

BSR & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai -400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

C6: Independent Auditors' Report to the Group Auditor on the audit of the special purpose financial statements prepared for consolidation purposes

From: Rishabh Kumar, B S R & Co. LLP, Mumbai

To: Kamal Agarwal, S R Batliboi & Co. LLP, Kolkata

Opinion

We have audited the accompanying special purpose financial statements of Natures Basket Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the statement of profit and loss, changes in equity and cash flows for the period 5 July 2019 to 31 March 2020, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying special purpose financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2020, and its loss and other comprehensive income, changes in equity and its cash flows for the period 5 July 2019 to 31 March 2020 in accordance with Indian Accounting Standards as specified under Section 133 of the Companies Act, 2013 read with relevant Rules issued thereunder ('Ind AS'), to the extent applicable to the Company in view of the special purpose for which the accompanying financial statements have been prepared and which is more fully described in the Basis of Accounting and Restriction on Use Paragraph below and in the Note 2.1 to the financial statements..

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 2.1 to the financial statements, which describes the basis of preparation of the financial statements. The financial statements are prepared solely to assist the Company to provide financial information to Spencer's Retail Limited to enable it to prepare the consolidated financial statements of the group. Further, in view of the special purpose for which these financial statements have been prepared as aforesaid and considering that the Company became a subsidiary of Spencer's Retail Limited on 4th July 2019, there is no comparative information applicable for the purpose of consolidation and hence, not presented in the financial statements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for S. R. Batliboi & Co. LLP in connection with their audit of the consolidated financial statements of Spencer's Retail Limited as at and for the year ended 31 March 2020, and should not be used by or distributed to any other parties. Our opinion is not modified in respect of this matter.



BSR & Co (a partnership firm with
Registration No. BA61223) converted into
BSR & Co. LLP (a Limited Liability
Partnership with LLP Registration No.
AAB-8181)
with effect from October 14, 2013

Registered Office: 5th
Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai -
400 0 11, India

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the special purpose financial statements in accordance with Ind AS, except that comparatives are not presented, read with the accounting policies set out in note 2.4 and basis of preparation set out in note 2.1 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



B S R & Co. LLP

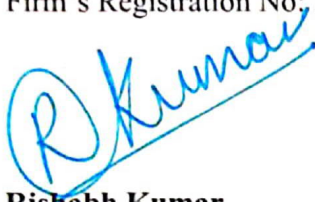
Auditors' Responsibilities for the Audit of the Financial Statements (*Continued*)

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.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Rishabh Kumar

Partner

Membership No: 402877

ICAI UDIN: 20402877AAAABT2811

Mumbai

25 June 2020

Natures Basket Limited
Balance Sheet as at 31 March 2020

| | Note | As at 31 March 2020 ₹ in lakhs |
|---|------|--------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 3 | 3,678.88 |
| Capital work-in-progress | | 117.35 |
| Right of use assets | 28 | 10,803.98 |
| Goodwill | 3 | 530.76 |
| Other Intangible assets | 3 | 52.10 |
| Financial assets | | |
| (i) Investments | 4 | 39.28 |
| (ii) Loans | 5 | 1,052.80 |
| (iii) Other financial assets | 6 | 28.59 |
| Non-current tax assets (net) | 7 | 141.13 |
| Other non-current assets | 8 | 18.68 |
| Total non-current assets (A) | | 16,463.55 |
| Current assets | | |
| Inventories | 9 | 1,768.69 |
| Financial assets | | |
| (i) Trade receivables | 10 | 669.01 |
| (ii) Cash and cash equivalents | 11 | 2,122.96 |
| (iii) Bank balances other than (ii) above | 12 | 31.05 |
| (iv) Loans | 5 | 301.23 |
| (v) Other financial assets | 6 | 15.26 |
| Other current assets | 8 | 929.90 |
| Total current assets (B) | | 5,838.10 |
| TOTAL ASSETS (A+B) | | 22,301.65 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Equity share capital | 13 | 49,258.00 |
| Other equity | 14 | (54,260.90) |
| Total Equity (C) | | (5,002.90) |
| LIABILITIES | | |
| Non-current liabilities | | |

| | | |
|--|----|------------------|
| Financial liabilities | | |
| (i) Borrowings | 15 | 6,347.85 |
| (ii) Lease liabilities | 28 | 8,399.68 |
| Provisions | 16 | 44.60 |
| Total Non Current Liabilities (D) | | 14,792.13 |
| Current liabilities | | |
| Financial liabilities | | |
| (i) Borrowings | 15 | 1,478.54 |
| (ii) Lease liabilities | 28 | 2,654.96 |
| (iii) Trade payables | 17 | |
| - Total outstanding dues of Micro enterprises and small enterprises | | 176.48 |
| - Total outstanding dues of creditors other than Micro enterprises and small enterprises | | 6,145.78 |
| (iv) Other financial liabilities | 18 | 1,794.40 |
| Other current liabilities | 19 | 224.81 |
| Provisions | 16 | 37.45 |
| Total current liabilities (E) | | 12,512.42 |
| TOTAL EQUITY AND LIABILITIES (C+D+E) | | 22,301.65 |

The accompanying notes form an integral part of these Financial Statements.

For B S R & Co. LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 101248W/ W-100022

RISHABH KUMAR
Digitally signed by RISHABH KUMAR
Date: 2020.06.25 21:08:10 +05'30'

RISHABH KUMAR
PARTNER
Membership Number: 402877

Place: Mumbai
Date: 25 June 2020

For and on behalf of Board of Directors
of Natures Basket Limited

SANKETH KOKA

SANKETH KOKA
Director
DIN: 08599380

KUMAR TANMAY
TANMAY KUMAR
Chief Financial Officer

SRIKANTH RAMACHANDR A MURTHY GOPISHETTY

G R SRIKANTH
Director
DIN: 07383622

RAMA KANT
RAMA KANT
Company Secretary

Date: 25 June 2020

Digitally signed by SANKETH KOKA
DN: cn=I, o=Personal, postalCode=500072,
st=Andhra Pradesh,
c=IN, email=sanketh.koka@naturesbasket.com,
serialNumber=2.5.4.20+c639fb7153a95ac7c2fa7ef3ee66609
e950c38b0c3049669ac9a712195d9e26c,
smallNumber=ee8bb1ba7a2ab348666a2ba4c
318e179c194618865d7f6a4e5089f68d96aea
4b, cn=SANKETH KOKA
Date: 2020.06.25 13:19:25 +05'30'

Digitally signed by SRIKANTH RAMACHANDR A MURTHY GOPISHETTY
DN: cn=I, o=Personal,
2.5.4.20+c2997548320dfe5b5f4cdef8bba
55e1127b28e3d89664f011cc92d04a9
1, postalCode=500095, st=TELANGANA,
serialNumber=0106d5c9570543ce1a9
4220a3a6b0baf5e5c0eb051a9297a74e9
e018c7, cn=SRIKANTH RAMACHANDR A
MURTHY GOPISHETTY
Date: 2020.06.25 19:01:43 +05'30'

Digitally signed by KUMAR TANMAY
DN: cn=I, o=Personal,
2.5.4.20+c639fb7153a95ac7c2fa7ef3ee66609
e950c38b0c3049669ac9a712195d9e26c,
smallNumber=ee8bb1ba7a2ab348666a2ba4c
318e179c194618865d7f6a4e5089f68d96aea
4b, cn=SANKETH KOKA
Date: 2020.06.25 18:31:04 +05'30'

Digitally signed by RAMA KANT
DN: cn=I, o=Personal,
postalCode=201005, st=UTTAR
PRADESH,
serialNumber=20c15a39c3b1d296709ab
9729e08277760a426453455986c986291
03a1051c, cn=RAMA KANT
Date: 2020.06.25 18:46:51 +05'30'

Natures Basket Limited**Statement of Profit & Loss for the period 05 July 2019 to 31 March 2020**

| | Note | For the period 05 July 2019 to 31 March 2020 ₹ in lakhs |
|---|-------|--|
| Income | | |
| Revenue from operations | 20 | 26,867.27 |
| Other income | 21 | 157.37 |
| Total Income (I) | | 27,024.64 |
| Expenses | | |
| Purchases of stock-in-trade | | 19,542.09 |
| Changes in inventories of stock-in-trade | 22 | 1,289.33 |
| Employee benefits expense | 23 | 2,428.75 |
| Other expenses | 25 | 5,985.95 |
| Total Expenses (II) | | 29,246.12 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) [(I)-(II)] | | (2,221.48) |
| Depreciation and amortisation | 3, 28 | 2,883.66 |
| Finance costs | 24 | 1,826.26 |
| Loss before tax (III) | | (6,931.40) |
| Tax expense | | |
| Current tax | | - |
| Deferred tax | | - |
| Loss for the period (IV) | | (6,931.40) |

Other Comprehensive income
Items that will not be reclassified subsequently to profit or loss
Remeasurement of defined benefit plans

81.85

Other Comprehensive income for the period (V)

81.85

Total Comprehensive income for the period [(IV) + (V)]

(6,849.55)

Earnings per share - Basic and Diluted

[Nominal value per equity share ₹ 10 (31 March 2019: ₹ 10)]

26

(1.49)

The accompanying notes form an integral part of these Financial Statements.

For B S R & Co. LLP

CHARTERED ACCOUNTANTS

Firm Registration Number: 101248W/ W-100022

**RISHABH
KUMAR**

Digitally signed by
RISHABH KUMAR
Date: 2020.06.25 21:09:16
+05'30'

**RISHABH KUMAR
PARTNER**

Membership Number: 402877

**For and on behalf of Board of Directors
of Natures Basket Limited**

**SANKET
H KOKA**

Digitally signed by SANKETH KOKA
DN: cn=IN, o=Personal,
postalCode=500072, st=Andhra
Pradesh,
2.5.4.2.0=c639b7153a95ac7c21e7e7ee
16609a5c438b0c3049b69ec3a712195
c9a2c6c,
serialNumber=e8bb1be7a2ab8348666
e2b4c318e176c194618865af740e508
9fa68d9ee9e6, cn=SANKETH KOKA,
Date: 2020.06.25 19:21:18 +05'30'

SANKETH KOKA

Director

DIN: 08599380

**KUMAR
TANMAY**

Digitally signed by KUMAR TANMAY
DN: cn=IN, o=Personal,
postalCode=500072, st=Andhra
Pradesh,
2.5.4.2.0=c639b7153a95ac7c21e7e7ee
16609a5c438b0c3049b69ec3a712195
c9a2c6c,
serialNumber=e8bb1be7a2ab8348666
e2b4c318e176c194618865af740e508
9fa68d9ee9e6, cn=KUMAR TANMAY,
Date: 2020.06.25 19:21:18 +05'30'

TANMAY KUMAR

Chief Financial Officer

**SRIKANTH
RAMACHANDRA
MURTHY
GOPISHETTY**

Digitally signed by SRIKANTH
RAMACHANDRA MURTHY GOPISHETTY
DN: cn=IN, o=Personal,
postalCode=500072, st=Andhra
Pradesh,
2.5.4.2.0=c639b7153a95ac7c21e7e7ee
16609a5c438b0c3049b69ec3a712195
c9a2c6c,
serialNumber=e8bb1be7a2ab8348666
e2b4c318e176c194618865af740e508
9fa68d9ee9e6, cn=SRIKANTH
RAMACHANDRA MURTHY GOPISHETTY,
Date: 2020.06.25 19:02:35 +05'30'

G R SRIKANTH

Director

DIN: 07383622

**RAMA
KANT**

Digitally signed by RAMA KANT
DN: cn=IN, o=Personal,
postalCode=201005, st=UTTAR
PRADESH,
2.5.4.2.0=c639b7153a95ac7c21e7e7ee
16609a5c438b0c3049b69ec3a712195
c9a2c6c,
serialNumber=e8bb1be7a2ab8348666
e2b4c318e176c194618865af740e508
9fa68d9ee9e6, cn=RAMA KANT,
Date: 2020.06.25 18:44:12 +05'30'

RAMA KANT

Company Secretary

Place: Mumbai

Date: 25 June 2020

Date: 25 June 2020

Natures Basket Limited

Statement of Changes in Equity for period 5 July 2019 to 31 March 2020

A. Equity share capital

| | 31 March 2020 | |
|---|----------------------|-------------------|
| | No. of shares | ₹ in lakhs |
| Balance at the beginning of the period | 4458,30,000 | 44,583.00 |
| Shares issued during the period | 467,50,000 | 4,675.00 |
| Balance at the end of the period | 4925,80,000 | 49,258.00 |

B. Other Equity

| | Reserves and Surplus | Items of Other Comprehensive Income (OCI) | |
|-----------------------------|----------------------|---|-------------|
| | Retained earnings | Net gain/ (loss) on Fair Value Through OCI: Equity Securities | Total |
| Balance as at 05 July 2019 | (47,418.46) | 7.11 | (47,411.35) |
| Loss for the period | (6,931.40) | - | (6,931.40) |
| Other comprehensive income | 81.85 | - | 81.85 |
| Balance as at 31 March 2020 | (54,268.01) | 7.11 | (54,260.90) |

The accompanying notes form an integral part of these Financial Statements.

For B S R & Co. LLP
CHARTERED ACCOUNTANTS

Firm Registration Number: 101248W/ W-100022

RISHABH KUMAR

RISHABH KUMAR
PARTNER

Digitally signed by RISHABH KUMAR
Date: 2020.06.25 21:10:09 +05'30'

For and on behalf of Board of Directors
of Natures Basket Limited

SANKETH KOKA
H KOKA

SANKETH KOKA
Director

SRIKANTH RAMACHANDRA MURTHY GOPISHETTY

G R SRIKANTH
Director

Membership Number: 402877

DIN: 08599380

**KUMAR
TANMAY
TANMAY KUMAR**
Chief Financial Officer

Digitally signed by KUMAR TANMAY
DN: cn=K, o=KUMAR TANMAY
2.5.4.26=7c6a877545d01b270a2a5f8f5e2
561275814682786ac2701b7f07781769
c=IN, cn=KUMAR TANMAY
serialNumber=5a82104b48589225a037
2017180707752655a677502a7a0c0e
c42810, cn=KUMAR TANMAY
Date: 2020.06.25 18:33:37 +05'30'

DIN: 07383622

**RAMA
KANT
RAMA KANT**
Company Secretary

Digitally signed by RAMA KANT
DN: cn=R, c=Personal,
serialNumber=307035, postalCode
PRADOSH,
serialNumber=30715a781b4d38b786e
3a0728a6927700042aa04a9288c96a2
01028a1081, cn=RAMA KANT
Date: 2020.06.25 18:42:03 +05'30'

Place: Mumbai
Date: 25 June 2020

Date: 25 June 2020

Natures Basket Limited**Cash Flow Statement for the period 05 July 2019 to 31 March 2020**

| | For the period 05 July 2019 to 31 March 2020 ₹ in lakhs |
|---|--|
| OPERATING ACTIVITIES | |
| Loss before tax | (6,931.40) |
| <i>Adjustments :</i> | |
| Depreciation and amortisation | 2,883.66 |
| Loss on sale / discard / write off of property, plant and equipment | 155.38 |
| Gain on derecognition of lease assets and liabilities | (58.45) |
| Provision for doubtful receivables and deposits | 738.01 |
| Provision for obsolete inventory | 432.53 |
| Interest expense on others | 869.02 |
| Interest expenses on lease liabilities | 957.24 |
| Bad debts written off | 18.46 |
| Interest income | (110.93) |
| Operating loss before working capital changes | (1,046.48) |
| Working capital changes: | |
| Decrease in inventories | 856.80 |
| Increase in trade receivables | (429.06) |
| Increase in loans and deposits | (13.48) |
| Decrease in other financial assets | 137.18 |
| Decrease in other assets | 580.20 |
| Increase in trade payables | 2,070.35 |
| Decrease in financial liabilities | (464.38) |
| Increase in other current liabilities | 25.07 |
| Increase in provisions | (126.91) |
| Cash used in operating activities | 1,589.29 |
| Income tax paid | (67.10) |
| Net cash from operating activities (A) | 1,522.19 |

INVESTING ACTIVITIES

| | |
|---|-----------------|
| Purchase of property, plant and equipments, including intangible assets, capital work in progress and capital advances, net | (316.61) |
| Proceeds from sale of property, plant and equipments | 25.45 |
| Investments in Bank Deposits | (2.71) |
| Interest received | 110.93 |
| Net cash used in investing activities (B) | (182.94) |

FINANCING ACTIVITIES

| | |
|--|---------------|
| Proceeds from issue of share capital | 4,675.00 |
| Repayment of lease liability (inclusive of principal and interest portion) | (2,019.67) |
| Inter-corporate deposit received | 3,600.00 |
| Inter-corporate deposit refunded | (4,000.00) |
| Repayment of long term borrowings | (950.94) |
| Repayment of short term borrowings, net | (135.86) |
| Interest paid other than on lease liabilities | (851.29) |
| Net cash generated from financing activities (C) | 317.24 |

Net increase in cash and cash equivalents (A+B+C)**1,656.49**

Cash and cash equivalents at the beginning of the period

466.47

Cash and cash equivalents at the end of the period**2,122.96****Components of cash and cash equivalents :**

| | |
|---|-----------------|
| Balance with banks in current accounts | 1,868.89 |
| Balance with credit card, e-wallet companies and others | 82.09 |
| Cash on hand | 171.98 |
| Total cash and cash equivalents | 2,122.96 |

Natures Basket Limited

Cash Flow Statement for the period 05 July 2019 to 31 March 2020

Change in liability arising from financing activities :

| Particulars | Lease liabilities | Long term borrowings* | Short term borrowings | Total |
|--|-------------------|-----------------------|-----------------------|------------------|
| Opening balance as on 05 July 2019 | 13,049.40 | 8,756.62 | 2,014.40 | 23,820.42 |
| Changes from financing cash flows: | | | | |
| Loan taken during the current year | - | - | 3,600.00 | 3,600.00 |
| Repayment during the current year | - | (950.94) | (4,135.86) | (5,086.80) |
| Interest on borrowings paid | - | (715.16) | (136.13) | (851.29) |
| Repayment of lease liabilities - principal portion | (1,062.43) | - | - | (1,062.43) |
| Payment of interest on lease liabilities | (957.24) | - | - | (957.24) |
| Other non cash adjustments | | | | |
| Interest on lease liabilities booked | 957.24 | - | - | 957.24 |
| Interest on borrowings | - | 725.93 | 143.09 | 869.02 |
| Change in interest accrued but not due | - | 2.92 | (6.96) | (4.04) |
| Derecognition of lease liabilities | (932.33) | - | - | (932.33) |
| Closing balance as on 31 March 2020 | 11,054.64 | 7,819.37 | 1,478.54 | 20,352.55 |

* Inclusive of current maturities

The Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013.

The accompanying notes form an integral part of these Financial Statements.

CHARTERED ACCOUNTANTS

Firm Registration Number: 101248W/ W-100022

RISHABH
KUMAR

RISHABH KUMAR

PARTNER

Membership Number: 402877

Digitally signed by
RISHABH KUMAR

Date: 2020.06.25 21:11:07
+05'30'

Place: Mumbai

Date: 25 June 2020

of Natures Basket Limited

SANKET
H KOKA

SANKETH KOKA

Director

DIN: 08599380

KUMAR
TANMAY

TANMAY KUMAR

Chief Financial Officer

Digitally signed by SANKETH KOKA
DN: cn=H, o=Personal,
postalCode=500072, st=Andhra Pradesh,
2.5.4.20=c39fb7153195ac7c267ef3eeff6
09ea5c438b0c3049b69eda712195d9e26c
7,
serialNumber=e1bb1be7a2a1b348666a3b
4c318e179c194b1885a774ae5089fa6d9
8e6e4d, cn=SANKETH KOKA,
Date: 2020.06.25 19:29:18 +05'30'

SRIKANTH
RAMACHAND
RA MURTHY
GOPISHETTY

G R SRIKANTH

Director

DIN: 07383622

RAMA
KANT

RAMA KANT

Company Secretary

Digitally signed by SRIKANTH
RAMACHANDRA MURTHY GOPISHETTY
DN: cn=H, o=Personal,
2.5.4.20=c39fb7153195ac7c267ef3eeff6
09ea5c438b0c3049b69eda712195d9e26c
7,
serialNumber=e1bb1be7a2a1b348666a3b
4c318e179c194b1885a774ae5089fa6d9
8e6e4d, cn=SANKETH KOKA,
Date: 2020.06.25 19:03:25 +05'30'

Digitally signed by RAMA KANT
DN: cn=N, o=Personal,
postalCode=2011045, st=UTTAR
PRADESH,
serialNumber=20c15a39c5b1d2f67d9
4b57f8b8b0776042a453455556a5
862910c8a1d1c1, cn=RAMA KANT
Date: 2020.06.25 18:39:59 +05'30'

Date: 25 June 2020

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

(1) Company Overview

Natures Basket Limited ("the Company") is a Public Limited Company incorporated under the Companies Act, 1956 on May 29, 2008. The Company is in the business of selling Premium Gourmet products. As at 31 March 2020, the Company has 33 active stores and 2 Distribution Centres in Maharashtra & Bangalore. On 4th July 2019, Spencer's Retail Limited (formerly known as RP-SG Retail Limited) ('SRL') has acquired 100% stake of Nature's Basket Limited (NBL) from Godrej Industries Limited, as a wholly owned subsidiary company.

(2.1) Basis of Preparation

Purpose

These special purpose financial statements have been prepared solely to enable preparation of Consolidated Financial Statements of Spencer's Retail Limited (Parent Company) as at and for the period 5 July 2019 to 31 March 2020.

These special purpose financial statements have been prepared in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act 2013 ('the Act') read with the relevant rules issued thereunder (Ind AS), except that comparatives have not been presented in view of the special purpose as stated above, for which these financial statements have been prepared. Considering that the Company became a subsidiary of Spencer's Retail Limited on 4th July 2019, there is no comparative information applicable for the purpose of consolidation and hence, not presented. Thus, to the extent that comparatives have not been presented and accordingly, these financial statements do not comply with the requirements of Ind AS.

The Accounting policies followed in preparation of these financial statements are the same as compared with the last set of annual financial statements for the year ended 31 March 2019, except that Ind AS 116 – Leases has become applicable effective 1 April 2019. Consequent to application of the new standard, the Company recognized right of use assets and corresponding lease liabilities in respect of transactions that were previously considered as operating leases. The right of use assets are depreciated and interest cost is recognized in respect of the lease liabilities, in place of rent expense. The application of Ind AS 116 resulted in a higher loss before tax for the period 5 July 2019 to 31 March 2020 by Rs. 503.94 lakhs.

These financial statements are prepared solely for the purpose stated above and accordingly, may not be suitable for use for any other purpose nor is it intended for external distribution.

These special purpose financial statements of the Company were authorised for issuance in accordance with a resolution of the Board of Directors on 25 June 2020.

Basis of measurement

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

- (a) Certain Financial Assets and Liabilities (refer accounting policy regarding Financial Instruments);
- (b) Defined Employee Benefit Plan

Functional and presentation currency:

These financial statements are presented in Indian Rupee (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest lakh, unless otherwise indicated.

(2.2) Key estimates and assumptions

(2.2) Key estimates and assumptions

While preparing financial statements in conformity with Ind AS, the management has made certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Future events rarely develop exactly as forecasted and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgment, estimates and assumptions are required in particular for:

(i) Determination of the estimated useful lives of tangible assets

Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

(ii) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

(iii) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

(iv) Impairment of financial assets

The impairment provisions of financial assets are based on the assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

(2.3) Measurement of Fair Values

The Company's accounting policies and disclosures require the measurement of fair values for, some financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(2.4) Accounting Policies

i) Property, Plant & Equipment

Items of property, plant & equipment have been stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold Land is carried at cost and is not depreciated.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
 - b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
 - c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

During the period the company has charged accelerated depreciation in respect of items of property, plant and equipment amounting to Rs. 173.93 lakhs in respect of leasehold improvements on account of closure of 4 stores during the period.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii) Depreciation / Amortisation

Depreciation on tangible fixed assets is provided in accordance with the provisions of Schedule II of the Companies Act 2013, on Straight Line Method. Depreciation on additions / deductions is calculated on pro rata basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. In case of the following category of property, plant and equipment, the depreciation has been provided based on the technical specifications, external & internal assessment, requirement of refurbishments and past experience of the remaining useful life which is different from the useful life as specified in Schedule II to the Act:

| | |
|-------------------------|------------|
| Plant & Machinery | 7.5 Years |
| Electric Installations | 10 Years |
| Lease Hold Improvements | Lease Term |

Assets costing less than ₹5,000 are fully depreciated in the year of purchase/acquisition.

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

iv) Intangible Assets and Goodwill

Goodwill arising on business acquisition is measured at cost less accumulated impairment losses.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Other Intangible Assets which are acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

The cost of intangible assets at 1st April 2015, the Company's date of transition to Ind AS, was determined with reference to its carrying value at that date.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the Statement of Profit or Loss.

The intangible assets are amortised over the estimated useful lives as given below:

| | |
|-------------------|----------|
| Computer Software | 6 Years |
| Website Platform | 10 Years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Company has charged accelerated depreciation in respect of Compute Software amounting to Rs. 215.56 lakhs on account of migration to a different ERP software platform during the period ended 31 March 2020.

v) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

vi) Impairment of Assets

Non-financial assets

The Company assesses whether there is an indication that an asset may be impaired at each Balance Sheet date and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount.

The recoverable amount is determined at the higher of the fair value less cost to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discount rates that reflects current market assessments of the time value of money and the risk specific to the asset.

If the assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss. When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

vii) Investments

Ind AS 109 prescribes fair value measurement of all financial assets in the form of equity investments and all changes in the fair value to be reported in equity.

Accordingly, the investments are fair valued and the impact of fair valuation of equity investments would be reflected through OCI.

viii) Inventories

Stock in Trade is valued at weighted average cost or market value, whichever is lower. Packing Material is treated as consumed on purchase.

The cost of inventories have been computed to include all cost of purchases and other related costs incurred in bringing the inventories to the present location and condition. Slow and non-moving material, obsolescence, defective inventories are duly provided for and valued at net realizable value.

ix) Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

x) Revenue Recognition

(a) Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised at a point in time when control of the goods are transferred to the buyer as per the terms of contracts which coincides with the point of time at which significant risks and rewards are transferred and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods.

(b) Sale of Services

Revenue from services rendered is recognised net of taxes as the service is performed based on agreements / arrangements with the concerned parties.

(c) Dividend income

Dividend income is recognised only when the right to receive the same is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

(d) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial assets. Interest income is included in other income in the statement of profit or loss.

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

xi) Loyalty Program

Sales is allocated between the loyalty programme and the other components of the transaction. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

xii) Retirement & Other Employee Benefits

(a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term benefits such as salaries, wages, short-term compensation absences, etc., are determined on an undiscounted basis and recognized in the period in which the employee renders the related service.

(b) Post Employment Benefits

Defined Contribution Plans: The Company's contributions paid/payable to Regional Provident Fund, Super Annuation Fund, Employees State Insurance Scheme, Employees Pension Schemes, 1995 and other funds, are determined under the relevant approved schemes and/or statutes and are recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service. There are no further obligations other than the contributions payable to the approved trusts/appropriate authorities.

Defined Benefit Plans: The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(c) Other long term employee benefits

Liability towards Long-term Compensated Absences are determined based on actuarial valuation by independent actuaries as at the date of the Balance Sheet using Projected Unit Credit method. Actuarial gains/losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognized in the Statement of Profit & Loss of the period.

(d) Terminal Benefits

All terminal benefits are recognized as an expense in the period in which they are incurred.

xiii) Earnings Per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

xiv) Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') The Indian Rupee (₹) is the functional and presentation currency of the Company.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

The gains or losses resulting from translations of monetary assets and liabilities are included in net profit in the Statement of Profit and Loss.

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

xv) Taxes on Income:

Income Tax expense comprises of current and deferred tax. Income Tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognised in other comprehensive income.

(a) Current Tax

Current Tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year determined in accordance with the provisions of the Income Tax Act, 1961. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Current tax assets and liabilities are offset if, and only if, the Company:

- a) has a legally enforceable right to set off the recognized amounts; and
- b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liability is not recognized for the following taxable temporary differences:

- a) on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- b) initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

xvi) Lease

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use

of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements under taken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to its operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for store. The Company assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) The Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right of use asset (ROU) and a corresponding lease liability for all lease arrangements, in which it is a lessee, except for leases with a term of twelve months or less (short-term leases). For these short-term leases, the Company recognised the lease rental payments as an operating expense.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liabilities are initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates for similar term of borrowing as the leases, for the Company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

xvii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Derivatives are currently recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

(i) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent measurement

Where assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit or loss), or recognized in Other Comprehensive Income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income

with only dividend income recognized in the statement of profit and loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
(a) the Company has transferred substantially all the risks and rewards of the asset, or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment after considering the past experience, sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from amounts written off. However, financial assets that are written off could still be subject to enforcement activities based on the procedures determined by the Company for recovery of amounts due.

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

(ii) Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

xviii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xix) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash on hand and demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

xx) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBITDA will depend on the nature of income/ expense described as exceptional.

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

3

3.1 Property, Plant and Equipment

| | Leasehold Improvements | Plant & Machinery | A.C., Water Coolers | Ec |
|---------------------------------|---------------------------|----------------------|------------------------|----|
| Gross carrying amount | | | | |
| As at 05 July 2019 | 2,023.71 | 775.58 | 174.17 | |
| Additions during the period | 199.67 | 13.89 | 8.20 | |
| Disposals during the period | 201.67 | 41.79 | 27.79 | |
| As at 31 March 2020 | 2,021.71 | 747.68 | 154.58 | |
| Accumulated depreciation | | | | |
| As at 05 July 2019 | - | - | - | |
| Additions during the period | 582.65 | 107.12 | 51.24 | |
| Disposals during the period | 200.30 | 34.06 | 14.29 | |
| As at 31 March 2020 | 382.35 | 73.06 | 36.95 | |
| Net carrying amount | | | | |
| As at 05 July 2019 | 2,023.71 | 775.58 | 174.17 | |
| As at 31 March 2020 | 1,639.36 | 674.62 | 117.63 | |

3.2 Intangible Assets

| | Computer Softwares | Goodwill | ₹ in lakhs Total |
|---------------------------------|-----------------------|---------------|---------------------|
| Gross carrying amount | | | |
| As at 05 July 2019 | 254.92 | 530.76 | 785.68 |
| Additions during the period | 63.05 | - | 63.05 |
| Disposals during the period | - | - | - |
| As at 31 March 2020 | 317.97 | 530.76 | 848.73 |
| Accumulated amortisation | | | |
| As at 05 July 2019 | - | - | - |
| Additions during the period | 265.87 | - | 265.87 |
| Disposals during the period | - | - | - |
| As at 31 March 2020 | 265.87 | - | 265.87 |
| Net carrying amount | | | |
| As at 05 July 2019 | 254.92 | 530.76 | 785.68 |
| As at 31 March 2020 | 52.10 | 530.76 | 582.86 |

Note on Goodwill:

For the purpose of testing goodwill for impairment annually, the Company has been considered as a single cash generating

The recoverable amount of the CGU was based on value in use estimated by using discounted cash flows.

Key Assumptions used in calculating the discounted cash flows

| | |
|----------------------------------|-------------|
| Weighted average cost of capital | 13.71% p.a. |
| Annual Revenue growth rates | 10% p.a. |

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital

The cash flow projections included specific estimates for five years and a terminal growth thereafter. Forecasts was prepared

Based on sensitivity analyses performed around the base assumptions, there are no reasonably possible changes in a key a

| | | | | | | ₹ in lakhs |
|--------------------------------------|--------------------|--------------------|-------------|----------------------|---------------|-----------------|
| Electrical equipments & Installation | Computer Hardwares | Servers & Networks | Vehicles | Furniture & Fixtures | Equipments | Total |
| 165.51 | 116.69 | 21.82 | 0.69 | 1,070.86 | 180.25 | 4,529.28 |
| 7.90 | 5.52 | - | - | 26.77 | 5.27 | 267.22 |
| 8.12 | 32.04 | 18.21 | - | 140.52 | 30.97 | 501.11 |
| 165.29 | 90.17 | 3.61 | 0.69 | 957.11 | 154.55 | 4,295.39 |
| - | - | - | - | - | - | - |
| 25.39 | 49.25 | 1.72 | 0.14 | 118.65 | 56.81 | 992.97 |
| 4.24 | 25.45 | 1.72 | - | 73.15 | 23.25 | 376.46 |
| 21.15 | 23.80 | - | 0.14 | 45.50 | 33.56 | 616.51 |
| 165.51 | 116.69 | 21.82 | 0.69 | 1,070.86 | 180.25 | 4,529.28 |
| 144.14 | 66.37 | 3.61 | 0.55 | 911.61 | 120.99 | 3,678.88 |

g unit (CGU) which is the level at which the goodwill is monitored for internal management purposes.

obital.

ed taking into account past experience and Management's best estimate of the future forecasts.

assumption that would cause the carrying amount to exceed recoverable amount of goodwill.

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020**

| | As at 31 March 2020 ₹ in lakhs |
|--|---|
| 4 Investments | |
| Investments in equity instruments | |
| Equity Instruments (at FVTPL) | |
| The Saraswat Co-operative Bank Limited: 2,500 equity shares of ₹10/- each fully paid | 7.36 |
| Others (at amortised cost) | |
| Government securities* | 31.92 |
| | 39.28 |
| *Note : Pledged with excise department for liquor license | |
| 5 Loans | |
| (Unsecured) | |
| | As at 31 March 2020 ₹ in lakhs |
| Non-current | |
| Security deposits | |
| - Considered good | 1,052.80 |
| | 1,052.80 |
| Current | |
| Security deposits | |
| - Considered good | 207.17 |

| | |
|--------------------------------------|-----------------------------|
| - Considered good | 297.17 |
| - Credit impaired | <u>91.22</u> |
| | 388.39 |
| Impairment allowance: | |
| - Credit impaired | <u>(91.22)</u> |
| | <u>297.17</u> |
| Employee loans & advances | |
| - Considered good | 4.06 |
| - Credit impaired | <u>78.00</u> |
| | 82.06 |
| Impairment allowance: | |
| - Credit impaired | <u>(78.00)</u> |
| | 4.06 |
| | <u><u>301.23</u></u> |

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020****6 Other financial assets**

(Secured and considered good)

**As at
31 March 2020
₹ in lakhs****Non-current**

Bank deposits with original maturity for more than 12 months

28.59

28.59**Current**

National savings certificates pledged with government authorities*

15.26

Other receivables

-

15.26

*Note : Pledged with excise department for liquor license

7 Non Current tax assets**As at
31 March 2020
₹ in lakhs**

Advance payment of taxes (Net of provision for taxes)

141.13

141.13**8 Other assets**

(unsecured, considered good unless otherwise stated)

As at**31 March 2020**

Non-current

Capital advances:

- Considered good

6.09

- Unsecured, considered doubtful

35.00

41.09

Less: Impairment allowance

(35.00)

Capital advances

6.09

Advances other than capital advances:

Prepaid expenses

12.59

Balances with government authorities

-

Employee Benefits plan assets

-

18.68**Current**

Prepaid expenses

24.81

Advances to vendors / service providers

380.21

Balances with government authorities

524.88

929.90

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020****9 Inventories**

(at lower of cost and net realisable value)

**As at
31 March 2020
₹ in lakhs**

Stock in trade

1,768.69

1,768.69

Note

The Company follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the period ended 31 March 2020 is Rs. 432.53 lakhs.

10 Trade receivables

(Unsecured)

**As at
31 March 2020
₹ in lakhs**

Considered good

669.01

Credit impaired

777.29

1,446.30

Less: allowance for credit impaired receivable

(777.29)

669.01**11 Cash and cash equivalents****As at
31 March 2020
₹ in lakhs**

| | |
|---|-----------------|
| Balance with banks in current accounts | 1,868.89 |
| Balance with credit card, e-wallet companies and others | 82.09 |
| Cash on hand | 171.98 |
| | 2,122.96 |

12 Other bank balances

As at
31 March 2020
₹ in lakhs

| | |
|--|--------------|
| Bank deposits with original maturity of more than 3 months and less than 12 months | 31.05 |
| | 31.05 |

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020****13 Equity share capital**

| | As at 31 March 2020 | |
|--|--------------------------------|-------------------|
| | No. of shares | ₹ in lakhs |
| Authorised: | | |
| Equity shares of ₹ 10 each fully paid up | 5000,00,000 | 50,000.00 |
| | 5000,00,000 | 50,000.00 |
| Issued, subscribed and fully paid-up: | | |
| Equity shares of ₹ 10 each fully paid up | 4925,80,000 | 49,258.00 |
| | 4925,80,000 | 49,258.00 |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the period:

| | As at 31 March 2020 | |
|--|--------------------------------|-------------------|
| | No. of shares | ₹ in lakhs |
| Equity shares | | |
| At the beginning of the period | 4458,30,000 | 44,583.00 |
| Add: Rights shares issued in the ratio 0.020 : 1 | 90,00,000 | 900.00 |
| Add: Rights shares issued in the ratio 0.010 : 1 | 50,00,000 | 500.00 |
| Add: Rights shares issued in the ratio 0.011 : 1 | 52,90,000 | 529.00 |
| Add: Rights shares issued in the ratio 0.023 : 1 | 108,80,000 | 1,088.00 |
| Add: Rights shares issued in the ratio 0.034 : 1 | 165,80,000 | 1,658.00 |
| At the end of the period | 4925,80,000 | 49,258.00 |

(b) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the

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

(c) Particulars of shareholders holding more than 5% shares of fully paid up equity shares:

| | As at | |
|--------------------------|----------------------|----------------|
| | 31 March 2020 | |
| | No. of shares | % |
| Spencer's Retail Limited | 4925,79,994 | 100.00% |
| | 4925,79,994 | 100.00% |

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020****14 Other equity**

**As at
31 March 2020**
₹ in lakhs

Retained earnings

| | |
|--|--------------------|
| Deficit in Statement of Profit and Loss at beginning of the period | (47,418.46) |
| Loss for the period | (6,931.40) |
| Other comprehensive income | 81.85 |
| Balance as at end of the period | (54,268.01) |

Other comprehensive income

| | |
|---------------------------------------|--------------------|
| Balance as at beginning of the period | 7.11 |
| Add: Loss for the period | - |
| Balance as at end of the period | 7.11 |
| | (54,260.90) |

15 Borrowings

(Secured)

**As at
31 March 2020**
₹ in lakhs

Non-Current

| | |
|--|-----------------|
| Term loan from banks | 2,597.37 |
| Less : current maturities of long term borrowings transferred to other financial liabilities | (554.85) |
| | 2,042.52 |
| Term loan from financial institution | 5,222.00 |
| Less : current maturities of long term borrowings transferred to other financial liabilities | (916.67) |
| | 4,305.33 |
| | 6,347.85 |

- (a) Nature of security
- i) Term loans are secured by hypothecation of moveable plant and machinery, furniture, fixtures consisting of refrigeration and interior work, both present and future of funded stores.
 - ii) Term loan from financial institution with balance of Rs. 5,222.00 lakhs carries interest ranging from 9.70% to 11.25% and from banks with balance of Rs. 2,597.37 lakhs carries interest of 9.65% to 10.60%.

(b) Terms of repayment

Term loans from financial institution are repayable in fixed monthly installments over a period of 5 years and term loans from banks are repayable in fixed monthly installments over a period of 7 years from the date of disbursement respectively.

| | ₹ in lakhs |
|--|----------------------|
| Maturity profile of all borrowings outstanding as on 31 March 2020 - undiscounted future cash flows | 31 March 2020 |
| Payable within 1 year | 1,471.52 |
| Payable between 1 to 5 years | 5,616.66 |
| Payable after 5 years | 787.50 |

As at
31 March 2020
₹ in lakhs

Current

Overdraft facility from banks

| |
|-----------------|
| 1,478.54 |
| 1,478.54 |

Overdraft facility carries an interest rate of 10.95%.

This facility is secured by hypothecation of movable and immovable fixed assets of stores.

Natures Basket Limited

Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

16 Provisions

(Secured)

**As at
31 March 2020
₹ in lakhs**

Non-Current

Provisions for employee benefits :

Provision for gratuity (refer note 32)

0.83

Provision for unavailed leave

43.77

44.60

Current

Provisions for employee benefits :

Provision for unavailed leave

0.45

0.45

Other provisions :

Provision for tax disputes [refer note (a) below]

37.00

37.00

37.45

- (a) The management has estimated the provisions for pending disputes, claims and demands relating to indirect taxes based on it's assessment of probability for these demands crystallising against the Company in due course.

Opening balance

158.00

Additions during the period

37.00

Provision settled during the period

(158.00)

Closing balance

37.00

17 Trade payables

**As at
31 March 2020
₹ in lakhs**

Total outstanding dues of micro enterprises and small enterprises (refer note 29)

176.48

Total outstanding dues of creditors other than micro enterprises and small enterprises

6,145.78

Micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with them and the auditors have relied on the same. Sundry creditors include total outstanding dues of micro enterprises and small enterprises amounting to Rs. 176.48 lakhs.

18 Other financial liabilities

| | As at 31 March 2020 ₹ in lakhs |
|--|--------------------------------------|
| Current maturities of secured long term borrowings | 1,471.52 |
| Interest accrued but not due on borrowings | 74.79 |
| Security deposit | 23.84 |
| Payable to Employees | 224.25 |
| | 1,794.40 |

19 Other current liabilities

| | As at 31 March 2020 ₹ in lakhs |
|--------------------------------------|--------------------------------------|
| Statutory dues | 105.24 |
| Contract liabilities | |
| Customer loyalty program liabilities | 100.99 |
| Advance from customers | 0.34 |
| Other liabilities | 18.24 |
| | 224.81 |

Statutory dues includes tax deducted at source payable, provident fund payable, ESIC payable, other dues payables.

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020**

20 Revenue from operations

**For the period
05 July 2019 to
31 March 2020
₹ in lakhs**

| | |
|-------------------------|------------------|
| Sale of goods* | 26,619.14 |
| Other operating revenue | 248.13 |
| | 26,867.27 |

* Sale represented above is net of GST amounting to Rs. 1,796.21 lakhs.

20.1 Reconciliation of revenue from operations

| | |
|---|------------------|
| Sale of products | 26,963.06 |
| Less : Sales discount | (343.82) |
| Less : Sales promotion (sampling) | (0.10) |
| Revenue as per the financial statements | 26,619.14 |

21 Other income

**For the period
05 July 2019 to
31 March 2020
₹ in lakhs**

| | |
|--|-------|
| Interest Income | |
| - Bank deposits | 3.23 |
| - Interest unwinded on security deposits | 67.09 |
| Miscellaneous income | 87.05 |

22 Changes in inventories of stock-in-trade

**For the period
05 July 2019 to
31 March 2020
₹ in lakhs**

| | |
|--|-----------------|
| Inventories at the beginning of the period | 3,058.02 |
| Less: Inventories at the end of the period | 1,768.69 |
| | 1,289.33 |

23 Employee benefits expense

**For the period
05 July 2019 to
31 March 2020
₹ in lakhs**

| | |
|---|-----------------|
| Salaries, wages and bonus | 2,182.73 |
| Contribution to provident and other funds (refer note 32) | 184.17 |
| Staff welfare expenses | 61.85 |
| | 2,428.75 |

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020**

24 Finance costs

**For the period
05 July 2019 to
31 March 2020**
₹ in lakhs

| | |
|---|--------|
| Interest expense on: | |
| Loans from banks and financial institutions | 862.06 |
| Inter corporate deposits | 6.96 |
| Lease liabilities | 957.24 |

1,826.26

25 Other expenses

**For the period
05 July 2019 to
31 March 2020**
₹ in lakhs

| | |
|---|--------|
| Rent | 407.92 |
| Repairs - others | 408.32 |
| Insurance | 56.95 |
| Rates and taxes | 336.73 |
| Provision for doubtful receivables and deposits | 738.01 |
| Labour charges | 503.05 |
| Electricity charges | 874.84 |
| Legal & professional fees | 490.18 |
| Auditor's remuneration | |

| | |
|--|-----------------|
| Auditor's remuneration | |
| - for audit | 18.80 |
| - for other services | 1.95 |
| - out of pocket expenses | 1.39 |
| Directors sitting fees | 1.00 |
| Freight, coolie and cartage | 454.99 |
| Selling expenses and commission | 39.10 |
| Advertisement and publicity | 577.75 |
| Loss /Provision on sale / discard / write off of property, plant and equipment | 155.38 |
| Bad debts written off | 18.46 |
| Local conveyance | 22.44 |
| Stationery & printing | 31.34 |
| Telephone & fax | 13.78 |
| Computer expenses | 282.90 |
| License fees | 60.41 |
| Office expenses | 24.37 |
| Bank charges | 246.35 |
| Private label expenses | 1.54 |
| Travelling expenses | 80.60 |
| Training/ conference expenses | 3.64 |
| Miscellaneous expenses | 133.76 |
| | |
| | 5,985.95 |

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020****26 Earnings per share**

| | For the year ended 31 March 2020 |
|--|---|
| Net Loss after tax | (6,931.40) |
| Number of equity shares outstanding at the beginning of the period | 4458,30,000 |
| Number of equity shares outstanding at the end of the period | 4925,80,000 |
| Weighted average number of equity shares outstanding during the period | 4643,57,269 |
| Basic Earnings per share (Rs.) | (1.49) |
| Diluted Earnings per share (Rs.) | (1.49) |
| Nominal value per share (Rs.) | 10.00 |

27 Commitments and contingencies**(a) Contingent liabilities**

| | As at 31 March 2020 ₹ in lakhs |
|--|---|
| Contingent liabilities not provided for in respect of: | |
| - Claims against the Company not acknowledged as debt | - |

28 Ind AS - 116 Leases

The Company's lease arrangements mainly pertain to retail stores and warehouses. The contracts generally specify a minimum lock-in period and periodic escalation of rentals.

Following are the changes in the carrying value of right of use assets for the period ended 31 March 2020

| | ₹ in lakhs | |
|-------------------------------------|--------------------------|------------------|
| Particulars | Building premises | Total |
| Balance as at 05 July 2019 * | 13,302.68 | 13,302.68 |
| Addition | - | - |
| Deletion ** | (873.88) | (873.88) |
| Depreciation | (1,624.82) | (1,624.82) |
| Balance as of 31 March 2020 | 10,803.98 | 10,803.98 |

* Includes ₹ 310.82 lakhs on account of prepaid expenses on fair valuation of security deposits, reclassified from Security deposits under Loans.

Following are the movement in lease liabilities for the for the period ended 31 March 2020

| Particulars | ₹ in lakhs |
|--------------------|-------------------|
|--------------------|-------------------|

| | |
|--|------------------|
| Balance as at 05 July 2019 | 13,049.40 |
| Addition | |
| Finance cost accrued during the period | 957.24 |
| Deletion ** | (932.33) |
| Payment of lease liabilities | (2,019.67) |
| Balance as of 31 March 2020 | 11,054.64 |

** Deletion of lease liability is on account of closure of four stores during the period

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

| | |
|-------------------------------|-------------------|
| Particulars | ₹ in lakhs |
| Current lease liabilities | 2,654.96 |
| Non-current lease liabilities | 8,399.68 |
| | 11,054.64 |

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

| | |
|----------------------|-------------------|
| Particulars | ₹ in lakhs |
| Less than one year | 2,749.65 |
| One to five years | 7,771.69 |
| More than five years | 6,737.47 |
| Total | 17,258.81 |

Amount recognised in Statement of profit and loss

| | |
|--|-------------------|
| | ₹ in lakhs |
| Depreciation on Right to use assets | 1,624.82 |
| Interest on lease liabilities | 957.24 |
| Expenses relating to short term leases | 125.71 |
| Variable lease payments | 54.29 |
| | 2,762.06 |

Amount recognised in Cash flow statement

| | |
|-------------------------------|-------------------|
| | ₹ in lakhs |
| Total cash outflow for leases | 2,219.86 |

The following is the summary of practical expedients elected on initial application:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020****29 Information relating to Micro, Small and Medium Enterprises (MSME)s:**

**As at
31 March 2020
₹ in lakhs**

| | | |
|-------|--|--------|
| (i) | The principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 | |
| | Principal | 176.48 |
| | Interest | - |
| (ii) | The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to suppliers beyond the appointed day during the period | |
| | Principal | - |
| | Interest | - |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | |
| | Principal | - |
| | Interest | - |
| (iv) | The amount of interest accrued and remaining unpaid at the end of the period being interest outstanding as at the beginning of the accounting period. | - |

30 Income taxes**(a) Deferred Tax Assets / (liabilities)**

**As at
31 March 2020
₹ in lakhs**

| | |
|---|------------------|
| Unused tax losses (including unabsorbed depreciation) | 12,967.84 |
| <u>Deductible Temporary Differences</u> | |
| Provision for expenses | - |
| Provision for Doubtful advances and receivables | 226.35 |
| Provision for obsolete stock | 125.95 |
| Change in WDV of Property, plant and equipment | 823.42 |
| IND AS 116 adjustment | 72.99 |
| | 14,216.55 |

Net Deferred tax assets relating to deductible temporary differences and unused tax losses has not been recognised in the balance sheet in the absence of evidence supporting reasonable certainty of future taxable income when such losses would be set off and deferred tax assets be realised.

(b) **Reconciliation of tax expense and accounting profit :**

**For the year ended
31 March 2020
₹ in lakhs**

Accounting profit / (loss) before tax after comprehensive income (6,931.40)

Tax using Company's domestic tax rate at 29.12% (2,018.42)

Tax effect of amounts which are not deductible/ (allowable) in calculating taxable income :

Net deferred tax assets not recognised due to absence of certainty of future taxable income 2,018.42

Income tax expense recognised in profit or loss -

(c) **Tax losses expiry**

The following table summarises the expiry dates of the carried forward tax losses :

| Sr No | AY | Business Loss | Unabsorbed Depreciation | Total | Expiry period |
|-------|-----------|------------------|-------------------------|------------------|---------------|
| 1 | 2009-2010 | - | 81.61 | 81.61 | NA |
| 2 | 2010-2011 | - | 92.98 | 92.98 | NA |
| 3 | 2011-2012 | - | 119.14 | 119.14 | NA |
| 4 | 2012-2013 | - | 215.24 | 215.24 | NA |
| 5 | 2013-2014 | 2,182.15 | 426.03 | 2,608.18 | 2020-21 |
| 6 | 2014-2015 | 2,523.35 | 548.47 | 3,071.82 | 2021-22 |
| 7 | 2015-2016 | 3,143.64 | 666.38 | 3,810.02 | 2022-23 |
| 8 | 2016-2017 | 4,861.82 | 872.36 | 5,734.18 | 2023-24 |
| 9 | 2017-2018 | 6,863.43 | 843.53 | 7,706.96 | 2024-25 |
| 10 | 2018-2019 | 5,303.84 | 815.67 | 6,119.51 | 2025-26 |
| 11 | 2019-2020 | 6,332.57 | 1,036.86 | 7,369.43 | 2026-27 |
| 12 | 2020-2021 | 6,677.19 | 1,002.43 | 7,679.62 | 2027-28 |
| | | 37,887.99 | 6,720.70 | 44,608.69 | |

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020****31 Segment Reporting**

The Company has a single operating segment i.e. organised retailing. The Company at present operates only in India and therefore the analysis of geographical segment is not applicable to the Company. There are no customers contributing more than 10% of Revenue from operations.

32 Assets and Liabilities relating to employee defined benefits**Defined Contribution Plans:**

The Company's contributions paid/payable to Regional Provident Fund at certain locations, Employees State Insurance Scheme, Employees Pension Schemes, 1995 and other funds, are determined under the relevant approved schemes and/or statutes and are recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service. There are no further obligations other than the contributions payable to the approved trusts/appropriate authorities.

The Company has recognised Rs. 168.56 lakhs for the period 05 July 2019 to 31 March 2020 towards defined contribution plans.

Defined Benefit Plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five periods or more of service is entitled to Gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

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

| | For the year ended 31 March 2020 ₹ in lakhs |
|---|--|
| (a) Reconciliation of present value of defined benefit obligations | |
| Balance at the beginning of the period | 163.56 |
| Current service cost | 16.53 |
| Interest cost | 3.61 |
| Benefits paid | (26.22) |
| Actuarial (gain) / loss on defined benefit obligations | |
| - arising from changes in experience | (40.07) |
| - Arising from changes in demographic assumptions | - |
| - Arising from changes in financial assumptions | (42.45) |
| Balance at the end of the period | 74.96 |

(b) Reconciliation of fair value of plan assets

Balance at the beginning of the period

96.48

| | |
|---|-----------------|
| Interest income | 4.54 |
| Contributions by employer | - |
| Benefits paid | (26.22) |
| Return on plan assets | (0.67) |
| Balance at the end of the period | 74.13 |
| (c) Net defined benefit liabilities / (assets) | |
| Present value of defined benefit obligations | 74.96 |
| Fair value of plan assets | (74.13) |
| Net defined benefit liabilities / (assets) | 0.83 |
| (d) Expense recognised in Statement of Profit or Loss | |
| Current service cost | 16.53 |
| Interest cost / (income) | (0.93) |
| | 15.60 |
| (e) Remeasurement recognised in Other Comprehensive Income | |
| Actuarial (gain) / loss on defined benefit obligations | (82.52) |
| Return on plan assets | 0.67 |
| | (81.85) |
| (f) The major category of plan assets as a percentage of the fair value of total plan assets are as follows : | |
| Insurance fund | 100% |
| (g) Actuarial assumptions | |
| Discount rate | 6.70% |
| Expected rate of return on assets | 6.70% |
| Future compensation growth | 6.00% |
| Average expected future remaining service | 28 years |
| Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08 - ultimate). | |

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020****32 Assets and Liabilities relating to employee defined benefits (continued)**

(h) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(i) The Company expects to contribute ₹ 32.65 lakhs to gratuity fund in the next year.

(j) Sensitivity analysis

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

| | As at 31 March 2020 | |
|--------------------------------------|--------------------------------|--------------------------------|
| | Increase ₹ in lakhs | Decrease ₹ in lakhs |
| (i) Discount rate (0.5% movement) | (15.73) | 17.95 |
| (ii) Future salary (0.5% movement) | 17.91 | (15.83) |
| (iii) Attrition rate (0.5% movement) | 0.55 | (0.57) |

(k) Estimated future payments of undiscounted gratuity is as follows :

| | As at 31 March 2020 ₹ in lakhs |
|------------------------|---|
| Within 12 months | 0.63 |
| Between 1 and 5 years | 3.19 |
| Between 6 and 10 years | 5.47 |
| Beyond 10 years | 402.93 |
| Total | 412.22 |

Natures Basket Limited**Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020**

33 Related Party Disclosure**(a) Related parties (where transactions have taken place during the period / balances outstanding) :****(i) Holding Company**

Spencer's Retail Limited - wef 05 July 2019

(ii) Subsidiaries and jointly controlled entities of promoters - Promoter Group (where transactions have taken place during the period / balances outstanding) :

1) CESC Limited - wef 05 July 2019
2) Saregama India Limited - wef 05 July 2019
3) Guiltfree Industries Limited - wef 05 July 2019

(iii) Key Managerial Personnel

Ms Avani Davda - Managing Director - upto 10 November 2019
Mr Sumit Zaveri - Chief Financial Officer - upto 20 September 2019
Ms Nikita Shah - Company Secretary - upto 19 January 2020
Mr Sanketh Koka - Managing Director - wef 11 November 2019
Mr Tanmay Kumar - Chief Financial Officer - wef 20 December 2019
Mr Rama Kant - Company Secretary - wef 11 November 2019

(b) Details of transactions entered into with the related parties:

| | | ₹ in lakhs |
|-------------|---|---------------|
| Particulars | | 31 March 2020 |
| 1 | Issue of share capital Spencer's Retail Limited | 4,675.00 |
| 2 | Inter corporate deposits taken Spencer's Retail Limited | 3,600.00 |
| 3 | Inter corporate deposits repaid Spencer's Retail Limited | 3,600.00 |

| | | |
|----|--|---------------------------------|
| 4 | Interest expenses Spencer's Retail Limited | 6.96 |
| 5 | Purchase of goods Guiltfree Industries Limited | 8.73 |
| 6 | Sale of goods Spencer's Retail Limited CESC Limited Saregama India Limited | 208.12 21.74 1.23 |
| 7 | Remuneration to KMP Ms. Avani Davda Mr. Sumit Zaveri Ms. Nikita Shah Mr Sanketh Koka | 93.23 32.82 3.84 45.30 |
| 8 | Director sitting fees Sandeep Murthy | 1.00 |
| 9 | Royalty income Spencer's Retail Limited | 1.68 |
| 10 | Rent income Spencer's Retail Limited | 6.75 |

(c) Details of balance outstanding with the related parties:

| | | ₹ in lakhs |
|-------------|--|---------------|
| Particulars | | 31 March 2020 |
| 1 | Trade receivables Spencer's Retail Limited | 141.26 |
| 2 | Trade payables Guiltfree Industries Limited | 2.57 |
| 5 | Interest outstanding on deposits Spencer's Retail Limited | 6.96 |

34 Financial instruments - fair value measurements and risk management

(a) Accounting classification

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

| | As at 31 March 2020 | | | ₹ in lakhs |
|---|------------------------|-------------|----------|------------------|
| | Amortised cost | FVTPL | FVTOCI | Total |
| Financial assets | | | | |
| Investments | | | | |
| - Equity shares (unquoted) | - | 7.36 | - | 7.36 |
| - Government securities | 31.92 | - | - | 31.92 |
| Trade receivables | 669.01 | - | - | 669.01 |
| Cash and cash equivalents | 2,122.96 | - | - | 2,122.96 |
| Bank balances other than cash & cash equivalent | 31.05 | - | - | 31.05 |
| Loans and deposits | 1,354.03 | - | - | 1,354.03 |
| Other financial assets | 43.85 | - | - | 43.85 |
| Total financial assets | 4,252.82 | 7.36 | - | 4,260.18 |
| Financial liabilities | | | | |
| Borrowings | 9,297.91 | - | - | 9,297.91 |
| Trade payables | 6,322.26 | - | - | 6,322.26 |
| Other financial liabilities | 322.88 | - | - | 322.88 |
| Total financial liabilities | 15,943.05 | - | - | 15,943.05 |

(b) Measurement of fair values

The fair values of financial assets and liabilities are included at the amount that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

- The carrying amount of trade receivables, cash and cash equivalents, other bank balances, loans and deposits, other financial assets, trade payables and other financial liabilities, measured at amortised cost in the financial statements, approximate to their fair values largely due to the short-term maturities of these instruments.

(c) Fair value hierarchy

The table shown below shows the fair value hierarchy of financial instruments carried at fair value

| | | ₹ in lakhs | | | |
|-------------------------|--------------------------|---------------|----------|-------------|-------------|
| | | As at | | | |
| | | 31 March 2020 | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Investments | | | | | |
| - | Equity shares (unquoted) | - | - | 7.36 | 7.36 |
| | | - | - | 7.36 | 7.36 |

The different levels have been defined below :

- (i) **Level 1 (quoted prices in active market) :** This level of hierarchy includes financial assets that are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes listed equity instruments which are traded in the stock exchanges and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net assets value.
- (ii) **Level 2 (valuation technique with significant observable inputs) :** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.
- (iii) **Level 3 (valuation technique with significant unobservable inputs) :** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This is the case for unlisted equity securities included in Level 3.

(d) Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

The Company's principal financial liabilities comprises of trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Company. The Company's principal financial assets include trade and other receivables, loans and deposits, investments and cash & cash equivalents that derive directly from its operations.

The Company's primary risk management focus is to minimise potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritisation of risks followed by co-ordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Company has laid comprehensive risk assessment and minimisation/mitigation procedures which are reviewed regularly to reflect changes in market conditions and to ensure that risks are controlled by way of properly defined framework.

(i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from operating activities (primarily trade receivable and deposits) and from its investing activities (primarily banks deposits and investments).

Since the Company operates on a business model primarily of cash and carry, the credit risk from receivable perspective is limited due to the Company's customer base being large and diverse.

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Loans and deposits primarily represents security deposits given. The credit risk associated with such security deposits is relatively low.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company manages its liquidity risk on the basis of the business plan that ensures that the funds required for financing the business operations and meeting financial liabilities are available in a timely manner. The Management regularly monitors rolling forecasts of the Company's liquidity position to ensure it has sufficient cash on an ongoing basis to meet operational fund requirements. The surplus cash generated, over and above the operational fund requirement is invested in bank deposits and mutual fund schemes of highly liquid nature to optimize cash returns while ensuring adequate liquidity for the Company.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted:

| | | | | | ₹ in lakhs |
|-----------------------------|-----------------|---------------|------------------------|-------------|------------|
| Financial liabilities | Carrying amount | Within 1 year | Contractual cash flows | | Total |
| | | | 1 to 5 years | More than 5 | |
| As at 31 March 2020 | | | | | |
| Borrowings | 9,297.91 | 2,950.06 | 5,616.66 | 787.50 | 9,354.22 |
| Lease liabilities | 11,725.12 | 2,654.96 | 7,771.69 | 6,737.47 | 17,164.12 |
| Trade payables | 6,322.26 | 6,322.26 | - | - | 6,322.26 |
| Other financial liabilities | 322.88 | 322.88 | - | - | 322.88 |
| | 27,668.17 | 12,250.16 | 13,388.35 | 7,524.97 | 33,163.48 |

(iii) Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and security price risk.

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in local currencies; consequently, has no exposure to exchange rate fluctuations.

The Company invests its surplus funds mainly in bank fixed deposits hence is not exposed to any security price risk.

Natures Basket Limited
Notes to Ind AS financial statements as at and for the period 05 July 2019 to 31 March 2020

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rates relates to primarily to company's borrowing with floating interest rates. The Company's fixed rates of borrowing are carried at amortised cost. They are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rate. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

| | ₹ in lakhs As at 31 March 2020 |
|--|--------------------------------------|
| Fixed-rate instruments | |
| Financial assets | |
| Bank deposits with original maturity for more than 12 months | 28.59 |
| Bank deposits with original maturity of more than 3 months and less than 12 months | 31.05 |
| Total | <u>59.64</u> |
| Financial liabilities | |
| Borrowings | <u>9,297.91</u> |
| | <u>9,297.91</u> |

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss. Accordingly, the Company is not sensitive to changes in market interest rates.

35. Capital management

For the purpose of the Company's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure while maximising shareholder value. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to safeguard its ability to continue as a going concern and to maintain investor, creditors and market confidence.

36 Going Concern

The financial statements have been prepared on a going concern basis notwithstanding substantial erosion in net worth and in view of further infusion of additional funds

from its promoters/shareholders. The Company has a negative networth of Rs. 5,002.90 lakhs as at 31 March 2020. The current liabilities exceed the current assets by Rs. 6,674.32 lakhs. The Company is taking various measures to enhance revenues and optimise costs which is expected to improve its financial position in the medium term. In view of the foregoing together with a consideration of the fact that the Company was acquired by Spencer's Retail Limited in the month of July 2019 and thereafter the parent entity has infused additional equity as per the needs of the Company and also provided a comfort letter to the Company, whereby the parent entity has committed to provide continuing financial and governance support for the business requirements of the Company, the financial statements have been prepared on a going concern basis.

37 Impact of Covid - 19

Due to outbreak of COVID-19 globally and in India, the Company has made initial assessment of likely adverse impact on economic environment in general, and financial risks on account of COVID-19. The Company is in the business of organised retail which majorly deals in an essential service as emphasized by the Government of India. With the lockdown in force in the country, the ability of customers to reach the company's stores is limited, in response of which the company has launched alternate means and platforms for its customers to place orders and purchase their requirements. The company has responded to the requirements of business and tied up with various service providers to make available the essential products to reach its customer's places, aligned with its suppliers and transporters to have a continuous supply of products and keep them available at the company's stores and warehouses.

As per the Company's current assessment, there is no significant impact estimated in respect of the carrying amounts of assets of the Company including inventories, property, plant and equipment, intangible assets, trade receivables, and other financial assets, and the Company continues to closely monitor changes in future economic conditions. In view of the estimation uncertainty arising from the unprecedented nature of the COVID-19 pandemic, the eventual outcome of the impact of the pandemic may be different from that estimated as on the date of approval of these financial statements.

For B S R & Co. LLP

CHARTERED ACCOUNTANTS

Firm Registration Number: 101248W/ W-100022

RISHABH KUMAR
Digitally signed by RISHABH KUMAR
Date: 2020.06.25 21:12:43 +05'30'

RISHABH KUMAR

PARTNER

Membership Number: 402877

Place: Mumbai

Date: 25 June 2020

For and on behalf of Board of Directors
of Natures Basket Limited

SANKETH KOKA

SANKETH KOKA

Director

DIN: 08599380

KUMAR TANMAY
TANMAY KUMAR

Chief Financial Officer

SRIKANTH RAMACHANDRA MURTHY GOPISHETTY

G R SRIKANTH

Director

DIN: 07383622

RAMA KANT
RAMA KANT

Company Secretary

Date: 25 June 2020