers years are not carried forward.

Unused tax losses for which no deferred tax asset has been recognised as on 31 March 2020:

Nature of loss/allowance	**Pertains to**	**Amount**	**Expiry date**
Depreciation loss	AY 2013-14	5.52	-
Depreciation loss	AY 2014-15	15.50	-
Business loss	AY 2014-15	615.37	AY 2022-23
Depreciation loss	AY 2015-16	82.46	-
Business loss	AY 2015-16	5,458.38	AY 2023-24
Depreciation loss	AY 2016-17	266.97	-
Business loss	AY 2016-17	17,125.52	AY 2024-25
Depreciation loss	AY 2017-18	414.81	-
Business loss	AY 2017-18	13,903.01	AY 2025-26
Depreciation loss	AY 2018-19	266.32	-
Business loss	AY 2018-19	15,036.28	AY 2026-27
Depreciation loss	AY 2019-20	319.54	-
Business loss	AY 2019-20	6,830.86	AY 2027-28

Urban Ladder Home Décor Solutions Private Limited
Notes to financial statements for the year ended 31 March 2021 (cont'd)
(All amounts in ₹ lakhs, unless otherwise stated)

		As At 31 March 2021	As At 31 March 2020
9	**Other assets**		
	Non-current		
	(Unsecured, considered good)		
	Prepaid expenses	12.23	21.38
	Tax deducted at source receivable	129.54	96.22
	Balances with government authorities	-	227.55
	(Unsecured, considered doubtful)		
	Security deposit	11.35	-
	Balances with government authorities	12.00	-
	Less: Allowances for doubtful deposits and advances	(23.35)	-
		141.77	**345.15**
	Current		
	(Unsecured, considered good)		
	Advance to suppliers	1,458.51	76.57
	Prepaid expenses	42.84	45.27
	Indirect taxes and duties recoverable	3,218.67	3,440.66
	Tax deducted at source receivable	-	156.63
	Balances with government authorities	227.55	-
	Other advances	1.26	3.89
	(Unsecured, considered doubtful)		
	Security deposit	-	11.35
	Balances with government authorities	-	12.00
	Less: Allowances for doubtful deposits and advances	-	(23.35)
		4,948.83	**3,723.02**
10	**Trade receivables**		
	Secured, considered good	-	-
	Unsecured, considered good	237.22	116.92
	Which have significant increase in credit risk (refer note 36)	-	95.92
	Credit impaired (refer note 37)	-	991.65
	Less: Loss allowance		
	Which have significant increase in credit risk	-	(95.92)
	Provisions/Credit impaired	(59.80)	(991.65)
		177.42	**116.92**
11	**Cash and cash equivalents**		
	Cash on hand	3.70	10.16
	Balances with banks		
	- in current accounts	261.85	56.66
		265.55	**66.82**
12	**Bank balances other than cash and cash equivalents**		
	In deposit accounts (maturity more than three months but less than twelve mont	16.33	14.47
		16.33	**14.47**

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		As at 31 March 2021		As at 31 March 2020	
		Number (lakhs)	**Amount**	**Number (lakhs)**	**Amount**
13	**Equity share capital**				
	Authorised share capital				
	Equity shares*				
	Equity shares of ₹ 1 each	3,000.00	3,000.00	1.76	1.76
		3,000.00	**3,000.00**	**1.76**	**1.76**
	* The authorised capital was increased vide Board resolution dated 11 December 2020				
	Issued, subscribed and fully paid up				
	Equity shares				
	Equity shares of ₹ 1 each	2,507.09	2,507.09	1.03	1.03
		2,507.09	**2,507.09**	**1.03**	**1.03**
a)	**Reconciliation of share capital:**				
	Equity shares of ₹ 1 each				
	Balance at the beginning of the year	1.03	1.03	1.03	1.03
	Add: Number of shares issued during the year *	2,506.06	2,506.06	0.00	0.00
	Balance at the end of year	**2,507.09**	**2,507.09**	**1.03**	**1.03**

* 345,490 CCPS shares converted into 606,080 Equity shares during the year.

b) Shareholders holding more than 5% of the shares:

Equity shares of ₹ 1 each	**Number (lakhs)**	**Percentage**	**Number (lakhs)**	**Percentage**
Reliance Retail Ventures Limited along with its nominees	2,506.83	99.99%	-	-
Mr. Ashish Goel	0.26	0.01%	0.48	46.46%
Mr. Rajiv Srivatsa	-	-	0.48	46.46%
	2,507.09	100.00%	0.96	92.92%

c) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

There has been no issuance of bonus shares or issuance of shares for consideration other than cash or share buy back during five years immediately preceding 31 March 2021.

d) Rights, preferences and restrictions:

Equity shares

The Company has one class of equity shares. The holders of equity shares are entitled to one vote per equity share at all shareholders meetings.

The equity shareholders are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the residual assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividend in Indian Rupees. No dividend has been proposed by the Board of Directors for the current and the prior year.

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(All amounts in ₹ lakhs, unless otherwise stated)

		As at 31 March 2021	As at 31 March 2020
14	**Other equity**		
	Securities premium	84,427.75	1,075.60
	Employee stock options outstanding reserve (refer note 29 (a))	-	1,515.57
	Deemed capital contribution by Reliance Retail Ventures Limited (RRVL)	570.00	-
	General reserve	1,330.13	-
	Deficit in Statement of Profit and Loss	(87,847.87)	(86,270.42)
		(1,519.99)	**(83,679.25)**

Nature and purpose of reserves

(i) Securities premium
Securities premium is created due to premium on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

(ii) Deemed capital contribution by Reliance Retail Ventures Limited (RRVL)
Capital contribution represents the amount paid by the Holding Company towards settlement of the Employee Stock Option Plans and one-time bonus to employees.
(iii) General Reserve
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.
(iv) Deficit in the Statement of Profit and Loss
Represents the accumulated losses of the Company

		As at 31 March 2021	As at 31 March 2020
15	**Borrowings**		
	Non-current		
	Debentures		
	150, Series B 14.30% Secured, Redeemable Non-Convertible Debentures of ₹1,000,000 each		1,265.57
	Preference shares		
	Series A0, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹200 each	-	3,610.47
	Series B, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹200 each	-	9,173.89
	Series C, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹200 each	-	14,900.97
	Series D, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹20 each	-	32,676.93
	Series D1, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹20 each	-	9.57
	Series E, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹20 each	-	11,013.85
	Series E1, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹20 each	-	8,329.66
	Series E2, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹20 each	-	3.22
	Series E3, 0.01% fully and compulsorily convertible cumulative participating preference shares of ₹20 each	-	2,854.56
		-	**83,838.69**
	Less: Current maturities (refer note 16)	-	(995.45)
		-	**82,843.24**
	Current		
	Working capital loan (secured)	-	2,248.89
	Intercorporate deposit from related parties (refer note 29)	3,500.00	-
		3,500.00	**2,248.89**

Note:

i. The Company has issued 150 Series B, 14.30% Secured, Redeemable Non-Convertible Debentures of ₹1,000,000 each (the 'Debentures') to Trifecta Venture Debt Fund - I for ₹ 150,000,000 on 27 July 2018.
These Debentures are secured by way of charge on properties of the Company in favour of the Debenture Trustees. Properties of the Company includes book debts, receivables, movable fixed assets and cash proceeds (refer note 31).
These Debentures are redeemable at par including applicable interest, in 22 equal instalments with the earliest redemption being on 31 October 2019 and the last instalment being on the 31 July 2021. These Debentures were fully paid off on 27 November 2020.

ii. The intercorporate deposit from related parties is repayable on demand within one year from the drawn date.

15 Borrowings (Cont'd)

ii. Preference shares

The Company has the following classes of preference shares ("The Preference Shares") as detailed below:

1) Series A0, 0.01% fully and compulsorily convertible cumulative participating preference shares;
2) Series B, 0.01% fully and compulsorily convertible cumulative participating preference shares;
3) Series C, 0.01% fully and compulsorily convertible cumulative participating preference shares;
4) Series D, 0.01% fully and compulsorily convertible cumulative participating preference shares;
5) Series D1, 0.01% fully and compulsorily convertible cumulative participating preference shares;
6) Series E, 0.01% fully and compulsorily convertible cumulative participating preference shares;
7) Series E1, 0.01% fully and compulsorily convertible cumulative participating preference shares;
8) Series E2, 0.01% fully and compulsorily convertible cumulative participating preference shares; and
9) Series E3, 0.01% fully and compulsorily convertible cumulative participating preference shares.

Rights of the Preference Shares are detailed hereunder:

Meeting and voting rights

The holders of all nine classes of Preference Shares shall be entitled to attend meetings of all Shareholders of the Company and will be entitled to same voting rights as applicable to Equity Shares i.e. one vote per share, on an as if converted basis, as may be permissible under applicable law. All matters that affects the rights of the holders of the Equity Shares equally affect the rights of the holders of the Preference Shares.

Dividends

All the nine classes of Preference Shares have dividend pay-out priority over other classes of shares. The Preference Shares carry a predetermined cumulative dividend at the rate of 0.01%. In addition to the same, if the holders of Equity Shares are paid dividend in excess of 0.01 % per annum, the holders of the Preference Shares shall be entitled to dividend at such higher rate.

Conversion

Each Preference Share of Series A0, Series B and Series C shall be converted into ten Equity Shares, Each Preference Share of Series D, Series D1, Series E, Series E1, Series E2 and Series E3 shall be converted into one Equity Share. The Preference Shares shall be converted in the following events:

- On the holders of the Preference Shares issuing a notice to the Company;
- On latest permissible date prior to the issue of Shares to the public in connection with the occurrence of a public offer under applicable law;
- On the day following the completion of 19 (Nineteen) years from the date of issuance of the same; or
- On conclusion of a Drag Along Sale.

Liquidation and participation preference

In the event of the liquidation of the Company, the surplus, if any remaining, after making payments as per the priority of payments set forth in the preferential payments provisions of the Companies Act, 2013 shall be applied such that the holders of all the classes of Preference Shares shall be entitled to receive, in preference and prior to any distribution to holders of other shares of the Company, an amount equal to face value and premium paid on the preference Shares plus all declared but unpaid dividends. The holders of Series E3 preference shares will get priority over all the other series holders and shall be paid twice the amount invested whereas all other classes of shares shall be paid in the proportion to their investment.

Valuation protection

If the Company offers any Dilution Instruments to a new investor or a third party after the Closing Date of issue of any series of preference shares, at a price ("New Price") less than the Conversion Price paid for the respective series of Preference Shares ("Dilutive Issuance") then the holders of such series of Preference Shares shall be entitled to a broad-based basis antidilution protection (the "Valuation Protection Right"). In the event of a Dilutive Issuance, additional Equity Shares shall be issued to the holders of such series of Preference Shares at the lowest permissible price under Applicable Law, or in the event any Preference Shares of that respective series have not yet been converted into Equity Shares, then the conversion ratio ("Conversion Ratio") shall be adjusted in order for the said Series Preference Shares to convert into such number of Equity Shares so as to include such additional Equity Shares issuable to the holders of the series of Preference Shares as permissible under Applicable Law.

Buy back

If the Company does not complete either a Qualified Initial Public Offer or a Strategic Sale or third party sale by the Exit Period then subject to Applicable Law, any one or more of the Investors may, require an exit for themselves and such other Investors, who wish to participate, by way of buy-back of the Investors' Securities held by them or part thereof by the Company, such that the Participating Investors receive, in preference to the Founders and all other Shareholders, an amount which is equal to the Fair Market Value. If Company does not have sufficient profits, reserves or retained earnings or is otherwise unable for any reason to buy back all the Investors' Securities of the Participating Investors at the Buy-Back Price, the Company shall buy back the maximum number of Shares at the Buy-Back Price in tranches such that all Investors' Securities of the Participating Investors are bought back over a period of time, on a pro rata basis based on the respective share in the aggregate Buy Back Amount.

15 Borrowings (Cont'd)

iii. During September 2017, the Company obtained a working capital demand loan from TATA Capital Financial Services Limited with a limit of ₹ 10 Crores for a tenure of 12 months. The loan bears an interest rate of 14.25% per annum. This loan is secured against a charge on the current assets of the Company (refer note 31).
During June 2018, the Company obtained an additional working capital demand loan from TATA Capital Financial Services Limited with a limit of ₹ 5 Crores for a tenure of 12 months. The loan bore an interest rate of 14.25% per annum. This loan is secured against a charge on the current assets of the Company (refer note 31).
Additionally, the Company obtained a working capital credit facility from Axis Bank with a limit of ₹ 15 Crores for a tenure of 12 months. The loan bears an interest rate of 13.00% per annum. The loan is secured against a charge on the current assets of the Company (refer note 31).
The Company has fully repaid TATA Capital Financial Services, Limited loan in October 2020 and Axis Bank loan in the month of November 2020.

iv. **Valuation of Compulsorily Convertible Preference Shares (CCPS)**
The fair value of CCPS which are not traded in active market is determined by an independent valuation firm using Discounted Cash Flow (DCF) method in the current year and previous year. The entity value thus arrived at using DCF methid is allocated to each of the instrument holder based on the Option Pricing Method. The Company uses judgement to select from variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The following assumptions are used in fair value measurements:

	As at 31 March 2021	As at 31 March 2020
Risk free interest rate	NIL	6.88%
Volatility	NIL	45.84%
Expected terms	NIL	4 years

The CCPS other than series D1 and E2 have been measured at fair value with changes in the value recorded in Statement of Profit and Loss.
During the current year, pursuant to the board meeting dated 25 September 2020, the oustanding compulsorily convertible preference shares as on the said date were converted to equity shares.

a) CCPS - Series D1
The Company has issued 1,649, Series D1 Compulsorily Convertible Preference Shares (CCPS) to its debenture holders on 10 June 2016. These shares are issued at ₹ 15,160.04 with ₹ 1.00 paid up. The terms of the CCPS is similar to other preference shareholders as mentioned under note 16 and therefore, the CCPS has been classified under long term borrowings. The debenture holder has a right to subscribe to the CCPS within the earlier of the following:

(i) expiry of the seventh anniversary of the date of issue of CCPS.
(ii) immediately prior to the filing of red herring prospectus with the Securities Exchange Board of India for an initial public offering by the Company on a recognised stock exchange in India.
(iii) prior to the occurrence of a liquidity event
Series D1 was extinguished vide Board Resolution dated 25 September 2020 and the resulting gain was recognised in Profit and Loss account.

The above option is accounted as a liability settled award. The fair value of the awards granted is determined on each reporting date using the black-scholes option pricing model with the following assumptions:

	As at 31 March 2021	As at 31 March 2020
Dividend yield	NIL	0.01%
Weighted average share price (in ₹)	NIL	11,403.21
Exercise price (in ₹)	NIL	15,159.04
Expected life	NIL	4.00 years
Risk free interest rate	NIL	6.88%
Volatility	NIL	45.84%

b) CCPS - Series E2
The Company has issued 840, Series E2 Compulsorily Convertible Preference Shares (CCPS) to its debenture holders on 31 July 2018. These shares are issued at ₹ 17,850 with ₹ 1.00 paid up. The terms of the CCPS is similar to other preference shareholders as mentioned under note 16 and therefore, the CCPS has been classified under long term borrowings. The debenture holder has a right to subscribe to the CCPS within the earlier of the following:

(i) expiry of the sixth anniversary of the date of issue of CCPS.
(ii) immediately prior to the filing of red herring prospectus with the Securities Exchange Board of India for an initial public offering by the Company on a recognised stock exchange in India.
(iii) prior to the occurrence of a liquidity event
Series E2 was extinguished vide Board Resolution dated 25 September 2020 and the resulting gain was recognised in Profit and Loss account.
The above option is accounted as a liability settled award. The fair value of the awards granted is determined on each reporting date using the black-scholes option pricing model with the following assumptions:

(All amounts in ₹ lakhs, unless otherwise stated)

b) CCPS - Series E2 (Cont'd)	**As at 31 March 2021**	**As at 31 March 2020**
Dividend yield	NIL	0.01%
Weighted average share price (in ₹)	NIL	11,403.21
Exercise price (in ₹)	NIL	17,849.00
Expected life	NIL	4 years
Risk free interest rate	NIL	6.88%
Volatility	NIL	45.84%

Consequent to the above the following fair value gain/(loss) has been recognised in Statement of Profit and Loss:

	Year ended 31 March 2021	**Year ended 31 March 2020**
Gain due to change in fair value of compulsorily convertible preference shares (refer note 21)	-	3,033.32
	-	**3,033.32**

	As at 31 March 2021	**As at 31 March 2020**
16 Other financial liabilities		
Non-current		
Security deposits	32.64	328.46
	32.64	**328.46**
Current		
Stock appreciation rights (refer note 28 (b))	-	514.90
Current maturities of non-current borrowings (refer note 15)	-	995.45
Interest accrued but not due	-	40.64
Dues to employees	8.37	6.79
Accrued expenses	490.54	406.46
	498.91	**1,964.24**
17 Provisions		
Non-current		
Gratuity (refer note 31)	165.44	126.80
	165.44	**126.80**
Current		
Gratuity (refer note 31)	13.04	22.00
Compensated absences	94.71	69.55
Provision for sales return	-	265.91
Provision for warranty	94.77	-
	202.52	**357.46**
Note:		
(a) Provision for warranty		
Movement in provisions		
Balance as at the beginning of the year	-	-
Provision recognised during the year	**94.77**	-
Amount utilised / reclassified during the year	-	-
Amount reversed during the year	**-**	-
Balance as at the end of the year	**94.77**	**-**
(b) Provision for sales return		
Movement in provisions		
Balance as at the beginning of the year	265.91	450.04
Provision recognised during the year	**-**	265.91
Amount utilised / reclassified during the year	-	-
Amount reversed during the year	**(265.91)**	(450.04)
Balance as at the end of the year	**-**	**265.91**

(All amounts in ₹ lakhs, unless otherwise stated)

18 Trade payables

Total outstanding dues of micro enterprises and small enterprises (refer note below)	11.45	859.23
	11.45	**859.23**
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,651.39	2,078.60
	1,651.39	**2,078.60**
	1,662.84	**2,937.83**

Note:

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the year end has been made in the financials statements based on information received and available with the Company.

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
i. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year is as follows:		
- Principal	11.45	848.91
- Interest	-	10.32
ii. The amount of interest paid by the Company along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMEDA.	-	-
iv. The amount of interest accrued and remaining unpaid at end of the year	-	15.95
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

	As at 31 March 2021	**As at 31 March 2020**
19 Other liabilities		
Non-current		
Deferred rental income	6.73	9.61
	6.73	**9.61**
Current		
Statutory dues payable	70.13	51.15
Unearned revenue	71.96	29.28
Advance from customers	770.46	717.68
Business advance from related parties	2,000.00	-
Deferred rental income	2.88	13.72
	2,915.43	**811.83**

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Urban Ladder Home Décor Solutions Private Limited
Notes to financial statements for the year ended 31 March 2021 (cont'd)
(All amounts in ₹ lakhs, unless otherwise stated)

		Year Ended 31 March 2021	Year Ended 31 March 2020
20	**Revenue from operations**		
	Sale of products	13,292.58	24,672.21
	Income from services	40.00	52.89
	Value of sales and services (Revenue)	13,332.58	24,725.10
	Less: GST recovered	1,957.30	3,640.29
		11,375.28	**21,084.81**
21	**Other income**		
	Interest income		
	- fixed deposits	2.43	1.04
	- security deposits	54.40	38.86
	- margin money deposits	14.48	40.35
	- income tax refund	-	10.74
	Other non-operating income		
	- Rental income	431.22	541.60
	Other gains		
	- Net profit on sale/redemption of current investments	29.02	41.37
	- Net fair value gains on current investments	(4.40)	5.35
	- Liabilities no longer required, written back	12.80	-
	- Gain/Loss on account of sale of subsidiary (net of provision)	1.00	-
	- Gain due to change in fair value of compulsorily convertible preference shares (refer note 15(v))	-	3,033.32
	- Gain due to change in fair value of liability settled award (refer note 15 (v) (a) and (b))		115.60
	- Measurement gain on financial assets	0.75	28.06
	- Gain on account of termination of leases	130.18	42.12
	- Gain on sale of property, plant and equipment	9.61	37.45
	- Others	13.89	19.26
		695.38	**3,955.12**
22	**Changes in inventories of finished goods and stock-in-trade**		
	Opening stock of stock-in-trade	2,414.91	4,015.63
	Opening stock of raw material	-	-
	Opening stock of finished goods	-	-
	Less: Closing stock-in-trade	3,235.02	2,414.91
	Less: Closing stock of raw material	164.35	-
	Less: Closing stock of finished goods	267.30	-
		(1,251.76)	**1,600.72**
23	**Employee benefits expense**		
	Salaries, bonus and other allowances	1,624.22	2,025.81
	Contribution to provident fund & other funds	44.59	68.22
	Gratuity (refer note 31)	41.93	68.76
	Employee stock based compensation cost (refer note 28 (a))	384.56	118.26
	Stock appreciation rights (refer note 28 (b))	(514.90)	29.21
	Staff welfare expense	48.65	87.32
		1,629.05	**2,397.58**
24	**Finance costs**		
	Interest on debentures	123.96	207.76
	Interest on working capital demand loan	142.16	300.73
	Interest on ICD	61.27	-
	Interest on security deposits	13.96	27.86
	Interest on dues to micro, small and medium enterprises (refer note 18)	(10.32)	10.32
	Interest on lease liability (refer note 3 (ii) b)	615.23	734.18
	Others	0.40	50.95
		946.66	**1,331.80**

Urban Ladder Home Décor Solutions Private Limited
Notes to financial statements for the year ended 31 March 2021 (cont'd)
(All amounts in ₹ lakhs, unless otherwise stated)

			Year Ended 31 March 2021	Year Ended 31 March 2020
25	**Depreciation/ amortisation**			
	Depreciation of propert, plant and equipment (Refer note 3(i))		405.98	659.69
	Depreciation of right-of-use assets (Refer note 3(ii))		594.85	711.06
	Amortisation of intangible assets (Refer note 4)		24.90	26.76
			1,025.73	**1,397.51**
26	**Other expenses**			
	Professional charges		313.38	273.85
	Logistics and delivery charges		495.38	1,025.78
	Warehouse operations cost		788.79	1,227.84
	Catalogue expenses		9.82	11.07
	Hire charges		407.39	896.09
	Rent (refer note 3 (ii))		91.41	327.37
	General and admin expenses		236.58	400.77
	Information technology expenses		17.39	20.66
	Travelling and conveyance		36.89	69.63
	Repairs and maintenance - others		224.72	308.76
	Office maintenance		24.12	60.84
	Settlement charges		154.06	341.99
	Rates and taxes		177.38	49.17
	Printing and stationery		2.19	3.80
	Commission and brokerage		145.41	53.92
	Auditors' remuneration (excluding applicable taxes)			
	- statutory audit		15.00	14.00
	- other services		-	-
	- reimbursement of expenses		-	-
	Sales promotion and advertisement expenses		202.78	1,308.47
	Provision for impairment of investment and receivable from subsidiary company		-	-
	Bad trade receivables and advances written off	4,737.52		72.12
	Less:Provision released (refer note 35)	(4,718.63)	18.89	-
	Provision for warranty		95.17	-
	Utility charges		67.51	140.62
	Bank charges		13.29	18.65
	Foreign exchange loss		61.06	60.81
	Miscellaneous expenses		6.87	51.04
			3,605.48	**6,737.25**
27	**Loss per share (EPS)**			
	Loss for the year		(1,573.01)	(611.23)
	Less: Gain due to change in fair value of compulsorily convertible		-	(3,033.32)
	Loss used in calculating diluted Loss per share		(1,573.01)	(3,644.55)
	Weighted average number of shares outstanding for computing basic/diluted loss per share (in numbers)		54,524,974	103,212
	Loss per share:			
	- Basic/Diluted (In ₹)		(2.88)	(592.21)
	Nominal value per share (In ₹)		1.00	1.00

For the year ended March 31, 2020 the diluted loss per share has been computed by dividing the net loss after tax available for equity shareholders by the weighted average number of equity shares after giving dilutive effect of the Compulsorily Convertible Cumulative Preference Shares (CCCPS). Since the effect of the conversion of the CCCPS was anti-dilutive, it has been ignored.

(All amounts in ₹ lakhs, unless otherwise stated)

28 Share based payments

a) Employee stock options

In pursuance of the resolution passed by the Board of Directors of the Company on 20 August 2014, the Urban Ladder Employee Stock Option Scheme ('ESOS') was approved by the members at the shareholders meeting held on 24 September 2014. According to the scheme, the eligible employees selected by the compensation committee, from time to time, will be entitled to stock options subject to satisfaction of vesting conditions. The other relevant terms of the grant are as below:

Vesting period :	The total number of options issued will vest to the employee as per the vesting schedule provided in the ESOP agreement and the grants would vest provided they are continuing in the employment with the Company as on date of vesting.
Exercise period :	6 months from the date on which the Company goes for an Initial Public Offering
Expected life :	5 years
Cancellation :	Pursuant to the accquisiton of the Company by Reliance Retail Ventures Limited ("RRVL"), the Company offered to purchase all vested shares (in the case of past-employees) and accelerated the vesting of ESOPs for all continuing employees. All unvested shares stand cancelled. Consequently, on 23 October 2020, the board of directors and the ESOP Committee resolved to cancel the existing ESOS.

The movements in the options are set out below:	**Year ended 31 March 2021**		**Year ended 31 March 2020**	
Particulars	**Shares arising out of options (in numbers)**	**Weighted average exercise price (in ₹)**	**Shares arising out of options (in numbers)**	**Weighted average exercise price (in ₹)**
Options outstanding at the beginning of the year	29,915	3,668.41	19,430	7,110.54
Exercised during the year	-	-	-	-
Granted during the year	-	-	21,809	551.78
Forfeited during the year	-	-	(11,324)	3,572.17
Cancelled during the year	(29,915)	(3,668.41)	-	-
Options outstanding at the end of the year	**-**	**-**	**29,915**	**3,668.41**
Options exercisable at the year end	**-**	**-**	**-**	**-**

	Weighted average remaining contractual life (in years)		**Number of options outstanding (in numbers)**	
Exercise prices (in ₹)	**31 March 2021**	**31 March 2020**	**31 March 2021**	**31 March 2020**
1.00	-	3.52	-	15,218
1,587.18	-	-	-	1,293
559.20	-	-	-	1,793
5,924.34	-	-	-	3,419
9,096.02	-	0.21	-	2,612
11,500.45	-	1.06	-	3,692
10,697.31	-	2.64	-	1,888

The fair value of the options granted is determined on the date of the grant using the black-scholes option pricing model with the following assumptions on the date of the grant.

	Year ended 31 March 2021	**Year ended 31 March 2020**
Dividend yield	NIL	Nil
Weighted average share price (in ₹)	NIL	5,391.77 to 11,403.21
Exercise price (in ₹)	NIL	1.00 to 10,697.31
Expected life	NIL	2.45 to 4.13 years
Risk free interest rate	NIL	5.62% to 7.09%
Volatility	NIL	43.03% to 46.98%

The expected life of the stock is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

(All amounts in ₹ lakhs, unless otherwise stated)

28 Share based payments (Cont'd)

b) Stock appreciation rights

The Company has issued Stock Appreciation Rights ("SARs") during the current year. Such SAR's were granted as per the terms of the stock appreciations rights scheme, which has been approved by the shareholders at Annual General Meeting held on 29 September 2018. According to the scheme, the eligible employees selected by the compensation committee, from time to time, will be entitled to SARs subject to satisfaction of vesting conditions. The other relevant terms of the grant are as below:

Vesting period :	The total number of SAR issued will vest to the employee as per the vesting schedule provided in the grant letter and the grants would vest provided they are continuing in the employment with the Company as on date of vesting.
Right to receive payment:	A right to receive a payment will arise only upon: (i) the conditions identified in the Grant Letter being satisfied (thereupon such SARs shall become "Earned SARs"); and (ii) there arising a Liquidity Event.
Strike Price:	"0"
Amount payable:	The fair value of an Earned SAR shall be the fair market value of 1 (one) share as applicable on the date of determination of such fair market value less the applicable strike price of such SAR ("Fair Value"), subject to adjustments pursuant to consolidation, sub-division, bonus issuance etc. Amount payable on Earned SARs will be subject to liquidation preference under the Articles.

The Company has granted 14,085 SAR upto the previous year. Pursuant to board resolution dated 23 October 2020, the SAR'S outstanding on the said date were cancelled. The gain on cancellation of SARs was recognised in the income statement for the year.

The fair value of the SARs granted is determined using the black-scholes option pricing model with the following assumptions:

	As at 31 March 2021	As at 31 March 2020
Weighted average share price (in ₹)	NIL	5,391.77
Exercise price (in ₹)	NIL	0.00
Expected life	NIL	4 years
Risk free interest rate	NIL	6.88%
Volatility	NIL	45.84%

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(All amounts in ₹ lakhs, unless otherwise stated)

29 Related party disclosures

i. Key Management Personnel (KMP)

Name of the party	Nature of relationship
Mr. Ashish Goel (Director upto 20 January 2021)	Whole-time Director (w.e.f 21 January 2021)
Mr. Rajiv Srivatsa (resigned with effect from 13 November 2020)	Director
Mr. Ashwin Ahamendra Khasgiwala (with effect from 13 November 2020)	Director
Mr. Akhilesh Prasad (with effect from 13 November 2020)	Director
Mr. Krishnan Sudarshan (with effect from 09 February 2021)	Independent Director
Mr. Dhirendra Harilal Shah (with effect from 09 February 2021)	Independent Director
Mr. Rakesh Sharma (with effect from 21 January 2021)	Chief Financial Officer

ii. Parties where control exists

Reliance Industries Limited (with effect from 13 November 2020)	Ultimate Holding Company
Reliance Retail Ventures Limited (with effect from 13 November 2020)	Holding Company
Reliance Retail Limited (with effect from 13 November 2020)	Fellow Subsidiary
Urban Ladder Home Solutions Private Limited (Upto 23 October 2020)	Wholly owned subsidiary

iii. Transactions with related parties:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Managerial remuneration (including bonus) *		
Mr. Ashish Goel	97.38	34.78
Mr. Rajiv Srivatsa	-	11.34
Mr. Rakesh Sharma	6.17	-
	103.55	**46.12**
Stock appreciation rights (refer note 28 (b))		
Mr. Ashish Goel	-	29.21
	-	**29.21**
Purchases		
Urban Ladder Home Solutions Private Limited	109.34	87.22
	109.34	**87.22**
Sales		
Urban Ladder Home Solutions Private Limited	22.28	25.28
Mr. Ashish Goel	0.16	-
	22.44	**25.28**
Transactions with fellow subsidiary company (business advance)		
Reliance Retail Limited	2,000.00	-
	2,000.00	**-**
Transactions with ultimate holding company (Professional and legal fees)		
Reliance Industries Limited	6.17	-
	6.17	**-**
Transactions with holding company		
Reliance Retail Ventures Limited		
Equity infusion	2,500.00	
Inter corporate deposit	3,500.00	-
Interest on inter corporate deposit	61.27	
	6,061.27	**-**

iv. Balances receivable / payable as at year end:

	As at 31 March 2021	As at 31 March 2020
Business advance from related parties (Other financial liabilities)		
Reliance Retail Limited	2,000.00	-
Expenses incurred by the Company on behalf of subsidiary company (Other financial current assets)		
Urban Ladder Home Solutions Private Limited #	-	32.58

(All amounts in ₹ lakhs, unless otherwise stated)

Trade receivables		
Urban Ladder Home Solutions Private Limited #	-	20.58
Stock appreciation rights (Other non-current & current financial liabilities)		
Mr. Ashish Goel	-	514.90
Equity capital subscribed (including conversion from CCPS to Equity)		
Reliance Retail Ventures Limited	2,506.83	-
Inter company deposit	3,500.00	-
Reliance Retail Ventures Limited		
Reliance Retail Ventures Limited		

\# Provision has been made for these balances (refer note 7 and 10).

* Remuneration and outstanding balances of KMP does not include long term benefits by way of gratuity and compensated absences, which are currently not payable and are provided on the basis of actuarial valuation by the company.

	As at 31 March 2021	**As at 31 March 2020**
30 Assets pledged as security		
Current		
Inventories (refer note 5)	-	2,414.91
Financial assets		
Trade receivables (refer note 10)	-	116.92
Cash and cash equivalents (refer note 11)	-	66.82
Bank balances other than cash and cash equivalents (refer note 12)	-	14.47
Margin money deposits (refer note 8)	-	900.00
Total current assets pledged as securities	**-**	**3,513.12**
Non-current		
Property, plant and equipment (refer note 3)	-	747.69
Margin money deposits (refer note 7)	-	-
Total non-current assets pledged as securities	**-**	**747.69**
Total assets pledged as security	**-**	**4,260.81**

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(All amounts in ₹ lakhs, unless otherwise stated)

31 A. Defined benefit plan

The Company has gratuity plan for its employees. The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age.

The following tables set out the status of gratuity plans and the amount recognised in Company's financial statements :

	Particulars	As at 31 March 2021	As at 31 March 2020
1	**The amounts recognised in the Balance Sheet are as follows:**		
	Present value of the obligation as at the end of the year	178.90	148.80
	Fair value of plan assets as at the end of the year	-	-
	Net liability recognised in the Balance Sheet	**178.90**	**148.80**
	Current	13.24	22.00
	Non-current	165.66	126.80
2	**Changes in the present value of defined benefit obligation**		
	Defined benefit obligation as at beginning of the year	148.80	177.30
	Current service cost	32.92	57.00
	Interest cost	9.01	11.76
	Actuarial gains arising from		
	- experience variance (i.e. actual experiences assumptions)	4.44	(78.18)
	Benefits paid directly	(16.27)	(19.08)
	Defined benefit obligation as at the end of the year	**178.90**	**148.80**
	Assumptions used in the above valuations are as under:		
	Discount rate	6.35%	6.06%
	Salary escalation rate	12.00%	13.00%
	Retirement age	58 Years	58 Years
	Attrition rate	20%	20%
	Funding mechanism	Unfunded	Unfunded
	Mortality	Indian Assured Lives Mortality [2012-14] Ultimate	Indian Assured Lives Mortality [2012-14] Ultimate

3 Net gratuity cost for the year ended 31 March 2021 and 31 March 2020 comprises of following components:

		Year ended 31 March 2021	Year ended 31 March 2020
	Current service cost	32.92	57.00
	Net interest cost on the net defined benefit liability	9.01	11.76
	Benefits paid directly	-	-
	Components of defined benefit costs recognised in Statement of Profit and Loss	**41.93**	**68.76**
4	**Other Comprehensive Income**		
	Change in financial assumptions	-	-
	Experience variance (i.e. actual experience vs assumptions)	(4.44)	78.18
	Change in demographic assumptions	-	-
	Components of defined benefit costs recognised in Other Comprehensive Income	**(4.44)**	**78.18**
5	**Experience adjustments**		
	Defined benefit obligation as at the end of the year	178.90	148.80
	Plan assets	-	-
	Surplus	178.90	148.80
	Experience adjustments on plan liabilities	4.44	(78.18)
	Experience adjustments on plan assets	-	-

		As at 31 March 2021	As at 31 March 2020
6	**Expected future cash outflows towards the plans are as follows:**		
	Year 1	13.24	15.54
	Year 2-5	59.76	69.28
	Year 6-10	70.91	65.94
7	**Average Duration of Defined Benefit Obligations**	7.2 years	7.2 years

(All amounts in ₹ lakhs, unless otherwise stated)

31 B. Defined contribution plan

The Company provides benefits in the nature of defined contribution plans viz, provident fund and employee state insurance scheme for qualifying employees. Under these Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Company recognised ₹ 44.59 (31 March 2020: ₹ 68.22) towards contribution for mentioned funds in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

C. Sensitivity analysis

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

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

Gratuity

Particulars	**Year ended 31 March 2021**		**Year ended 31 March 2020**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount Rate (- / + 0.5%)	(4.70)	5.10	(4.49)	4.77
Salary Growth Rate (- / + 0.5%)	3.50	(3.40)	4.78	(4.55)

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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(All amounts in ₹ lakhs, unless otherwise stated)

32 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid up capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximise 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 adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and bank balances.

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Long term borrowings (refer note 15)	-	82,843.24
Current maturities of long term borrowings (refer note 16)	-	995.45
Short term borrowings (refer note 15)	3,500.00	2,248.89
Deposits from related partiesf (refer note 16)	-	-
Less: Cash and cash equivalents (refer note 11)	(265.55)	(66.82)
Less: Bank balances other than cash and cash equivalents (refer note 12)	(16.33)	(14.47)
Net debt	**3,218.12**	**86,006.29**
Equity share capital (refer note 13)	2,507.09	1.03
Other equity (refer note 14)	(1,519.99)	(83,679.25)
Capital and net debt	**4,205.22**	**2,328.07**
Gearing ratio	**76.53%**	**3694.31%**

The Company is mainly funded through short term borrowings and deposits from the holding company.

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Urban Ladder Home Décor Solutions Private Limited
Notes to financial statements for the year ended 31 March 2021 (cont'd)
(All amounts in ₹ lakhs, unless otherwise stated)

33 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2021 were as follows:

Particulars	Notes	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVOCI
Assets:				
Investments	6	-	797.51	-
Cash and cash equivalents	11	265.55	-	-
Bank balances other than cash and cash equivalents	12	16.33	-	-
Trade receivables	10	177.42	-	-
Other financial assets	7			
Rental deposits		352.70	-	-
Employee advances		9.78	-	-
Interest accrued on fixed deposits		0.06	-	-
Other security deposits		14.80	-	-
Total		**836.64**	**797.51**	**-**
Liabilities:				
Borrowings	15	3,500.00	-	-
Trade payables	18	1,662.84	-	-
Other financial liabilities	16			
Security deposit		32.64	-	-
Dues to employees		8.37	-	-
Accrued Expenses		490.54		
Lease Liability		4,035.39	-	-
Total		**9,729.78**	**-**	**-**

The carrying value and fair value of financial instruments by categories as at 31 March 2020 were as follows:

Particulars	Notes	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVOCI
Assets:				
Investments	6	-	80.57	-
Cash and cash equivalents	11	66.82	-	-
Bank balances other than cash and cash equivalents	12	14.47	-	-
Trade receivables	10	116.92	-	-
Other financial assets	7			
Margin money deposits		900.00	-	-
Employee advances		15.25	-	-
Interest accrued on fixed deposits		46.12	-	-
Receivable from Payment gateway and others		49.37	-	-
Security deposits		486.63	-	-
Total		**1,695.58**	**80.57**	**-**
Liabilities:				
Borrowings	15	2,519.01	82,573.12	-
Trade payables	18	2,937.83	-	-
Other financial liabilities	16			
Stock appreciation rights		-	514.90	
Security deposit		328.46	-	
Current maturities of long term borrowings		995.45	-	-
Interest accrued but not due		40.64	-	-
Dues to employees		6.79	-	-
Accrued expenses		406.46	-	-
Lease Liability		5,035.83	-	-
Total		**12,270.47**	**83,088.02**	**-**

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(All amounts in ₹ lakhs, unless otherwise stated)

33 Fair value measurements (Cont'd)

(ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

(iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

a) Assets and liabilities measured at fair value - recurring fair value measurement

As at 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investments carried at fair value through profit or loss	6	797.51	-	-	797.51
Liabilities measured at fair value					
Compulsorily convertible preference shares carried at fair value through profit or loss	15	-	-	-	-
Stock appreciation rights	17	-	-	-	-
		797.51	**-**	**-**	**797.51**

As at 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investments carried at fair value through profit or loss	6	-	80.57	-	80.57
Liabilities measured at fair value					
Compulsorily convertible preference shares carried at fair value through profit	15	-	-	82,573.12	82,573.12
Stock appreciation rights	17	-	-	514.90	514.90
		-	**80.57**	**83,088.02**	**83,168.59**

(iv) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of quoted investments is determined using the market value for the investment. The fair value estimates are included
- Option Pricing Method (OPM): the Option Pricing Method is a forward-looking approach and is appropriate for use when the range of future possible outcomes is so difficult to predict that forecasts would be highly speculative. The Option Pricing Method considers common stock as a call option on the Equity Value as the common stock only receives value if the firm's value exceeds the liquidation preference of preferred series.

During the previous year, the fair value of compulsorily convertible preference shares were computed based on the Discounted Cash Flow (DCF) method. The discounted cash flow method involves projecting the future income streams on a year-by-year basis. Future income streams are then discounted at an appropriate discount rate back to present value. At the final projection year, a "terminal value" is determined that represents the estimated value for the sale of the company at that time. This terminal value is also discounted back to its present value. The summation of these present values yields a value estimate of the company. The discounted cash flow method was utilized in determining an Enterprise Value for the Company based on sufficiently reliable and detailed financial projections. The value thus arrived at is allocated to each of the instrument holder based on the Option Pricing Method. Also refer note 16(v) for further details on valuation method and assumptions used.

The fair value of the SARs granted is determined using the black-scholes option pricing model (refer note 29(b) for further details).

During the current year, pursuant to the board meeting dated 25 September 2020, the oustanding compulsorily convertible preference shares as on the said date were converted to equity shares. Conseqeuntly, the gain on extinguishment of compulsorily convertible preference shares via conversion has been adjsuted to general reserve.

(v) Reconciliation for Level 1 items	**As at 31 March 2021**	**As at 31 March 2020**
Opening balance	83,088.02	84,716.87
Add: Additions	797.90	1,490.86
Less: Derecognistion	(83,885.92)	-
Add: Remeasurement at fair value	-	(3,119.71)
Closing balance	**-**	**83,088.02**

(vi) Sensitivity for Level 1 items	**As at 31 March 2021**	**As at 31 March 2020**
Volatility - increase by 5 percent	NIL	3,888.37
Volatility - decrease by 5 percent	NIL	(4,153.19)

(All amounts in ₹ lakhs, unless otherwise stated)

34 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company’s short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

(A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, resulting in a financial loss. The Company is exposed to this risk for various financial instruments, primarily trade receivables. The credit risks in respect of deposits with the banks, foreign exchange transactions and other financial instruments are only nominal. The Company’s maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

Assets under credit risk	**As at 31 March 2021**	**As at 31 March 2020**
Investments	797.51	80.57
Loans	-	-
Trade receivables	177.42	116.92
Cash and cash equivalents	265.55	66.82
Bank balances other than cash and cash equivalents	16.33	14.47
Margin money deposits	-	900.00
Receivable from subsidiary	-	-
Employee advances	9.78	15.25
Interest accrued	0.06	46.12
Rental and other Deposits	367.49	486.63
Receivable from payment gateway and others	-	49.37
Other deposits & receivables	-	-
	1,634.14	**1,776.15**

(A1) Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

As per Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Company's historical experience for customers.

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Balance at the beginning	95.92	95.92
Impairment loss recognised	-	-
Reversal of provision	(36.12)	-
Balance at the end	**59.80**	**95.92**

(A2) Cash and cash equivalents

The credit risk for cash and cash equivalents and margin money deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, employee advances, security deposit and other financial assets are neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired.

(All amounts in ₹ lakhs, unless otherwise stated)

34 Financial risk management (Cont'd)

(B) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

Maturities of financial liabilities

As at 31 March 2021	**Less than 1**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings (refer note below)	3,500.00	-	-	3,500.00
Current maturities of non-current borrowings	-	-	-	-
Trade payable	1,662.84	-	-	1,662.84
Other financial liabilities	498.91	32.64	-	531.55
Lease Liability	906.66	2,805.35	3,549.97	7,261.98
Total	**6,568.41**	**2,837.99**	**3,549.97**	**12,956.37**

As at 31 March 2020	**Less than 1**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings	2,248.89	272.73	82,573.12	85,094.74
Current maturities of non-current borrowings	995.45	-	-	995.45
Trade payable	2,937.83	-	-	2,937.83
Other financial liabilities	968.79	328.46	-	1,297.25
Lease Liability	1,137.34	3,588.18	4,451.08	9,176.60
Total	**8,288.30**	**4,189.37**	**87,024.20**	**99,501.87**

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34 Financial risk management (cont'd)

(C) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and price risk, which result from both its operating and investing activities.

Foreign currency sensitivity

The Company is exposed to foreign exchange risk through its purchases from overseas suppliers. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. These include unhedged foreign currency exposures.

Particulars		**As at 31 March 2021**		**As at 31 March 2020**	
Included In	**Currency**	**Amount in foreign currency (in lakhs)**	**Amount**	**Amount in foreign currency (in lakhs)**	**Amount**
Financial assets	-	-	-	-	-
Financial liabilities					
Trade Payables in	USD	0.13	9.84	1.01	76.47
Trade Payables in	AUD	-	-	-	-
Trade Payables in	CNY	4.61	52.45	56.67	601.90
Total			**62.29**		**678.37**

	Financial Liabilities		
Conversion rates	**USD**	**AUD**	**CNY**
As at 31 March 2021	73.11	55.70	11.38
As at 31 March 2020	75.39	46.38	10.62

Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

	As at 31 March 2021		**As at 31 March 2020**	
Particulars	**Increase**	**Decrease**	**Increase**	**Decrease**
Sensitivity				
INR/USD	(0.10)	0.10	(0.76)	0.76
INR/AUD	-	-	-	-
INR/CNY	(0.52)	0.52	(6.02)	6.02

Interest rate risk

i. Liabilities

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

ii. Assets

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

Price risk

i. Exposure

The Company's exposure to price risk arises from investments held and classified in the Balance Sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

ii. Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period:

Impact on profit after tax

Particulars	**31 March 2021**	**31 March 2020**
Mutual funds		
Net asset value- increase by 1%	7.98	0.81
Net asset value- decrease by 1%	(7.98)	(0.81)

(All amounts in ₹ lakhs, unless otherwise stated)

35 Exceptional item

Subsequent to the change in the regulations that permitted FDI in single brand retail as per Consolidated FDI Policy – Circular 1 of
As a part of this change, the Company terminated the previous arrangements that it had with the sellers for the sales made through its online marketplace and it's wholly owned Subsidiary Company. Consequently, the Company purchased inventory held by the market place sellers amounting to ₹4,320.5 as part settlement of their dues to the Company. Further, the subsidiary of the Company also assigned certain recoverables amounting to ₹ 3,458.18 due from the marketplace sellers to the Company. Consequently, the Company has determined its receivable/ payable to these marketplace sellers, after incorporating the impact of the above transactions.

The Company has not been able to complete the reconciliation of the account balances with these sellers. However, the Company believes that it would be prudent to provide for the net amount recoverable from these sellers until the reconciliation is completed.

Summarized below are the amounts recoverable and provided for during the year ended:

Particulars	**31 March 2021**	**31 March 2020**
Guidance deposits recoverable (Other financial assets – short term)	-	1,788.28
Commission receivable / Other trade receivables	-	991.65
Other receivables	-	1,869.99
Amount recoverable	**-**	**4,649.92**
Less: Provision as at 31 March 2017	-	(710.00)
Less: Provision as at 31 March 2018	-	(3,714.28)
Less: Provision as at 31 March 2019	-	(225.64)
Additional provision created during the year	**-**	**-**

The management is of the opinion that the completion of this process will not be materially different from the actual provision created in these financial statements.

36 Ind AS 115 - Revenue from contracts with customers

i) Disaggregated revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

	Timing of revenue	**31 March 2021**	**31 March 2020**
Sale of traded goods	At a point in time	13,292.58	21,030.33

ii) Contract balances

	31 March 2021	**31 March 2020**
Trade receivables (refer note 11)	177.42	116.92
Contract liabilities – advance from customers (refer note 19)	770.46	717.68
Contract liabilities – unearned revenue (refer note 19)	71.96	29.28
Other payable - sales return liability (refer note 16)	94.77	0

Trade receivables have increased by ₹-60.5 over the previous year. During the year, debtors written off, provision for doubtful debts and expected credit losses on trade receivables was recognised as disclosed below.

	31 March 2021	**31 March 2020**
Provision, net of reversal for doubtful debts (refer note 26)	-	-
Debtors, written off	18.89	72.12

Contract liabilities include advances received from customers, unearned revenue and sales return liabilities. The outstanding balances of advances received from customers and unearned revenue has decreased by ₹-52.78 primarily on account of ongoing performance obligations subsequent to year-end against which the advances were received during the year and by ₹-94.77 pertaining to estimated sales return liabilities for goods sold during the year (refer note 2 (b) (i)).

(All amounts in ₹ lakhs, unless otherwise stated)

36 Ind AS 115 - Revenue from contracts with customers (Cont'd)

(iii) Reconciliation of revenue recognised with contract price

	31 March 2021	31 March 2020
Contract price	11,436.52	21,124.06
Adjustments for:		
- Variable Considerations - Others	(61.24)	(39.25)
Total revenue from operations	**11,375.28**	**21,084.81**

iv) Performance obligation

Information about the company's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon shipment of the goods and transfer of control. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price is allocated.

37 Operational outlook

The Company has incurred a loss of ₹1,577.45 (year ended March 31, 2020 ₹611.23). The holding company of the Company has resolved to provide further funding and other support to the Company as and when required. Accordingly, the financial statemetns of the Company have been prepared on a going concern assumption.

38 Contingent liabilities

i. Income Tax

Period to which the amount relates	Amount of demand	Amount paid under Protest	Forum where dispute is pending
AY 2015-16	358.84	71.77	Income Tax
AY 2016-17	319.84	63.97	Appellate Tribunal,
AY 2017-18	58.57	11.71	Bangalore

The Company received an order under Section 201 and 201(1A) of the Income-tax Act, 1961 dated 21 February 2018 from the Assistant Commissioner of Income Tax, International Taxation, towards non-deduction of tax at source under section 195 of the Income-tax Act, 1961. The appeal that was filed with Commissioner of Income-tax (Appeals), Bengaluru- 12 was disposed vide order dated 17 March 2020 and the Company has further filed an appeal with the Income Tax Applleate Tribunal, Bangalore. The management believes that its position is likely to be upheld in the appellate process and there would not be any material impact on the financial statements.

39 Segment reporting

Until 14 December 2017, the company was engaged in maintaining and operating a web-based online market place service provider which provides service of logistics, delivery, payment gateway intermediary services and warehousing along with the platform to sell furniture, furnishing and related products. During the year ended 31 March 2018, the Company obtained an approval for operating under a single brand and adopting the business model of a Single Brand Retail Trading (SBRT). Effective, 15 December 2017, the Company changed its business model from being an online market place service provider and commenced operating as a retail seller (online and offline). The above broadly forms part of one product group and hence constitute a single business segment. The Company did not have multiple segments operating during the current year and previous year.

The Company is domiciled in India and all its non-current assets are located in / relates to India. Neither does the Company export goods outside India nor does it have presence outside India.

40 Additional disclosures

Additional information as required under Schedule III to the Act to the extent either "nil" or "not applicable" has not been furnished.

41 Prior period comparatives

Prior year amounts have been regrouped / reclassified wherever necessary, to conform to the presentation in the current year.

42 Impact of COVID-19

With the onset of COVID 19 since the beginning of the year 2020 which was declared to be a pandemic by World Health Organization in March 2020, the Company's businesses was impacted particularly during the lockdown period. Company's business was affected significantly during last week of March 2020 and April 2020 with shipments coming to a halt and offices shutting down. In this challenging operating environment, the Company has taken appropriate measures to ensure safety and well-being of its employees, communities and safeguard the interests of its customers and suppliers. The Company has resumed it business activities by reopening its warehouses, stores and offices in phased manner in line with the guideline issued by the government authorities.

The Company has assessed the impact of this pandemic on its business operations and has considered relevant internal business projections, cash flows, and external information available up to the date of approval of these standalone financial statements. In determination of the recoverability and carrying value of its assets, based on the above, the Company expects to recover the carrying value of the assets. The impact of this pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare the Company's standalone financial statement, which may differ from that considered as at the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business and believes that it has sufficient funds to operate for the next 12 months.

43 The financial statements were authorized for issuance by the Company's Board of Directors on April 26, 2021.

Signature to Notes 1 to 43 of the financial statements

As per our Report of even date	For and on behalf of the Board	
For Deloitte Haskins & Sells Chartered Accountants Firm's Registration No: 008072S	**Ashish Goel** Whole-time Director DIN: 03067864 Bengaluru 26th April 2021	**Akhilesh Prasad** Director DIN: 01757265 Bengaluru 26th April 2021
Shreedhar Ghanekar Partner Membership No: 210840 Bengaluru 26th April 2021	**Rakesh Sharma** Chief Financial Officer Mumbai 26th April 2021	**Ramya Krishna S** Company Secretary Chennai 26th April 2021