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Independent Auditor's Report

To,

The Members of TNSI Retail Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **TNSI Retail Private Limited** ('the Company'), which comprise the Balance Sheet as at 31 March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March, 2021, and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 including Annexures to 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 in the audit or otherwise appears to be materially misstated.

When we read the Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 Board of Directors 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 Responsibilities 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 Standards on Auditing 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 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 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.

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. The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) read with Schedule V to the Act is not applicable.

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

3. As required by section 143(3) of the Act, 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 purpose 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), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

   d) in our opinion, the aforesaid financial statements comply with Ind AS notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time;

   e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-'B';

   g) 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:

NEERAJ KABRA & CO. Chartered Accountants

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March, 2021; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March, 2021.

For Neeraj Kabra & Co.
CHARTERED ACCOUNTANTS
FRN 135278W

Neeraj Kabra
Proprietor
M.No. 151023
UDIN:21151023AAAAAE3325

Place: Mumbai
Date: 24th July,2021

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 2 under `Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the financial statements of TNSI Retail Private Limited for the year ended 31 March, 2021)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) As explained to us, the property, plant and equipment are physically verified by the management once in a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of its property, plant and equipment. No material discrepancies were noticed on such physical verification.

(c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The disputed statutory dues aggregating to Rs. 141.27 lakhs, that have not been deposited on account of matters pending in appeals before appropriate authorities.

(viii) The Company has no loans or borrowings payable to a financial institution, bank or government and no dues payable to debenture-holders during the year.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

NEERAJ KABRA & CO. Chartered Accountants Firm. No. 1023

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi). The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

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

For Neeraj Kabra & Co.
CHARTERED ACCOUNTANTS
FRN 135278W

Neeraj Kabra
Proprietor
M.No. 151023

Place: Mumbai
Date: 24th July,2021

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 3.f under `Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the financial statements of TNSI Retail Private Limited for the year ended 31 March, 2021)

Independent Auditor's Report on the Internal Financial Controls 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 **TNSI Retail Private Limited** ("the Company") as of 31 March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors 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 IFCoFR issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 IFCoFR were 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

A company's IFCoFR 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 IFCoFR include 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 IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2021, 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.

For Neeraj Kabra & Co.
CHARTERED ACCOUNTANTS
FRN 135278W

Neeraj Kabra
Proprietor
M.No. 151023

Place: Mumbai
Date: 24th July,2021

TNSI Retail Private Limited
Balance Sheet as at 31 March, 2021
(All amounts in ₹ lacs, unless stated otherwise)

	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
1. Non-current assets			
Property, plant and equipment	3	101.63	159.79
Capital work in progress	3	9.33	21.93
Intangible assets	3	0.06	0.15
Right-of-use assets	36	829.26	1,087.37
Financial assets			
Deposits	4	77.66	57.28
Other financial assets	5	106.00	103.79
Other non-current assets	6	58.34	129.67
Total non-current assets		**1,182.29**	**1,559.99**
2. Current assets			
Inventories	7	110.52	351.41
Financial assets			
Trade receivables	8	275.78	195.00
Cash and cash equivalents	9	75.99	27.86
Bank balances other than the above	10	4.45	104.45
Deposits	11(a)	143.23	143.23
Other financial assets	11(b)	55.33	4.52
Other current assets	12	221.89	563.66
Total current assets		**887.19**	**1,390.12**
Total assets		**2,069.48**	**2,950.11**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	1,894.00	1,894.00
Other equity	14	(3,043.81)	(2,821.14)
Total equity		**(1,149.81)**	**(927.14)**
Liabilities			
1. Non-current liabilities			
Financial liabilities			
Lease liabilities	36	895.78	1,383.00
Other non-current financial liabilities	15	130.24	117.82
Other non-current liabilities	16	6.11	6.42
Provisions	17	73.92	57.24
Total non-current liabilities		**1,106.04**	**1,564.48**
Current liabilities			
Financial liabilities			
Lease liabilities	36	487.22	315.46
Trade payables	18		
-Due to Micro and Small Enterprises		16.11	30.89
-Due to Others		1,538.42	1,877.31
Other current financial liabilities	19	1.55	1.54
Other current liabilities	20	68.63	86.62
Provisions	21	1.31	0.95
Total current liabilities		**2,113.25**	**2,312.77**
Total equity and liabilities		**2,069.48**	**2,950.11**

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached

For NEERAJ KABRA & CO.
Chartered Accountants
Firm's Registration No. 135278W

Neeraj Kabra
Proprietor
Membership No. 151023

Place: Mumbai
Date : 24 July, 2021

For and on behalf of board of directors

Sunil Mantri
Managing Director
DIN No. 02082403

Ritesh Raja
Director
DIN No 08650272

Mukul Kumar Jain
Chief Financial Officer

Place: Gurgaon

Surbhi Bansal
Company Secretary
Membership No. A28492

TNSI Retail Private Limited

Statement of Profit and Loss for the year Ended 31 March, 2021

(All amounts in ₹ lacs, unless stated otherwise)

	Notes	Year Ended 31 March, 2021	Year Ended 31 March, 2020
REVENUE			
Revenue from operations	22	1,281.96	7,418.98
Other income	23	411.87	47.53
Total Revenues		**1,693.83**	**7,466.51**
EXPENSES			
Purchase of stock-in-trade	24	798.35	5,251.01
Changes in inventories of stock-in-trade	25	240.89	321.78
Employee benefits expense	26	246.07	580.53
Finance costs	27	164.82	196.08
Depreciation and amortization expense	28	328.87	352.46
Other expenses	29	141.78	512.52
Total expenses		**1,920.77**	**7,214.38**
Profit/(loss) before tax		**(226.95)**	**252.13**
Tax expense		-	-
Profit/(loss) for the year		**(226.95)**	**252.13**
Other comprehensive income			
Re-measurement Gains on Defined Benefit Plans		3.83	(7.38)
Total other comprehensive income		**3.83**	**(7.38)**
Total comprehensive income/(loss) for the year		**(223.11)**	**244.75**
Earnings per share (in ₹)	30		
Basic and Diluted		(1.20)	1.33

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached

For NEERAJ KABRA & CO.
Chartered Accountants
Firm's Registration No. 135278W

Neeraj Kabra
Proprietor
Membership No. 151023

Place: Mumbai
Date : 24 July, 2021

For and on behalf of board of directors

Sunil Mantri
Managing Director
DIN No. 02082403

Ritesh Raja
Director
DIN No 08650272

Mukul Kumar Jain
Chief Financial Officer

Surbhi Bansal
Company Secretary
Membership No. A28492

Place: Gurgaon

TNSI Retail Private Limited
Statement of Changes in Equity for the year ended 31 March, 2021
(All amounts in ₹ lacs, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
(A) EQUITY SHARE CAPITAL		
Opening Balance	1,894.00	1,894.00
Changes in during the year	-	-
Closing Balance	**1,894.00**	**1,894.00**
(B) OTHER EQUITY		
Retained Earnings		
Opening Balance	(2,820.69)	(2,442.68)
Profit/(loss) for the year	(226.95)	252.13
Transition		(623.21)
Other Comprehensive Income For The Year		
Re-measurement Gain on Defined Benefit Plans	3.83	(7.38)
Closing Balance	**(3,043.80)**	**(2,820.69)**

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached

For NEERAJ KABRA & CO.
Chartered Accountants
Firm's Registration No. 135278W

Neeraj Kabra
Proprietor
Membership No. 151023

Place: Mumbai
Date : 24 July, 2021

For and on behalf of board of directors

TNSI Retail Private Limited New Delhi

Sunil Mantri
Managing Director
DIN No. 02082403

Ritesh Raja
Director
DIN No 08650272

Mukul Kumar Jain
Chief Financial Officer

Surbhi Bansal
Company Secretary
Membership No. A28492

Place: Gurgaon

TNSI Retail Private Limited

Statement of Cash Flows for the year ended 31 March, 2021

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(226.95)	252.12
Adjustments for		
Depreciation and amortisation expense	328.87	352.46
Finance costs	164.82	196.08
Gain on sale/disposal of property, plant and equipment	-	(0.31)
Bad debts	37.32	36.99
Interest income	(32.78)	(29.77)
Operating profit before working capital changes	**271.29**	**807.57**
Adjustments for		
Movement in inventories	240.89	313.78
Movement in trade receivables and loans	(100.81)	12.73
Movement in other financial assets	(50.81)	7.62
Movement in other assets	341.77	(180.20)
Movement in trade payables and other financial liabilities	(350.40)	(316.84)
Movement in other financial liabilities	(15.53)	(0.90)
Movement in other liabilities	5.82	(52.47)
Movement in provisions	20.87	24.80
Cash generated from operations	**363.09**	**616.09**
Taxes paid	54.03	(23.42)
Net cash flows used in operating activities (A)	**417.12**	**592.67**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	0.66	(63.44)
Proceeds from sale of property, plant and equipment	-	3.18
Interest income	10.20	9.33
Investment in fixed deposits (net)	(4.45)	(101.13)
Net cash flow from investing activities (B)	**6.40**	**(152.06)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	-
Payment of principal portion of lease liabilities	(219.72)	(270.22)
Payment of interest portion of lease liabilities	(155.67)	(185.58)
Net cash from/(used in)/financing activities (C)	**(375.39)**	**(455.80)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	48.13	(15.19)
Cash and cash equivalents (Opening balance)	27.86	43.05
Cash and cash equivalents (Closing balance)	**75.99**	**27.86**

As per our report of even date attached

For NEERAJ KABRA & CO.
Chartered Accountants
Firm's Registration No. 135278W

NEERAJ KABRA & CO. Mem. No. 151023 Chartered Accountants

Neeraj Kabra
Proprietor
Membership No. 151023

Place: Mumbai
Date : 24 July, 2021

TNSI Retail Private Limited New Delhi

For and on behalf of board of directors

Sunil Mantri
Managing Director
DIN No. 02082403

Ritesh Raja
Director
DIN No 08650272

Mukul Kumar Jain
Chief Financial Officer

Surbhi Bansal
Company Secretary
Membership No. A28492

Place: Gurgaon

TNSI Retail Private Limited
Notes forming part of the financial statements

1 Corporate information

TNSI Retail Private Limited, ("the Company") was incorporated on 4 June 2010. The Company is engaged in the business of retail chains, running outlets at Delhi Metro Rail Corporation ("DMRC") Metro stations across Delhi/NCR. The Company is a wholly owned subsidiary of Travel News Services (India) Private Limited and running its outlet under the brand name of WH Smith. On 11 May 2018, Future Retail Limited had acquired 100% shareholding of the Travel News Services (India) Private Limited (the holding company). Hence, the Company has become deemed public company from that transaction date.

2 Basis for Preparation and Significant accounting policies

(i) Basis for preparation

The financial statements have been prepared in accordance with the 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 from time to time) and other relevant provisions of the Act. The financial statements have been prepared on accrual and going concern basis. All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value or net realizable value as applicable.

The financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III to the Act, unless otherwise stated.

(ii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An **asset** is treated as current when it is:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;
ii. Held primarily for the purpose of trading;
iii. Expected to be realised within twelve months after the reporting period; or
iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A **liability** is current when:

i. It is expected to be settled in normal operating cycle
ii. It is held primarily for the purpose of trading
iii. It is due to be settled within twelve months after the reporting period, or
iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

TNSI Retail Private Limited New Delhi

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(iv) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, if any. The Company recognizes revenue when it transfers control over a product or service to a customer.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Identifying the performance obligations

Under Ind AS 115, the Company evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it)

Determining the transaction price

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price means fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. GST are not received by the Company on its own account but collected on behalf of the government and accordingly, are excluded from revenue.

Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance completed to date, the Company recognises revenue in the amount to which it has a right to invoice.

Allocating the transaction price to the performance obligations

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price. For services that are not provided separately, the standalone selling price is estimated using adjusted market assessment approach.

Recognising revenue when/as performance obligation(s) are satisfied

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company derives revenue majorly from sale of goods. For transfer of goods, the Company recognise revenue

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when the customer obtains the control of goods. This usually happens when the customer gains right to direct the use of and obtained substantially all benefits from goods i.e. on delivery of goods to the customers.

Interest income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) as explained in point (v) below.

Dividends:

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income including from sub leasing arrangements is recognized on the basis of contractual terms with the parties except for the cases wherein the rental income is structured to be in line with expected general inflation, then rental income is recognised on straight line basis over the term of contract.

Service income

Revenue from service related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

(v) Financial instruments

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value using best estimates. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the statement the profit and loss.

Financial assets:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated

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future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit and loss (FVTPL)

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investments. The Company has irrevocably adopted to value its equity investments through FVTOCI.

Dividends on these investments in equity instruments are recognised in the statement of profit and loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in the statement of profit and loss are included in the 'Other income' line item.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortized cost and financial asset designated as at FVTOCI.

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, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses using the simplified approach permitted under Ind AS 109.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss 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 Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

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Financial liabilities:

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

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit and loss when liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the statement of profit and loss.

Derecognition of financial instruments

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

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

(vi) Inventories

Inventories are valued as follows:

a) **Packing and accessories:** At lower of cost and net realisable value. Cost represents purchase price and other direct costs and is determined on a "first in, first out" basis.

b) **Traded goods:**At lower of cost and net realisable value. Cost of inventories comprises all costs of purchase price and other incidental costs incurred in bringing the inventories to their present location and condition. Cost is determined based on first in first out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(vii) Property, plant and equipment ("PPE")

PPE and capital work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of PPE shall be recognised as an asset if, and only if:

a) it is probable that future economic benefits associated with the item will flow to the entity; and
b) the cost of the item can be measured reliably.

Subsequent expenditure related to an item of PPE is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing

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assets, including day- to- day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for theyear during which such expenses are incurred. Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during-the construction periods which are not related to construction activity nor are incidental thereto are charged to the Statement of Profit and Loss.

Depreciation on PPE is provided on the written down value method computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013('Schedule II') on a pro-rata basis from the date the asset is ready to put to use. Considering the applicability of Schedule II as mentioned above, in respect of certain class of assets- the Company has assessed the useful lives (as mentioned in the table below) lower than as prescribed in Schedule II, based on the technical assessment.

Asset Category	Useful life estimated by the management based on technical assessment (years)	Useful life as per Schedule II (years)
Computers	3 years	3-6 years

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.
Cost of the leasehold improvements are amortized over the period of the

.

(viii) Capital work-in-progress

Capital work-in-progress represents expenditure incurred in respect of capital projects and are carried at cost. Cost comprises of purchase cost, related acquisition expenses, development costs, pre-operating expenses and other direct expenditure.

(ix) Intangible assets

Intangible assets are initially recognised at:

a) In case the assets are acquired separately then at cost,
b) In case the assets are acquired in a business combination then at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Amortisation of Intangible assets is provided on the written down value method computed on the basis of useful life as assessed by the management i.e. 5 years based on the technical assessment on a pro-rata basis from the date the asset is ready to put to use.

Gains/(losses) arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(x) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a

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reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash- generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

(xi) Borrowing costs

General and specific borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset are capitalised upto 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.

All other borrowing costs are expensed in the period in which they occur or accrue. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

(xii) Leases

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

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– Fixed payments, including in-substance fixed payments;

– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– Amounts expected to be payable under a residual value guarantee; and

– The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognize the right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(xiii) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. All investments are carried at fair value.

(xiv) Dividend

Dividend declared is recognised as a liability only after it is approved by the shareholders in the general meeting.

(xv) Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising actuarial gains and lossesare recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

(xvi) Foreign currency transactions and translations

Transactions in foreign currencies are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(xvii) Income taxes

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Tax expense recognised in Statement of Profit and Loss comprises the sum of deferred tax and current tax except the ones recognised in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognised to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. 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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit or Loss (either in other comprehensive income or in equity).

(xviii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

(xix) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(xx) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xxi) 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 beyond 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. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but

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discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

(xxii) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xxiii) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax

The extent to which deferred tax asset to be recognized is based on the assessment of the probability of the future taxable income against which the deferred tax asset can be utilized.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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a) **Useful lives of depreciable assets**
The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

b) **Defined benefit obligation**
The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation 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 trends salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) **Inventories**
The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices. Further, the Company also estimate expected loss due to shrinkage, pilferage etc. along with NRV impact on old inventory taking into account most reliable information available at the reporting date.

d) **Impairment of assets**
In assessing impairment, the Company 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.

e) **Fair value measurement of financial instruments**
When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair valueof financial instruments.

(xxiv) Measurement of EBIDTA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

(xxv) Rounding of amounts

All amount 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.

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Notes forming part of the financial statements
(All amounts in ₹ lacs, unless stated otherwise)

3 : Property, plant and equipment

	Leasehold Improvements	Plant and Equipment	Office Equipment	Furniture and Fixtures	Total	Capital work-in-progress	Intangible assets Computer Software
Cost							
As at 1 April, 2019	**592.82**	**229.21**	**33.74**	**277.74**	**1,133.51**	-	**0.37**
Additions/Transfer	32.15	8.41	6.61	2.24	**49.40**	21.93	0.18
Disposals	-	(6.94)	-	(22.17)	**(29.10)**		
As at 31 March, 2020	**624.97**	**230.68**	**40.35**	**257.81**	**1,153.81**	**21.93**	**0.55**
As at 1 April, 2020	**624.97**	**230.68**	**40.35**	**257.81**	**1,153.81**	**21.93**	**0.55**
Additions/Transfer	3.93	2.07	-	6.09	**12.09**	-	-
Disposals	-	-	-	-	-	12.60	-
As at 31 March, 2021	**628.90**	**232.74**	**40.35**	**263.90**	**1,165.89**	**9.33**	**0.55**
Depreciation							
As at 1 April, 2019	**515.82**	**159.13**	**30.74**	**220.38**	**926.07**	-	**0.31**
Depreciation for the year	48.12	27.75	2.70	15.61	**94.18**	-	**0.09**
Disposals	-	(5.87)	-	(20.35)	**(26.23)**	-	-
As at 31 March, 2020	**563.94**	**181.00**	**33.44**	**215.64**	**994.02**	-	**0.40**
As at 1 April, 2020	**563.94**	**181.00**	**33.44**	**215.64**	**994.02**	-	**0.40**
Depreciation for the year	37.05	18.39	2.01	12.79	**70.24**	-	**0.09**
Disposals	-	-	-	-	-	-	-
As at 31 March, 2021	**600.99**	**199.40**	**35.44**	**228.44**	**1,064.26**	-	**0.48**
Net Book Value							
As at 31 March, 2021	**27.92**	**33.35**	**4.90**	**35.46**	**101.63**	**9.33**	**0.06**
As at 31 March, 2020	61.04	49.67	6.91	42.17	159.79	21.93	0.15

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Notes forming part of the financial statements

(All amounts in ₹ lacs, unless stated otherwise)

4. Non-Current Financial Assets - Deposits	As at 31 March, 2021	As at 31 March, 2020
Security Deposits		
Unsecured, Considered Good	77.66	57.28
	77.66	**57.28**

5. Non-Current Financial Assets - Others		
Bank Balances Other Than Cash and Cash Equivalents		
Deposit with banks*	100.50	100.50
Interest accrued but not due	5.50	3.29
	106.00	**103.79**

*Held as margin money or security against the borrowings, guarantees and other commitments

6. Other non-current assets		
Others*		
Unsecured, considered good	58.34	129.67
	58.34	**129.67**

(* Includes Balances with Statutory Authorities.)

7. Inventories		
Stock-in-Trade	106.11	348.90
Packing and accessories	4.41	2.51
	110.52	**351.41**

8. Trade receivables		
Unsecured, considered good	275.78	195.00
Unsecured, Considered Doubtfu	16.83	31.64
	292.61	**226.64**
Less: Allowance for Credit Losses	16.83	31.64
	275.78	**195.00**

9. Cash and cash equivalents		
Balances with banks	70.05	23.03
Cash on hand	5.94	4.83
	75.99	**27.86**

10. Bank balances other than the above		
Deposit With Banks*	104.96	104.95
Less: Amount disclosed under non current assets	(100.50)	(100.50)
	4.45	4.45
Deposits with Bank having original maturity less than 12 months	-	100.00
	4.45	**104.45**

*Held as margin money or security against the borrowings, guarantees and other commitments

11(a). Current Financial Assets - Deposits		
Security deposits		
Unsecured, Considered Good	143.23	143.23
	143.23	**143.23**

11(b). Current Financial Assets-Others		
Others	55.33	4.52
	55.33	**4.52**

12. Other current assets		
Other Advances#		
Unsecured, Considered Good	221.89	563.66
Unsecured, Considered Doubtful	-	-
	221.89	563.66
Less: Provision for Doubtful	-	-
	221.89	**563.66**

#Includes Advance to Suppliers, Prepaid Expenses, Statutory Authorities, etc.

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13. Equity share capital	As at 31 March, 2021	As at 31 March, 2020
Authorised		
2,00,00,000 (31 March, 2020: 2,00,00,000) equity shares of ₹10 each.	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid up		
1,89,40,000 (31 March, 2020: 1,89,40,000) equity shares of ₹ 10 each.	1,894.00	1,894.00
	1,894.00	**1,894.00**

a) Reconciliation of number of equity shares outstanding:

	As at 31 March, 2021		As at 31 March, 2020	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	1,89,40,000	1,894.00	1,89,40,000	1,894.00
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	**1,89,40,000**	**1,894.00**	**1,89,40,000**	**1,894.00**

b) Rights, Preferences and Restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining 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.

c) Shares held by the Holding Company:

Name of the shareholder	As at 31 March, 2021		As at 31 March, 2020	
	Nos.	Amount	Nos.	Amount
Travel News Services (India) Private Limited*	1,89,40,000	1,894.00	1,89,40,000	1,894.00

d) Details of equity shareholders holding more than 5% equity shares:

	As at 31 March, 2021		As at 31 March, 2020	
Name of the Shareholders	Nos.	% holding	Nos.	% holding
Travel News Services (India) Private Limited*	1,89,40,000	100%	1,89,40,000	100%

* It includes 6 shares held by nominee shareholders on behalf of Travel News Services (India) Private Limited.

e) As per records of the Company, including register of shareholder/members regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

f) The ultimate holding company of the Company is Future Retail Limited.

14. Other equity	As at 31 March, 2021	As at 31 March, 2020
(i) Retained earnings	(3,044.44)	(2,817.93)
(ii) Other comprehensive income	0.63	(3.21)
	(3,043.81)	**(2,821.14)**

Description of nature and purpose of reserve

(i) Retained earnings		
Opening Balance	(2,817.48)	(2,446.85)
Less: Adjustment on adoption of Ind AS 116	-	(623.21)
Profit / (Loss) for the year	(226.95)	252.13
Closing balance	**(3,044.44)**	**(2,817.93)**

Nature and purpose:

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

(ii) Other comprehensive income		
Remeasurement of defined benefit plans (net of tax)		
Opening Balance	(3.21)	4.17
(Deduction) / Additions during the year	3.83	(7.38)
Closing balance	**0.63**	**(3.21)**
Total other equity [(i) + (ii)]	**(3,043.81)**	**(2,821.14)**

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	As at 31 March, 2021	As at 31 March, 2020
15. Non-Current Financial Liabilities - Others		
Security deposits	130.24	117.82
	130.24	**117.82**
16. Other non-current liabilities		
Other payables	6.11	6.42
	6.11	**6.42**
17. Non-Current Liabilities - Provisions		
Provision for Employee Benefits	73.92	57.24
	73.92	**57.24**
18. Trade payables		
Due to Micro and Small Enterprises	16.11	30.89
Due to Others	1,538.42	1,877.31
	1,554.53	**1,908.20**
19. Current-Other Financial Liabilities		
Security deposits	1.55	1.55
Others	-	-
	1.55	**1.55**
20. Other current liabilities		
Advance from customers	-	-
Other payables	68.63	86.63
	68.63	**86.62**
21. Current Provisions		
Provision for Employee Benefits	1.31	0.94
	1.31	**0.95**

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22. Revenue from operations	Year Ended 31 March, 2021	Year Ended 31 March, 2020
Sale of products	965.45	6,145.83
Sale of services	277.56	1,118.39
Other operating revenue	38.95	154.76
	1,281.96	**7,418.98**

23. Other income		
Interest income	32.78	29.77
Rent concessions	375.39	-
Miscellaneous income	3.69	17.75
	411.87	**47.52**

24. Purchase of stock in trade		
Purchase of stock in trade	798.35	5,251.01
	798.35	**5,251.01**

25. Changes in inventories of stock-in-trade		
Closing Inventories		
Stock-In-Trade	106.11	340.90
Packing material and accessories	4.41	2.51
	110.52	**343.41**
Opening Inventories		
Stock-In-Trade	348.90	659.84
Packing material and accessories	2.51	5.35
	351.41	**665.19**
	240.89	**321.78**

26. Employee benefits expense		
Salaries, wages and bonus	221.41	518.12
Contribution to provident and other funds	21.54	54.67
Staff welfare expenses	3.12	7.74
	246.07	**580.53**

27. Finance costs		
Interest expenses	164.82	196.08
	164.82	**196.08**

28. Depreciation and amortisation expense		
Depreciation and amortization expense	328.87	352.46
	328.87	**352.46**

29. Other expenses		
Rent including lease rentals	17.29	25.91
Franchisee fees	7.72	118.16
Advertisement and marketing	1.33	20.97
Power and fuel	39.73	120.69
Insurance	5.03	4.40
Repairs and maintenance	3.91	12.78
Legal and professional fees	6.99	22.78
Miscellaneous expenses	59.78	186.83
	141.78	**512.52**

30. Earnings per share		
Profit/(loss) after tax	**(226.95)**	**252.13**
Nominal value per share (₹)	10.00	10.00
Weighted average number of equity shares for basic and diluted earnings per share	**189**	**189**
Add: weighted average number of potential equity shares	-	-
Weighted average number of equity shares for diluted earnings per share	**189**	**189**
Earnings/per share (in ₹) (Basic and diluted)	**(1.20)**	**1.33**

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31. Related party disclosures under Ind AS-24

(a) List of related parties and nature of relationship

Name of Related Party	**Nature of Relationship**
Travel News Services (India) Private Limited	Holding Company
Future Retail Limited	Ultimate holding company

Entity able to exercise significant influence
Future Supply Chain Solutions Ltd.
Future Generali India Insurance Company Limited
Future Consumer Ltd.
Retail Light Techniques India Ltd.
Fonterra Future Diary Private Limited

Directors	
Mr. Sunil Mantri	Managing Director
Mr. Virendra Mansukhlal Samani	Director
Mr. Ritesh Raja	Director
Mr. Vijai Singh Dugar	Director (till 30 June 2020)
Mr. Mayank Arora	Director (till 30 June 2020)

Key Managerial Personnel	
Mr. Sunil Mantri	Chief Executive Officer
Mr. Mukul Kumar Jain	Chief Financial Officer
Mrs. Surbhi Bansal	Company Secretary

b) The following transactions were carried out with related parties in the ordinary course of business:-

Description	Year ended 31 March, 2021	Year ended 31 March, 2020
Purchase of traded goods*		
Travel News Services (India) Private Limited	211.43	132.62
Future Retail Limited	-	33.42
Future Consumer Ltd.	1.82	131.73
Fonterra Future Diary Private Limited	1.07	3.36
Sale of traded goods*		
Travel News Services (India) Private Limited	625.47	3,225.20
Future Retail Limited	34.02	-
Sale of Property, plant and equipment*		
Travel News Services (India) Private Limited	-	0.38
Purchase of Property, plant and equipment*		
Travel News Services (India) Private Limited	-	7.81
Retail Light Techniques India Ltd.	-	0.97
Service income transferred to holding company*		
Travel News Services (India) Private Limited	-	291.67
Reimbursements of expenses		
Travel News Services (India) Private Limited	7.72	118.16
Service and Rent expense*		
Future Retail Limited	9.92	30.76
Future Supply Chain Solutions Ltd.	131.60	354.54
Future Generali India Insurance Company Limited	2.34	3.64
Director sitting fees		
Mr. Virendra Mansukhlal Samani	0.50	0.30
Mr.Ritesh Raja	0.50	0.10
Mr. Vijai Singh Dugar	0.20	0.30
Mr. Mayank Arora	0.20	0.30

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(All amounts in ₹ lacs, unless stated otherwise)

c) Balances at the end of year:-

Descriptions	As at 31 March 2021	As at 31 March 2020
Trade payables		
Travel News Services (India) Private Limited	251.28	200.44
Future Retail Limited	60.75	92.32
Future Supply Chain Solutions Ltd.	403.10	280.91
Retail Light Techniques India Ltd.	0.59	0.59
Fonterra Future Diary Private Limited	0.08	1.27
Trade receivables		
Future Consumer Ltd.	208.65	149.84

* Transactions as disclosed above is excluding GST

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32. Fair value measurements

The following table shows the carrying amounts of financial assets and financial liabilities:

	31 March, 2021			31 March, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Loans	-	-	220.89	-	-	200.51
Cash and cash equivalents	-	-	75.99	-	-	27.86
Trade receivables	-	-	275.78	-	-	195.00
Margin money deposits	-	-	100.50	-	-	100.50
Bank balances other than cash and cash equivalents	-	-	4.45	-	-	**104.45**
Other receivable	-	-	60.83	-	-	7.81
Total financial assets	-	-	**738.43**	-	-	**636.14**
Financial liabilities						
Security deposits	-	-	131.79	-	-	119.37
Trade payables	-	-	1,554.53	-	-	1,791.43
Employee related payables	-	-	47.58	-	-	63.11
Other payables	-	-	-	-	-	-
Total financial liabilities	-	-	**1,733.90**	-	-	**1,973.91**

Note:

The management assessed that carrying value of financial assets and financial liabilities, carried at amortised cost, are approximately equal to their fair values at respective balance sheet dates and do not significantly vary from the respective amounts in the balance sheet.

(i) Fair value hierarchy

Each class of assets and liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based in the observability of significant inputs to the measurement, as follows:

Level 1: hierarchy includes financial instruments measured using quoted prices. This includes listed traded mutual funds that have quoted price. The mutual funds are reported using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There has been no transfers between Level 1, Level 2 and Level 3 for the years ended 31st March, 2021 & 31st March, 2020.

Financial assets and liabilities measured at fair value- recurring fair value measurements

	Level 1	Level 2	Level 3	Total
As at 31 March, 2021				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
As at 31 March, 2020				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-

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33. Financial risk management

A. Capital risk management

The Company's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The Company determines the amount of capital required on the basis of an annual budget and a five year plan, including, for working capital, capital investment in stores and technology. The Company's funding requirements are met through internal accruals and a combination of both long-term and short-term borrowings.

The Company monitors capital on the basis of total debt to total equity on a periodic basis. The following table summarizes the capital of the Company:

Capital	**As at 31 March, 2021**	**As at 31 March, 2020**
Long term borrowings (including current maturities)	-	-
Short term borrowings	-	-
Less: Cash and cash equivalents	(75.99)	(27.86)
Total debt	**(75.99)**	**(27.86)**
Equity share capital	1,894.00	1,894.00
Other equity	(3,043.81)	(2,821.15)
Total equity	**(1,149.81)**	**(927.15)**
Gearing ratio	**0.07**	**0.03**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.
No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2021 and 31 March, 2020.

B. Financial risk management

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk and liquidity risk. The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Company's operational and financial performance.

B.1 Market risk :

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

i) Interest risk: i) Interest risk: Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises mainly of lease liabilities, loans and advances from related parties and security deposits, although company has no such interest bearing financial liabilitiy. However, there are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/ agreement and do not change for any market fluctuation and hence, the company does not have any interest bearing financial liability as on 31st March, 2020.

ii) Product price risk: In a potentially inflationary economy, the Company expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to retail customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Company protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

iii) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to trade payable by the Company as on year end.

Unhedged foreign currency risk exposure in USD

	31 March 2021 USD	**31 March 2021 INR in lacs**	**31 March 2020 USD**	**31 March 2020 INR in lacs**
Financial liabilities - Trade payables	90,664.56	62.24	34,397.03	23.33

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	**Statement of Profit and Loss**	
	Increase by 500 basis points	**Decrease by 500 basis points**
Increase/ (decrease)		
For the year ended 31 March 2021	4.53	(4.53)
For the year ended 31 March 2020	1.72	(1.72)

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B.2 Liquidity risk :

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks. Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows :-

	Less than 1 year	Between 1 and 5 years	More than 5 years	Carrying amounts
As at 31 March, 2020				
Lease liabilities (non current and current)	315.46	1,383.00	-	1,698.46
Security deposits	1.55	117.82	-	119.37
Employee related payables	63.11	-	-	63.11
Trade Payables and other payables	1,791.43	-	-	1,791.43
	2,171.55	**1,500.82**	**-**	**3,672.37**

	Less than 1 year	Between 1 and 5 years	More than 5 years	Carrying amounts
As at 31 March, 2021				
Lease liabilities (non current and current)	487.22	895.78	-	1,383.00
Security deposits	1.55	130.24	-	131.79
Employee related payables	47.58	-	-	47.58
Trade Payables and other payable	1,554.53	-	-	1,554.53
	2,090.88	**1,026.02**	**-**	**3,116.90**

B.3 Credit risk

i) Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are also set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers reasonable and supportive forward-looking information.

The Company provides for 12 month expected credit losses for the following financial assets -

As at 31 March, 2021

Particulars	**Estimated gross carrying amount**	**Expected credit loss**	**Carrying amount net of impairment provisions**
Loans	220.89	-	220.89
Cash and cash equivalents	75.99	-	75.99
Trade receivables			
Not due	-	-	-
Overdue (0-12 months)	15.40	-	15.40
Overdue (more than 12 months)	292.61	16.83	275.77
Margin money deposits	100.50	-	100.50
Bank balances other than cash and cash equivalents	4.45	-	4.45
Other receivable	60.83	-	60.83
Total financial assets	**770.66**	**16.83**	**753.82**

As at 31 March, 2020

Particulars	**Estimated gross carrying amount**	**Expected credit loss**	**Carrying amount net of impairment provisions**
Loans	200.51	-	200.51
Cash and cash equivalents	27.86	-	27.86
Trade receivables			-
Not due	-	-	-
Overdue (0-12 months)	163.54	-	163.54
Overdue (more than 12 months)	63.10	31.64	31.47
Margin money deposits	100.50	-	100.50
Bank balances other than cash and cash equivalents	104.45	-	104.45
Other receivable	7.81	-	7.81
Total financial assets	**667.78**	**31.64**	**636.15**

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34. Employee benefits
Employee benefit obligations

	31 March, 2021			31 March, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	0.44	36.59	37.02	0.31	29.58	29.89
Leave Encashment	0.88	37.33	38.21	0.64	27.66	28.30
Total employee benefit obligations	**1.31**	**73.92**	**75.23**	**0.95**	**57.24**	**58.19**

1. Defined benefits plans - Gratuity

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary) for each completed year of service subject to completion of five years service.

2. Other long-term benefits - Leave Encashment

Employees of the Company are entitled to accumulate their earned/privilege leave up to a maximum of 90 days which is payable/ encashable as per the policy on their separation.

Policy for recognizing actuarial gains and losses:

Actuarial gains and losses of defind benefit plan arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognized in other comprehensive income. Risks associated with the plan provisions are actuarial risks. These risks are interest rate risk, mortality risk and salary risk.

(a) Balance sheet amounts- Gratuity and Leave Encashment

The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	**Present value of obligation-Gratuity**	**Present value of obligation-Leave Encashment**
Balance as at 1 April 2019	**13.83**	**12.20**
Current service cost	8.20	9.26
Interest expense/(income)	1.08	0.95
Total amount recognised in profit or loss	**9.28**	**10.20**
Remeasurements		
(Gain)/loss from change in demographic assumptions	(0.01)	(0.01)
(Gain)/loss from change in financial assumptions	5.08	4.75
Experience (gains)/losses	2.31	3.45
Total amount recognised in other comprehensive income	**7.39**	**8.19**
Benefit payments	(0.59)	(2.29)
Balance as at 31 March 2020	**29.88**	**28.30**
Balance as at 1 April 2020	**29.88**	**28.30**
Current service cost	10.34	11.64
Interest expense/(income)	2.02	1.90
Total amount recognised in profit or loss	**12.36**	**13.55**
(Gain)/loss from change in demographic assumptions	-	-
(Gain)/loss from change in financial assumptions	(0.92)	(0.94)
Experience (gains)/losses	(2.92)	1.27
Total amount recognised in other comprehensive income	**(3.83)**	**0.33**
Benefit payments	(1.39)	(3.97)
Balance as at 31 March 2021	**37.02**	**38.21**

The net liability disclosed above relates to unfunded plans are as follows:

Particulars	**Gratuity**		**Leave Encashment**	
	As at 31 March, 2021	**As at 31 March, 2020**	**As at 31 March, 2021**	**As at 31 March, 2020**
Present value of funded obligations	37.02	29.88	38.21	28.30
Unfunded Provision	**37.02**	**29.88**	**38.21**	**28.30**

(b) Assumptions:

1. Economic assumptions

Particulars	**Gratuity**		**Leave Encashment**	
	As at 31 March, 2021	**As at 31 March, 2020**	**As at 31 March, 2021**	**As at 31 March, 2020**
Discount rate	6.94%	6.80%	6.94%	6.80%
Salary growth rate	6.50%	6.50%	6.50%	6.50%

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.
The salary escalation rate is based on estimates of salary increases, which takes into account inflation, promotion and other relevant factors.

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2. Demographic assumptions:

Particulars	Gratuity		Leave Encashment	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
Retirement age	58	58	58	58
Withdrawal rate, based on age				
18 to 30 Years	2%	2%	2%	2%
30 to 45 Years	2%	2%	2%	2%
Above 45 years	1%	1%	1%	1%
Mortality Table	IALM (2012-2014)	IALM (2012-2014)	IALM (2012-2014)	IALM (2012-2014)

(c) Sensitivity analysis

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

Impact on defined benefit obligation

Particulars	Change in assumption		Increase in assumption		Decrease in assumption	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
Discount rate :						
Gratuity	+/-100 basis points	+/-100 basis points	(5.74)	(4.81)	7.28	6.14
Leave Encashment	+/-100 basis points	+/-100 basis points	(5.88)	(4.51)	7.48	5.77
Salary growth rate						
Gratuity	+/-100 basis points	+/-100 basis points	7.24	5.92	(5.81)	(4.76)
Leave Encashment	+/-100 basis points	+/-100 basis points	7.23	5.72	(5.79)	(4.56)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(d) Weighted average duration

Particulars	1 year	2-5 years	More than 5 years	Total
31 March 2021				
Defined benefit obligation	0.93	5.32	15.61	21.86
31 March 2020				
Defined benefit obligation-Gratuity	0.18	2.04	11.60	13.82

Detailed information to the extent provided by the actuary in the actuarial certificate has been included in the disclosure above.

(e) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in INR. A decrease in market yield on high quality corporate bonds will increase the Company's defined benefit liability.

Mortality risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. A change in mortality rate will have a bearing on the plan's liability.

Salary escalation risk: The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of 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.

2. Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of the basic salary as per regulations. The contributions are made to registered provident fund administered by government of India. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligations. The expense recognized during the year towards defined contribution plan is ₹ 28.10 (31 March 2020 - ₹ 24.95).

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Notes forming part of the financial statements

(All amounts in ₹ lacs, unless stated otherwise)

35. Contingent liabilities, not acknowledged as debt, include:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Claims against the Company not acknowledged as Debts:		
Disputed liabilities not adjusted as expense in the accounts being in Appeal towards:		
i. Sales Tax	82.89	2.93
ii. Income Tax	58.38	58.38
Total	**141.27**	**61.31**

36. Lease

The Company has entered into lease arrangements for its warehouses, office premises etc.

These leasing arrangements which are non-cancellable range between 3 to 10 yearson an avearage and are usually renewable by mutual consent on mutually agreeable terms.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustments to retained earnings, on the date of initial application. Consequently, the Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of intial application. Comparitives as at and for the year ended 31st March,2019 have not been retrospectively adjusted and therefore will contine to be reported under accounting policies included as part of our Annual Report for the year ended 31st March,2019.

The weighted average incremental borrowing rate applied to lease liabilities as at 1st April, 2019 is 10.25%

i) Following are the changes in the carrying value of right of use assets for the year ended 31st March,2021:-

Particulars	Year ended 31 March, 2021
Balance as on April 1,2020	1,087.37
Addition	-
Deletion	-
Depreciation	258.11
Balance as on March 31,2020	**829.26**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization Expense in statement of Profit & Loss.

ii) The following is the break-up of current and non-current lease liabilities as at 31st March, 2021:-

Particulars	Year ended 31 March, 2021
Current lease liabilities	487.22
Non-current lease liabilities	895.78
Total	**1,383.00**

iii) The following is the movement in lease liabilities during the year ended 31st March, 2021:-

Particulars	Year ended 31 March, 2021
Balance at the beginning	1,698.46
Addition	-
Deletion	-
Finance cost accrued during the period	155.67
Payment of lease liabilities	471.13
Total	**1,383.00**

The Company does not face a significant liquidity risk with regards to its lease Liabilities as the current assets are sufficient to meet obligations to lease liabilites as and when they fall due.

iv) Reconciliation for the effects of the transition on Statement of Profit and loss for year ended 31st March, 2021 as follows:-

Particulars	Year ended 31 March, 2021 Comparable basis	Changes due to Ind AS 116 Increase / (decrease)	Year ended 31 March, 2021 (As Reported)
Rent including lease rentals	488.42	(471.13)	17.29
Depreciation and amortisation expense	70.77	258.11	328.87
Finance costs	9.15	155.67	164.82
Profit before exceptional item and tax	(284.30)	(57.35)	(226.95)

37. Payment to the Auditor	As at 31 March, 2021	As at 31 March, 2020
Statutory Audit Fees	0.75	2.24
Certification & Consultation Fees	-	5.63
Total	**0.75**	**7.87**

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38. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act")

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		
-Principal Amount	16.11	28.91
-Interest thereon, included in finance cost	1.43	1.99
ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting 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 Micro, Small and Medium Enterprise Development Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
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 for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

39. Operating Segments

In the opinion of the management, there is only one reporting segment "Retail Sales" as envisaged by Ind AS 108 "Operating Segments". The Company is operating only in India and there is no other significant geographical segment.

40. During the year ended 31 March, 2021, the Company has incurred a book loss (total comprehensive income/ loss) of INR 238.37 Lakhs (incurred a book profit on 31 March 2020: INR 244.74 lacs) and the accumulated losses of the company amounted to INR 3,059.07 lacs (31 March 2020: INR 2,821.15 lacs). These condition indicate the material uncertainity that may cast significant doubt about the Company's ability to continue as going concern. The management of the company is confident to generate sufficient profit and cash from operations in near future considering projections as established by client.

Further, the Holding Company has confirmed its intent as well as ability to extend continued financial support to the Company, as and when needed, so as to enable the Company continues its operations as a going concern in foreseable future.

In view of the same, the management of the Company is hopeful of generating sufficient cash flows in the future to meet the Company's financial obligations. Hence, these financial statements have been prepared on a going concern basis.

41. The Company carries out physical verification to cover all its retail stores and storage units during the year. Shortfall identified during such physical verification is adjusted for each store/unit at the relevant time during the year after conclusion of such exercise. Such write-off pertains to damage goods, short/excess inventory, misappropriation of inventory etc. During the year, the Company has created provision for inventory write off amounting ₹ 42.48 lacs (31 March 2020: ₹ 56.99 lacs).

42. COVID-19 pandemic has had a significant impact on the business operations and the financial statements of the Company for the year ended March 31, 2021. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of financial assets and non-financial assets. The impact of the current surge in COVID-19 pandemic on the overall economic environment is uncertain and may affect the underlying assumptions and estimates used to prepare the Company's financial statements, whereby actual outcome may differ from those assumptions and estimates considered as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. The Company continues to take various precautionary measures to ensure health and safety of its customers, employees and their families from COVID-19.

43. The Previous year's figures have been re-grouped/ re-classifed wherever considered necessary.

The accompanying notes form an integral part of these financial statements.

As per our report of even date.

For NEERAJ KABRA & CO.
Chartered Accountants
Firm's Registration No. 135278W

Neeraj Kabra
Proprietor
Membership No. 151023

Place: Mumbai
Date : 24 July, 2021

For and on behalf of board of directors

Sunil Mantri
Managing Director
DIN No. 02082403

Ritesh Raja
Director
DIN No. 08650272

Mukul Kumar Jain
Chief Financial Officer

Surbhi Bansal
Company Secretary
Membership No.28492

Place: Gurgaon