

Hindware Home Retail Pvt. Ltd.
Balance sheet as at 31 March 2021

(₹ in lakh)

| | Particulars | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|------------|---|----------|----------------------|----------------------|
| A | ASSETS | | | |
| I | Non-current assets | | | |
| | (a) Property, plant and equipment | 5(a) | 0.72 | - |
| | (b) Other intangible assets | 5(b) | 7.48 | - |
| | (c) Financial assets | | | |
| | Loans | 6 | 0.10 | 0.10 |
| | (d) Deferred Tax Assets (Net) | 7 | 51.83 | - |
| | Total non-current assets | | 60.13 | 0.10 |
| II | Current assets | | | |
| | (a) Inventories | 8 | 60.26 | 49.62 |
| | (b) Financial assets | | | |
| | (i) Trade receivables | 9 | 169.21 | 94.53 |
| | (ii) Cash and cash equivalents | 10 | 33.95 | 20.50 |
| | (c) Other current assets | 11 | 126.49 | 132.09 |
| | Total current assets | | 389.91 | 296.74 |
| | Total assets (I+II) | | 450.04 | 296.84 |
| B | EQUITY AND LIABILITIES | | | |
| I | Equity | | | |
| | (a) Equity Share Capital | 12 | 64.00 | 64.00 |
| | (b) Other Equity | 13 | 2.48 | (121.08) |
| | Total Equity | | 66.48 | (57.08) |
| II | Liabilities | | | |
| | Non-current liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 14 | 51.24 | 51.24 |
| | (ii) Other financial liabilities measured at amortised cost | 14 | 39.83 | 33.09 |
| | (b) Provisions | 15 | 1.59 | 1.40 |
| | Total non-current liabilities | | 92.66 | 85.73 |
| III | Current liabilities | | | |
| | (a) Financial liabilities | | | |
| | (i) Trade payables | | | |
| | Due to micro and small enterprise | 16 | 39.29 | 0.81 |
| | Due to others | | 177.45 | 216.92 |
| | (ii) Other financial liabilities measured at amortised cost | 17 | | |
| | Due to micro and small enterprise | | - | 11.96 |
| | Due to others | | 69.75 | 30.80 |
| | (b) Other current liabilities | 18 | 4.35 | 7.65 |
| | (c) Current Provisions | 19 | 0.06 | 0.05 |
| | Total current liabilities | | 290.90 | 268.19 |
| | Total equity and liabilities (I+II+III) | | 450.04 | 296.84 |

Notes 1 to 37 form an integral part of these financial statements.
In terms of our report attached.

For N. C. Aggarwal & Co.
Chartered Accountants
Firm's Registration No. 003273N

For and on behalf of the Board of Directors

Sd/-
G. K. Aggarwal
Partner
Membership No: 086622

Sd/-
N K Goenka
Director
DIN-00060684

Sd/-
Girdhari Lal Sultania
Director
DIN-00060931

Place : Gurugram
Date : May 24, 2021

| Particulars | Note No. | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|----------|------------------------------|------------------------------|
| I Revenue from operations | 20 | 1,781.19 | 865.77 |
| II Other income | 21 | 4.40 | 0.88 |
| III Total revenue (I + II) | | 1,785.59 | 866.65 |
| IV Expenses | | | |
| Purchases of Stock-in-trade | 22 | 1,387.15 | 674.84 |
| Changes in stock of stock-in-trade | 23 | (10.64) | (30.84) |
| Employee benefits expense | 24 | 11.01 | 10.57 |
| Finance costs | 25 | 6.85 | 12.50 |
| Depreciation and amortisation expense | | 1.04 | - |
| Other expenses | 26 | 318.48 | 238.77 |
| Total expenses (IV) | | 1,713.89 | 905.84 |
| V Profit/(loss) before tax (III - IV) | | 71.70 | (39.18) |
| VI Tax expense | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | 27 | (51.83) | - |
| Total tax expense | | (51.83) | - |
| VII Profit/(loss) after tax (V - VI) | | 123.53 | (39.18) |
| VIII Other comprehensive income | | | |
| Items that will not be reclassified to profit or (loss) | | | |
| Remeasurements of the defined benefit plan | | 0.04 | (0.25) |
| Income Tax Effect on above | | (0.01) | - |
| Total Other Comprehensive Income | | 0.03 | (0.25) |
| IX Total comprehensive income for the period (VII+VIII) | | 123.56 | (39.43) |
| XI Earnings per equity share (of ₹ 10/- each): | | | |
| Basic and diluted | | 19.30 | (6.12) |

Notes 1 to 37 form an integral part of these financial statements.

In terms of our report attached.

For N. C. Aggarwal & Co.

Chartered Accountants

Firm's Registration No. 003273N

Sd/-

G. K. Aggarwal

Partner

Membership No: 086622

For and on behalf of the Board of Directors

Sd/-

N K Goenka

Director

DIN-00060684

Sd/-

Girdhari Lal Sultania

Director

DIN-00060931

Place : Gurugram

Date : May 24, 2021

Hindware Home Retail Pvt. Ltd.
Statement of Changes in equity for the year ended 31 March 2021

A. Equity Share Capital

(₹ in lakh)

| Balance as at April 1, 2019 | Changes in equity share capital during 2019-20 | Balance as at March 31, 2020 | Changes in equity share capital during 2020-21 | Balance as at March 31, 2021 |
|-----------------------------|--|------------------------------|--|------------------------------|
| 64.00 | - | 64.00 | - | 64.00 |

B. Other equity

(₹ in lakh)

| Particulars | Reserves and Surplus | | | | Items of other comprehensive Income | Total |
|--|--|----------------------------|-----------------|-------------------|---|----------|
| | Equity component of compound financial instruments | Securities premium reserve | Capital reserve | Retained earnings | Re-measurement of the net defined benefit Plans | |
| Balance as at 1 April 2019 | 128.56 | 42.00 | (57.40) | (198.50) | 3.69 | (81.65) |
| Profit for the year | - | - | - | (39.18) | - | (39.18) |
| Other comprehensive income for the year | - | - | - | - | (0.25) | (0.25) |
| Total comprehensive income for the year | - | - | - | (39.18) | (0.25) | (39.43) |
| Addition during the year | - | - | - | - | - | - |
| Balance as at 31 March 2020 | 128.56 | 42.00 | (57.40) | (237.69) | 3.45 | (121.08) |
| Profit for the year | - | - | - | 123.53 | - | 123.53 |
| Other comprehensive income for the year | - | - | - | - | 0.03 | 0.03 |
| Total comprehensive income for the year | - | - | - | 123.53 | 0.03 | 123.56 |
| Addition during the year | - | - | - | - | - | - |
| Balance as at 31 March 2021 | 128.56 | 42.00 | (57.40) | (114.16) | 3.48 | 2.48 |

Notes 1 to 37 form an integral part of these financial statements,
In terms of our report attached.

For N. C. Aggarwal & Co.
Chartered Accountants
Firm's Registration No. 003273N

For and on behalf of the Board of Directors

Sd/-

G. K. Aggarwal
Partner
Membership No: 086622

Sd/-

N K Goenka
Director
DIN-00060684

Sd/-

Girdhari Lal Sultania
Director
DIN-00060931

Place : Gurugram
Date : May 24, 2021

Hindware Home Retail Pvt. Ltd.

Cash flow statement for the year ended 31 March, 2021

(₹ in lakh)

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| CASH INFLOW / (OUTFLOW) FROM THE OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 71.70 | (39.43) |
| Adjustments for: | | |
| Depreciation and amortisation of non-current assets | 1.04 | - |
| Finance costs recognised in profit or loss | 6.85 | 12.50 |
| Provision for doubtful debts and advances | - | 3.09 |
| | 79.59 | (23.84) |
| Movements in working capital: | | |
| (Increase)/Decrease in Inventories | (10.64) | (30.84) |
| (Increase)/Decrease in trade and other receivables | (74.68) | 11.42 |
| (Increase)/Decrease in other assets | 5.83 | (49.29) |
| Increase/(Decrease) in trade and other payables | 22.74 | 116.84 |
| Increase/(decrease) in provisions | 0.20 | 0.72 |
| Movement of Working Capital | (56.55) | 48.85 |
| Cash generated from operations | 23.04 | 25.01 |
| Income taxes paid | (0.23) | - |
| Net cash generated from operating activities | 22.81 | 25.01 |
| Cash flows from investing activities: | | |
| Purchase of property, plant & equipment and intangible assets | (8.50) | - |
| Net cash used in investing activities | (8.50) | - |
| Cash flows from financing activities: | | |
| Interest paid | (0.11) | (6.24) |
| Net cash used in financing activities | (0.11) | (6.24) |
| Net increase in cash and cash equivalents | 14.20 | 18.77 |
| Cash and cash equivalents (opening balance) | 20.50 | 1.74 |
| Cash and cash equivalents (closing balance) | 34.70 | 20.50 |

Notes 1 to 37 form an integral part of these financial statements.

In terms of our report attached.

For N. C. Aggarwal & Co.
Chartered Accountants
Firm's Registration No. 003273N

For and on behalf of the Board of Directors

Sd/-
G. K. Aggarwal
Partner
Membership No: 086622

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N K Goenka
Director
DIN-00060684

Sd/-
Girdhari Lal Sultania
Director
DIN-00060931

Place : Gurugram
Date : May 24, 2021

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

1. Corporate and General Information

Hindware Home Retail Private Limited (the 'Company') is a private Limited Company incorporated in India on 24-November-2005 under the Companies Act 1956. The Company is engaged in retail business of furniture, modular kitchen, home decor and home furnishing through online channel and also engaged in institutional sales on pan India basis.

2. Basis of preparation

The financial statements have been prepared complying in all material respects with the Indian accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2015. The financial statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation for all periods presented.

The significant accounting policies used in preparing the financial statements are set out in Note no.3 of the Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no.4 on critical accounting estimates, assumptions and judgements).

3.0 Significant Accounting Policies

3.1 Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except for certain financial assets and financial liabilities that are measured at fair value at the end of each reporting period, as stated in the accounting policies set out below.

3.2 Property, Plant and Equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of previous GAAP for all its tangible assets as of 1 April 2015 (transition date) and use that carrying value as its deemed cost on transition date. Depreciation on fixed assets has been provided as per guidance set out in Schedule II of the Act on straight line method using the under mentioned indicative lives.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

3.3 Impairment of non-current assets

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

3.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

3.5 Inventories

Traded goods including material in transit are valued at lower of cost and net realisable value. Cost includes cost of purchase, freight and other related incidental expenses incurred in bringing the inventory to its present condition and location and is arrived at on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to affect the sale.

3.6 Employee benefits

a) Short term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related services are rendered.

b) Leave encashment being a short term benefit is accounted for using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.

c) Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

d) The cost of providing gratuity, a defined benefit plans, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in statement of profit and loss.

3.7 Foreign currency reinstatement and translation

(a) Functional and presentation currency

These financial statements have been presented in Indian Rupees, which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at rates prevailing at the date of the transaction. Subsequently monetary items are translated at closing exchange rates of balance sheet date and the resulting exchange difference recognised in profit or loss. Differences arising on settlement of monetary items are also recognised in profit or loss.

Appendix B to Ind AS 21 on foreign currency transactions and advance consideration determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

3.8 Financial instruments – initial recognition, subsequent measurement and impairment

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.

a) Financial Assets

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

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively in groups that share similar credit risk characteristics.

Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

For foreign currency trade receivable, impairment is assessed after reinstatement at closing rates.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

b) Financial Liabilities

At initial recognition, all financial liabilities other than fair valued through profit and loss are recognised initially at fair value less transaction costs that are attributable to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss is expensed in profit or loss.

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or it is designated as at FVTPL. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

ii. Financial liabilities measured at amortised cost

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

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 net carrying amount on initial recognition.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Trade and other payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.9 Compound financial instruments

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

3.11 Taxation

Income tax expense represents the sum of current and deferred tax.

Current tax is determined higher of the amount of tax payable calculated at the tax rates applicable to the relevant assessment year on the assessable income of the respective year or tax payable on book profits computed in accordance with the provisions of section 115JB of the Income-tax Act, 1961.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset to the extent it pertains to unabsorbed business loss/depreciation is recognised only to the extent that there is virtual certainty of realisation based on convincing evidence, as evaluated on a case to case basis.

3.12 Revenue recognition and other operating income

Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the goods have been transferred to the customer and when no significant uncertainty exists regarding the amount of consideration that will be derived. Sales are stated exclusive of sales tax, trade discounts and sales return, wherever applicable.

Sale of services

Revenue from services is recognised as and when services are rendered.

Interest income

Interest income is recognised on a time proportion basis for the amount outstanding and at the applicable rates.

Revenue from Contract as per Ind As-115

This Standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Revenue is recognised when a customer obtains control of a promised good or service

3.13 Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

3.14 Provisions and contingencies

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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised 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).

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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are disclosed 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 will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.15 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Company II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) 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.

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

A liability is classified as current when:

- a) It is expected to be settled in normal operating cycle,
- b) It is held primarily for the purpose of trading,
- c) It is due to be settled within twelve months after the reporting period, or
- d) 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

4. Significant accounting estimates, assumptions and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement:

(a) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(b) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible.

Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

Note 5 (a) Property, Plant and Equipment

(₹ in lakh)

| Particulars | | Computer | Total |
|-------------|----------------------------------|----------|-------|
| A | Gross Block | | |
| | As at April 1, 2020 | 2.61 | 2.61 |
| | Additions | 0.75 | 0.75 |
| | Disposal /Adjustment | - | - |
| | As at March 31, 2021 | 3.36 | 3.36 |
| | Additions | - | - |
| | Disposal /Adjustment | - | - |
| | As at June 30, 2021 | 3.36 | 3.36 |
| B | Accumulated Depreciation | | |
| | As at April 01, 2019 | 2.61 | 2.61 |
| | Depreciation charge for the year | - | - |
| | Disposal /Adjustment | - | - |
| | As at March 31, 2020 | 2.61 | 2.61 |
| | Depreciation charge for the year | 0.03 | 0.03 |
| | Disposal /Adjustment | - | - |
| | As at March 31, 2021 | 2.64 | 2.64 |
| C | Net Book Value | | |
| | As at April 01, 2019 | - | - |
| | As at March 31, 2020 | 0.75 | 0.75 |
| | As at March 31, 2021 | 0.72 | 0.72 |

Hindware Home Retail Pvt. Ltd.**Significant accounting policies and other explanatory information to financial statements for the year ended 31 March 2021****Note 5(b)- Other intangible assets****(₹ in lakh)**

| | Particulars | Software | Total |
|----------|----------------------------------|-----------------|--------------|
| A | Gross Block | | |
| | As at April 1, 2019 | - | - |
| | Additions | - | - |
| | Disposal /Adjustment | - | - |
| | As at March 31, 2020 | - | - |
| | Additions | 8.50 | 8.50 |
| | Disposal /Adjustment | - | - |
| | As at March 31, 2021 | 8.50 | 8.50 |
| B | Accumulated Depreciation | | |
| | As at April 01, 2019 | - | - |
| | Depreciation charge for the year | - | - |
| | Disposal /Adjustment | - | - |
| | As at March 31, 2020 | - | - |
| | Depreciation charge for the year | 1.02 | 1.02 |
| | Disposal /Adjustment | - | - |
| | As at March 31, 2021 | 1.02 | 1.02 |
| C | Net Book Value | | |
| | As at April 01, 2019 | - | - |
| | As at March 31, 2020 | - | - |
| | As at March 31, 2021 | 7.48 | 7.48 |

Note 6 - Non-current Loans

| Particulars | (₹ in lakh) | |
|----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Unsecured, considered good | | |
| a) Security deposits | | |
| Unsecured, considered good | 0.10 | 0.10 |
| Unsecured, considered Doubtful | 2.82 | 2.82 |
| less : Provision against Advance | (2.82) | (2.82) |
| | <u>0.10</u> | <u>0.10</u> |
| Total Non-current Loans | 0.10 | 0.10 |

Note 7 - Deferred tax assets (net)

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Deferred tax liability arising on account of | | |
| Difference between book and tax base related to Property, plant and equipments | 0.20 | - |
| | <u>0.20</u> | <u>-</u> |
| Deferred tax assets arising on account of | | |
| Carried forward losses/allowances | (40.17) | - |
| Provision for Bad and Doubtful debts | (11.43) | - |
| Provision for employee benefits | (0.43) | - |
| | <u>(52.03)</u> | <u>-</u> |
| Deferred tax asset (net) | (51.83) | - |

Component of deferred tax recognised in statement of profit and loss:

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Difference between book and tax base related to Property, plant and equipments | 0.20 | - |
| Carried forward losses/allowances | (40.17) | - |
| Provision for Bad and Doubtful debts | (11.43) | - |
| Provision for employee benefits | (0.43) | - |
| Total | (51.83) | - |

Component of deferred tax recognised in Other Comprehensive Income (OCI):

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Deferred Tax expense on defined benefits | (0.01) | - |
| Total | (0.01) | - |

Note 8 - Inventories

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Stock-in-trade of goods acquired for trading | | |
| At lower of cost or net realisable value | 60.26 | 49.62 |
| Total Inventories | 60.26 | 49.62 |

Hindware Home Retail Pvt. Ltd.**Significant accounting policies and other explanatory information to financial statements for the year ended 31 March 2021****Note 9 - Trade receivables**

| Particulars | (₹ in lakh) | |
|---------------------------------------|---------------------------------|---------------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| (a) Unsecured, considered good | 169.21 | 94.53 |
| (b) Trade receivable, credit impaired | 45.43 | 45.43 |
| | 214.64 | 139.96 |
| Less: Credit impairment | (45.43) | (45.43) |
| Total Trade Receivables | 169.21 | 94.53 |

Note 10 - Cash and cash equivalents

| Particulars | (₹ in lakh) | |
|--|---------------------------------|---------------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Cash and bank balances | | |
| Balances with banks in current account | 33.95 | 20.50 |
| Total Cash and cash equivalents | 33.95 | 20.50 |

Hindware Home Retail Pvt. Ltd.**Significant accounting policies and other explanatory information to financial statements for the year ended 31 March 2021****Note 11 - Other current assets**

| Particulars | (₹ in lakh) | |
|---|---------------------------------|---------------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Unsecured, considered good | | |
| Advances other than capital advances | | |
| (i) Prepayments | 2.22 | 0.57 |
| (ii) Advance income tax | 0.24 | 0.01 |
| (iii) Balances with government authorities | 57.85 | 66.46 |
| (iv) Others | | |
| - Advance to supplier | | |
| Considered good | 55.62 | 58.68 |
| Considered doubtful | 53.04 | 53.04 |
| less : Provision against advance to vendors | (53.04) | (53.04) |
| - Other current assets | | |
| Considered good | 10.56 | 6.37 |
| Considered doubtful | 21.34 | 21.34 |
| less : Provision against Advance to Vendors | (21.34) | (21.34) |
| Total Current Assets | 126.49 | 132.09 |

Note 12- Share Capital

(₹ in lakh)

Share Capital

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Authorised : | | |
| 50,000,000 (31st March 2020- 50,000,000) equity shares of Rs. 10 each | 5,000.00 | 5,000.00 |
| 9,000,000 (31st March 2020- 9,000,000) 0% non cumulative redeemable preference shares of Rs. 100 each | 9,000.00 | 9,000.00 |
| | 14,000.00 | 14,000.00 |
| Issued | | |
| 640,000 (31st March 2020-640,000) equity shares of Rs. 10 each | 64.00 | 64.00 |
| 179,800 (31st March 2020-179,800) 0% non cumulative redeemable preference shares of Rs. 100 each | 179.80 | 179.80 |
| | 243.80 | 243.80 |
| Subscribed and paid up | | |
| 640,000 (31st March 2020-640,000) equity shares of Rs. 10 each | 64.00 | 64.00 |
| 179,800 (31st March 2020-179,800) 0% non cumulative redeemable preference shares of Rs. 100 each | 179.80 | 179.80 |
| | 243.80 | 243.80 |
| Less : Reclassification | (179.80) | (179.80) |
| Equity share capital | 64.00 | 64.00 |

(a) Reconciliation of share outstanding at the beginning and at the end of reporting year

i) Equity shares

| Particulars | March 31, 2021 | | March 31, 2020 | |
|---|------------------|--------------|------------------|--------------|
| | Number of Shares | (₹ in lakhs) | Number of Shares | (₹ in lakhs) |
| Shares outstanding at the beginning of the year | 6,40,000 | 64.00 | 6,40,000 | 64.00 |
| Add: Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 6,40,000 | 64.00 | 6,40,000 | 64.00 |

(ii) Preference shares

| Particulars | March 31, 2021 | | March 31, 2020 | |
|---|------------------|---------------|------------------|---------------|
| | Number of Shares | (₹ in lakhs) | Number of Shares | (₹ in lakhs) |
| Shares outstanding at the beginning of the year | 1,79,800 | 179.80 | 1,79,800 | 179.80 |
| Add: Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 1,79,800 | 179.80 | 1,79,800 | 179.80 |

(b) Shares held by the holding Company*

| Particulars | March 31, 2021 | | March 31, 2020 | |
|--|------------------|--------------|------------------|--------------|
| | Number of Shares | (₹ in lakhs) | Number of Shares | (₹ in lakhs) |
| Equity shares of Rs. 10 each | | | | |
| Somany Home Innovation Limited (including nominees) | 6,40,000 | 64.00 | 6,40,000 | 64.00 |
| 0% Non cumulative redeemable preference shares of Rs 100 each | | | | |
| Somany Home Innovation Limited | 1,79,800 | 179.80 | 1,79,800 | 179.80 |

(c) Details of shareholders holding more than 5% of the share capital of the Company at the beginning and at the end of the reporting year

| Particulars | March 31, 2021 | | March 31, 2020 | |
|--|------------------|-------------|------------------|-------------|
| | Number of Shares | % of Shares | Number of Shares | % of Shares |
| Equity shares of Rs. 10 each | | | | |
| Somany Home Innovation Limited (including nominees) | 6,40,000 | 100.00 | 6,40,000 | 100.00 |
| 0% Non cumulative redeemable preference shares of Rs 100 each | | | | |
| Somany Home Innovation Limited | 1,79,800 | 100.00 | 1,79,800 | 100.00 |

In pursuant to the demerger of HSIL Limited on account of order vide dated 05th August'2019 by the Honourable High Court of Kolkata, the shares of the Company now stands transferred in the name of Somany Home Innovation Limited

(d) Terms and rights attached to shares

i) Equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Shareholder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

ii) 0% Non cumulative redeemable preference shares

The rights and restrictions attached to the redeemable preference shares differ from those attached to equity shares as follows:

- (a) The redeemable preference shares will have preference to receive dividend. The holders of 0% non cumulative redeemable preference shares have no rights to receive notices of, attend or vote at general meetings except in certain limited circumstances.
- (b) On the distribution of the assets of the Company, on winding up or other return of the capital (subject to certain exceptions), the holders of redeemable preference share have priority over the holders of equity shares to receive the capital paid up on those shares.
- (c) 40,000 Preference shares issued dated 31st March 2012 are redeemable at par at any time after giving subscriber a notice of redemption, on or before 31st March 2027.
- (d) 45,800 Preference shares issued dated 30th March 2013 are redeemable at par at any time after giving subscriber a notice of redemption, on or before 30th March 2028.
- (e) 40,000 Preference shares issued dated 28th March 2014 are redeemable at par at any time after giving subscriber a notice of redemption, on or before 28th March 2029.
- (f) 16,000 Preference shares issued dated 30th June 2015 are redeemable at par at any time after giving subscriber a notice of redemption, on or before 30th June 2035.
- (g) 24,000 Preference shares issued dated 17th December 2015 are redeemable at par at any time after giving subscriber a notice of redemption, on or before 17th December 2035.
- (h) 14,000 Preference shares issued dated 23rd March 2016 are redeemable at par at any time after giving subscriber a notice of redemption, on or before 23rd March 2036.

(e) No shares have been issued pursuant to contract without payment being received in cash, allotted as fully paid-up shares by way of bonus issues nor has any bought back of shares happened during the period of five years immediately preceding the reporting date.

Note 13 - Other Equity

(₹ in lakh)

| Particulars | Reserves and Surplus | | | | Items of other comprehensive Income | Total |
|---|--|----------------------------|-----------------|-------------------|---|----------|
| | Equity component of compound financial instruments | Securities premium reserve | Capital reserve | Retained earnings | Re-measurement of the net defined benefit Plans | |
| Balance as at 01 April 2019 | 128.56 | 42.00 | (57.40) | (198.50) | 3.69 | (81.65) |
| Profit for the year | - | - | - | (39.18) | - | (39.18) |
| Other comprehensive income for the year | - | - | - | - | (0.25) | (0.25) |
| Total comprehensive income for the year | - | - | - | (39.18) | (0.25) | (39.43) |
| Balance as at 31 March 2020 | 128.56 | 42.00 | (57.40) | (237.69) | 3.45 | (121.08) |
| Profit for the year | - | - | - | 123.53 | - | 123.53 |
| Other comprehensive income for the year | - | - | - | - | 0.03 | 0.03 |
| Total comprehensive income for the year | - | - | - | 123.53 | 0.03 | 123.56 |
| Balance as at 31 March 2021 | 128.56 | 42.00 | (57.40) | (114.16) | 3.48 | 2.48 |

Note:

1. Equity component of compound financial instruments represents the equity component of 0% non cumulative redeemable preference shares.
2. Securities premium reserve : represents the amount received in excess of par value of securities.
3. Capital reserve : The capital reserve was generated on de-merger with HSIL Limited
4. Retained earnings : represents the undistributed profits/losses of the company
5. Other Comprehensive Income : represents the balance in equity for items to be accounted in Other Comprehensive Income.

Hindware Home Retail Pvt. Ltd.**Significant accounting policies and other explanatory information to financial statements for the year ended 31 March 2021****Note 14 - Non current borrowings**

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Measured at amortised cost | | |
| Un Secured borrowings: | | |
| (i) Debt component of compound financial instruments | 51.24 | 51.24 |
| (ii) Other long term liabilities* | 39.83 | 33.09 |
| Total borrowings carried at amortised cost | 91.07 | 84.33 |
| Total Non current borrowings | 91.07 | 84.33 |

* Interest payable on loan component of compound financial instruments

Note 15- Non current provisions

| Particulars | (₹ in lakh) | |
|-------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Provision for employee benefits | | |
| Long-term employee benefits | | |
| Provision for compensated absence | 0.61 | 0.56 |
| Provision for gratuity | 0.98 | 0.84 |
| Total Non current provisions | 1.59 | 1.40 |

Hindware Home Retail Pvt. Ltd.**Significant accounting policies and other explanatory information to financial statements for the year ended 31 March 2021****Note 16 - Trade payables**

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Creditors for supplies | | |
| -Dues of micro enterprise and small enterprises | 39.29 | 0.81 |
| -Dues other than micro enterprise and small enterprises | 177.45 | 216.91 |
| Total Trade payables | 216.74 | 217.72 |

Note - 17 Other current financial liability

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Current | | |
| Payable to employees | 4.07 | 1.42 |
| Due to micro and small enterprise | - | 11.96 |
| Due to others | 65.68 | 29.39 |
| Total Other current financial liabilities | 69.75 | 42.77 |

Note 18- Other Current liabilities

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| (a) Advances | | |
| - Advances received from customers | 3.04 | 0.18 |
| (b) Others | | |
| - Statutory dues | 1.31 | 7.47 |
| Total Other Current liabilities | 4.35 | 7.65 |

Note 19 - Current provisions

| Particulars | (₹ in lakh) | |
|-----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Provision for employee benefits | | |
| short-term employee benefits | | |
| Provision for compensated absence | 0.03 | 0.03 |
| Provision for gratuity | 0.03 | 0.02 |
| Total Current provisions | 0.06 | 0.05 |

Hindware Home Retail Pvt. Ltd.**Significant accounting policies and other explanatory information to financial statements for the year ended 31 March 2021****Note 20: Revenue from operations**

| Particulars | (₹ in lakh) | |
|--------------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| (a) Revenue from sale of goods | 1,781.19 | 865.77 |
| Total Revenue from operations | 1,781.19 | 865.77 |

Note 21: Other income

| Particulars | (₹ in lakh) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Interest income | | |
| On financial assets at amortised cost | - | 0.02 |
| Liabilities no longer required written Back | - | 0.01 |
| Other Miscellaneous income | 4.40 | 0.85 |
| Total Other income | 4.40 | 0.88 |

Note 22 : Purchases of traded goods

| Particulars | (₹ in lakh) | |
|---------------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Purchase of Traded Goods | 1,387.15 | 674.84 |
| Total Purchase of traded goods | 1,387.15 | 674.84 |

Note 23 - Changes in inventories of stock-in-trade

| Particulars | (₹ in lakh) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Inventories at the end of the year: | | |
| Stock-in-trade | 60.26 | 49.62 |
| | <u>60.26</u> | <u>49.62</u> |
| Inventories at the beginning of the year: | | |
| Stock-in-trade | 49.62 | 18.77 |
| | <u>49.62</u> | <u>18.77</u> |
| Change in stock | <u>(10.64)</u> | <u>(30.84)</u> |

Note 24 - Employee benefits expense

| Particulars | (₹ in lakh) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Salaries and wages, including bonus | 10.48 | 10.03 |
| Contribution to provident and other funds | 0.53 | 0.50 |
| Staff welfare expenses | - | 0.04 |
| Total Employee benefit expenses | <u>11.01</u> | <u>10.57</u> |

Note 25 - Finance cost

| Particulars | (₹ in lakh) | |
|---------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Interest Expenses | 6.85 | 12.50 |
| Total Finance cost | <u>6.85</u> | <u>12.50</u> |

Analysis of interest expenses by category

| Particulars | (₹ in lakh) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Interest expenses | | |
| (a) On Financial Liability at Amortised Cost | 6.85 | 12.50 |

Hindware Home Retail Pvt. Ltd.**Significant accounting policies and other explanatory information to financial statements for the year ended 31 March 2021****Note 26 - Other expenses**

| Particulars | (₹ in lakh) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Rates and taxes | 22.96 | 3.17 |
| Insurance | 2.15 | 0.83 |
| Travelling and conveyance | 0.21 | 0.19 |
| Advertisement and publicity | 244.10 | 184.85 |
| Provision for doubtful debts and advances | - | 3.09 |
| Remuneration to Auditor | 2.05 | 2.05 |
| Legal and professional expenses | 10.28 | 10.13 |
| Miscellaneous expenses | 36.73 | 34.45 |
| Total | 318.48 | 238.77 |

Note 27 - Income tax**Total tax expense reconciliation**

| Particulars | (₹ in lakh) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Current tax: | | |
| Current income tax charge | - | - |
| Earlier year income tax | - | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary difference | (51.83) | - |
| Total tax expense | (51.83) | - |

Effective tax reconciliation

Numerical reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

| Particulars | (₹ in lakh) |
|---|------------------------------|
| | Year ended March 31, 2021 |
| Net profit/(loss) before taxes | 71.70 |
| Enacted tax rates | 25.168% |
| Tax on enacted tax rate | 18.05 |
| Tax effect of: | |
| - Non deductible expenses | 1.70 |
| - Previous years' impact of deferred tax recognised in current year | (71.23) |
| - Others | (0.35) |
| Tax expense recognised in statement of profit and loss | (51.83) |

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

28. Financial risk management

28.1 Financial risk factors

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company's activities expose it to a variety of financial risks:

i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other risk which is equity price risk and commodity risk. The Company is not exposed to the aforesaid risk as the Company does not have any transactions in foreign currency and its borrowings accounted for on account of preference capital is at fixed rate of interest.

ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

iii) Liquidity risk.

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial and other financial instruments.

- Trade Receivables

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The ageing of trade receivables is as follows :

| Particulars | Not due | Due Ageing | | | Total |
|------------------------------------|----------|---------------|----------------|-----------------|---------------|
| | | upto 6 months | 6 to 12 months | Above 12 months | |
| (₹ in lakh) | | | | | |
| Trade Receivables | | | | | |
| As at March 31, 2021 | | | | | |
| Unsecured | - | 154.22 | 14.99 | - | 169.21 |
| Doubtful | - | - | - | 45.43 | 45.43 |
| Less: Provision for Doubtful Debts | - | - | - | (45.43) | (45.43) |
| Net Trade Receivables | - | 154.22 | 14.99 | - | 169.21 |
| As at March 31, 2020 | | | | | |
| Unsecured | - | 64.55 | 29.98 | - | 94.53 |
| Doubtful | - | - | - | 45.43 | 45.43 |
| Less: Provision for Doubtful Debts | - | - | - | (45.43) | (45.43) |
| Net Trade Receivables | - | 64.55 | 29.98 | - | 94.53 |

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. In case of temporary short fall in liquidity to repay the bank borrowing/operational short fall, the Company uses mix of capital infusion and borrowing from its head office. However, the Company envisage that such short fall is temporary and the Company would generate sufficient cash flows as per approved projections.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

Trade payable and other financial liabilities

(₹ in lakh)

| Particulars | Ageing as at 31st March 2021 | | | | | |
|-----------------------------|------------------------------|--------------------|---------------|----------------|--------------|---------------|
| | Carrying Amount | On Demand/ Overdue | <6 Months | 6 to 12 months | >1 Years | Total |
| Interest bearing borrowings | 91.07 | - | - | - | 91.07 | 91.07 |
| Trade payables | 216.74 | - | 216.74 | - | - | 216.74 |
| Other Financial Liabilities | 69.74 | - | 69.74 | - | - | 69.74 |
| Total | 377.55 | - | 286.48 | - | 91.07 | 377.55 |

(₹ in lakh)

| Particulars | Ageing as at 31st March 2020 | | | | | |
|-----------------------------|------------------------------|--------------------|---------------|----------------|--------------|---------------|
| | Carrying Amount | On Demand/ Overdue | <6 Months | 6 to 12 months | >1 Years | Total |
| Interest bearing borrowings | 84.33 | - | - | - | 84.33 | 84.33 |
| Trade payables | 217.72 | - | 217.72 | - | - | 217.72 |
| Other Financial Liabilities | 42.77 | - | 16.28 | 25.61 | 0.88 | 42.77 |
| Total | 344.82 | - | 234.00 | 25.61 | 85.21 | 344.82 |

Capital risk management

The Company does not have any Long-Term Debt (except Debt portion of Preference Share Capital), hence the company is not exposed to Capital Risk.

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

29. Fair value of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are recognised in the financial statements.

Fair value of financial assets and liabilities

(₹ in lakh)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|----------------------|---------------|----------------------|---------------|
| | Carrying amount | Fair Value | Carrying amount | Fair Value |
| Financial assets designated at amortised cost | | | | |
| Cash and Cash Equivalents | 33.95 | 33.95 | 20.50 | 20.50 |
| Trade & other receivables | 169.21 | 169.21 | 94.53 | 94.53 |
| Loan | 0.10 | 0.10 | 0.10 | 0.10 |
| | 203.26 | 203.26 | 115.13 | 115.13 |
| Financial liabilities designated at amortised cost | | | | |
| Borrowings | 91.07 | 91.07 | 84.33 | 84.33 |
| Trade & other payables | 216.74 | 216.74 | 217.72 | 217.72 |
| Other financial liabilities | 69.74 | 69.74 | 42.77 | 42.77 |
| | 377.55 | 377.55 | 344.82 | 344.82 |

Fair Valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount 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 following methods and assumptions were used to estimate the fair values:

- 1) Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The Company has fixed rate of interest for borrowings in preference capital.

Fair Value hierarchy

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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:

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

30. Segment information

The Company is engaged in the business of "Online trade" which is considered to be the only reportable business segment. The Company only operates in India and therefore does not have geographical segments.

31. Retirement benefit obligations

31.1. Expense recognised for Defined Contribution plan

(₹ in lakh)

| Particulars | For the year ended March 31,2021 | For the year ended March 31,2020 |
|--|-------------------------------------|-------------------------------------|
| Company's Contribution to Provident Fund | 0.51 | 0.49 |
| Company's Contribution to ESI | - | - |
| Total | 0.51 | 0.49 |

Below tables sets forth the changes in the projected benefit obligation and plan assets and amounts recognised in the Balance Sheet as of March 31, 2021 and March 31, 2020, being the respective measurement dates:

31.2 Movement in obligation

a.) Gratuity

(₹ in lakh)

| Particulars | Gratuity (unfunded) as on 31.03.2021 | Gratuity (unfunded) as on 31.03.2020 |
|--|---|---|
| Present value of the obligation at the beginning of the year | 0.86 | 0.44 |
| Interest cost | 0.06 | 0.03 |
| Current service cost | 0.13 | 0.13 |
| Benefits paid | - | 0.00 |
| Acquisitions / Transfer in/ Transfer out | - | 0.00 |
| Remeasurements - actuarial loss/ (gain) | (0.04) | 0.25 |
| Present value of the obligation at the end of the year | 1.01 | 0.86 |

Hindware Home Retail Private Limited
Significant Accounting Policies and Notes of Financial Statement for the year
ended 31 March 2021

b.) Leave Encashment (Compensated Absence)

(₹ in lakh)

| Particulars | Leave Encashment (unfunded) as on 31.03.2021 | Leave Encashment (unfunded) as on 31.03.2020 |
|--|--|--|
| Present value of the obligation at the beginning of the year | 0.59 | 0.30 |
| Interest cost | 0.04 | 0.02 |
| Current service cost | 0.10 | 0.11 |
| Benefits paid | (0.09) | 0.00 |
| Acquisitions / Transfer in/ Transfer out | 0.00 | 0.00 |
| Remeasurements - actuarial loss/ (gain) | (0.00) | 0.16 |
| Present value of the obligation at the end of the year | 0.64 | 0.59 |

31.3 Movement in Plan Assets – Gratuity

(₹ in lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Fair value of plan assets at beginning of year | - | - |
| Expected return on plan assets | - | - |
| Employer contributions | - | - |
| Benefits paid | - | - |
| Amount received on redemption of plan assets | - | - |
| Acquisitions / Transfer in/ Transfer out | - | - |
| Actuarial gain / (loss) | - | - |
| Fair value of plan assets at end of year | - | - |
| Present value of obligation | 1.01 | 0.86 |
| Net funded status of plan Assets / (Liab) | (1.01) | (0.86) |
| Actual return on plan assets | - | - |

The components of the gratuity & leave encashment cost are as follows:

31.4 Recognised in profit and loss

a.) Gratuity

(₹ in lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Current Service cost | 0.13 | 0.13 |
| Interest cost | 0.06 | 0.03 |
| Expected return on plan assets | - | - |
| Remeasurement - Acturial loss/(gain) | (0.04) | 0.25 |
| Past service cost | - | - |
| Expenses recognised in P&L A/c | 0.15 | 0.41 |
| Actual return on plan assets | - | - |

Hindware Home Retail Private Limited
Significant Accounting Policies and Notes of Financial Statement for the year
ended 31 March 2021

b.) Leave Encashment (Compensated Absence) (₹ in lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Current Service cost | 0.10 | 0.11 |
| Interest cost | 0.04 | 0.02 |
| Expected return on plan assets | - | - |
| Remeasurement - Acturial loss/(gain) | (0.00) | 0.16 |
| Past service cost | - | - |
| Expenses recognised in P&L A/c | 0.14 | 0.29 |

31.5 Recognised in other comprehensive income

| Gratuity | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Remeasurement - Acturial loss/(gain) | (0.04) | 0.25 |

31.6 The principal actuarial assumptions used for estimating the Company's defined benefit obligations are set out below:

| Weighted average actuarial assumptions | As of 31st March, 2021 | As of 31st March, 2020 |
|--|--|--|
| Attrition rate | | |
| Discount Rate | 6.80% | 6.80% |
| Expected Rate of increase in Compensation levels | 5.50% | 5.50% |
| Expected Rate of Return on Plan Assets | 0.00% | 0.00% |
| Mortality rate | IALM 2012-14 Ultimate Mortality Table | IALM 2012-14 Ultimate Mortality Table |
| Expected Average remaining working lives of employees (years) | 26.81 | 27.81 |

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e. 2019-20.

31.7 Sensitivity analysis:

a.) Gratuity (₹ in lakh)

| Particulars | Change in Assumption | Effect for the year 31st March, 2021 | Effect for the year 31st March, 2020 |
|--------------------|-------------------------|---|---|
| Discount rate | +0.50% | -0.09 | -0.07 |
| | -0.50% | 0.10 | 0.08 |
| Salary Growth rate | +0.50% | 0.10 | 0.08 |
| | -0.50% | -0.09 | -0.08 |

Hindware Home Retail Private Limited
Significant Accounting Policies and Notes of Financial Statement for the year
ended 31 March 2021

| b.) Leave Encashment (Compensated Absence) | | (₹ in lakh) | |
|---|-----------------------------|---|---|
| Particulars | Change in Assumption | Effect for the year 31st March, 2021 | Effect for the year 31st March, 2020 |
| Discount rate | +0.50% | -0.06 | -0.05 |
| | -0.50% | 0.06 | 0.06 |
| Salary Growth rate | +0.50% | 0.06 | 0.06 |
| | -0.50% | -0.06 | -0.05 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

31.8 History of experience adjustments is as follows:

| (₹ in lakh) | | |
|--|-----------------|-------------------------|
| Particulars | Gratuity | Leave Encashment |
| For the year ended March 31, 2021 | | |
| Plan Liabilities - loss/(gain) | 0.04 | (0.00) |
| Plan Assets - loss/(gain) | - | - |
| For the year ended March 31, 2020 | | |
| Plan Liabilities – loss/ (gain) | (0.13) | 0.07 |
| Statement of Employee benefit provision | | |

| (₹ in lakh) | | |
|--------------------------------|--|--|
| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
| Gratuity | 1.01 | 0.86 |
| Compensated absences | 0.64 | 0.59 |
| Other employee benefits | - | - |
| Total | 1.65 | 1.45 |

Hindware Home Retail Private Limited
Significant Accounting Policies and Notes of Financial Statement for the year
ended 31 March 2021

| Estimate of expected Benefit Payments (In absolute terms i.e. undiscounted) | | | (₹ in lakh) |
|---|----------|------------------|-------------|
| Particulars | Gratuity | Leave Encashment | |
| 01 Apr 2021 to 31 Mar 2022 | 0.03 | 0.03 | |
| 01 Apr 2022 to 31 Mar 2023 | 0.02 | 0.01 | |
| 01 Apr 2023 to 31 Mar 2024 | 0.02 | 0.01 | |
| 01 Apr 2024 to 31 Mar 2025 | 0.02 | 0.01 | |
| 01 Apr 2025 to 31 Mar 2026 | 0.02 | 0.01 | |
| 01 Apr 2026 to 31 Mar 2027 | 0.02 | 0.01 | |
| 01 Apr 2027 onwards | 0.89 | 0.50 | |

31.9 Statement of Employee benefit provision

| Particulars | (₹ in lakh) | |
|----------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
| Gratuity | 1.01 | 0.86 |
| Compensated absences | 0.64 | 0.59 |
| Total | 1.65 | 1.45 |

The following table sets out the unfunded status of the plan and the amounts recognised in the Company's balance sheet.

31.10 Current and non-current provision for Gratuity and leave encashment

| Particulars | (₹ in lakh) | |
|--|-------------|------------------|
| | Gratuity | Leave Encashment |
| For the year ended March 31, 2021 | | |
| Current provision | 0.03 | 0.03 |
| Non-current provision | 0.98 | 0.61 |
| Total Provision | 1.01 | 0.64 |
| For the year ended March 31, 2020 | | |
| Current provision | 0.02 | 0.03 |
| Non current provision | 0.84 | 0.56 |
| Total Provision | 0.86 | 0.59 |

Hindware Home Retail Private Limited
Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

32. Auditors Remuneration

(₹ in lakh)

| Particulars | For year ended March 31, 2021 | For year ended March 31, 2020 |
|----------------------------------|--|--|
| <u>Statutory Auditors</u> | | |
| a) Audit Fees | 1.30 | 1.30 |
| b) Professional Fee | 2.08 | - |
| c) Tax Audit Fees | 0.75 | 0.75 |
| Total | 4.13 | 2.05 |

33. Contingent liabilities

Contingent liability not provided for in respect of:

(₹ in lakh)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Disputed Demand for Sales tax and VAT | - | 874.84 |
| Total | - | 874.84 |

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

34. Related party transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:

Related party name and relationship

1. Holding Company

Somany Home Innovation Limited

| (₹ in lakh) | | |
|---|---------------|---------------|
| Particulars | 2020-21 | 2019-20 |
| Transactions: | | |
| Purchase of Goods | 985.86 | 652.83 |
| Sale of Goods | 67.48 | - |
| Expenses paid by related party on behalf of Company | 3.35 | - |
| Interest on loan component of compound financial instrument | 6.75 | 6.26 |
| Balances as at the year end: | | |
| (₹ in lakh) | | |
| Particulars | 2020-21 | 2019-20 |
| Amount Payable to holding Company towards | 238.44 | 221.72 |
| Loan component of compounded financial instruments | 51.24 | 51.24 |
| Interest payable | 39.83 | 33.09 |
| Other payable | 147.37 | 137.39 |

In pursuant to the demerger of HSIL Limited on account of order vide dated 05th August'2019 by the Honourable High Court of Kolkata, the shares of the Company now stand transferred in the name of Somany Home Innovation Limited

35. Due to the outbreak of COVID-19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on the economic environment in general, business, and financial risks upto the date of financial statements and conclude that there is no material impact on the long-term performance of the Company.

However, the Company will continue to monitor any material changes to the future economic conditions.

Hindware Home Retail Private Limited

Significant Accounting Policies and Notes of Financial Statement for the year ended 31 March 2021

36. Earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Issued Equity Shares (nos) | 640,000 | 640,000 |
| Weighted average shares outstanding-Basic and Diluted (nos) | 640,000 | 640,000 |
| Profit / (loss) for the year attributable to owners of the Company (₹ in lakh) | 123.53 | (39.18) |
| Weighted average number of equity shares (nos.) | 640000 | 640000 |
| Earnings per share from continuing operations - basic and diluted (₹) | 19.30 | (6.12) |

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity. Although, there is no such potential dilutive equity.

37. Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

Notes 1 to 37 form an integral part of these financial statements.
In terms of our report attached.

For N. C. Aggarwal & Co.
Chartered Accountant
Firm's Registration No.003273N

Sd/-
G. K. Aggarwal
Partner
Membership No: 086622

For and on behalf of the Board of Directors

Sd/-
N K Goenka
Director
DIN-00060684

Sd/-
Girdhari Lal Sultania
Director
DIN-00060931

Place: Gurugram
Date: May 24, 2021