

**INDEPENDENT AUDITOR'S REPORT**

**To The Members of Stanley Retail Limited  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Stanley Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit and its cash flows for the year ended on that date.

**Basis for Opinion**

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report, but does not include the standalone financial statements and our auditor's report thereon. The board report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the
- Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Other Matters**

Due to COVID-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the Management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidance provided in the Standard on Auditing 501 "Audit Evidence – Specific Consideration for Selected Items", which includes inspection of supporting documents, on test check basis, relating to purchases, production, sales, results of cyclical counts performed by the Management through the year and such other third party evidences as applicable, and have obtained sufficient appropriate audit evidence to issue an unmodified opinion on the financial statements.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

aw,

**Deloitte  
Haskins & Sells LLP**

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

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



Sathya P Koushik  
(Partner)  
(Membership No. 206920)  
UDIN: 21206920AAAAAE2984

Place: Bengaluru  
Date: December 30, 2020

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

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

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

We have audited the internal financial controls over financial reporting of Stanley Retail Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

*W*



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

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

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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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



Sathya P Koushik  
Partner  
(Membership No. 206920)  
UDIN: 21206920AAAAAE2984

Place: Bengaluru  
Date: December 30, 2020

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

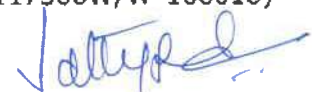
- (i) In respect of fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details of fixed assets and is in the process of updating situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Sections 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 Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-Tax, Goods and Services Tax, Sales Tax, Service Tax, Customs Duty, as on March 31, 2020 on account of disputes.

W,



- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institution and banks. The Company has not taken any loan from government and has not issued any debentures.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013 ('the Act'), where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Further the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provision of clause 3(xiii) of the Order is not applicable to the Company.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate Company or persons connected with him and hence provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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



**Sathya P Koushik**  
(Partner)

(Membership No. 206920)  
UDIN: 21206920AAAAAE2984

**STANLEY RETAIL LIMITED**  
(CIN:U52599KA28PLC46573)

**Balance Sheet as at 31 March 2020**  
(All amounts in Rupees unless otherwise stated)

| Particulars  | Note No. | As at              | As at              |
|--|----------|--------------------|--------------------|
|  |          | 31 March 2020      | 31 March 2019      |
|  |          | Amount (Rs)        | Amount (Rs)        |
| <b>A EQUITY AND LIABILITIES</b>  |          |                    |                    |
| <b>1 Shareholders' funds</b>   |          |                    |                    |
| (a) Share capital  | 3        | 41,256,160         | 41,256,160         |
| (b) Reserves and surplus   | 4        | 72,023,522         | 69,188,440         |
|  |          | <b>113,279,682</b> | <b>110,444,600</b> |
| <b>2 Non-Current Liabilities</b>   |          |                    |                    |
| (a) Long-term borrowings   | 5        | 162,032,253        | 773,677            |
| (b) Long-term provisions   | 6        | 388,034            | 1,729,042          |
|  |          | <b>162,420,287</b> | <b>2,502,719</b>   |
| <b>3 Current Liabilities</b>   |          |                    |                    |
| (a) Trade payables   | 7        |                    |                    |
| (A) total outstanding dues of micro enterprises and small enterprises; and                 |          | -                  | -                  |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises |          | 159,780,210        | 121,722,147        |
| (b) Other current liabilities  | 8        | 91,921,838         | 62,818,823         |
| (c) Short-term provisions  | 9        | 2,305,863          | 123,266            |
|  |          | <b>254,007,911</b> | <b>184,664,236</b> |
|  |          |                    |                    |
| <b>Total</b>   |          | <b>529,707,880</b> | <b>297,611,555</b> |
| <b>B ASSETS</b>  |          |                    |                    |
| <b>1 Non-current assets</b>  |          |                    |                    |
| (a) Property, plant & equipment  | 10A      | 113,902,634        | 60,623,825         |
| (b) Intangible assets  | 10B      | 1,814,758          | 1,475,009          |
| (c) Capital work-in-progress   |          | -                  | 1,545,225          |
| (d) Non-current investments  | 11       | 117,806,255        | 28,916,255         |
| (e) Deferred tax assets (net)  | 26.10    | 3,158,777          | 3,083,041          |
| (f) Long-term loans and advances   | 12       | 73,742,197         | 44,044,844         |
|  |          | <b>312,424,621</b> | <b>139,688,199</b> |
| <b>2 Current assets</b>  |          |                    |                    |
| (a) Inventories  | 13       | 159,973,608        | 112,170,732        |
| (b) Trade receivables  | 14       | 32,439,149         | 14,728,816         |
| (c) Cash and cash equivalents  | 15       | 18,807,125         | 26,911,823         |
| (d) Short-term loans and advances  | 16       | 6,063,377          | 3,239,721          |
| (e) Other current assets   | 17       | -                  | 872,264            |
|  |          | <b>217,283,259</b> | <b>157,923,356</b> |
|  |          |                    |                    |
| <b>Total</b>   |          | <b>529,707,880</b> | <b>297,611,555</b> |
| See accompanying notes forming part of the financial statements                            | 1-26     |                    |                    |

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No. 117366WAW-100018

*Sathyap*  
**Sathya P Koushik**  
Partner  
Membership No. : 206920



Place: Bangalore  
Date: December 30, 2020.

**For and on behalf of the Board of Directors**

*Suresh*  
**Suresh Suresh**  
Director  
DIN : 01421517

*Shubha*  
**Shubha Sunil**  
Director  
DIN: 01363687

Place: Bangalore  
Date: December 30, 2020.

**STANLEY RETAIL LIMITED**  
(CIN:U52599KA28PLC46573)

**Statement of Profit and Loss for the year ended 31 March 2020**  
(All amounts in Rupees unless otherwise stated)

| Particulars   | Note No.     | For the Year ended | For the Year ended |
|---|--------------|--------------------|--------------------|
|   |              | 31 March 2020      | 31 March 2019      |
|   |              | Amount (Rs)        | Amount (Rs)        |
| <b>1 Revenue from operations</b>                                | <b>18</b>    | 675,698,929        | 584,336,702        |
| <b>2 Other income</b>   | <b>19</b>    | 622,188            | 4,588,274          |
| <b>Total revenue</b>  |              | <b>676,321,117</b> | <b>588,924,976</b> |
| <b>3 Expenses</b>   |              |                    |                    |
| (a) Purchases of stock -in- trade                               | <b>20</b>    | 521,711,787        | 434,863,039        |
| (b) Changes in inventories of stock-in-trade                    | <b>21</b>    | (47,802,876)       | (32,294,179)       |
| (c) Employee benefits expense-                                  | <b>22</b>    | 77,612,333         | 57,682,945         |
| (d) Finance costs   | <b>23</b>    | 8,975,693          | 207,262            |
| (e) Depreciation and amortisation expense                       | <b>24</b>    | 11,179,863         | 8,115,442          |
| (f) Other expenses  | <b>25</b>    | 100,002,869        | 96,346,984         |
| <b>Total expenses</b>   |              | <b>671,679,669</b> | <b>564,921,493</b> |
| <b>4 Profit before tax</b>                                      |              | <b>4,641,448</b>   | <b>24,003,483</b>  |
| <b>5 Tax expense:</b>   |              |                    |                    |
| (a) Current tax   |              | 1,882,102          | 4,618,270          |
| (b) MAT credit availed  |              | -                  | (3,105,591)        |
| (c) Current tax expense of earlier years                        |              | -                  | 276,853            |
| (d) Deferred tax charge/(credit)                                | <b>26.10</b> | (75,736)           | 6,371,852          |
| <b>6 Profit after tax</b>                                       |              | <b>2,835,082</b>   | <b>15,842,099</b>  |
| <b>Earnings Per Share (EPS) :</b>                               |              |                    |                    |
| Basic and Diluted   |              |                    |                    |
| (Nominal value of Rs. 10 per share)                             | <b>26.9</b>  | 0.69               | 3.84               |
| See accompanying notes forming part of the financial statements | <b>1-26</b>  |                    |                    |

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018



**Sathya P Koushik**  
Partner  
Membership No. : 2069

Place: Bangalore  
Date: December 30, 2020.



**For and on behalf of the Board of Directors**



**Sunil Suresh**  
Director  
DIN : 01421517

Place: Bangalore  
Date: December 30, 2020.



**Shubha Sunil**  
Director  
DIN: 01363687

**STANLEY RETAIL LIMITED**

(CIN:U52599KA28PLC46573)

**Cash Flow Statement for the year ended 31 March 2020**

(All amounts in Rupees unless otherwise stated)

| Particulars   | For the Year ended<br>31 March 2020 | For the Year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
|   | Amount (Rs)                         | Amount (Rs)                         |
| <b>Cash flow from operating activities</b>                                    |                                     |                                     |
| Profit before tax   | 46,41,448                           | 2,40,03,483                         |
| <b>Adjustments:</b>   |                                     |                                     |
| Depreciation and amortisation expense   | 1,11,79,863                         | 81,15,442                           |
| Interest income   | (30,424)                            | (8,762)                             |
| Profit from sale of business  | (1,09,216)                          | -                                   |
| Loss on disposal of assets  | 35,556                              | 1,07,395                            |
| Finance costs   | 89,75,693                           | 2,07,262                            |
| Provision for doubtful debts and Bad debts written off                        | 12,71,878                           | 44,63,667                           |
| Provision for diminution in value of investment                               | -                                   | 70,82,086                           |
| <b>Operating profit before working capital changes</b>                        | <b>2,59,64,798</b>                  | <b>4,39,70,573</b>                  |
| <b>Changes in Working Capital</b>   |                                     |                                     |
| Adjustments for (increase) / decrease in operating assets:                    |                                     |                                     |
| Inventories   | (4,78,02,876)                       | (3,22,94,179)                       |
| Trade receivables   | (1,89,82,211)                       | (1,47,47,306)                       |
| Short-term loans and advances   | (28,23,656)                         | 8,68,01,825                         |
| Long-term loans and advances  | (1,90,50,805)                       | (98,62,541)                         |
| Other current assets  | 8,72,264                            | (8,72,265)                          |
| Adjustments for increase / (decrease) in operating liabilities:               |                                     |                                     |
| Short term provisions   | 21,82,597                           | (1,61,12,626)                       |
| Long term provisions  | (13,41,008)                         | 12,13,823                           |
| Trade payables  | 3,80,58,063                         | 4,09,37,744                         |
| Other current liabilities   | 2,91,03,015                         | (3,41,19,758)                       |
| <b>Cash generated from operations</b>   | <b>(1,97,84,617)</b>                | <b>2,09,44,717</b>                  |
| Less: Net income tax paid   | (18,82,102)                         | (2,26,07,724)                       |
| <b>Net cash flow from operating activities</b>                                | <b>42,98,079</b>                    | <b>4,23,07,566</b>                  |
| <b>Cash flow from investing activities</b>                                    |                                     |                                     |
| Capital expenditure on property, plant & equipment including capital advances | (7,17,81,018)                       | (3,41,74,624)                       |
| Proceeds from sale of Property, plant & equipment                             | 18,45,717                           | 8,72,265                            |
| Bank balances not considered as cash and cash equivalents                     | 99,140.81                           | (4,22,684)                          |
| Proceeds from sale of current investments                                     | -                                   | 80,00,000                           |
| Purchase of investments   | (8,88,90,000)                       | -                                   |
| Interest Income received  | 30,424                              | 8,762                               |
| Profit from sale of business  | 1,09,216                            | -                                   |
| Advance for purchase of investments   | (60,00,000)                         | (15,00,000)                         |
| <b>Net cash used in investing activities</b>                                  | <b>(16,45,86,520)</b>               | <b>(2,72,16,281)</b>                |
| <b>Cash flow from financing activities</b>                                    |                                     |                                     |
| Repayment of Long term borrowings   | -                                   | (11,86,449)                         |



**STANLEY RETAIL LIMITED**

(CIN:U52599KA28PLC46573)

**Cash Flow Statement for the year ended 31 March 2020**

(All amounts in Rupees unless otherwise stated)

| Particulars  | For the Year ended<br>31 March 2020 | For the Year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
|  | Amount (Rs)                         | Amount (Rs)                         |
| Long term borrowings   | 16,12,58,576                        | -                                   |
| Finance costs  | (89,75,693)                         | (2,07,262)                          |
| <b>Net cash used in financing activities</b>   | <b>15,22,82,883</b>                 | <b>(13,93,711)</b>                  |
| Net increase / (decrease) in cash and cash equivalents   | (80,05,557)                         | 1,36,97,574                         |
| Cash and cash equivalents at the beginning of the year   | 2,64,89,138                         | 1,27,91,564                         |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>1,84,83,581</b>                  | <b>2,64,89,138</b>                  |
| Cash and cash equivalents (Refer Note 15)  | 1,88,07,125                         | 2,69,11,823                         |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements: |                                     |                                     |
| (i) In other deposit accounts  |                                     |                                     |
| - original maturity more than 3 months   | 3,23,544                            | 4,22,684                            |
| <b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 15</b>       | <b>1,84,83,582</b>                  | <b>2,64,89,139</b>                  |

See accompanying notes forming part of the financial statements 1-26

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W/W-100018


**Sathya P Koushik**

Partner

Membership No. : 206920



Place: Bangalore

Date: December 30, 2020.

**For and on behalf of the Board of Directors**

**Sunil Suresh**

Director

DIN : 01421517

Place: Bangalore

Date: December 30, 2020.


**Shubha Sunil**

Director

DIN: 01363687

**STANLEY RETAIL LIMITED**  
(CIN:U52599KA28P1.C46573)

**Notes forming part of the financial statements**

| Note No. | Particulars  | Amount in (Rs.) |                      |                      |
|----------|--|-----------------|----------------------|----------------------|
|          |  | No of shares    | As at 31 March, 2020 | As at 31 March, 2019 |
| 3        | <b>SHARE CAPITAL</b>   |                 |                      |                      |
|          | Authorised capital   |                 |                      | 50,000,000           |
|          | Equity shares of Rs 10 each                                    | 5,000,000       | 50,000,000           | 50,000,000           |
|          | Issued, subscribed and fully paid equity shares of Rs. 10 each | 4,125,616       | 41,256,160           | 41,256,160           |
|          | <b>TOTAL</b>   |                 | <b>41,256,160</b>    | <b>41,256,160</b>    |

**(a) Reconciliation of the Equity shares outstanding at the beginning and at the end of the year**

| Particulars                                      | 31-Mar-20<br>No. of Shares | 31-Mar-19<br>No. of Shares |
|--|----------------------------|----------------------------|
| Shares outstanding at the beginning of the year  | 4,125,616                  | 4,125,616                  |
| Movement during the year                         | -                          | -                          |
| <b>Shares outstanding at the end of the year</b> | <b>4,125,616</b>           | <b>4,125,616</b>           |

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

| Particulars   | 31-Mar-20            |               | 31-Mar-19            |               |
|---|----------------------|---------------|----------------------|---------------|
|   | Percentage of Shares | No. of Shares | Percentage of Shares | No. of Shares |
| Equity shares with voting rights:<br>Stanley Lifestyles Limited | 96.96%               | 4,000,000     | 96.96%               | 4,000,000     |

**(c) Details of shares held by the Holding Company**

| Particulars   | 31-Mar-20            |               | 31-Mar-19            |               |
|---|----------------------|---------------|----------------------|---------------|
|   | Percentage of Shares | No. of Shares | Percentage of Shares | No. of Shares |
| Equity shares with voting rights:<br>Stanley Lifestyles Limited | 96.96%               | 4,000,000     | 96.96%               | 4,000,000     |

**(d) Terms/ rights attached to equity shares**

The Company has only one class of equity share having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share. In event of liquidation of the Company, the holders of equity shares would 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.





**STANLEY RETAIL LIMITED**  
(CIN:U52599KA2008PLC046573)

Amount in (Rs.)

**Note 10A: Property Plant & Equipment**

| Particulars                    | GROSS BLOCK        |                   |                  | ACCUMULATED DEPRECIATION |                              |                | NET BLOCK          |                    |
|--------------------------------|--------------------|-------------------|------------------|--------------------------|------------------------------|----------------|--------------------|--------------------|
|                                | As at<br>01-Apr-19 | Additions         | Disposals        | As at<br>31-Mar-20       | Depreciation<br>for the year | Disposals      | As at<br>31-Mar-20 | As at<br>31-Mar-19 |
| <b>Tangible Assets (Owned)</b> |                    |                   |                  |                          |                              |                |                    |                    |
| Leasehold improvements         | 74,449,996         | 58,021,678        | 1,679,598        | 130,792,076              | 9,004,665                    | 449,811        | 32,199,853         | 50,804,997         |
| Electrical equipment           | 6,164,706          | 2,057,599         | 711,045          | 7,511,260                | 502,378                      | 218,449        | 2,735,883          | 3,712,752          |
| Furniture and fixtures         | 310,241            | 892,927           | 20,532           | 1,182,636                | 58,139                       | 11,134         | 153,063            | 204,183            |
| Office equipments              | 3,228,634          | 1,221,811         | 175,547          | 4,274,898                | 331,397                      | 114,823        | 2,489,903          | 955,303            |
| Computers                      | 2,030,959          | 1,304,278         | 234,616          | 3,100,621                | 444,998                      | 145,848        | 1,678,483          | 651,626            |
| Motor vehicles                 | 5,218,102          | 2,641,151         | -                | 7,859,253                | 637,785                      | -              | 1,560,923          | 4,294,964          |
| <b>Total</b>                   | <b>91,402,638</b>  | <b>66,139,444</b> | <b>2,821,338</b> | <b>154,720,744</b>       | <b>10,979,362</b>            | <b>940,065</b> | <b>40,818,110</b>  | <b>60,623,825</b>  |

**Note 10B: Intangible Assets**

| Particulars              | GROSS BLOCK        |                |           | AMORTISATION       |                              |           | NET BLOCK          |                    |
|--------------------------|--------------------|----------------|-----------|--------------------|------------------------------|-----------|--------------------|--------------------|
|                          | As at<br>01-Apr-19 | Additions      | Disposals | As at<br>31-Mar-20 | Amortisation<br>for the year | Disposals | As at<br>31-Mar-20 | As at<br>31-Mar-19 |
| <b>Intangible Assets</b> |                    |                |           |                    |                              |           |                    |                    |
| Acquired software        | 1,824,727          | 540,250        | -         | 2,364,977          | 200,501                      | -         | 550,219            | 1,814,758          |
| Acquired goodwill        | 3,400,000          | -              | -         | 3,400,000          | -                            | -         | 3,400,000          | -                  |
| <b>Total</b>             | <b>5,224,727</b>   | <b>540,250</b> | <b>-</b>  | <b>5,764,977</b>   | <b>200,501</b>               | <b>-</b>  | <b>3,950,219</b>   | <b>1,814,758</b>   |

**Property Plant & Equipment (Opening Balance)**

| Particulars                    | GROSS BLOCK        |                   |                  | ACCUMULATED DEPRECIATION |                              |                | NET BLOCK          |                    |
|--------------------------------|--------------------|-------------------|------------------|--------------------------|------------------------------|----------------|--------------------|--------------------|
|                                | As at<br>01-Apr-18 | Additions         | Disposals        | As at<br>31-Mar-19       | Depreciation<br>for the year | Disposals      | As at<br>31-Mar-19 | As at<br>31-Mar-18 |
| <b>Tangible Assets (Owned)</b> |                    |                   |                  |                          |                              |                |                    |                    |
| Leasehold improvements         | 45,207,085         | 29,242,911        | -                | 74,449,996               | 4,726,001                    | -              | 23,644,999         | 26,288,087         |
| Electrical equipment           | 5,014,099          | 1,150,607         | -                | 6,164,706                | 594,030                      | -              | 2,451,954          | 3,156,175          |
| Furniture and fixtures         | 310,241            | -                 | -                | 310,241                  | 29,473                       | -              | 106,058            | 233,656            |
| Office equipments              | 3,097,912          | 130,722           | -                | 3,228,634                | 568,188                      | -              | 2,273,331          | 1,392,769          |
| Computers                      | 1,353,472          | 677,487           | -                | 2,030,959                | 534,559                      | -              | 1,379,333          | 508,698            |
| Motor vehicles                 | 7,042,295          | -                 | 1,824,193        | 5,218,102                | 1,001,727                    | 844,533        | 923,138            | 6,276,351          |
| <b>Total</b>                   | <b>62,025,104</b>  | <b>31,201,727</b> | <b>1,824,193</b> | <b>91,402,638</b>        | <b>7,453,978</b>             | <b>844,533</b> | <b>30,778,813</b>  | <b>37,855,736</b>  |

**Intangible Assets (Opening Balance)**

| Particulars              | GROSS BLOCK        |                  |           | AMORTISATION       |                              |           | NET BLOCK          |                    |
|--------------------------|--------------------|------------------|-----------|--------------------|------------------------------|-----------|--------------------|--------------------|
|                          | As at<br>01-Apr-18 | Additions        | Disposals | As at<br>31-Mar-19 | Amortisation<br>for the year | Disposals | As at<br>31-Mar-19 | As at<br>31-Mar-18 |
| <b>Intangible Assets</b> |                    |                  |           |                    |                              |           |                    |                    |
| Acquired software        | 397,055            | 1,427,672        | -         | 1,824,727          | 271,860                      | -         | 349,718            | 319,197            |
| Acquired goodwill        | 3,400,000          | -                | -         | 3,400,000          | 389,604                      | -         | 3,400,000          | 389,604            |
| <b>Total</b>             | <b>3,797,055</b>   | <b>1,427,672</b> | <b>-</b>  | <b>5,224,727</b>   | <b>661,464</b>               | <b>-</b>  | <b>3,749,718</b>   | <b>708,801</b>     |



| STANLEY RETAIL LIMITED<br>(CIN US2599KA28PLC46573) |   |                    |                    |
|--|---|--------------------|--------------------|
| Notes to financial statements                      |   |                    |                    |
| Note No  | Particulars   | As at              | As at              |
|  |   | 31 March 2020      | 31 March 2019      |
|  |   | Amount (Rs)        | Amount (Rs)        |
| 4  | <b>Reserves and surplus</b>   |                    |                    |
|  | (i) Securities premium account  |                    |                    |
|  | Opening Balance   | 4,343,840          | 4,343,840          |
|  | Movement during the year  | -                  | -                  |
|  | Closing balance   | 4,343,840          | 4,343,840          |
|  | (ii) Surplus / (Deficit) in statement of profit and loss  |                    |                    |
|  | Opening balance   | 64,844,600         | 49,002,501         |
|  | Add: Profit for the year  | 2,835,082          | 15,842,099         |
|  | Closing balance   | 67,679,682         | 64,844,600         |
|  | <b>Total Reserves and surplus (A+B)</b>   | <b>72,023,522</b>  | <b>69,188,440</b>  |
| 5  | <b>Long-term borrowings</b>   |                    |                    |
|  | Secured   |                    |                    |
|  | Term loans from a bank (refer note 8)   | 2,032,253          | 773,677            |
|  | Unsecured   |                    |                    |
|  | Loan from Stanley Lifestyles Limited (refer note 8)   | 160,000,000        | -                  |
|  | <b>Total</b>  | <b>162,032,253</b> | <b>773,677</b>     |
| 6  | <b>Long-term provisions</b>   |                    |                    |
|  | Provision for gratuity (Refer Note 26.5)  | -                  | 1,532,340          |
|  | Provision for leave encashment (Refer Note 26.5)  | 388,034            | 196,802            |
|  | <b>Total</b>  | <b>388,034</b>     | <b>1,729,042</b>   |
| 7  | <b>Trade Payables</b>   |                    |                    |
|  | -Dues of micro enterprises and small enterprises  | -                  | -                  |
|  | -Dues of creditors other than micro enterprises and small enterprises   | 159,780,210        | 121,722,148        |
|  | <b>Total</b>  | <b>159,780,210</b> | <b>121,722,148</b> |
| 8  | <b>Other current Liabilities</b>  |                    |                    |
|  | Current maturities of long term debt (refer note a)   | 1,194,482          | 1,186,049          |
|  | Advance from customers  | 71,514,383         | 56,734,103         |
|  | Advance from Related parties (refer note b)   | 13,973,217         | -                  |
|  | Statutory liabilities   | 1,364,538          | 1,652,041          |
|  | Payable to employees  | 3,006,878          | 3,246,630          |
|  | Interest accrued and due  | 868,340            | -                  |
|  | <b>Total</b>  | <b>91,921,838</b>  | <b>62,818,823</b>  |
|  | <b>Note a:</b>  |                    |                    |
|  | <b>Terms of repayment and securities</b>  |                    |                    |
|  | (i) From HDFC Bank Ltd:   |                    |                    |
|  | Long Term Borrowings  | 2,032,253          | 773,677            |
|  | Current Maturities  | 1,194,482          | 1,186,049          |
|  | (Hypothecation of vehicles procured from the term loan<br>Rate of interest: 8% (HDFC) and 8.15% (Kotak) p.a.<br>repayable in 37 (HDFC) and 60 (Kotak) monthly<br>instalments. The outstanding instalments as at 31st<br>March, 2020 is in the range of 7-9 instalments for loans<br>from HDFC Limited and 59 instalments for loan from<br>Kotak Mahindra Prime Limited procured during the<br>current year) |                    |                    |
|  | (ii) From Stanley Lifestyles Limited:   |                    |                    |
|  | Long Term Borrowings  | 160,000,000        | -                  |
|  | Current Maturities  | -                  | -                  |
|  | All intercompany loans are governed by agreements and<br>the borrower is liable to pay interest at current rate   |                    |                    |
|  | <b>Total</b>  | <b>163,226,735</b> | <b>1,959,726</b>   |
|  | <b>Note b:</b>  |                    |                    |
|  | The advance taken from related parties is on account of<br>goods to be sold to them during financial year 2020-2021   |                    |                    |
| 9  | <b>Short-term Provisions</b>  |                    |                    |
|  | Provision for gratuity (Refer Note 26.5)  | 2,272,730          | 56,833             |
|  | Provision for leave encashment  | 33,133             | 66,433             |
|  | <b>Total</b>  | <b>2,305,863</b>   | <b>123,266</b>     |



| STANLEY RETAIL LIMITED<br>(CIN:U32599KA28PLC46573) |   |                    |                    |
|--|---|--------------------|--------------------|
| Notes to financial statements                      |   |                    |                    |
| Note No  | Particulars   | As at              | As at              |
|  |   | 31 March 2020      | 31 March 2019      |
|  |   | Amount (Rs)        | Amount (Rs)        |
| 11   | <b>Non Current Investments</b>  |                    |                    |
|  | <b>Trade Investments (valued at cost unless stated otherwise)</b>   |                    |                    |
|  | <b>Investment in equity instruments of subsidiaries:</b>  |                    |                    |
|  | Sana Lifestyles Limited (62,850 (previous year : 62,850) equity shares (nominal value of Rs. 10 each fully paid)) | 1,621,255          | 1,621,255          |
|  | Shrasta Décor Private Limited (2,680,000 (previous year : 2,680,000) equity shares of Rs. 10 each fully paid))    | 26,800,000         | 26,800,000         |
|  | Staras Seating Private Limited (101,000 (previous year : Nil) equity shares of Rs. 100 each fully paid))          | 89,385,000         | -                  |
|  | Scheek Home Interiors Limited (49,500 (previous year : 49,500) equity shares of Rs. 10 each fully paid))          | 7,577,086          | 7,577,086          |
|  |   | 125,383,341        | 35,998,341         |
|  | Less: Provision for diminution in value of investment (Scheek Home Interiors Limited)                             | (7,577,086)        | (7,082,086)        |
|  | <b>Total</b>  | <b>117,806,255</b> | <b>28,916,255</b>  |
|  | Aggregate amount of unquoted investments  | 117,806,255        | 28,916,255         |
|  | Aggregate amount of provision for diminution in value of investment   | 7,577,086          | 7,082,086          |
| 12   | <b>Long-term loans and advances</b>   |                    |                    |
|  | - Unsecured, considered good  |                    |                    |
|  | Security Deposits   | 45,999,310         | 27,212,093         |
|  | - Unsecured, considered doubtful  | 2,518,045          | -                  |
|  | Less: Provision for doubtful debts  | (2,518,045)        | -                  |
|  |   | 45,999,310         | 27,212,093         |
|  | (Unsecured, considered good)  |                    |                    |
|  | Capital Advances  | 6,646,548          | -                  |
|  | Minimum alternate tax (MAT) credit entitlement availed during the year ( Refer *)                                 | 2,418,314          | 3,105,591          |
|  | Loans and Advances to Related parties (Refer Note No. 26.7)   | 1,000,000          | 3,570,000          |
|  | Advance for purchase of investment  | 7,500,000          | 1,500,000          |
|  | Advance income tax (net of provision for income tax of Rs. 3,149,076 (previous year : Rs. 1,578,582))             | 10,961,973         | 8,636,880          |
|  | Balances with government authorities  | 1,216,052          | 20,280             |
|  | <b>Total</b>  | <b>75,742,197</b>  | <b>44,044,844</b>  |
|  | * MAT movement :  |                    |                    |
|  | Opening balance   | 3,105,591          | -                  |
|  | Add: MAT as per audited financials  | -                  | 3,105,591          |
|  | Add: MAT availed during return filing   | 323,279            | -                  |
|  | Less: MAT utilised during the year  | 1,010,556          | -                  |
|  | Closing balance   | 2,418,314          | 3,105,591          |
| 13   | <b>Inventories</b>  |                    |                    |
|  | (lower of cost and net realizable value)  |                    |                    |
|  | Stock-in-trade (acquired for trading)   | 159,973,608        | 112,170,732        |
|  | <b>Total</b>  | <b>159,973,608</b> | <b>112,170,732</b> |



**STANLEY RETAIL LIMITED**  
(CIN:U52509KA28PLC46573)

**Notes to financial statements**

| Note No | Particulars   | As at             | As at             |
|---------|---|-------------------|-------------------|
|         |   | 31 March 2020     | 31 March 2019     |
|         |   | Amount (Rs)       | Amount (Rs)       |
| 14      | <b>Trade receivables</b>  |                   |                   |
|         | Trade Receivables outstanding for a period exceeding six months |                   |                   |
|         | -Unsecured, considered good                                     | -                 | 4,715,025         |
|         | <b>Other Trade receivables</b>                                  |                   |                   |
|         | -Unsecured, considered good                                     | 32,439,149        | 10,013,791        |
|         | -Unsecured, considered doubtful                                 | 3,334,491         | 2,385,107         |
|         | Less: Provision for doubtful debts                              | (3,334,491)       | (2,389,107)       |
|         |   | 32,439,149        | 10,013,791        |
|         | <b>Total</b>  | <b>32,439,149</b> | <b>14,728,816</b> |
| 15      | <b>Cash and cash equivalents</b>                                |                   |                   |
|         | Cash in hand  | 442,175           | 3,128,492         |
|         | Cheques in hand   | 368,927           | -                 |
|         | Balances with Banks:  |                   |                   |
|         | -in current accounts  | 17,672,479        | 23,360,647        |
|         |   | <b>18,483,581</b> | <b>26,489,139</b> |
|         | <b>Other bank balances</b>                                      |                   |                   |
|         | Deposits with original maturity within twelve months            | 323,544           | 422,684           |
|         | <b>Total</b>  | <b>18,807,125</b> | <b>26,911,823</b> |
| 16      | <b>Short-term loans and advances</b>                            |                   |                   |
|         | (Unsecured, considered good)                                    |                   |                   |
|         | Advance to suppliers  | 4,941,549         | 3,023,436         |
|         | Prepaid Expenses  | 286,828           | 205,070           |
|         | Other Advances  | 835,000           | 11,215            |
|         | <b>Total</b>  | <b>6,063,377</b>  | <b>3,239,721</b>  |
| 17      | <b>Other current assets</b>                                     |                   |                   |
|         | Other receivables   |                   | 872,264           |
|         | Insurance Claims  |                   |                   |
|         | <b>Total</b>  |                   | <b>872,264</b>    |



| <b>STANLEY RETAIL LIMITED</b>        |  |                           |                           |
|--------------------------------------|--|---------------------------|---------------------------|
| <b>(CIN:U52599KA28PLC46573)</b>      |  |                           |                           |
| <b>Notes to financial statements</b> |  |                           |                           |
| <b>Note No</b>                       | <b>Particulars</b>   | <b>For the Year ended</b> | <b>For the Year ended</b> |
|                                      |  | <b>31 March 2020</b>      | <b>31 March 2019</b>      |
|                                      |  | <b>Amount (Rs)</b>        | <b>Amount (Rs)</b>        |
| <b>18</b>                            | <b>Revenue from operations</b>   |                           |                           |
|                                      | Sale of products (Traded)  | 675,698,929               | 584,336,702               |
|                                      | <b>Total</b>   | <b>675,698,929</b>        | <b>584,336,702</b>        |
|                                      | (Note: The Company operates in one category, namely the trading of Furniture, Fixtures and Accessories including trading of leather hides) |                           |                           |
| <b>19</b>                            | <b>Other Income</b>  |                           |                           |
|                                      | Interest income on deposits  | 30,424                    | 8,762                     |
|                                      | Liabilities no longer required written back  | -                         | 2,789,810                 |
|                                      | Profit from slump sale (Refer Note 26.12)  | 109,216                   | -                         |
|                                      | Miscellaneous income   | 482,548                   | 1,789,702                 |
|                                      | <b>Total</b>   | <b>622,188</b>            | <b>4,588,274</b>          |
| <b>20</b>                            | <b>Purchases of stock- in-trade</b>  |                           |                           |
|                                      | Purchases  | 521,711,787               | 434,863,039               |
|                                      | <b>Total</b>   | <b>521,711,787</b>        | <b>434,863,039</b>        |
|                                      | (Note: The purchases fall under one category, namely furniture, fixtures and accessories.)   |                           |                           |
| <b>21</b>                            | <b>Changes in inventories of stock-in-trade</b>  |                           |                           |
|                                      | Opening stock  | 112,170,732               | 79,876,553                |
|                                      | Less: Closing stock  | (159,973,608)             | (112,170,732)             |
|                                      | <b>Total</b>   | <b>(47,802,876)</b>       | <b>(32,294,179)</b>       |
| <b>22</b>                            | <b>Employee benefits expense</b>   |                           |                           |
|                                      | Salaries and wages   | 69,811,425                | 52,187,693                |
|                                      | Gratuity expense (Refer Note 26.5)   | 1,429,448                 | 1,143,882                 |
|                                      | Contributions to Provident and other funds   | 3,132,342                 | 2,132,380                 |
|                                      | Staff welfare expenses   | 3,239,118                 | 2,218,990                 |
|                                      | <b>Total</b>   | <b>77,612,333</b>         | <b>57,682,945</b>         |
| <b>23</b>                            | <b>Finance costs</b>   |                           |                           |
|                                      | Interest expense on borrowings   | 8,975,693                 | 207,262                   |
|                                      | <b>Total</b>   | <b>8,975,693</b>          | <b>207,262</b>            |



**STANLEY RETAIL LIMITED**  
(CIN:U52599KA28PLC46573)

Notes to financial statements

| Note No   | Particulars   | For the Year ended<br>31 March 2020 | For the Year ended<br>31 March 2019 |
|-----------|---|-------------------------------------|-------------------------------------|
|           |   | Amount (Rs)                         | Amount (Rs)                         |
| <b>24</b> | <b>Depreciation and amortisation expense</b>              |                                     |                                     |
|           | Depreciation expense on tangible assets                   | 10,979,362                          | 7,453,978                           |
|           | Amortisation expense on intangible assets                 | 200,501                             | 661,464                             |
|           | <b>Total</b>  | <b>11,179,863</b>                   | <b>8,115,442</b>                    |
| <b>25</b> | <b>Other expenses</b>                                     |                                     |                                     |
|           | Rent including lease rentals (Refer Note 26.8)            | 38,962,436                          | 23,901,992                          |
|           | Repair and Maintenance                                    |                                     |                                     |
|           | -Leaschold facilities                                     | 9,661,542                           | 8,318,018                           |
|           | -Others   | 4,934,076                           | 5,877,709                           |
|           | Freight charges   | 8,255,080                           | 6,066,462                           |
|           | Advertisement and business promotion                      | 3,315,250                           | 10,875,545                          |
|           | Power and fuel  | 11,470,503                          | 11,862,027                          |
|           | Sales commission  | 5,730,816                           | 2,685,300                           |
|           | Provision for bad and doubtful trade receivables          | 945,384                             | 2,389,107                           |
|           | Bad debts written off                                     | 326,494                             | 3,173,466                           |
|           | Less: Provision released                                  | -                                   | (1,098,906)                         |
|           | Net Bad trade receivables written off                     | 326,494                             | 2,074,560                           |
|           | Rates and taxes   | 1,921,138                           | 1,067,557                           |
|           | Legal and professional charges                            | 1,418,483                           | 2,427,518                           |
|           | Payment to the auditors - as Auditors (net of taxes)      |                                     |                                     |
|           | -Statutory audit  | 600,000                             | 500,000                             |
|           | Donations and contributions                               | -                                   | 22,000                              |
|           | Less on disposal of fixed assets (net)                    | 35,556                              | 107,395                             |
|           | Bank charges  | 2,847,446                           | 2,478,355                           |
|           | Net loss on foreign currency transactions and translation | -                                   | 54,662                              |
|           | Director sitting fees                                     | -                                   | 500,000                             |
|           | Provision for diminution in value of investment           | 495,000                             | 7,082,086                           |
|           | Provision for Bellary Road showroom                       | 1,758,815                           | -                                   |
|           | Provision for Mission Road showroom                       | 1,259,230                           | -                                   |
|           | Miscellaneous expenses                                    | 3,000,348                           | 2,879,658                           |
|           | <b>Total</b>  | <b>100,002,869</b>                  | <b>96,346,984</b>                   |





**Stanley Retail Limited**  
**Notes forming part of financial statements**

**1. Company overview**

Stanley Retail Limited ("the Company") was incorporated on 26 May 2008 as a public limited company with its registered office in Bengaluru, India. The Company is primarily engaged in the business of trading of Furniture, Fixtures and Accessories including trading of leather hides.

**2. Significant accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis of accounting and comply with the accounting standards prescribed under Section 133 of Companies Act, 2013 ("the Act"). The accounting policies have been consistently applied by the Company. The financial statements are presented in Indian rupees (Rs.).

**2.2 Use of estimates**

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumption that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosures of contingent liabilities on the date of the financial statements. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

**2.3 Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle to be 12 months for the purposes of classification of assets and liabilities as current and non-current as per the requirement of Schedule III of the Act.

**2.4 Cash and cash equivalents**

Cash comprises cash on hand, cheques on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Other bank balances comprises of balances other than cash equivalents which is expected to be realised within twelve months from the reporting date

**2.5 Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit / loss before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



## 2. Significant accounting policies

### 2.6 Inventories

Inventories are valued at lower of cost (weighted average method) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase and other costs incurred in bringing the inventory to their present condition and location.

### 2.7 Property, plant and equipment, intangible assets, depreciation and amortisation

#### (a) Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment, if any. The cost includes its purchase price, including import duties and other non-refundable taxes or levies (for Leasehold improvements and Vehicles, Goods and Services Tax is not availed but added to the cost of acquisition or construction), freight and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The cost of property, plant and equipment not ready for their intended use at the balance sheet date are disclosed as capital work in progress. Advances paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date are disclosed as 'capital advances' under 'long-term loans and advances'.

#### (b) Intangible assets

Intangible assets are recorded at consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

#### (c) Depreciation and amortisation

Leaschold improvements are being amortised over the duration of the lease, or estimated useful life of the assets, whichever is lower.

Depreciation is provided on the straight line method over the estimated useful life of fixed assets as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

| Asset category             | Useful Life |
|----------------------------|-------------|
| Acquired Computer Software | 5 years     |

Assets individually costing upto Rupees five thousand are fully depreciated in the year of capitalisation.



## 2.8 Revenue recognition

### *Revenue from operations*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### *Sale of goods:*

Revenue from sale of goods in the course of ordinary activities is recognised when the property in the goods and all significant risks and rewards of their ownership are transferred to the customer which generally coincides with delivery to the customers and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection. The amount recognised as revenue is exclusive of Goods and Services Tax and net of trade and quantity discounts.

### *Interest*

Interest income is recognised using the time-proportion method, based on underlying interest rates.

## 2.9 Foreign currency transactions and translations

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date; the resultant exchange differences are recognised in the statement of profit and loss.

### *Initial recognition*

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

## 2.10 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

### *Short-term employee benefits:*

All employee benefits payable wholly within 12 months of rendering the service are classified as short-term employee benefits. These include short-term compensated absences. The undiscounted amount of short term employee benefits expected to be paid in exchange for service rendered by employees is recognised as an expense during the year. Benefits such as salaries and wages, etc. and the expected cost of the statutory bonus are recognised in the period in which the employee renders the related service.

### *Post-employment employee benefits:*

#### *Defined contribution schemes*

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified obligations towards employee's provident fund and employee's state insurance to Government administered provident fund scheme and state insurance scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

#### *Defined benefits plans*

The Company's gratuity benefit scheme is defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned and returned for services in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by independent actuary at each balance sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. A part of the Company's gratuity scheme is funded with LIC of India. The amount funded with the LIC of India has been netted off against the total liability.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.



**2. Significant accounting policies**

*Compensated absences:*

The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

**2.11 Leases**

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**2.12 Earnings/ (Loss) per share**

Basic earnings/ (loss) per share is computed by dividing the net profit/(loss) for the year attributable to the equity shareholders with the weighted average number of equity shares outstanding during the year.

Diluted earnings/ (loss) per share is computed by dividing the net profit/(loss) attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share from continuing ordinary operations.

**2.13 Taxes on income**

Income-tax expense comprises of current tax and deferred tax charge on credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. If there is no virtual certainty of realisation of such assets the Deferred tax assets is created to the extent of Deferred tax liabilities. Deferred tax assets are reviewed as at each Balance Sheet date and written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.



## 2. Significant accounting policies

### 2.14 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset (including goodwill) or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

### 2.15 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### 2.16 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### 2.17 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.



**Stanley Retail Limited**  
**Notes forming part of the financial statements**

**Note 26 Additional information to the financial statements**

| 26.1 | <b>Contingent liabilities and commitments (to the extent not provided for)</b>   |  |  |
|------|--|--|--|
|      | <b>Particulars</b>   | <b>As at 31 March, 2020</b>              | <b>As at 31 March, 2019</b>              |
|      | Contingent liabilities   | -  | -  |
|      | Commitments  |  |  |
|      | - Capital  | 5,493,774                                | -  |
|      | - Others   | -  | -  |
|      |  |  | <b>Amount (Rs.)</b>                      |
| 26.2 | <b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>  |  |  |
|      | <b>Particulars</b>   | <b>As at 31 March, 2020</b>              | <b>As at 31 March, 2019</b>              |
|      | (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | -  | -  |
|      | (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | -  | -  |
|      | (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day  | -  | -  |
|      | (iv) The amount of interest due and payable for the year   | -  | -  |
|      | (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -  | -  |
|      | (vi) 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   | -  | -  |
|      | Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. |  |  |
|      |  |  | <b>Amount (Rs.)</b>                      |
| 26.3 | <b>Expenditure in foreign currency:</b>  |  |  |
|      | <b>Particulars</b>   | <b>For the year ended 31 March, 2020</b> | <b>For the year ended 31 March, 2019</b> |
|      | Purchases of stock-in-trade  | -  | -  |





**Stanley Retail Limited**

**Notes forming part of the financial statements**

**Note 26 Additional information to the financial statements**

| Note   | Particulars  |  |  | Amount (Rs.)                             |
|--------|--|--|--|--|
| 26.5   | <b>Employee benefit plans</b>  |  |  |  |
| 26.5 a | <b>Defined contribution plans</b>  |  |  |  |
|        | The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 3,132,342 (Year ended 31 March, 2019 INR 1,738,832) for Provident Fund contributions and INR 383,454 (Year ended 31 March, 2019 INR 393,508) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. |  |  |  |
| 26.5 b | <b>Defined benefit plans</b>   |  |  |  |
|        | The Company offers the following employee benefit schemes to its employees:  |  |  |  |
|        | <b>i. Gratuity</b>   |  |  |  |
|        |  | <b>Year ended 31 March, 2020</b>         | <b>Year ended 31 March, 2019</b>         |  |
|        |  | <b>Gratuity</b>                          | <b>Gratuity</b>                          |  |
|        | <b>Components of employer's expense</b>  |  |  |  |
|        | Current service cost   | 745,421                                  |  | 323,684                                  |
|        | Interest cost  | 16,002                                   |  | 37,108                                   |
|        | Past service cost  | 6,9613                                   |  |  |
|        | Actuarial losses/(gains)   | (51,388)                                 |  | 783,090                                  |
|        | <b>Total expense recognised in the Statement of Profit and Loss</b>  | <b>1,429,448</b>                         |  | <b>1,143,882</b>                         |
|        | <b>Net asset / (liability) recognised in the Balance Sheet</b>   |  |  |  |
|        | Present value of defined benefit obligation  | 2,377,313                                |  | 1,589,073                                |
|        | Fair value of plan assets  | 104,583                                  |  |  |
|        | Funded status (Surplus / (Deficit))  | (2,272,730)                              |  | (1,589,073)                              |
|        | Unrecognised past service costs  |  |  |  |
|        | <b>Net asset / (liability) recognised in the Balance Sheet</b>   | <b>(2,272,730)</b>                       |  | <b>(1,589,073)</b>                       |
|        |  |  |  | Amount (Rs.)                             |
|        |  | <b>Year ended 31 March, 2020</b>         | <b>Year ended 31 March, 2019</b>         |  |
|        |  | <b>Gratuity</b>                          | <b>Gratuity</b>                          |  |
|        | <b>Change in defined benefit obligations (DBO) during the year</b>   |  |  |  |
|        | Present value of DBO at beginning of the year  | 1,589,073                                |  | 516,150                                  |
|        | Current service cost   | 745,421                                  |  | 323,684                                  |
|        | Interest cost  | 16,002                                   |  | 37,108                                   |
|        | Actuarial (gains) / losses   | (47,005)                                 |  | 783,090                                  |
|        | Past service cost  | 6,9613                                   |  |  |
|        | Benefits paid  | (645,791)                                |  | (70,959)                                 |
|        | Present value of DBO at the end of the year  | <b>2,377,313</b>                         |  | <b>(1,589,073)</b>                       |
|        | <b>Change in fair value of assets during the year</b>  |  |  |  |
|        | Actual company contributions   | 100,000                                  |  | -  |
|        | Actual gain / (loss)   | 4,583                                    |  | -  |
|        | Benefits paid  | -  |  | -  |
|        | <b>Plan assets at the end of the year</b>  | <b>104,583</b>                           |  | -  |
|        | Actual return on plan assets   | 4,583                                    |  | -  |
|        | <b>Composition of the plan assets is as follows:</b>   |  |  |  |
|        | Government bonds   | 100.00%                                  |  | 100.00%                                  |
|        | <b>Actuarial assumptions</b>   |  |  |  |
|        | Discount rate  | 6.56%                                    |  | 7.30%                                    |
|        | Salary escalation  | 10.00%                                   |  | 10.00%                                   |
|        | Attrition  | 10.00%                                   |  | 10.00%                                   |
|        | Mortality tables   | Indian assured lives mortality (2006-20) |  | Indian assured lives mortality (2006-20) |
|        | Performance / (loss)/ (gain) considered  |  |  |  |
|        | The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.  |  |  |  |
|        | <b>Experience adjustments</b>  |  |  |  |
|        | <b>Gratuity</b>  | <b>2019-2020</b>                         | <b>2018-2019</b>                         | <b>2017-2018</b>                         |
|        | Present value of DBO   | (2,377,313)                              | (1,589,073)                              | (516,150)                                |
|        | Fair value of plan assets  | 104,583                                  | NA                                       | NA                                       |
|        | Funded status (Surplus / (Deficit))  | (2,272,730)                              | (1,589,073)                              | (516,150)                                |
|        | Experience gain / (cost) adjustments on plan liabilities   | (215,011)                                | (645,795)                                | 137,380                                  |
|        | Experience gain / (cost) adjustments on plan assets  | 4,583                                    | NA                                       | NA                                       |
|        | Notes: The details of experience adjustment of earlier years is provided to the extent available with the Company.   |  |  |  |
| 26.5 c | <b>Actuarial assumptions for long-term compensated absence</b>   | <b>For the year ended 31 March, 2020</b> | <b>For the year ended 31 March, 2019</b> |  |
|        | Discount rate  | 6.56%                                    | 7.30%                                    |  |
|        | Expected return on plan assets   | 6.56%                                    | NA                                       |  |
|        | Salary escalation  | 10.00%                                   | 10.00%                                   |  |
|        | Attrition  | 10.00%                                   | 10.00%                                   |  |
|        | The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.  |  |  |  |



**Stanley Retail Limited****Notes forming part of the financial statements****Note 26 Additional information to the financial statements**

| Note  | Particulars  |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
|---|--|-----------------------------|--------------------------|-----------------|----------------------------|--------------|---|---------------------|--|--------------------------------|--|---|---|
| 26.6  | <p><b>Segment information</b><br/>The Company operates in one business segment, namely trading and sale of Furniture, Fixtures and Accessories including trading of leather hides. In line with Accounting Standard 17, as the relevant information is available from balance sheet and the statement of profit and loss itself, and the Company's operations are predominantly in the domestic market in India, no other disclosure is considered necessary.</p>  |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
| 26.7  | <b>Related party transactions</b>  |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
| 26.7.a  | <b>Details of related parties:</b>   |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
|   | <table border="1"> <thead> <tr> <th>Description of relationship</th> <th>Names of related parties</th> </tr> </thead> <tbody> <tr> <td>Holding Company</td> <td>Stanley Lifestyles Limited</td> </tr> <tr> <td>Subsidiaries</td> <td>Sana Lifestyles Limited<br/>Scheek Home Interiors Limited<br/>Staras Seating Private Limited (from 26 June 2019)<br/>Shrasta Décor Private Limited (from 9 May 2018)</td> </tr> <tr> <td>Fellow subsidiaries</td> <td>ABS Seating Private Limited (from 1 January 2019)<br/>Stanley OEM Sofas Limited</td> </tr> <tr> <td>Key Management Personnel (KMP)</td> <td>Sunil Suresh- Director<br/>Shubha Sunil- Director<br/>Hanuman Kumar Sharma- Group CFO and COO (upto 19 August 2018)<br/>- Executive Director (from 20 August 2018 upto 1 November 2018)<br/>Rajagopal S- Group CFO (from 2 January 2019)</td> </tr> <tr> <td>Entities in which KMP / Relatives of KMP can exercise significant influence</td> <td>Stanley Estates and Leisure<br/>Staras Seating Private Limited (till 25 June 2019)<br/>ABS Seating Private Limited (till 31 December 2018)<br/>Saas Kitchens</td> </tr> </tbody> </table> | Description of relationship | Names of related parties | Holding Company | Stanley Lifestyles Limited | Subsidiaries | Sana Lifestyles Limited<br>Scheek Home Interiors Limited<br>Staras Seating Private Limited (from 26 June 2019)<br>Shrasta Décor Private Limited (from 9 May 2018) | Fellow subsidiaries | ABS Seating Private Limited (from 1 January 2019)<br>Stanley OEM Sofas Limited | Key Management Personnel (KMP) | Sunil Suresh- Director<br>Shubha Sunil- Director<br>Hanuman Kumar Sharma- Group CFO and COO (upto 19 August 2018)<br>- Executive Director (from 20 August 2018 upto 1 November 2018)<br>Rajagopal S- Group CFO (from 2 January 2019) | Entities in which KMP / Relatives of KMP can exercise significant influence | Stanley Estates and Leisure<br>Staras Seating Private Limited (till 25 June 2019)<br>ABS Seating Private Limited (till 31 December 2018)<br>Saas Kitchens |
| Description of relationship   | Names of related parties   |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
| Holding Company   | Stanley Lifestyles Limited   |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
| Subsidiaries  | Sana Lifestyles Limited<br>Scheek Home Interiors Limited<br>Staras Seating Private Limited (from 26 June 2019)<br>Shrasta Décor Private Limited (from 9 May 2018)  |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
| Fellow subsidiaries   | ABS Seating Private Limited (from 1 January 2019)<br>Stanley OEM Sofas Limited   |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
| Key Management Personnel (KMP)  | Sunil Suresh- Director<br>Shubha Sunil- Director<br>Hanuman Kumar Sharma- Group CFO and COO (upto 19 August 2018)<br>- Executive Director (from 20 August 2018 upto 1 November 2018)<br>Rajagopal S- Group CFO (from 2 January 2019)   |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |
| Entities in which KMP / Relatives of KMP can exercise significant influence | Stanley Estates and Leisure<br>Staras Seating Private Limited (till 25 June 2019)<br>ABS Seating Private Limited (till 31 December 2018)<br>Saas Kitchens  |                             |                          |                 |                            |              |   |                     |  |                                |  |   |   |



Stanley Retail Limited  
Notes forming part of the financial statements

Note 26 Additional information to the financial statements

| Note   | Particulars   |   | For the year ended            |                               |
|--------|---|---|-------------------------------|-------------------------------|
|        | Particulars   | Relationship  | 31 March 2020<br>Amount (Rs.) | 31 March 2019<br>Amount (Rs.) |
| 26.7 b | <b>Particulars of Transactions with Related parties during the year</b> |   |                               |                               |
|        | <b>Sas Kitchens</b>   | KMP having significant influence  |                               |                               |
|        | Sales   |   | 71,700                        | 85,127                        |
|        | Purchases   |   | 12,768,645                    | 73,819,901                    |
|        | Recovery of expenses  |   | 332,817                       | 1,115,704                     |
|        | Reimbursement of Expenses   |   | 186,733                       | -                             |
|        | <b>Stanley Estate and Leisure</b>                                       | KMP having significant influence  |                               |                               |
|        | Sales   |   | 1,181,835                     | -                             |
|        | <b>Stanley Lifestyles Limited</b>                                       | Holding Company   |                               |                               |
|        | Sales   |   | 2,471,574                     | 2,440,694                     |
|        | Purchases   |   | 551,182,927                   | 439,254,878                   |
|        | Common expenses charged   |   | 19,675,320                    | 12,729,840                    |
|        | Recovery of expenses  |   | 6,064,407                     | 3,069,447                     |
|        | Reimbursement of Expenses   |   | 370,455                       | 265,361                       |
|        | Receivables converted to loan   |   | 169,916,781                   | -                             |
|        | Loan borrowed from SLL  |   | 68,284,750                    | -                             |
|        | Loan repaid to SLL  |   | 18,201,531                    | -                             |
|        | Interest on loan accrued  |   | 9,630,879                     | -                             |
|        | Interest on loan  |   | 8,762,539                     | -                             |
|        | Sale of SLL payables to ABS Seating                                     |   | 4,490,627                     | -                             |
|        | Other income  |   | -                             | 1,352,292                     |
|        | <b>ABS Seating Private Limited</b>                                      | Fellow Subsidiary   |                               |                               |
|        | Sales   |   | 2,452,701                     | -                             |
|        | Common expenses charged   |   | 2,285,660                     | -                             |
|        | Reimbursement of Expenses   |   | 7,560                         | -                             |
|        | Recovery of expenses  |   | 1,095,490                     | -                             |
|        | Slump Sale  |   | 7,745,713                     | -                             |
|        |   | - Subsidiary (From 26 June, 2019)   |                               |                               |
|        |   | - Entities to which KMP / Relatives of KMP can exercise significant influence (till 26 June 2019) |                               |                               |
|        | <b>Staras Seating Private Limited</b>                                   |   |                               |                               |
|        | Sales   |   | 3,504,283                     | -                             |
|        | Common expenses charged   |   | 2,285,660                     | -                             |
|        | Reimbursement of Expenses   |   | 98,445                        | -                             |
|        | Recovery of expenses  |   | 1,675,744                     | -                             |
|        | Investment made   |   | 89,385,000                    | -                             |
|        | <b>Sana Lifestyles Limited</b>  | Subsidiary  |                               |                               |
|        | Sales   |   | 329,328                       | 591,633                       |
|        | Purchases   |   | -                             | 386,800                       |
|        | Reimbursement of Expenses   |   | 72,534                        | 200,000                       |
|        | Recovery of expenses  |   | 513,728                       | -                             |
|        | Loan repaid   |   | 2,570,000                     | -                             |
|        | <b>Scheek Home Interiors Limited</b>                                    | Subsidiary  |                               |                               |
|        | Advances received   |   | 120,000                       | -                             |
|        | Purchases   |   | -                             | 151,155                       |
|        | <b>Stanley OEM Sofas Ltd.</b>   | Fellow Subsidiary   |                               |                               |
|        | Purchases   |   | 19,415,006                    | 7,720,841                     |
|        | Reimbursement of expenses   |   | 26,200                        | -                             |
|        | <b>Shrasia Dtear Pvt. Ltd.</b>  | Subsidiary  |                               |                               |
|        | Sales   |   | 1,839,036                     | 4,636,806                     |
|        | Common expenses charged   |   | 1,142,830                     | -                             |
|        | Purchases   |   | 101,294                       | 112,733                       |
|        | Recovery of expenses  |   | 1,000                         | 2,439,005                     |
|        | Shares issued   |   | -                             | 6,300,000                     |
|        | <b>Sunil Suresh</b>   | Key Managerial Personnel  |                               |                               |
|        | Sales   |   | 16,405                        | 3,223,601                     |
|        | Advances paid   |   | 2,000,000                     | -                             |
|        | <b>Shubha Sunil</b>   | Key Managerial Personnel  |                               |                               |
|        | Sales   |   | 5,469,876                     | -                             |
|        | Salary / Perquisites  |   | 3,000,000                     | 2,500,000                     |
|        | Sitting fees  |   | -                             | 500,000                       |
|        | Advance received  |   | 13,853,217                    | -                             |
|        | Recovery of salary advance  |   | -                             | 133,875                       |
|        | <b>Anuman Kumar Sharma</b>  | Key Managerial Personnel  |                               |                               |
|        | Sales   |   | -                             | 1,039,777                     |



Stanley Retail Limited  
Notes forming part of the financial statements

Note 26 Additional information to the financial statements

| 26.7 c | Particulars  | Account                      | As at         | As at         |
|--------|--|------------------------------|---------------|---------------|
|        |  |                              | 31 March 2020 | 31 March 2019 |
|        |  |                              | Amount / Rs.  | Amount / Rs.  |
|        | <b>Balance outstanding as at Balance sheet date:</b> |                              |               |               |
|        | Sans Kitchens  | Advance to suppliers         | 2,425         | -             |
|        | Stanley Lifestyles Limited                           | Trade payables               | 148,912,158   | 112,356,679   |
|        |  | Long term borrowings         | 160,000,000   | -             |
|        |  | Investment                   | 40,000,000    | 40,000,000    |
|        |  | Other current liabilities    | 868,340       | -             |
|        | Sana Lifestyles Limited                              | Long term loans and advances | 1,000,000     | 3,570,000     |
|        |  | Investment                   | 1,621,255     | 1,621,255     |
|        | Stanley OEM Sofas Ltd                                | Trade payables               | 1,545,116     | -             |
|        | Shrastrn Décor Pvt Ltd                               | Trade receivables            | 687,932       | -             |
|        |  | Investment                   | 26,800,000    | 26,800,000    |
|        | ABS Seating Private Limited                          | Trade receivables            | 8,164,105     | -             |
|        | Staras Seating Private Limited                       | Trade receivables            | 521,797       | -             |
|        |  | Investment                   | 89,385,000    | -             |
|        | Scheek Home Interiors Limited                        | Advance from Related parties | 120,000       | -             |
|        |  | Investment                   | -             | 495,000       |
|        | Shubha Sumi  | Advance from Related parties | 13,853,217    | -             |

Note:

During the current year, investment in Scheek Home Interiors Limited, a subsidiary, an amount of Rs. 495,000 has been provided for diminution in value, other than temporary in nature totalling upto Rs. 7,577,086. In the previous year, an amount of Rs. 7,082,086 was provided for the same.



Stanley Retail Limited  
Notes forming part of the financial statements

Note 26. Additional information to the financial statements

| Note | Particulars   | For the year ended<br>31 March, 2020 | For the year ended<br>31 March, 2019 |
|------|---|--------------------------------------|--------------------------------------|
|      |   | Amount (Rs.)                         | Amount (Rs.)                         |
| 26.8 | The Company has entered into operating lease arrangements for office premises. The leases are non-cancellable for a period ranging between 1 October 2018 to 15 May 2022, and may be renewed based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 15% every 3 years (six agreements) and 5% every year (one agreement) |                                      |                                      |
|      | Future minimum lease payments   |                                      |                                      |
|      | not later than one year   | 46,827,640                           | 16,739,526                           |
|      | later than one year and not later than five years   | 41,602,320                           | 24,082,435                           |
|      | later than five years   | -                                    | -                                    |
|      | Lease payments recognised in the Statement of Profit and Loss   | 38,962,436                           | 23,901,992                           |
| 26.9 | Earnings per share  |                                      |                                      |
|      | Basic and diluted   |                                      |                                      |
|      | Profit / (loss) for the year  | 2,835,081                            | 15,842,099                           |
|      | Profit / (loss) for the year attributable to the equity shareholders  | 2,835,081                            | 15,842,099                           |
|      | Weighted average number of equity shares  | 4,125,616                            | 4,125,616                            |
|      | Par value per share   | 10                                   | 10                                   |
|      | Earnings per share - Basic and diluted  | 0.69                                 | 3.84                                 |



## Stanley Retail Limited

## Notes forming part of the financial statements

## Note 26. Additional information to the financial statements

| Note  | Particulars   | As at                 | As at                 |
|-------|---|-----------------------|-----------------------|
|       |   | 31 March, 2020        | 31 March, 2019        |
|       |   | Amount (INR)          | Amount (INR)          |
| 26.10 | <b>Deferred tax (liabilities) / assets</b>  |                       |                       |
|       | <i>Tax effect of items constituting deferred tax liabilities</i>  |                       |                       |
|       | On expenditure deferred in the books but allowable for tax purposes   | -                     | (7,394,104)           |
|       | <b>Tax effect of items constituting deferred tax liabilities</b>  | -                     | <b>(7,394,104)</b>    |
|       | <i>Tax effect of items constituting deferred tax assets</i>   |                       |                       |
|       | Provision for compensated absences, gratuity and other employee benefits  | 632,273               | 442,080               |
|       | Provision for doubtful debts - advances   | 927,656               | 1,153,242             |
|       | Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961   | 931,128               | 7,704,014             |
|       | On difference between book balance and tax balance of fixed assets  | 667,720               | 1,177,809             |
|       | <b>Tax effect of items constituting deferred tax assets</b>   | <b>3,158,777</b>      | <b>10,477,145</b>     |
|       | <b>Deferred tax (liabilities) / assets (net)</b>  | <b>3,158,777</b>      | <b>3,083,041</b>      |
| 26.11 | <b>Corporate social responsibility</b>  |                       |                       |
|       | <b>Particulars</b>  | <b>As at</b>          | <b>As at</b>          |
|       |   | <b>31 March, 2020</b> | <b>31 March, 2019</b> |
|       | (a) Gross amount required to be spent by the Company during the year as per section 135 of the Act  | 639,182               | 560,000               |
|       | (b) Amount spent during the year:   | -                     | -                     |
|       | (i) Construction - Acquisition of any asset   | -                     | -                     |
|       | (ii) On purposes other than (i) above   | -                     | -                     |
| 26.12 | During the year, the Company has transferred its showroom at Gurgaon location to ABS Seating Private Limited. As part of the sale, the Company has transferred its assets comprising of leasehold improvements, inventory, receivables, and other current assets amounting to Rs. 15,270,318 along with its liabilities comprising of trade payables, employee payables and other current liabilities amounting to Rs. 9,579,534 for a consideration of Rs. 5,800,000. The gain arising out of the sale is recorded as other income (Refer Note 19).  |                       |                       |
| 26.13 | During the year, a search was conducted at various premises of the Company by the Income Tax Department under section 132 of Income Tax Act, 1961. The Company has till date not received any notice under section 153 A of the Income Tax Act, 1961 for block assessment subsequent to the search. The panchanamas recorded statements alleged mainly that the Company had recorded certain purchases that were not supported by proper underlying documents. The Company believes that it has followed all applicable laws in letter and spirit and will be rigorously defending any claims on it. Accordingly, no provision for additional income tax, if any, is made in these financial statements.  |                       |                       |
| 26.14 | The rapid outbreak of covid-19 pandemic presents alarming health crisis and its impacts are unfolding in real time. As a result of lockdown by Government of India, the Company's offices, factory and showrooms were temporarily closed from March 21, 2020. The Company has undertaken various steps in order to manage the cash flow considering no sales were made during the mandate period. The results of these steps have helped the Company in sustaining during these unprecedented times. In Management's estimate, there has not been a significant change in the carrying value of receivables or property, plant and equipment, inventory and other assets as a result of the pandemic or the temporary closures of operations. The Company has started operations from May, 2020. The impact of global health pandemic and any additional government mandate in response to the pandemic, the Company's financial position may change following the date of approval of these standalone financial statements. Management will continue to closely monitor any material changes to the Company's financial positions as a result of changes in future economic conditions, and government actions. |                       |                       |
| 26.15 | Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification disclosure.  |                       |                       |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

Sunil Sunil

Director

DIN : 01421517

Shubha Sunil

Director

DIN: 01363687

Place: Bangalore

Date: December, 30 2020.

