

**Shri Kannan Departmental Store Private Limited**  
**Financial Statements**  
**2020-21**

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of Shri Kannan Departmental Store Private Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Shri Kannan Departmental Store Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report but does not include financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material

misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

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

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the

Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## **Other Matters**

The comparative financial information of the Company for year ended 31<sup>st</sup>March, 2020 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 28<sup>th</sup> April,2020 expressed an unmodified opinion.

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

## **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to best of our information and according to explanations given to us, the Company has not paid/ provided any remuneration to its directors during the year.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Ketan Vora**  
Partner  
Membership No. 100459  
(UDIN:21100459AAAQ5901)

Mumbai, 26<sup>th</sup> April 2021

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Shri Kannan Departmental Store Private Limited for the year ended 31<sup>st</sup> March, 2021)**

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

We have audited the internal financial controls over financial reporting of Shri Kannan Departmental Store Private Limited ("the Company") as of 31<sup>st</sup> March, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

## **Meaning of Internal Financial Controls Over Financial Reporting**

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Ketan Vora**  
Partner  
Membership No. 100459  
(UDIN:21100459AAAAJQ5901)

**Mumbai, 26<sup>th</sup> April 2021**

## **ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in Paragraph 2 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Shri Kannan Departmental Store Private Limited for the year ended 31<sup>st</sup> March,2021]

- i. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed/ conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of freehold or leasehold land and building are held in the name of the Company as at balance sheet date.
- ii. In our opinion, the inventories were physically verified during the year by the Management at reasonable intervals and as explained to us, no material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
- iv. The Company has not granted any loans, made investments or provided guarantees to which provisions of Sections 185 or 186 of the Act apply and hence reporting under clause (iv) of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the period. Therefore, the provisions of clause (v) of the Order is not applicable to the Company.
- vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:

- a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable.
  - c) There are no dues of Income-tax, Goods and Service Tax and Customs Duty as on 31<sup>st</sup> March, 2021 on account of disputes.
- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- ix. In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- x. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company has been noticed or reported during the year except there have been instances of defalcation/ frauds by employees on the company which individually and in aggregate are not material.
- xi. According to the information and explanations given to us, the Company has not paid /provided any managerial remuneration as per provisions of Section 197 read with Schedule V to the Act and hence, reporting under clause (xi) of the Order is not applicable to the company.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

- xv. In our opinion and according to the information and explanations given to us, during the period, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate Company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.
  
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**Ketan Vora**  
Partner  
Membership No. 100459  
(UDIN:21100459AAAQJQ5901)

**MUMBAI**, 26<sup>th</sup> April 2021

**Shri Kannan Departmental Store Private Limited**  
**Balance Sheet as at 31st March 2021**

₹ crore  
As at  
31st March, 2020

	Notes		As at 31st March 2021		As at 31st March, 2020
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	1	227.65		237.04	
Capital Work-in-Progress	1	5.49		-	
		<b>233.14</b>		<b>237.04</b>	
Financial Assets					
Other Financial Assets	2	6.08		6.48	
Deferred Tax Assets (net)	3	0.02		0.02	
Other Non-Current Assets	4	0.81		1.45	
<b>Total Non-Current Assets</b>			<b>240.05</b>		<b>244.99</b>
<b>Current Assets</b>					
Inventories	5	75.87		51.39	
Financial Assets					
Investments		8.04		-	
Trade Receivables	6	7.54		3.53	
Cash and Cash Equivalents	7	8.21		27.73	
Other Current Assets	8	1.88		0.18	
<b>Total Current Assets</b>			<b>101.54</b>		<b>82.83</b>
<b>Total Assets</b>			<b>341.59</b>		<b>327.82</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity Share Capital	9.	8.49		8.49	
Other Equity	10	132.45		158.04	
<b>Total Equity</b>			<b>140.94</b>		<b>166.53</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Financial Liabilities					
Borrowing	11	99.35		92.18	
Provisions	12	1.82		2.84	
<b>Total Non-Current Liabilities</b>			<b>101.17</b>		<b>95.02</b>
<b>Current Liabilities</b>					
Financial Liabilities					
Trade Payables Due to:	13				
Micro and Small Enterprise		0.28		-	
Other than Micro and Small Enterprise		95.20		57.68	
Other Financial Liabilities	14	0.02		0.58	
Provisions	15	0.14		0.54	
Other Current Liabilities	16	3.84		7.47	
<b>Total Current Liabilities</b>			<b>99.48</b>		<b>66.27</b>
<b>Total Liabilities</b>			<b>200.65</b>		<b>161.29</b>
<b>Total Equity and Liabilities</b>			<b>341.59</b>		<b>327.82</b>

Significant accounting policies  
See accompanying Notes to the  
Financial Statements **1 to 30**

As per our Report of even date

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

**Ketan Vora**  
Partner  
Membership No : 100459  
Place :- Mumbai  
Dated : 26th April, 2021

For and on behalf of the Board

**Shri Shivam Murthi**  
Director  
DIN : 08715302  
Place :- Chennai

**Shri Ashok Kumar R S**  
Director  
DIN : 08715239  
Place :- Chennai

**Shri Kannan Departmental Store Private Limited**  
**Statement of Profit and Loss for the period ended 31st March 2021**

₹ crore

	Note	2020-21	2019-20
<b>INCOME</b>			
Value of Sales		324.56	403.85
Income from Services		0.39	0.84
Value of Sales & Services (Revenue)		<u>324.95</u>	<u>404.69</u>
Less:GST / Service Tax recovered		<u>25.55</u>	<u>33.04</u>
Revenue from Operations		299.40	371.65
Other Income	17	0.20	0.06
<b>Total Income</b>		<u>299.60</u>	<u>371.71</u>
<b>EXPENSES</b>			
Purchases of Stock-in-Trade		285.48	336.64
Changes in Inventories of Finished Goods and Stock-in-Trade	18	(24.48)	60.36
Employee Benefits Expense	19	15.52	20.92
Finance Costs	20	7.16	7.18
Depreciation and Amortisation Expense	1	7.96	3.90
Other Expenses	21	34.98	20.82
<b>Total Expenses</b>		<u>326.62</u>	<u>449.82</u>
<b>Loss before Tax</b>		(27.02)	(78.11)
<b>Tax expenses</b>			
Current Tax			
For Current year		-	-
For Earlier years			0.10
Deferred Tax	3	-	<u>2.28</u>
		-	2.38
<b>Loss for the year</b>		<u>(27.02)</u>	<u>(80.49)</u>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to Statement of profit and loss	19.1	1.43	(0.29)
<b>Total Other Comprehensive Income for the year (Net of tax)</b>		1.43	(0.29)
<b>Total Comprehensive Income for the year</b>		<u>(25.59)</u>	<u>(80.78)</u>
<b>Earnings per equity share of face value of ₹ 100 each</b>			
Basic and Diluted ( in ₹ )	25	(318.16)	(1,023.57)
Significant accounting policies			
See accompanying Notes to the Financial Statements	1 to 30		

As per our Report of even date

For and on behalf of the Board

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

**Shri Shivam Murthi**  
Director  
DIN : 08715302  
Place :- Chennai

**Ketan Vora**  
Partner  
Membership No : 100459  
Place :- Mumbai  
Dated : 26th April, 2021

**Shri Ashok Kumar R S**  
Director  
DIN : 08715239  
Place :- Chennai

**Shri Kannan Departmental Store Private Limited**  
**Statement of Changes in Equity for the period ended 31st March ,2021**

₹ crore

**A. Equity Share Capital**

	Balance as at 1st April , 2020	Changes during the year 2020- 21	Balance as at 31st March, 2021
	8.49	-	8.49

**B.Other Equity**

	Reserves & Surplus				Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings	Revaluation Reserve		
<b>As on 31st March 2020</b>						
Balance at the beginning of reporting period 1st April, 2019	-	36.16	2.11	-	-	38.27
Add: During the year	11.61	-	-	188.94	-	200.55
Total Comprehensive income for the year	-	-	(80.49)	-	(0.29)	(80.78)
Balance at the end of reporting period 31st March, 2020	<b>11.61</b>	<b>36.16</b>	<b>(78.38)</b>	<b>188.94</b>	<b>(0.29)</b>	<b>158.04</b>
<b>As on 31st March 2021</b>						
Balance at the beginning of reporting period 1st April, 2020	11.61	36.16	(78.38)	188.94	(0.29)	158.04
Add: During the year (including revaluation reserve)	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	(27.02)	-	1.43	(25.59)
<b>Balance at the end of reporting period 31st March 2021</b>	<b>11.61</b>	<b>36.16</b>	<b>(105.40)</b>	<b>188.94</b>	<b>1.14</b>	<b>132.45</b>

As per our Report of even date

For and on behalf of the Board

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

**Ketan Vora**  
Partner  
Membership No : 100459  
Place :- Mumbai  
Dated : 26th April, 2021

**Shri Shivam Murthi**  
Director  
DIN : 08715302  
Place :- Chennai

**Shri Ashok Kumar R S**  
Director  
DIN : 08715239  
Place :- Chennai

**Shri Kannan Departmental Store Private Limited**  
**Cash Flow Statement for the period ended 31st March 2021**

	2020-21	₹ crore 2019-20
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Loss Before Tax as per Statement of Profit and Loss</b>	<b>(27.02)</b>	<b>(78.11)</b>
<b>Adjusted for:</b>		
(Profit)/ Loss on Sale/ Discarding of Property, Plant and Equipment (Net)	1.70	(4.33)
Depreciation and Amortisation Expense	7.96	3.90
Interest Income	(0.20)	(0.04)
Finance Costs	7.16	7.18
	<u>16.62</u>	<u>6.71</u>
<b>Operating Profit before Working Capital Changes</b>	<b>(10.40)</b>	<b>(71.40)</b>
<b>Adjusted for:</b>		
Trade and Other Receivables	(4.65)	4.49
Inventories	(24.48)	60.36
Trade and Other Payables	33.63	18.09
	<u>4.50</u>	<u>82.94</u>
<b>Cash Generated from Operations</b>	<b>(5.90)</b>	<b>11.54</b>
Taxes Paid (Net)	(0.02)	(0.92)
<b>Net Cash Flow (Used in) / From Operating Activities</b>	<b>(5.92)</b>	<b>10.62</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment and Intangible Assets	(5.99)	(19.10)
Proceeds from disposal of Property, Plant and Equipment and Intangible Assets	0.22	6.49
Purchase of Other Investments	(16.00)	-
Proceeds from Sale of Financial Assets	8.00	-
Net Cash Flow From Other Financial Assets	(0.04)	-
Interest Income	0.20	0.04
<b>Net Cash Flow (Used in) Investing Activities</b>	<b>(13.61)</b>	<b>(12.57)</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share	-	12.23
Repayment of Borrowings - Non Current	(92.18)	73.96
Borrowings taken during the year	99.35	(58.68)
Interest Paid	(7.16)	(7.18)
<b>Net Cash Flow From Financing Activities</b>	<b>0.01</b>	<b>20.33</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(19.52)</b>	<b>18.38</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>27.73</b>	<b>9.35</b>
<b>Closing balance of Cash and Cash Equivalents (Refer Note "7")</b>	<b>8.21</b>	<b>27.73</b>

As per our Report of even date

For and on behalf of the Board

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

**Shri Shivam Murthi**  
Director  
DIN : 08715302  
Place :- Chennai

**Ketan Vora**  
Partner  
Membership No : 100459  
Place :- Mumbai  
Dated : 26th April, 2021

**Shri Ashok Kumar R S**  
Director  
DIN : 08715239  
Place :- Chennai

## **A. CORPORATE INFORMATION**

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

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

## **B. SIGNIFICANT ACCOUNTING POLICIES:**

### **B.1 BASIS OF PREPARATION AND PRESENTATION**

The Financial Statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

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

The Financial Statements of the Company have been prepared to comply with the Indian Accounting standards (‘Ind AS’), including the rules notified under the relevant provisions of the Companies Act, 2013, amended from time to time.

The Company’s Financial Statements are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest crore (‘00,00,000), except when otherwise indicated.

### **B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Current and Non-Current Classification**

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

An asset is treated as Current when it is –

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

### **(b) Property, Plant and Equipment**

Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets. In case of land the Company has availed fair value as deemed cost on the date of transition to Ind AS.

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

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

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

Depreciation on Property, Plant and Equipment is provided using written down value method on depreciable amount. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized over the lower of estimated useful life or lease period; on assets acquired under finance lease depreciation is provided over the lease term.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

### **(c) Leases**

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term

### **(d) Intangible Assets**

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

on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Intangible Assets.

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

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

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

A summary of amortisation/depletion policies applied to the Company's Intangible Assets to the extent of depreciable amount is as follows:

<b>Particular</b>	<b>Amortisation / Depletion</b>
Computer Software	Over a period of 5 years

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

#### **(e) Research and Development Expenditure**

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

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

#### **(f) Cash and Cash Equivalents**

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

#### **(g) Finance Costs**

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

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

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

#### **(h) Inventories**

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

Cost of finished goods, work-in-progress, raw materials, chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

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

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

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

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

#### **(j) Provisions**

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

#### **(k) Contingent Liabilities**

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

#### **(l) Employee Benefits Expense**

##### **Short-Term Employee Benefits**

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

##### **Post-Employment Benefits**

##### **Defined Contribution Plans**

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

##### **Defined Benefit Plans**

The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days basic salary for every completed year of service as per

the Payment of Gratuity Act, 1972. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognised in the period in which they occur in Other Comprehensive Income.

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

### **(m) Tax Expenses**

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

#### **i. Current Tax**

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

#### **ii. Deferred Tax**

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

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### **(n) Foreign Currencies Transactions and Translation**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalised as cost of assets. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2016 which are related to the acquisition or construction of qualifying assets are adjusted in the carrying cost of such assets.

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

Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

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

## **(o) Revenue Recognition**

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

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

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

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

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

## **Contract Balances**

### **Trade Receivables**

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

### **Contract Liabilities**

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

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

## **Interest Income**

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

## **Dividend Income**

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

## **q) Financial Instruments**

### **i. Financial Assets**

#### **A. Initial Recognition and Measurement**

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

#### **B. Subsequent Measurement**

##### **a) Financial Assets measured at Amortised Cost (AC)**

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

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

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

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

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

## **D. Other Equity Investments**

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

## **E. Impairment of Financial Assets**

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

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

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

## **ii. Financial Liabilities**

### **A. Initial Recognition and Measurement**

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

## **B. Subsequent Measurement**

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

### **iii. Derivative Financial Instruments and Hedge Accounting**

The Company uses various derivative financial instruments such as interest rate swaps, currency swaps, forwards & options and commodity contracts to mitigate the risk of changes in interest rates, exchange rates and commodity prices. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value.

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

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

#### **A. Cash Flow Hedge**

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

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

#### **B. Fair Value Hedge**

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

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

#### **iv. Derecognition of Financial Instruments**

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

#### **v. Offsetting**

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

#### **(r) Earnings Per Share**

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

### **C.CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

#### **(A) PROPERTY PLANT AND EQUIPMENT/ INTANGIBLE ASSETS**

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

#### **(B) RECOVERABILITY OF TRADE RECEIVABLES**

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

#### **(C) PROVISIONS**

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

#### **(D) IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS**

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment

calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

#### **(E) RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES**

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

#### **(F) FAIR VALUE MEASUREMENT**

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

#### **(G) GLOBAL HEALTH PANDEMIC ON COVID-19**

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

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

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

₹ crore

Description	Gross Block				Depreciation/ Amortisation				Net Block	
	As at 1st April, 2020	Additions	Deductions/ Adjustments	As at 31st March 2021	As at 1st April, 2020	For the year	Deductions/ Adjustments	As at 31st March 2021	As at 31st March 2021	As at 31st March, 2020
<b>Property, Plant and Equipment</b>										
<b>Own assets:</b>										
Freehold land	105.96	-	-	105.96	-	-	-	-	105.96	105.96
Buildings	125.43	0.14	-	125.57	11.70	5.50	-	17.20	108.37	113.73
Plant and machinery	17.84	0.11	-	17.95	12.36	0.77	-	13.13	4.82	5.48
Electrical installations	8.23	-	3.80	4.43	6.92	0.30	3.61	3.61	0.82	1.31
Equipment	-	0.24	-	0.24	-	-	-	-	0.24	-
Furniture and fixtures	33.17	0.01	8.19	24.99	23.13	1.31	6.46	17.98	7.01	10.04
Vehicles	5.97	-	-	5.97	5.47	0.07	-	5.54	0.43	0.52
<b>Sub-Total</b>	296.60	0.50	11.99	285.11	59.58	7.95	10.07	57.46	227.65	237.04
<b>Total (i)</b>	296.60	0.50	11.99	285.11	59.58	7.95	10.07	57.46	227.65	237.04
<b>Total</b>	296.60	0.50	11.99	285.11	59.58	7.95	10.07	57.46	227.65	237.04
<b>Capital work-in-progress</b>									5.49	-

1.1 Capital Work-in-Progress Includes :

- i) 0.825 crore (Previous year Nil crore) on account of Capital Goods Inventory.

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

	As at 31st March 2021	₹ crore As at 31st March, 2020
<b>2. Other Financial Assets</b>		
Others*	<b>6.08</b>	6.48
<b>Total</b>	<b><u>6.08</u></b>	<b><u>6.48</u></b>

\* Others Represents Rental Deposit

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

₹ crore

**3 Deferred Tax Assets ( Net )**

<b>As at</b>	As at
<b>31st March 2021</b>	31st March, 2020

The movement on the deferred tax account is as follows:

At the start of the year	<b>0.02</b>	2.30
Charge to profit or loss	-	(2.28)
<b>At the end of year</b>	<b><u>0.02</u></b>	<b><u>0.02</u></b>

Component of Deferred tax Assets / (liabilities)

As at	Charge to profit	31st March 2021
31st March, 2020	or loss	

**Deferred tax asset in relation to:**

Property, plant and equipment	0.02	-	<b>0.02</b>
MAT Credit	-	-	-
Disallowances	-	-	-
	<b><u>0.02</u></b>	<b><u>-</u></b>	<b><u>0.02</u></b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

₹ crore

<b>4. Other Non-Current Assets</b> <i>(unsecured and considered good)</i>	<b>As at</b> <b>31st March 2021</b>	<b>As at</b> <b>31st March, 2020</b>
Deposits	-	0.66
Advance Income Tax (Net of provision) <sup>(i)</sup>	<b>0.81</b>	0.79
<b>Total</b>	<b><u>0.81</u></b>	<b><u>1.45</u></b>

<sup>(i)</sup> <b>Advance Income Tax (Net of Provision)</b>	<b>As at</b> <b>31st March 2021</b>	<b>As at</b> <b>31st March, 2020</b>
At start of year	<b>0.79</b>	0.55
Charge for the year - Current Tax	-	0.10
Others	-	0.06
Tax paid (Net) during the year	<b>0.02</b>	0.08
At end of year	<b><u>0.81</u></b>	<b><u>0.79</u></b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

₹ crore

<b>5. Inventories</b>	<b>As at</b>	<b>As at</b>
<i>(valued at lower of cost or net realisable value)</i>	<b>31st March 2021</b>	31st March, 2020
Stock-in-trade	<b>75.87</b>	51.39
<b>Total</b>	<b><u>75.87</u></b>	<b><u>51.39</u></b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

₹ crore

<b>6. Trade Receivables</b>	<b>As at</b>	<b>As at</b>
<i>(unsecured and considered good)</i>	<b>31st March 2021</b>	<b>31st March, 2020</b>
Trade Receivables	<b>7.54</b>	<b>3.53</b>
<b>Total</b>	<b><u>7.54</u></b>	<b><u>3.53</u></b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

<b>7.Cash and Cash Equivalents</b>	<b>As at</b>	₹ crore
	<b>31st March 2021</b>	<b>As at 31st March, 2020</b>
Cash on Hand	<b>0.55</b>	0.63
Balances with Banks	<b>7.66</b>	27.10
<b>Cash and cash Equivalents as per Balance Sheet / Statement of Cash Flows</b>	<b>8.21</b>	<b>27.73</b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

	As at 31st March 2021	₹ crore As at 31st March, 2020
<b>8 Other Current Assets</b> <i>(unsecured and considered good)</i>		
Balance with Customs, Central Excise, GST and State Authorities, etc.	<b>0.61</b>	0.18
Others <sup>(i)</sup>	<b>1.27</b>	-
<b>Total</b>	<b><u>1.88</u></b>	<b><u>0.18</u></b>

(i) Includes Advances to Employees and Vendors.

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

₹ crore

9. Share capital		As at 31st March 2021	As at 31st March, 2020
<b>Authorised Share Capital</b>			
	10,00,000 (10,00,000)	Equity shares of ₹ 100 each	10.00
	-	10.00	10.00
<b>Total</b>		<u>10.00</u>	<u>10.00</u>
<b>Issued, Subscribed and Paid up:</b>			
	8,49,267 (8,49,267)	Equity shares of ₹ 100 each fully paid up	8.49
		8.49	8.49
<b>Total</b>		<u>8.49</u>	<u>8.49</u>

(i) Out of the above 8,49,627 (previous year 8,49,627 ) equity shares of ₹ 100 each fully paid-up are held by Reliance Retail Ventures Limited, the Holding Company, along with its nominees.

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

Name of the Shareholders	No. of Shares	As at 31st March , 2021 % held	No. of Shares	As at 31st March, 2020 % held
Reliance Retail ventures Limited	8,49,267	100%	8,49,267	100%

Particulars	As at 31st March, 2021 No. of Shares	As at 31st March, 2020 No. of shares
Equity shares at the beginning of the year	8,49,267	7,86,191
Add: Equity shares issued during the year	-	63,076
Equity shares at the end of the year	8,49,267	8,49,267

(iii) The Company has only one class of equity shares having par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share.

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

10. Other Equity		As at 31st March 2021		As at 31st March, 2020
		-		-
<b>General Reserve</b>			<u>36.16</u>	
As per last Balance Sheet	<u>36.16</u>	36.16		36.16
<b>Securities Premium</b>				
As per last Balance Sheet	11.61		-	
Add : During the year			<u>11.61</u>	
		11.61		11.61
<b>Retained Earnings</b>				
As per last Balance Sheet	(78.38)		2.11	
Add: Loss for the year	<u>(27.02)</u>		<u>(80.49)</u>	
		<u>(105.40)</u>		<u>(78.38)</u>
<b>Other Comprehensive Income (OCI)</b>				
As per last Balance Sheet	(0.29)		-	
Add: Movement in OCI (Net) during the year	<u>1.43</u>		<u>(0.29)</u>	
		1.14		(0.29)
<b>Revaluation Reserve</b>				
As per last Balance sheet	188.94		-	
Add: During the year	<u>-</u>		<u>-</u>	
		188.94		188.94
<b>Total</b>		<u><u>132.45</u></u>		<u><u>158.04</u></u>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

	As at	₹ crore As at
	31st March 2021	31st March, 2020
<b>11. Borrowings - Non Current</b>		
<b>Unsecured - At amortised Cost</b>		
Loans and advances from related parties [Refer Note 28]	<b>99.35</b>	92.18
<b>Total</b>	<u><u><b>99.35</b></u></u>	<u><u>92.18</u></u>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

<b>12. Provisions - Non Current</b>	<b>As at</b>	₹ crore
	<b>31st March 2021</b>	<b>As at 31st March, 2020</b>
Provision for employee benefits (i)	<b>1.82</b>	2.84
<b>Total</b>	<b><u>1.82</u></b>	<b><u>2.84</u></b>

<sup>(i)</sup> The provision for Employee Benefit includes gratuity, annual leave and vested long service leave entitlement accrued and compensation claims made by employees.

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

	As at 31st March 2021	₹ crore As at 31st March, 2020
<b>13 Trade payables</b>		
Micro and Small Enterprises	<b>0.28</b>	-
Others	<b>95.20</b>	57.68
<b>Total</b>	<b><u>95.48</u></b>	<b><u>57.68</u></b>

13.1 There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2021 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

	As at 31st March 2021	₹ crore As at 31st March, 2020
<b>14. Other Financial Liabilities - Current</b>		
Interest Accrued but not due on Borrowings	<b>0.02</b>	0.58
	<u><u>0.02</u></u>	<u><u>0.58</u></u>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

15. Provisions - Current	As at	₹ crore
	31st March 2021	As at 31st March, 2020
Provision for employee benefits (i)	0.14	0.54
<b>Total</b>	<b><u>0.14</u></b>	<b><u>0.54</u></b>

(i) The provision for employee benefit includes gratuity, annual leave and vested long service leave entitlement accrued and compensation claims made by employees.

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

	As at 31st March 2021	₹ crore As at 31st March, 2020
<b>16. Other Current Liabilities</b>		
Other Payables <sup>(i)</sup>	3.84	7.47
	<u>3.84</u>	<u>7.47</u>

<sup>(i)</sup> Includes Statutory Dues and Advances from Customers.

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

		₹ crore
<b>17. Other Income</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Interest</b>		
On Bank Deposits	<b>0.20</b>	0.04
Other Non-Operating Income	-	0.02
<b>Total</b>	<b>0.20</b>	<b>0.06</b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

		₹ crore
<b>18. Changes in Inventories of Finished Goods and Stock-in-Trade</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Inventories (at close)</b>		
Stock-in-trade	<b>75.87</b>	51.39
<b>Inventories (at commencement)</b>		
Stock-in-trade	<b>51.39</b>	111.75
<b>Total</b>	<b><u>(24.48)</u></b>	<b><u>60.36</u></b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

		₹ crore
	2020-21	2019-20
<b>19. Employee Benefits Expense</b>		
Salaries and Wages	12.63	17.67
Contribution to Provident Fund and Other Funds	1.32	2.64
Staff Welfare Expenses	1.57	0.61
<b>Total</b>	<b>15.52</b>	<b>20.92</b>

19.1 As per IND AS 19 "Employee Benefits", the disclosures as defined are given below :

**Defined Contribution Plan**

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

Particulars	2020-21	2019-20
Employer's Contribution to Provident Fund	0.30	0.42
Employer's Contribution to Superannuation Fund	-	-
Employer's Contribution to Pension Scheme	0.35	1.06

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

**Defined benefit plan**

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

	₹ crore	
	<b>Gratuity (unfunded)</b>	
Particulars	2020-21	2019-20
Defined Benefit Obligation at beginning of the year	3.39	2.44
Current Service cost	0.18	0.46
Interest Cost	0.23	0.20
Actuarial (Gain)/ Loss	( 1.43)	0.29
Benefits Paid	( 0.55)	-
<b>Defined Benefit Obligation end of the year</b>	<b>1.82</b>	<b>3.39</b>

**II. Reconciliation of fair value of Assets and Obligations**

	₹ crore	
	<b>Gratuity (unfunded)</b>	
	2020-21	2019-20
Present Value of Obligation	1.82	3.39
Amount recognised in Balance Sheet (Surplus/ Deficit)	1.82	3.39

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

III. Expenses recognised during the year	₹ crore	
	<b>Gratuity (unfunded)</b>	
<b>In Income Statement</b>	<b>2020-21</b>	2019-20
Current Service Cost	<b>0.18</b>	0.46
Interest Cost	<b>0.23</b>	0.20
Return on Plan Assets	-	-
Net Cost	<b>0.41</b>	0.66
<b>In Other Comprehensive Income</b>		
Actuarial (Gain)/ Loss	<b>( 1.43)</b>	0.29
Return on Plan Assets	-	-
<b>Net (Income) / Expense For the period Recognised in OCI</b>	<b>( 1.43)</b>	0.29

**IV. Actuarial assumptions**

	<b>Gratuity (unfunded)</b>	
	<b>2020-21</b>	2019-20
Mortality Table (IALM)	<b>2006-08</b>	2006-08
	<b>(Ultimate)</b>	(Ultimate)
Discount Rate (per annum)	<b>6.95%</b>	6.84%
Rate of Escalation in Salary (per annum)	<b>6.00%</b>	6.00%

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

The above information is certified by the actuary.

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

V. The expected contributions for Defined Benefit Plan for the next financial year will be in line with Financial year 2020-21

**VI. Sensitivity Analysis**

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

Particulars	₹ crore			
	As at		As at	
	31st March 2021		31st March, 2019	
	Decrease	Increase	Decrease	Increase
Change in rate of discounting ( delta effect of +/- 0.5%)	<b>0.13</b>	<b>( 0.12)</b>	0.23	( 0.21)
Change in rate of salary increase ( delta effect of +/- 0.5%)	<b>( 0.12)</b>	<b>0.13</b>	( 0.21)	0.23
Change in rate of employee turnover ( delta effect of +/- 0.5%)	<b>( 0.01)</b>	<b>0.01</b>	( 0.01)	0.01

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

		₹ crore
<b>20. Finance Costs</b>	<b>2020-21</b>	2019-20
Interest Expenses	7.16	7.18
<b>Total</b>	<b><u>7.16</u></b>	<b><u>7.18</u></b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

	₹ crore	
21. Other Expenses	2020-21	2019-20
<b>Selling and distribution expenses</b>		
Sales promotion and advertisement expenses	0.21	0.88
Store running expenses	10.98	1.00
Warehousing and distribution expenses	<u>0.21</u>	<u>-</u>
	<b>11.40</b>	<b>1.88</b>
<b>Establishment expenses</b>		
Stores and packing materials	0.15	1.18
Building repairs and maintenance	1.79	1.33
Other repairs	-	0.76
Rent	10.99	8.76
Insurance	0.38	0.42
Rates and taxes	0.52	1.56
Travelling and conveyance expenses	0.04	0.34
Professional fees	0.17	0.13
Loss on sale/ discarding of assets (net)	1.70	( 4.33)
Electricity expenses	4.56	5.80
Charity and donation	-	0.11
General expenses	<u>3.03</u>	<u>2.80</u>
	<b>23.33</b>	<b>18.86</b>
<b>Payments to auditor</b>		
Statutory Audit fees	0.25	0.02
Tax audit fees	-	0.06
	<b>0.25</b>	<b>0.08</b>
<b>Total</b>	<u><u><b>34.98</b></u></u>	<u><u><b>20.82</b></u></u>

**21.1 Corporate Social Responsibility (CSR)**

(a) CSR Amount required to spent as per section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is Nil (previous year Rs. 0.11 Crores). Expenditure related to Corporate Social Responsibility is Nil (previous year Rs. 0.11 Crores towards education)

(b) The details of amount spent towards CSR given below :

	₹ crore	
Particulars	2020-21	2019-20
Education	<u>-</u>	<u>0.11</u>
<b>Total</b>	<u><u>-</u></u>	<u><u>0.11</u></u>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

	₹ crore	
	As at	As at
22. Taxation	31st March 2021	31st March, 2020
<b>Income Tax recognised in the statement of Profit &amp; Loss</b>		
Current tax	-	0.10
Deferred tax	-	2.28
<b>Total income tax expenses recognised in the current ye</b>	<b>-</b>	<b>2.38</b>
<b>The income tax expenses for the year can be reconciled to the accounting profit as follows:</b>		
Profit before tax	(27.02)	(78.11)
Applicable Tax rate	25.170%	25.170%
Computed tax expenses	<b>(6.80)</b>	<b>(19.66)</b>
<b>Tax Effect of :</b>		
Carry forward losses utilised	<b>5.81</b>	19.57
Exempted Income	-	
Prior Period Adjustment	-	0.10
Expenses Disallowed	2.00	1.06
Additional Allowances	(1.01)	(0.96)
MAT Credit	-	-
<b>Current Tax Provision (A)</b>	<b>-0.00</b>	<b>0.10</b>
Incremental Deferred Tax Liability on account of PPE & Intangible Assets	-	2.28
Incremental Deferred Tax Liability on account of Financial Assets & Other items	-	-
<b>Deferred Tax Provision (B)</b>	<b>-</b>	<b>2.28</b>
<b>Tax Expenses recognised in Statement of Profit and Loss (A+B)</b>	<b>-0.00</b>	<b>2.38</b>
<b>Effective Tax Rate</b>	0.00%	-3.0%

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

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

**24 Earnings per share (EPS)**

	<b>2020-21</b>	2019-20
<b>Face Value per Equity Share (₹)</b>	<b>100.00</b>	100.00
<b>Basic and Diluted Earnings per Share (₹) *</b>	<b>(318.16)</b>	(1,023.57)
Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore)	<b>(27.02)</b>	(80.49)
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	<b>8,49,267</b>	7,86,363

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

**25 Capital Management**

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

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

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

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

**Net Gearing Ratio**

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

	As at	₹ crore As at
	<u>31st March, 2021</u>	<u>31st March, 2020</u>
Gross Debt	99.35	92.18
Cash and Marketable Securities	16.25	27.73
<b>Net Debt (A)</b>	<b>83.10</b>	<b>64.45</b>
<b>Total Equity (As per Balance Sheet) (B)</b>	<b>140.94</b>	<b>166.53</b>
<b>Net Gearing Ratio (A/B)</b>	<b>0.59</b>	<b>0.39</b>

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

**26 Financial Instruments**

**Valuation Methodology**

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

- The fair value of investment in unquoted Mutual Funds is measured at quoted price or NAV.
- The fair value of Forward Foreign Exchange contracts is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

**Fair value measurement hierarchy:**

₹ crore

Particulars	As at 31st March, 2021			As at 31st March, 2020				
	Carrying Amount	Level of input used in			Carrying Amount	Level of input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Assets</b>								
Trade Receivables	7.54	-	-	3.53	-	-	-	
Cash and Cash Equivalents	8.21	-	-	27.73	-	-	-	
Loans	-	-	-	-	-	-	-	
Other Financial Assets	-	-	-	6.48	-	-	-	
<b>At FVPTL</b>								
<b>Investments</b>	<b>8.04</b>							
<b>Financial Liabilities</b>								
<b>At Amortised Cost</b>								
Borrowings	99.35	-	-	92.18	-	-	-	
Trade Payables	95.48	-	-	57.68	-	-	-	
Other Financial Liabilities	0.02	-	-	0.58	-	-	-	

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

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

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

Level 3: Inputs based on unobservable market data.

**Foreign Currency Risk**

The following table shows foreign currency exposures in USD, GBP, EUR, SGD and RMB on financial instruments at the end of the reporting period.

**Interest Rate Risk**

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

Particulars	As at	₹ crore
	31st March, 2021	As at 31st March, 2020
Borrowings - Current #	99.35	92.18
<b>Total</b>	<b>99.35</b>	<b>92.18</b>

# Includes ₹ crore (Previous Year ₹ crore) as Commercial Paper discount

**Credit risk**

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from Company's activities in investments, dealing in derivatives and receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities.

Credit risk is actively managed through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to the Company. The company restricts its fixed income investments in liquid securities carrying high credit rating.

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

**27 Related Parties Disclosures**

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

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

Sr No	Name of the related party	Relationship
1	Reliance Industries Limited	} Ultimate holding company
2	Reliance Retail Ventures Limited	} Holding company
3	Reliance SMSL Limited	} Fellow Subsidiaries
4	Reliance Retail Limited	
5	Reliance BP Mobility Limited	
6	Reliance Projects & Property Management Services Limited	
7	Kanna Agro Farm	} Enterprises over which Key Managerial Personnel are able to exercise significant influence
8	Life style	
9	Dharmik Foods	
11	Shree Kannan Stores	
12	Kannan Agro Foods	
13	Shri Kannan Enterprises	

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

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

Sr No	Nature of transactions	Ultimate holding company	Holding company	Fellow subsidiaries	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Key Managerial Personnel	₹ crore Total
1	Additional Investment in Share Capital #	-	12.24	-	-	-	12.24
2	Net unsecured loans taken/ (repaid)	-	99.31	-92.18	-	-	7.13
		-	-	92.18	-	-	92.18
3	Purchase of Property Plant & Equipment / Project materials	-	-	0.95	-	-	0.95
		-	-	-	-	12.89	12.89
4	Sale of Property Plant & Equipments	-	-	-	0.28	5.49	5.77
5	Revenue from operations	-	-	8.31	0.82	-	9.13
		-	-	-	0.84	-	0.84
6	Purchases	-	-	87.43	11.36	-	98.79
		-	-	1.46	23.90	-	25.36
7	Expenditure						
a.	Interest cost	-	0.02	7.14	-	-	7.16
		-	-	0.64	-	-	0.64
b.	Store running expenses	-	-	10.69	-	-	10.69
		-	-	1.18	-	-	1.18
c.	Staff Welfare Expenses	-	-	-	1.45	-	1.45
		-	-	-	-	-	-
d.	General & Administrative	-	-	0.32	-	-	0.32
		-	-	-	-	-	-
e.	Rent	-	-	-	0.82	-	0.82
		-	-	-	-	-	-
f.	Warehousing and Distribution	-	0.24	-	-	-	0.24
g.	Payment to key Managerial personnel	-	-	-	-	-	-
		-	-	-	-	0.25	0.25

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

₹ crore

Sr No	Nature of transactions	Ultimate holding company	Holding company	Fellow subsidiaries	Enterprises over which Key Managerial	Key Managerial Personnel	Total
<b>Balance as at 31st March 2021</b>							
1	Equity Share Capital	-	<b>8.49</b>	-	-	-	<b>8.49</b>
		-	<i>8.49</i>	-	-	-	<i>8.49</i>
		-	-	-	-	-	-
2	Long term borrowing	-	<b>99.35</b>	-	-	-	<b>99.35</b>
		-	-	<i>92.18</i>	-	-	<i>92.18</i>
3	Trade Receivables	-	-	<b>8.98</b>	-	-	<b>8.98</b>
		-	-	-	-	<i>2.67</i>	<i>2.67</i>
4	Other Current liabilities	-	-	-	-	-	-
		-	-	<i>5.00</i>	-	-	<i>5.00</i>
5	Other Financial liability	-	<b>0.02</b>	-	-	-	<b>0.02</b>
		-	-	<i>0.58</i>	-	-	<i>0.58</i>
6	Trade payables	-	-	<b>89.43</b>	-	<b>1.22</b>	<b>90.65</b>
		-	-	<i>3.17</i>	-	<i>4.27</i>	<i>7.44</i>
7	Financial guarantees	-	-	-	-	-	-
		-	-	-	-	-	-

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

# Including Securities Premium.

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

Particulars	Relationship	2020-21	2019-20
<b>Additional Investment in Share Capital</b>			
Reliance Retail Ventures Limited	Holding Company	-	(12.24)
<b>Net unsecured loans taken/ (repaid)</b>			
Reliance Retail Ventures Limited	Holding Company	<b>99.31</b>	-
Reliance Retail Limited	Fellow Subsidiary	<b>(92.18)</b>	92.18
<b>Purchase of Property Plant &amp; Equipment / Project materials</b>			
Mr. T Thanushagran	Key Managerial Personnel	-	12.89
Reliance Projects & Property Management Services Limited	Fellow Subsidiary	<b>0.74</b>	-
Reliance Retail Limited	Fellow Subsidiary	<b>0.21</b>	-
<b>Sale of Property Plant &amp; Equipments</b>			
Mr. T Thanushagran	Key Managerial Personnel	-	5.49
Shree Kannan Stores	Enterprises over which Key Managerial Personnel are able to exercise significant influence	-	0.28
<b>Revenue from operations</b>			
Reliance Retail Limited	Fellow Subsidiary	<b>8.32</b>	0.00
Kannan Agro Farms	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	0.04
Lifestyle	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	<b>0.34</b>	0.00
Shree Kannan Stores	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	0.74
Kannan Agro Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	0.07
Sri Kannan Enterprises	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	0.01
Dharmik Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	<b>0.82</b>	-

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

<b>Purchases</b>	<b>Relationship</b>	<b>2020-21</b>	<b>2019-20</b>
Reliance Retail Limited	Fellow Subsidiary	<b>87.43</b>	1.46
Kannan Agro Farms	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	0.13
Lifestyle	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	1.65
Shree Kannan Stores	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	20.64
Kannan Agro Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	1.47
Dharmik Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	<b>11.02</b>	-
<b>Expenditure</b>			
<b>a. Interest cost</b>			
Reliance Retail Ventures Limited	Holding Company	<b>0.02</b>	-
Reliance Retail Limited	Fellow Subsidiary	<b>7.14</b>	0.64
<b>b. Store running expenses</b>			
Reliance SMSL Limited	Fellow Subsidiary	<b>10.69</b>	1.18
Dharmik Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	-	-
<b>c Staff Welfare Expenses</b>			
Dharmik Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	<b>1.45</b>	-
<b>d General and Administrative Expenses</b>			
Reliance Jio Infocomm Limited	Fellow Subsidiary	<b>0.32</b>	-
Reliance BP Mobility Limited	Fellow Subsidiary	-	-
<b>e. Rent</b>			
Dharmik Foods	Enterprises over which Key Managerial Personnel/Director are able to exercise significant influence	<b>0.82</b>	-
<b>f Warehousing and Distribution Expenses</b>			
Reliance Retail Ventures Limited	Holding Company	<b>0.24</b>	-
<b>g. Payment to key Managerial personnel</b>			
Mr. T Thanushagan	Key Managerial personnel	-	0.19
Ms Jayaseeli	Key Managerial Personnel	-	0.06

**Shri Kannan Departmental Store Private Limited**  
**Notes to Financial Statements for the period ended 31st March 2021**

27 Compensation of Key Managerial Personnel	2020-21	2019-20
i Employee Benefits		0.25
<b>Total</b>	<b>-</b>	<b>0.25</b>
<b>28 Contingent Liabilities</b>		
(i) Claim against the Company/ Disputed Liabilities not acknowledged as Debts	0.06	-
(a) In respect of Others		
<b>Total</b>	<b>0.06</b>	<b>-</b>

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

30 The Financial Statements were approved for issue by the Board of Directors on 26th April,2021.

As per our Report of even date

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

**Ketan Vora**  
Partner  
Membership No : 100459  
Place :- Mumbai  
Dated : 26th April, 2021

For and on behalf of the Board

**Shri Shivam Murthi**  
Director  
DIN : 08715302  
Place :- Chennai

**Shri Ashok Kumar R S**  
Director  
DIN : 08715239  
Place :- Chennai