

INDEPENDENT AUDITOR'S REPORT

To the Members of Indivinity Clothing Retail Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Indivinity Clothing Retail Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including 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 standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Responsibilities of Management for the Standalone Ind AS 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 standalone Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure (A) statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 with reference to these standalone Ind AS financial statements the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 derivatives 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.

For **RKACA & Associates, LLP**
Chartered Accountants
Firm Reg. No. 014372N/N500004

Sd/-

Rahul Kapoor
Partner
(Membership No. 083760)
UDIN: 21083760AAAAQZ9935

Place: Gurugram
Date: 25-05-2021

Annexure A to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Indivinity Clothing Retail Private Limited

The Annexure referred to in our report to the members of Indivinity Clothing Retail Private Limited ("the Company") for the year Ended on 31st March, 2021. We report that:

- (i) The company does not hold any fixed assets on the even date of Standalone Ind AS Financial Statements
- (ii) The Company does not have any inventory.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security made.
- (v) The company has not accepted any deposits from the public during the year.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148 (1) of the Act, for the products/services of the company.
- (vii)
 - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, custom duty, Goods and Service Tax, excise duty cess and other material statutory dues applicable to it. No undisputed amounts payable in respect of income tax, service tax, sales tax, customs duty, Goods and Service tax, excise duty and cess were in arrears, as at 31st March 2021 for a period of more than six months from the date they become payable.
 - (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, service tax, Goods and Service Tax, excise duty and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and in our opinion, the term loans have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company is not a public company and the provisions of section 197 are not applicable to the company. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, section 177 is not applicable to the company and transactions with the related parties are in compliance with sections 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **RKACA & Associates LLP**
Chartered Accountants
Firm Reg. No. 014372N/N500004

Sd/-

Rahul Kapoor
Partner
(Membership No. 083760)
UDIN: 21083760AAAAQZ9935
Place: Gurugram
Date: 25-05-2021

Annexure B to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Indivinity Clothing Retail Private Limited

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

We have audited the internal financial controls over financial reporting of Indivinity Clothing Retail Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **RKACA & Associates LLP**
Chartered Accountants
Firm Reg. No. 014372N/N500004

Sd/-

Rahul Kapoor
Partner
(Membership No. 083760)
UDIN: 21083760AAAAQZ9935
Place: Gurugram
Date: 25-05-2021

Indivinity Clothing Retail Private Limited
Balance Sheet as at March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

Particulars	Note No.	As at March 31, 2021
(1) ASSETS		
Non-current assets		
(a) Right-of-use asset	3	118.82
(b) Deferred tax assets (net)	4	-
Total non- current assets		118.82
(2) Current assets		
(a) Financial Assets		
(i) Cash and cash equivalents	5	6,940.98
(ii) Security deposits	6	9.00
(iii) Other financial assets	7	0.66
(b) Other current assets	8	6.80
Total current assets		6,957.45
Total Assets		7,076.27
(1) EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	9	3,500.00
(b) Other equity	10	3,418.85
Total Equity		6,918.85
Liabilities		
Non- current liabilities		
(a) Financial liabilities		
Lease liabilities	11	102.60
		102.60
(2) Current liabilities		
(a) Financial liabilities		
Lease Liabilities	12	16.92
(i) Trade payables		
-Total Outstanding dues of Micro enterprises and small enterprises	13	8.59
-Total outstanding dues of creditors other than micro enterprises and small enterprises	13	16.71
(ii) Other financial liabilities	14	9.00
(b) Other current liabilities	15	3.61
		54.82
Total equity and liabilities		7,076.27
Summary of significant accounting policies	2	
The accompanying notes are an integral part of the financial statements		
As per our report of even date		
For RKACA and Associates LLP	For and on behalf of the Board of Directors	
Chartered Accountants	Indivinity Clothing Retail Private Limited	
Firm Reg. No. 014372N/N500004		
Sd/-	Sd/-	Sd/-
Rahul Kapoor	Tarun Radhakrishin	Ashish Dikshit
Partner	Tahiliani	
Membership no.: 083760	Director	Director
	DIN : 00045531	DIN : 01842066
Place: Gurugram	Place: Gurugram	Place: Bengaluru
Date: May 25, 2021	Date: May 25, 2021	Date: May 25, 2021
	Sd/-	Sd/-
	Dolly Roy	Amarpreet Kaur Kalsi
	Chief Financial Officer	Company Secretary
		Membership no: A57130
	Place: Gurugram	Place: Mumbai
	Date: May 25, 2021	Date: May 25, 2021

Indivinity Clothing Retail Private Limited
Statement of Profit and loss for the period March 03, 2021 to March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

Particulars	Note No.	Period ended March 31, 2021
I Revenue from operations	16	-
II Other income	17	0.71
III Total income (I + II)		0.71
IV Expenses		
Finance costs	18	1.00
Depreciation and amortisation expense	19	1.10
Other expenses	20	70.94
Total expenses (IV)		73.04
V Loss before tax (III-IV)		(72.33)
VI Tax expense:	21	
Current tax		-
Deferred tax		-
Total tax expense		-
VII Loss for the period (V-VI)		(72.33)
VIII Total other Comprehensive income		-
IX Total Comprehensive income for the period (VII+VIII)		(72.33)
Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2021 : ₹ 10)]	22	
(1) Basic		(0.57)
(2) Diluted		(0.57)
Summary of significant accounting policies	2	
The accompanying notes are an integral part of the financial statements		
As per our report of even date		
For RKACA and Associates LLP	For and on behalf of the Board of Directors	
Chartered Accountants	Indivinity Clothing Retail Private Limited	
Firm Reg. No. 014372N/N500004		
Sd/-	Sd/-	Sd/-
Rahul Kapoor	Tarun Radhakrishin	Ashish Dikshit
Partner	Tahiliani	
Membership no.: 083760	Director	Director
	DIN : 00045531	DIN : 01842066
Place: Gurugram	Place: Gurugram	Place: Bengaluru
Date: May 25, 2021	Date: May 25, 2021	Date: May 25, 2021
	Sd/-	Sd/-
	Dolly Roy	Amarpreet Kaur Kalsi
	Chief Financial Officer	Company Secretary
		Membership no: A57130
	Place: Gurugram	Place: Mumbai
	Date: May 25, 2021	Date: May 25, 2021

Indivinity Clothing Retail Private Limited
Statement of Changes in equity for the period ended March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

A Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid up	Amount
At at March 03, 2021	-
Shares issued during the period	3,500.00
As at March 31, 2021	3,500.00

B Other Equity

Particulars	Attributable to the equity holders			Total equity
	Reserves and surplus		Other Comprehensive Income	
	Securities premium account (refer note 10)	Retained earnings (refer note 10)	Re-measurment gains/(losses) (refer note 10)	
As at March 03, 2021	-	-	-	-
Shares issued during the period	3,491.18	-	-	3,491.18
Profit/(Loss) for the period	-	(72.33)	-	(72.33)
As at March 31, 2021	3,491.18	(72.33)	-	3,418.85

The accompanying notes are an integral part of the financial statements

As per our report of even date

For RKACA and Associates LLP
Chartered Accountants
Firm Reg. No. 014372N/N500004

Sd/-

Rahul Kapoor

Partner
Membership no.: 083760

Place: Gurugram
Date: May 25, 2021

For and on behalf of the Board of Directors
Indivinity Clothing Retail Private Limited

Sd/-

Tarun Radhakrishin Tahiliani

Director
DIN : 00045531

Place: Gurugram
Date: May 25, 2021

Sd/-

Dolly Roy
Chief Financial Officer

Place: Gurugram
Date: May 25, 2021

Sd/-

Ashish Dikshit

Director
DIN : 01842066

Place: Bengaluru
Date: May 25, 2021

Sd/-

Amarpreet Kaur Kalsi
Company Secretary
Membership no: A57130

Place: Mumbai
Date: May 25, 2021

Indivinity Clothing Retail Private Limited
Statement of Cash flow for the year ended March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

Particulars	Year ended March 31, 2021
(Loss) before tax	(72.33)
Adjustments for:	
Depreciation and amortisation expense	1.10
Finance cost	1.00
Interest income	(0.71)
Operating profit before working capital changes	(70.94)
Change in working capital	
(Increase)/decrease in other assets	(16.46)
Increase/(decrease) in trade payables	25.29
Increase/(decrease) in other liabilities	12.61
Net cash flows from operating activities	(49.50)
Cash flow from investing activities	
Interest received	0.71
Net cash from/(used) in investing activities	0.71
Cash flow from financing activities	
Proceeds from capital	6,991.18
Payment of principle portion of lease liabilities	(0.40)
Interest on lease liabilities	(1.00)
Net cash flows from financing activities	6,989.77
Net (decrease) / increase in cash and cash equivalents	6,940.98
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	6,940.98
Components of cash and cash equivalents	
Cash on hand (refer note 5)	-
Balances with banks: (refer note 5)	
- On current accounts	5.09
- Balance in Kotak Securities Ltd	1.99
- Deposits with original maturity of less than three months	6,933.90
Total cash and cash equivalents	6,940.98
Notes:	
The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".	
The accompanying notes are an integral part of the financial statements	
As per our report of even date	
For RKACA and Associates LLP	For and on behalf of the Board of Directors
Chartered Accountants	Indivinity Clothing Retail Private Limited
Firm Reg. No. 014372N/N500004	
Sd/-	Sd/-
Rahul Kapoor	Tarun Radhakrishin
Partner	Tahiliani
Membership no.: 083760	Director
Place: Gurugram	DIN : 00045531
Date: May 25, 2021	Place: Gurugram
	Date: May 25, 2021
	Sd/-
	Dolly Roy
	Chief Financial
	Place: Gurugram
	Date: May 25, 2021
	Sd/-
	Ashish Dikshit
	Director
	DIN : 01842066
	Place: Bengaluru
	Date: May 25, 2021
	Sd/-
	Amarpreet Kaur Kalsi
	Company Secretary
	Membership no: A57130
	Place: Mumbai
	Date: May 25, 2021

Indivinity Clothing Retail Private Limited
Notes to financial statements for the year ended March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

3 Right-of-use asset	As at March 31, 2021
Building	118.82
	118.82

Set out below are the carrying amounts of right-of-use assets recognized and movements during the period.

	Buildings
As at March 3, 2021	-
Addition	119.92
Amortization expense	1.10
As at March 31, 2021	118.82

4 Deferred tax assets (net)	As at March 31, 2021
Deferred tax assets/(liabilities)	-
	-

The Company has incurred business losses during the current period. No deferred tax asset has been recognised at the period end as there is no reasonable certainty that sufficient future taxable income will be available in the foreseeable future against which such deferred tax asset can be utilised.

5 Cash and cash equivalents	As at March 31, 2021
Balances with bank:	
-On current accounts	5.09
-Balance in Kotak Securities Ltd	1.99
-Deposits with original maturity of less than three months	6,933.90
Cash on hand	-
Total	6,940.98

6 Security deposits	As at March 31, 2021
(Considered good, Unsecured)	
Current	
Security deposits	9.00
	9.00

7 Other financial assets	As at March 31, 2021
Current (Considered good, Unsecured)	
Interest accrued on fixed deposit	0.66
	0.66

8 Other current assets	As at March 31, 2021
Current (Considered good, Unsecured)	
Balance with government authority	6.80
	6.80

Indivinity Clothing Retail Private Limited**Notes to financial statements for the year ended March 31, 2021**

All amounts are in ₹ lakhs, except share data and per share data, and unless otherwise stated

9 Equity share capital**Authorised share capital**

Equity shares of ₹ 10 each

Increase during the period

At March 31, 2021

<u>No. of Shares</u>	<u>Amount</u>
4,00,00,000	4,000.00
<u>4,00,00,000</u>	<u>4,000.00</u>

Issued share capital***Fully paid up***

Equity shares of ₹ 10 each issued and subscribed

Shares fully paid up during the period

At March 31, 2021

<u>No. of Shares</u>	<u>Amount</u>
3,50,00,000	3,500.00
<u>3,50,00,000</u>	<u>3,500.00</u>

a) i) Terms/rights attached to equity shares

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

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Details of shareholders holding more than 5% shares in the Company

	<u>March 31, 2021</u>	
	<u>Number</u>	<u>% Holding</u>
Equity shares		
Aditya Birla Fashion and Retail Limited	2,79,99,995	80.00%
Tarun Tahiliani	70,00,000	20.00%
	<u>3,49,99,995</u>	<u>100.00%</u>

c) There was no shares issued for consideration other than cash during the period of five years immediately preceding the reporting year.**10 Other Equity**

	<u>Amount</u>
Securities premium account	
At March 03, 2021	-
Premium on issue of shares	3,491.18
At March 31, 2021	<u>3,491.18</u>
Retained earnings	
At March 03, 2021	-
Profit /(Loss) for the period	(72.33)
At March 31, 2021	<u>(72.33)</u>
Other comprehensive income	
At March 03, 2021	-
Re-measurement (loss) on defined benefit plan	-
At March 31, 2021	<u>-</u>
At March 31, 2021	<u>3,418.85</u>

Retained earnings :

Retained earnings comprise of the Company's current period undistributed profit/(losses) after taxes.

Securities Premium reserve:

Securities premium account has been created consequent to issue of shares at premium. The reserve can be utilised in accordance with the provisions of the Companies Act 2013.

Other comprehensive income:

Items of other comprehensive income consist of re-measurement gain on defined benefit plan of the Company.

Indivinity Clothing Retail Private Limited
Notes to financial statements for the year ended March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

11 Lease liabilities

	As at March 31, 2021
Non Current	
Lease liabilities	102.60
	102.60

a) The following is the lease liabilities movement for period ended:

	As at March 31, 2021
Balance at beginning of the year	-
Additions	119.92
Finance cost incurred during the period (refer note 18)	1.00
Payment of lease liabilities	1.40
Balance at end of the year	119.52
Non Current (refer note 11)	102.60
Current (refer note 12)	16.92
Total	119.52

12 Lease liabilities

	As at March 31, 2021
Current	
Lease liabilities	16.92
	16.92

13 Trade Payables

	As at March 31, 2021
Current	
Total Outstanding dues of micro enterprises and small enterprises	8.59
Total outstanding dues of creditors other than micro enterprises and small enterprises	16.71
Total	25.29

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosure are required to be made relating to Micro, Small and Medium Enterprises. On the basis of the information and records available with the management, there are outstanding dues to the Micro, Small and Medium Enterprises under MSMED Act, 2006.

The following disclosure are required under section 22 of MSMED act, 2006 under the chapter of delayed payment to micro and small enterprises:

Particulars	As at March 31, 2021
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting period.	8.59
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.	Nil
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid).	Nil
The amount of interest accrued and remaining unpaid at the end of accounting period.	Nil
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil

14 Other financial liabilities

	As at March 31, 2021
Current	
Security Deposit	9.00
	9.00

15 Other liabilities

	As at March 31, 2021
Current	
Statutory liabilities	3.61
	3.61

Indivinity Clothing Retail Private Limited
Notes to financial statements for the period ended March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

16 Revenue from operations	Period ended March 31, 2021
Sale of goods	-
	-

17 Other income	Period ended March 31, 2021
Interest income	
- on fixed Deposit	0.71
- on others	-
Total	0.71

18 Finance costs	Period ended March 31, 2021
Interest on:	
- Lease liabilities	1.00
Total	1.00

19 Depreciation and amortization expense	Period ended March 31, 2021
Amortisation of right-of-use asset (refer note 3)	1.10
Total	1.10

20 Other expenses	Period ended March 31, 2021
Advertisement and sales promotion	37.50
Legal and professional charges (refer note below)	9.15
Travelling and conveyance	1.23
Rates and taxes	23.03
Printing and stationary	0.02
Bank charges	0.01
Misc. expenses	0.01
Total	70.94

Note : Auditor remuneration

	Period ended March 31, 2021
As auditor:	
- Audit fee	0.40
- Tax matters	-
- Other Services	-
	0.40

Indivinity Clothing Retail Private Limited
Notes to financial statements for the period ended March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

21 Income tax expense

The major components of income tax expense for the period ended March 31, 2021 are:

a. Tax expense recognised in statement of profit or loss

	Period ended March 31, 2021
Current income tax:	
Current income tax charge	-
Deferred tax:	
(Gains)/losses relating to origination and reversal of temporary differences	-
Income tax (income)/expense recognised in the statement of profit or loss	-

b. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2021:

	Period ended March 31, 2021
Accounting profit before tax expense	(72.33)
Applicable tax rate in India	25.17%
Computed tax charge	(18.21)
Impact of deferred tax not created on temporary differences	18.21
	-

22 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the period attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the period plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit/(loss) and share data used for the basic and diluted EPS computation:

	Period ended March 31, 2021
Loss attributable to equity holders for basic earnings	(72.33)
Net loss for calculation of basic EPS	(72.33)
Weighted average number of equity shares for calculating basic EPS	127.93
Basic earnings per share	(0.57)

23 Commitments and contingencies

a) Capital Commitment

The Company has no capital commitments as at March 31, 2021.

b) Contingent Liabilities

The Company has no contingent liabilities as at March 31, 2021.

c) Corporate Guarantee

The Company has not given corporate guarantee as at March 31, 2021.

24 Leases

The company has entered into agreements for taking on the lease office buildings/stores. Leases of office buildings/stores generally have lease terms from 3 to 9 years.

The following are the amounts recognized in profit or loss:

	Period ended March 31, 2021
Depreciation expense for right-of-use assets	1.10
Interest expense on lease liabilities	1.00
	<u>2.10</u>

b) The maturity analysis of lease liabilities is disclosed below (undiscounted value):

	As at March 31, 2021
Less than one year	16.92
one to five years	57.83
more than five years	44.76
	<u>119.52</u>

c) Total cash outflow for leases

	As at March 31, 2021
Cash outflow for leases	<u>1.40</u>

25 Related party disclosures

a. Related parties

Description of relationship	Names of related parties
a) Holding Company	Aditya Birla Fashion and Retail Limited (with effect from March 26, 2021)
Key management personnel ("KMP")	
(a) Chief Executive Officer	Tarun Radhakrishin Tahiliani (with effect from March 03, 2021)
(b) Executive Directors	Ashish Dikshit (with effect from March 26, 2021) Sunirmal Talukdar (with effect from March 26, 2021) Sukanya Kripalu (with effect from March 26, 2021) Jagdish Bajaj (with effect from March 26, 2021)
(c) Chief Financial Officer	Dolly Roy (with effect from March 26, 2021)
(d) Company Secretary	Amarpreet Kaur Kalsi (with effect from March 26, 2021)
Entity which is jointly controlled	Goodview Fashion Private Limited
Parties where KMP excercises control	Tahiliani Design Private Limited Hope Apparels Private Limited

b. Transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

	Period ended March 31, 2021			
	Holding company	KMP	Party where KMP excercises control	Entity which is jointly controlled
Legal and professional charges	-	6.25	-	1.80
Rent paid	-	-	1.40	-
Reimbursement of expenses	-	-	1.14	-
Issue of equity shares	6,300.00	700.00	-	-

c. Outstanding balances

The following table provides the closing balances of related parties for the relevant financial period:

	As at March 31, 2021			
	Holding company	KMP	Party where KMP excercises control	Entity which is jointly controlled
Trade payable	-	5.78	2.44	-

26 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of Directors of the Company is identified as the Chief Operating Decision Maker ("CODM"), CODM evaluates the performance of the Company based on the single operative segment for the purpose of allocation resources and evaluating financial performance.

The Company is domiciled in India. Most of the revenue comes from India. There are no assets held by the Company outside India.

Indivinity Clothing Retail Private Limited

Notes to financial statements for the year ended March 31, 2021

All amounts are in ₹ Lakhs, unless otherwise stated

27 Fair values

The carrying value and fair value of financial instruments by categories as at March 31, 2021.

					Fair value		
	FVTPL	FVTOCI	Amortised Cost	Total Carrying value	Level 1	Level 2	Level 3
As at March 31, 2021							
Financial assets							
Security deposits	-	-	9.00	9.00	-	-	-
Cash and cash equivalents	-	-	6,940.98	6,940.98	-	-	-
Other financial assets	-	-	0.66	0.66	-	-	-
Total	-	-	6,950.64	6,950.64	-	-	-
Financial liabilities							
Lease liability	-	-	119.52	119.52	-	-	-
Trade payables	-	-	25.29	25.29	-	-	-
Other financial liabilities	-	-	9.00	9.00	-	-	-
Total	-	-	153.81	153.81	-	-	-

The following methods and assumptions were used to estimate the fair values:

- i The management assessed that cash and cash equivalent, bank balance other than cash and cash equivalents, security deposits, , trade payables, other financial assets (current), other financial liability (current), lease liabilities (current) approximates their fair value largely due to short-term maturities of these instruments.
- ii The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. There is no significant change in fair value of such liabilities and assets.

28 Financial risk management objectives and policies

The Company's principal financial liabilities comprise of lease liabilities and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include cash and cash equivalent that derive directly from its operations. The Company has not entered into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is responsible to ensure that Company's financial risk activities which are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and advances, deposits and FVTOCI investments.

(a) Interest Rate Risk

The Company is not exposed to interest rate risk as at reporting date.

(b) Foreign currency risk

The Company is not exposed to foreign currency risk as at reporting date.

(ii) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Company periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company only deals with parties which has good credit rating given by external rating agencies or based on the Company's internal assessment.

Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's finance committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Company's operations. The Company manages its surplus funds centrally by placing them with reputable financial institution with high credit rating and no history of default.

	Less than 1 year	1 to 5 years	More than 5 years	Total
As at March 31, 2021				
Trade payables	25.29	-	-	25.29
Lease liabilities (refer note 11 and 12)	16.92	57.83	44.76	119.52
Other financial liabilities	9.00	-	-	9.00
	51.21	57.83	44.76	153.81

29 Capital management

The Company's objective, when managing capital is to ensure the going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and meet shareholder's expectations. The policy of the Company is to borrow through banks/ financial institutions supported by committed borrowing facilities to meet anticipated funding requirements. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirement of financial markets.

The capital structure is governed by policies approved by the Board of Directors, and is monitored by various metrics. Funding requirements are reviewed periodically with any debt issuances.

Since, the entity is entirely funded through equity, it is not required to compute the capital gearing ratio.

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2021.

Indivinity Clothing Retail Private Limited
Notes to financial statements for the year ended March 31, 2021
All amounts are in ₹ Lakhs, unless otherwise stated

30 First Time adoption

These are the Company first financial statement prepared in accordance with the Ind AS and there is no comparative years presented being its first year of incorporation. The accounting policies set out in note 2 have been applied in preparing the financial statements for the period ended 31 March 2021.

For RKACA and Associates LLP
Chartered Accountants
Firm Reg. No. 014372N/N500004

Sd/-

Rahul Kapoor

Partner
Membership no.: 083760

Place: Gurugram
Date: May 25, 2021

For and on behalf of the Board of Directors
Indivinity Clothing Retail Private Limited

Sd/-

Sd/-

Tarun Radhakrishin
Tahiliani

Director
DIN : 00045531

Place: Gurugram
Date: May 25, 2021

Ashish Dikshit

Director
DIN : 01842066

Place: Bengaluru
Date: May 25, 2021

Sd/-

Sd/-

Dolly Roy
Chief Financial Officer

Place: Gurugram
Date: May 25, 2021

Amarpreet Kaur Kalsi
Company Secretary
Membership no: A57130

Place: Mumbai
Date: May 25, 2021

Indivinity Clothing Retail Private Limited
Notes to the financial statements for the year ended March 31, 2021

1. Corporate information

Indivinity Clothing Retail Private Limited (the “Company”), a private company domiciled in India, is incorporated on March 03, 2021 under the provisions of the Companies Act, 2013. The registered office of the Company is located at P No 708, Sector 37, Pace City II, Gurugram, Haryana– 122001.

The Company envisages to carry on the business of manufacture, and sale of apparel, jewelry and also accessories.

The financial statements have been approved and adopted by the Board in their meeting held on May 25, 2021.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2018, read with Section 133 of the Companies Act, 2013 (“the Act”) and presentation requirements of Division II of Schedule III of the Act and other relevant provisions of the Act as applicable.

These financial statements for the year ended March 31, 2021 are the first financial statements under Ind AS.

The financial statements have been prepared on accrual basis under the historical cost convention, except the following assets and liabilities, which have been measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities (refer accounting policy regarding financial instruments);

The financial statements are presented in Indian Rupee (INR) which is the functional currency of the Company. All amounts are rounded to two decimal places to the nearest lakhs, except when otherwise indicated.

2.2 Summary of significant accounting policies

(I) Current versus non-current classification

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

An asset is treated as current when it is:

- 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 equivalents 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 treated as 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.

All other liabilities are classified as non-current.

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

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

(II) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of Directors of the Company is identified as the Chief Operating Decision Maker ("CODM"), CODM evaluates the performance of the Company based on the single operative segment for the purpose of allocation resources and evaluating financial performance.

(III) Fair value measurements and hierarchy

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

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on its nature, characteristics and risks:

- Level 1 - inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-

Indivinity Clothing Retail Private Limited
Notes to the financial statements for the year ended March 31, 2021

assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amounts of trade receivables, trade payables, capital creditors, and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The carrying value of loans and security deposits are considered to be reasonably the same as their fair values. These are classified as level 2 fair values in the fair value hierarchy, due to the inclusion of observable inputs, including counter-party credit risk.

(IV) Foreign currencies

Transactions and balances:

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing exchange rates prevailing on the Balance Sheet date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. 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 (OCI) or the Statement of Profit and Loss are also reclassified in OCI or the Statement of Profit and Loss, respectively).

(V) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss, during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is calculated on a straight-line basis over the useful life of the asset estimated by the management. Depreciation on additions is provided on a pro rata basis from the month of installation or acquisition. Depreciation on deletions/ disposals is provided on a pro rata basis upto the month preceding the month of deletions/ disposals. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Company has used the following rates to provide depreciation on its tangible fixed assets:

(a) Assets where useful life is same as Schedule II

Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013
Office equipment	5 years
Electrical installation and equipment	10 years

(b) Assets where useful life differ from Schedule II

Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013	Estimated useful life
Plant machinery	15 years	20 years
Furniture and fittings – retail stores	10 years	5 years
Furniture and fittings – other than retail stores	10 years	7 years
Motor cycles, scooters and other mopeds	10 years	5 years
Servers, end user devices, such as desktops, laptops, etc.	3 years for end user devices and 6 years for servers	4 years

Useful life of assets different from that prescribed in Schedule II has been estimated by the management, supported by technical assessment.

Leasehold assets

Assets	Estimated useful life
Leasehold improvements at stores	5 years or period of lease, whichever is lower
Leasehold improvements other than stores	Period of lease

Interiors has been treated as part of leasehold improvements. Therefore, useful life shall be based on period of lease.

Items of property, plant and equipment individually costing less than five thousand rupees, are depreciated within one year from the date the asset is ready to use.

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within other gains/ losses.

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.

(VI) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are

Indivinity Clothing Retail Private Limited
Notes to the financial statements for the year ended March 31, 2021

reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from de-recognition 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 de-recognised.

Amortisation methods and periods

A summary of amortisation policies applied to the Company's intangible assets is as below:

Intangible assets	Useful life	Amortisation method used
Computer software	3 years	Amortised on straight-line basis

(VII) Impairment of non-financial asset

The carrying amount of assets are reviewed at each reporting date, if there is any indication of impairment based on internal/ external factors. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

Reversal of impairment losses recognised in the prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

(VIII) Other income

Interest income on all debt instruments is measured either at amortised cost or at fair value through OCI. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example: prepayment, extension, call and similar options), but does not consider the expected credit losses. Interest income is included in other income in the Statement of Profit and Loss.

(IX) Taxes

Current tax

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in India.

The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax relating to items recognised outside the Statement of Profit and Loss are recognised outside the Statement of Profit and Loss (either in OCI or in equity). Current tax and deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

(X) Leases

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The Company therefore accounts if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is not a lessor in any transactions, it is only a lessee.

Company is the lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 3 to 9 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using Company's incremental borrowing cost. The lease payments include fixed payments (and, in some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification arising due to change in the lease term, change in the lease payments or a change in the assessment of an option to purchase the underlying asset. when the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term leases and lease of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(XI) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date.

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

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories:

(a) Non-derivative financial assets

(i) Financial assets at amortised cost

Financial asset is measured at amortised cost using Effective Interest Rate (EIR), if both the conditions are met:

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

Effective Interest Rate (EIR) method:

The EIR method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income

is recognised in the Statement of Profit and Loss, and is included in the 'Other income' line item.

(ii) Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

An instrument shall be measured at FVTOCI, if both of the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

For the impairment policy on financial assets measured at amortised cost, refer note below.

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction cost. Fair value movements are recognised in other comprehensive income. However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain/ (loss) in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss.

(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Finance assets that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets:

The Company assesses at each date of balance sheet whether a financial asset is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life

time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

(b) Non derivative financial liabilities

Classification as debt or equity

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

All financial liabilities are recognized initially at fair value and in case of loans and borrowings net of directly attributable cost.

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Statement of Profit and Loss.

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.

De-recognition of financial assets and financial liabilities

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit

and Loss, if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (for example: when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Company de-recognises financial liabilities only when the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Offsetting financial instruments

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

(XII) Provisions and contingent liability

Provision

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursements.

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When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability

Contingent liability exists when there is 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 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 will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote.

(XIII) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

(XIV) Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.