



## **INDEPENDENT AUDITOR'S REPORT**

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**TO THE MEMBERS OF**

**SM TRAVEL GEAR PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying Financial Statements of M/s. **SM Travel Gear Private Limited** which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, for the year ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.





An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2024**, and its **Loss** for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, the same is not applicable to the company.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.







- f. Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the Internal Financial Controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of

B. K. Sood & Co.  
Chartered Accountants  
FRN No. 000948N

CA B K SOOD  
Partner  
M. No.080855



Place: New Delhi

Date: 21<sup>st</sup> Day of May ,2024

**SM TRAVEL GEAR PRIVATE LIMITED**

**CIN NO. U15121DL2024PTC428359**

**Balance Sheet as at 31st March, 2024**

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	As at
		31st March, 2024
<b>ASSETS</b>		
(1) <b>Non-Current Assets</b>		
(a) Property, Plant and Equipment		-
(b) Financial Assets		-
(c) Income tax assets (net)		-
(d) Deferred tax assets (net)		-
<b>Total Non-Current Assets</b>		-
(2) <b>Current Assets</b>		
(a) Inventories		-
(b) Financial Assets		-
(c) Other Current Assets	3	1.00
<b>Total Current Assets</b>		1.00
<b>TOTAL ASSETS</b>		1.00
<b>EQUITY AND LIABILITIES</b>		
(1) <b>Equity</b>		
a) Equity Share Capital	4	1.00
b) Other Equity	5	(0.50)
<b>Total Equity</b>		0.50
(2) <b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		-
(b) Deferred tax liabilities (net)		-
<b>Current Liabilities</b>		
(a) Financial Liabilities		-
(b) Other Current Liabilities	6	0.50
(c) Income tax liabilities (net)		-
<b>Total Current Liabilities</b>		0.50
<b>TOTAL EQUITY AND LIABILITIES</b>		1.00
Corporate information	1	
Significant accounting policies	2	

The accompanying notes are an integral part of financial statements  
As per our report of even date

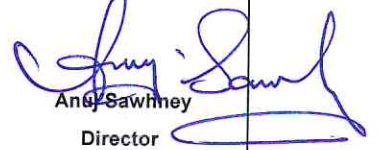
For and on behalf of  
For B.K Sood & Company  
Chartered Accountants  
FRN: 000948N

  
CA B.K Sood  
Partner  
M.No : 080855



For and on behalf of the board of Directors

  
Ashok Kumar Sawhney  
Director  
DIN No. 00303519

  
Anuj Sawhney  
Director  
DIN No. 00471724

Date : May 21 ,2024  
Place : New Delhi

# SM TRAVEL GEAR PRIVATE LIMITED

CIN NO. U15121DL2024PTC428359

(All amounts in Rupees Lakhs, unless otherwise stated)


	Particulars	Note No.	Period ended 31st March, 2024
I	Revenue from Operations		-
II	Other Income		-
III	<b>Total Income (I+II)</b>		-
IV	<b>Expenses</b>		
	Purchases of stock in trade		-
	Change in Inventories of stock in trade		-
	Employee benefits expenses		-
	Depreciation and amortization expenses		-
	Other Expenses	7	0.50
	<b>Total Expenses (IV)</b>		<b>0.50</b>
V	<b>Profit / (Loss) before exceptional items and tax(III-IV)</b>		<b>(0.50)</b>
VI	<b>Exceptional items</b>		
VII	<b>Profit / (Loss) before tax</b>		<b>(0.50)</b>
VIII	<b>Tax Expenses:</b>		
	(1) Current Tax		-
	(2) Deferred Tax		-
IX	<b>Profit / (Loss) after tax for the period</b>		<b>(0.50)</b>
X	<b>Other Comprehensive Income</b>		-
XI	<b>Total Comprehensive Income for the period (IX+XI)</b>		<b>(0.50)</b>
	a) Basic (Rs.)		(5.01)
	b) Diluted (Rs.)		(5.01)

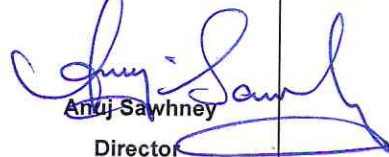
Corporate information	1
Significant accounting policies	2

The accompanying notes are an integral part of financial statements  
As per our report of even date attached

**For and on behalf of**  
**For B.K Sood & Company**  
**Chartered Accountants**  
FRN: 000948N  
  
**CA B.K Sood**  
**Partner**  
M.No : 080855



**For and on behalf of the board of Directors**  
  
**Ashok Kumar Sawhney**  
**Director**  
DIN No. 00303519

  
**Anuj Sawhney**  
**Director**  
DIN No. 00471724

**Date : May 21 ,2024**  
**Place : New Delhi**



**SM TRAVEL GEAR PRIVATE LIMITED**  
**Cash Flow Statement for the year ended 31st March, 2024**

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	For the period ended 31st March, 2024
Profit / (Loss) before tax	(0.50)
<b>Adjustments for:</b>	
Depreciation	-
<b>Operating (Loss) / Profit before working capital changes</b>	<b>(0.50)</b>
<b>Change in Working Capital</b>	
<b>Adjustments for (Increase) / Decrease in Operating Assets</b>	
Other current assets	1.00
<b>Adjustments for Increase / (Decrease) in Operating Liabilities</b>	
Other Current Liabilities	0.50
<b>Cash Generated / (used in) from Operating Activities (A)</b>	<b>1.00</b>
Taxes Paid	-
<b>Net Cash Generated / (used in) from Operating Activities (A)</b>	<b>1.00</b>
<b>Cash flow from Investing Activities</b>	
From Non-Current Investment	-
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>-</b>
<b>Cash flow from Financing Activities</b>	
Proceeds from Equity Shares	(1.00)
<b>Net cash from / (used in) Financing Activities (C)</b>	<b>(1.00)</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(0.00)</b>
Cash & Cash equivalents at beginning of the year	-
Cash & Cash equivalents at end of the year	-

**Notes:**

1. The above Cash Flow Statement has been prepared under Indirect Method as set out in Indian Accounting Standard-7 Statement of Cash Flows.
2. Previous years figures have been regrouped/ rearranged/ recasted wherever necessary to make them comparable with those of current year.

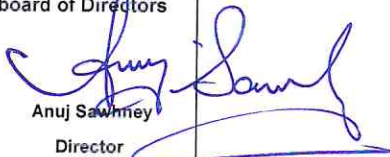
As per our report of even date attached

For and on behalf of  
For B.K Sood & Company  
Chartered Accountants  
FRN: 000948N  
  
CA B.K Sood  
Partner  
M.No : 080855



For and on behalf of the board of Directors

  
Ashok Kumar Sawhney  
Director  
DIN No. 00303519

  
Anuj Sawhney  
Director  
DIN No. 00471724

Date : May 21 ,2024

Place : New Delhi

**Note No. 3 : OTHER CURRENT ASSETS**

Particulars	As at	
	31st March, 2024	
Subscription Money Receivable	1.00	
	<b>1.00</b>	

**Note No. 4 : EQUITY SHARE CAPITAL**

a) Particulars	As at	
	31st March, 2024	
<b>AUTHORISED CAPITAL</b>		
10,000 Equity Shares of face value of Rs.10/-	1.00	
	<b>1.00</b>	
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
10,000 Equity Shares of face value of Rs.10/-	1.00	
	<b>1.00</b>	

**b) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR IS SET OUT BELOW:**

Particulars	As at	
	31st March, 2024	
	No. of Shares	Amount (Rs.)
Number of shares at the beginning	-	-
Add: Shares issued during the year	10,000	1.00
Number of shares at the end	<b>10,000</b>	<b>1.00</b>

**c) THE DETAILS OF SHAREHOLDING OF PROMOTERS & PROMOTERS GROUP IS SET OUT BELOW :**

Name	As at	
	31st March, 2024	
	No. of Shares	%
<b>Promoters</b>		
Swiss Military Consumer Goods Limited	10,000	100.00

**d) THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IS SET OUT BELOW :**

Name	As at	
	31st March, 2024	
	No. of Shares	%
Swiss Military Consumer Goods Limited	10,000	100.00



(All amounts in Rupees Lakhs, unless otherwise stated)

**Note No. 5 : OTHER EQUITY**

Particulars	As at
	31st March, 2024
Balance as at 1st April, 2023	-
Profit / (Loss) for the period	(0.50)
Addition during the year through Rights Issue	-
<b>Balance as at 31st March, 2024</b>	<b>(0.50)</b>

**Note No. 6 : OTHER CURRENT LIABILITIES**

Particulars	As at
	31st March, 2024
Audit Fees Payable	0.25
Other Payable	0.25
<b>Total</b>	<b>0.50</b>

**Note No. 7 : OTHER EXPENSES**

Particulars	For the period ended
	31st March, 2024
Payment to Auditors (Refer note no. 19.1)	0.25
Fees & taxes	0.02
Professional and Consultancy Charges	0.24
<b>Total</b>	<b>0.50</b>

**Note No. 7.1 : PAYMENTS TO AUDITORS**

Particulars	For the period ended
	31st March, 2024
Statutory Audit & Limited Review	
Other Services	0.25
<b>Total</b>	<b>0.25</b>





**Notes to the financial statements**

for the year ended 31st March, 2024

(All amounts in Rupees Lakhs, unless otherwise stated)

**Note -8. RELATED PARTY DISCLOSURES****1. Related Party Disclosures for the period ended 31st March, 2024 in accordance with Indian Accounting Standard (Ind**

a) List of related parties & relationships, where control exists.		
Sr. No.	Nature of Relationship	Name of Parties
1	Holding Company	Swiss Military Consumer Goods Limited
2	Subsidiary Company	Nil
3	Associates	Nil
4	Key Management Personnel & their relatives	Mr. Ashok Kumar Sawhney (Executive Director) Mr. Anuj Sawhney (Executive Director)
5	Relatives of Key Management Personnel	Nil

b) Transactions with Related Parties		
		(Amount in Rs.)
Transactions		Holding Company
1	Allotment in equity Shares	1.00 (Nil)
2	<b>Outstanding as on 31st March, 2024</b>	
	Swiss Military Consumer Goods Limited	1.00 (Nil)

**Notes:** 1. Figures in bracket represent previous year amounts.  
2. Figures has been Regrouped/Rearranged accordingly



## Notes to the financial statements

for the year ended 31st March, 2024

### Note 9. FINANCIAL RATIO

Financial Ratios are hereby given in pursuant to Division II - Ind AS schedule III to the Companies Act, 2013

Particulars	UoM	Numerator	Denominator	Current Year
Current Ratio	Times	Current Assets	Current Liabilities	2.00
Debt-Equity Ratio	Times	Total Debt	Shareholder's Equity	-
Debt Service Coverage Ratio	Times	Earnings Available for	Debt Service	-
Trade Receivables Turnover Ratio	Times	Net Credit Sales	Trade Receivables (Average)	-
Trade Payables Turnover Ratio	Times	Net Credit Purchases	Trade Payables (Average)	-
Net Capital turnover Ratio	Times	Net Sales	Working Capital (Average)	-
Inventory Turnover Ratio	Times	Cost of Goods Sold	Inventory (Average)	-
Return on Equity (ROE)	%	Net Profit after Tax	Shareholder's Equity (Average)	(200.83)
Net profit Ratio	%	Net Profit after Tax	Net Sales	-
Return on Capital employed (ROCE)	%	Earnings before Interest	Capital Employed (Average)	(200.83)
Return on Investment	%	Income Generated from Invested Funds	Invested Funds (Average)	-



# Notes to the financial statements

## for the year ended 31st March, 2024

### 1. Company Information

**SM TRAVEL GEAR PRIVATE LIMITED** is a company registered under Companies Act, 2013 and having its registered office at W-39, Okhla Industrial Area, Phase-II, New Delhi-110020.

Company has incorporated a wholly owned subsidiary company in the name of “**SM TRAVEL GEAR PRIVATE LIMITED**” on March 14, 2024, for setting up manufacturing facility of Luggage and Travel Gear.

The financial statements for the year ended March 31, 2024 are authorised for issue by the Board of Directors at their meeting held on May 21, 2024.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a. Statement of compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto along with other provisions of the Act and relevant guidelines issued by the Securities and Exchange Board of India (“SEBI”).

#### b. Basis of Preparation of Financial Statements

The financial statements have been prepared on going concern basis and on accrual method of accounting. Historical cost is used in preparation of financial statements except following assets and liabilities which have been measured at fair value.

- Certain financial assets and liabilities, including derivative financial instruments and Investments
- Defined benefit plan
- Employee share-based payment

#### Classification of Current or Non-Current Assets and Liabilities

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 “Presentation of financial statements”.

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

#### Assets

##### An asset is classified as current when it satisfies any of the following criteria

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



# Notes to the financial statements

## for the year ended 31st March, 2024

### Liabilities

#### A liability is classified as current when it satisfies any of the following criteria

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Figures have been rounded off to the nearest lakhs of rupees upto two decimal places, unless otherwise stated. The figure 0.00 wherever stated represents amount less than Rs. 5,00.

### c. Recent Accounting Pronouncements

The Company does not foresee any significant impact in its financial statements due to these amendments.

### d. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with Ind AS requires the Company's management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant, however actual results may differ from these estimates.

The following are the critical judgements, estimations & assumptions that have been made by the management in the process of applying the Company's accounting policies.

- Management uses judgement in deciding whether individual item or group of items are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether omission, misstatement or obscuring the information could individually or collectively influence the economic decision that users make on the basis of the financial statements.
- Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments/litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.
- Defined benefit obligations are measured at fair value for financial reporting purposes. Fair value determined by actuary is based on actuarial assumptions. Management judgement is required to determine such actuarial assumptions. Such assumptions are reviewed annually using the best information available with the management.



## Notes to the financial statements

### for the year ended 31st March, 2024

- When the fair value of financial assets and financial liabilities recorded in these financial statements cannot be measured based on quoted price in active markets, their fair value is measured using valuation techniques. The inputs to these valuation techniques are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility etc.
- The Company makes allowances for doubtful trade receivables (Expected Credit Loss Allowance) based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.
- The determination of depreciation and amortisation charge depends on the useful lives for which judgements and estimations are required. The residual values, useful lives, and method of depreciation/amortisation of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.
- Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Company makes an estimate of future selling prices and costs necessary to make the sale.
- Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claims/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.
- The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 "Leases". Identification of a lease requires significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.
- The contracts with customers include transfer of promised goods to the customers. Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as rebates and discounts etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

#### e. **Property, Plant and Equipment (PPE)**

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is disclosed at cost less impairment, if any. The cost comprises its purchase price, other non-refundable taxes, duties and any directly attributable costs of bringing the asset to its working condition for its intended use.

Subsequent expenditure is recognised as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the Company and the cost of the item can be measured reliably.

The Company identifies and determines cost of each component of the asset separately, if the component has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

The present value of the expected cost for decommissioning of an asset, if any, after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.



## Notes to the financial statements

### for the year ended 31st March, 2024

The cost of self-constructed assets includes the cost of materials, direct labour, borrowing costs and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Advances given towards acquisition / construction of property, plant and equipment outstanding at each reporting date are disclosed as capital advances under other non-current assets. Other indirect expenses incurred related to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expense and disclosed under capital work-in-progress.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

#### f. Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. The cost comprises its purchase price, other non-refundable taxes, duties and any directly attributable costs of bringing the asset to its working condition for its intended use.

Intangible assets under development are shown separately at cost incurred in bringing the asset to its present condition.

Subsequent expenditure is recognised as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the Company and the cost of the item can be measured reliably.

Revenue expenditure pertaining to research is charged to the statement of profit and loss. Development costs of products are also charged to the statement of profit and loss unless a product's commercial feasibility has been established, in which case such expenditure is capitalised.

Intangible asset initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

#### g. Leases

##### The Company as a lessee

The Company assesses whether the contract is or contains a lease, if the contract involves:

- (a) The use of an identified asset,
- (b) The right to obtain substantially all the economic benefits from use of the identified asset, and
- (c) The right to direct the use of the identified asset.

##### Lease Liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used.

Principal payment of lease liabilities have been classified within financing activities.



# Notes to the financial statements

## for the year ended 31st March, 2024

### Right-of-use Assets

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for

- Lease payments made at or before commencement of the lease
- Initial direct costs incurred and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any.

Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or useful life of the assets whichever is shorter.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amount may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Modifications to a lease agreement beyond the original terms and conditions are generally accounted for as a remeasurement of the lease liability with a corresponding adjustment to the right-of-use asset. Any gain or loss on modification is recognised in the statement of profit and loss.

### h. Inventories

Raw Materials including packing material, stores and spares are valued at lower of cost and net realisable value. The cost of purchase consists of the purchase price including non-refundable taxes, duties, freight inward and other costs incurred in bringing the inventories to their present location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on moving weighted average basis.

Work-in-Progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour costs and a proportion of manufacturing overheads based on normal operating capacity.

Stock-in-Trade is valued at moving weighted average basis and comprises all costs of purchase, non-refundable taxes, duties and all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### i. Impairment of Non-Financial Assets

The carrying amount of assets are reviewed at each reporting date if there is any indication of impairment based on internal and external factors.

An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market



# Notes to the financial statements

## for the year ended 31st March, 2024

assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

A previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

### j. **Financial Instruments**

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

#### **Financial Assets**

##### **Initial Recognition and Measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. These include trade receivables, cash & cash equivalents, bank balances other than cash & cash equivalents and other financial assets.

##### **Classification and Subsequent Measurement**

Financial assets are subsequently measured at amortised cost or fair value through other comprehensive income or fair value through profit or loss depending on its business model for managing those financial assets and the asset contractual cash flow characteristics.

##### **Financial Assets at Amortised Cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The company may make an irrevocable election to present subsequent changes in the fair value of equity investment not held for trading in other comprehensive income.

##### **Financial Assets at Fair Value through Profit or Loss (FVTPL)**

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss.

# Notes to the financial statements

## for the year ended 31st March, 2024

### Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity and does not retain control of the asset.

### Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial assets. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 "Financial Instruments" for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

### Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities include borrowings, lease liability, trade payables and other financial liabilities.

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

#### Classification and Subsequent Measurement

The financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'financial liabilities at amortised cost'.

#### Financial liabilities at Fair Value through Profit or Loss

Financial liabilities are classified at fair value through profit or loss when the financial liability is held for trading or are designated upon initial recognition as fair value through profit or loss. It includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. All changes in the fair value of such liability are recognised in the statement of profit and loss.

#### Financial liabilities at Amortised Cost

Other financial liabilities (including borrowings and trade payables etc.) are subsequently measured at amortised cost using effective interest method.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Any gain or loss arising on derecognition is included in the statement of profit and loss when the liability is derecognised.

### Offsetting

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



# Notes to the financial statements

## for the year ended 31st March, 2024

### Effective Interest Method (EIR)

Financial assets and liabilities are subsequently measured at amortised cost using the effective interest rate method. 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.

### Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward contracts to hedge its foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken to statement of profit and loss.

### Financial Liabilities and Equity Instruments

#### Classification as Debt or Equity

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

#### Equity Instruments

An Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs related to issue of equity instruments is reduced from equity. Dividend paid on equity instruments is directly reduced from equity.

### k. Foreign Currency Transactions and Translations

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's financial statements are presented in Indian rupee (H) which is also the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate between the functional & foreign currency prevailing at the date of transaction.

Monetary assets and liabilities at the reporting date are translated at the rate prevailing on reporting date. The difference thereon and also the exchange difference on settlement of foreign currency transactions during the year is recognised as income or expense in statement of profit and loss.

Non-monetary items are carried at historical cost and reported using the exchange rate at the date of transaction.

### l. Cash and Cash Equivalents

Cash and cash equivalents comprise of balances with banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of change in value.



# Notes to the financial statements

## for the year ended 31st March, 2024

### m. Government grants

Government grants and subsidies are recognised when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

Where the government grant/subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grant and subsidy receivable against an expense are deducted from such expense.

Where the grant/subsidy relates to an asset, government grant and subsidy receivable against an asset are deducted from the carrying value of such asset.

### n. Income Taxes

Income tax expense represents the sum of current and deferred tax. Tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such case the tax expense is also recognised directly in equity or in other comprehensive income. Any subsequent change in income tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income, such change could be for change in tax rate.

#### Current Tax

Current tax is measured at the amount expected to be paid to or recovered from the tax authorities in accordance with the provisions of Income Tax Act, 1961 including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.

Current tax assets and liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet approach.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set-off current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.



# Notes to the financial statements

for the year ended 31st March, 2024

## **o. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

A contingent asset is disclosed, where an inflow of economic benefits is probable. Contingent assets are not recognised in financial statements since this may result in the recognition of income that will never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

## **p. Revenue from Contracts with Customers**

The Company derives revenues primarily from the following major sources.

- Sale of footwear and related products
- Sale of generated wind power

The Company recognises revenue from sale of footwear and related products at a point in time when control of the goods is transferred to the customer and the revenue can be reliably measured, regardless of when payment is being made. No element of financing is present as the sales are generally made with a credit term of 0-30 days, which is consistent with market practice. The performance obligation in contracts are considered fulfilled in accordance with the terms agreed with the respective customers.

The Company recognises revenue from sale of generated wind power at a point in time on the basis of net power delivered as per power purchase agreement signed with the Discom(s).

The transaction price is the amount of consideration which the Company expects to be entitled in exchange for transferring promised goods to a customer.

The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both.

Revenue is disclosed net of goods and services tax (GST), rebates, discounts, returns and claims as applicable.

## **q. Other Operating Revenue**

Other operating revenue include revenue arising from a Company's operating activities, i.e., either its principal or ancillary revenue-generating activities, but which is not revenue arising from



## Notes to the financial statements for the year ended 31st March, 2024

sale of products or rendering of services. The other operating revenue of the company includes revenue from scrap sales, export incentives, franchisee fees etc.

Export incentives are recognised as income on accrual basis to the extent its realisation is certain.

### r. Other Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Difference between the sale price and carrying value of investment is recognised in other income.

Other income is recognised on accrual basis in the financial statements, except when there is uncertainty of collection.

### s. Employee Benefits

All employee benefits like salaries, wages etc. payable wholly within twelve months of rendering the service are classified as short-term employee benefits. A liability is recognised for the amount expected to be paid when there is 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.

Contribution towards provident fund and employee state insurance is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution plans as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. Such contributions are charged to the statement of profit and loss for the period of service rendered by the employees.

The Company has a defined benefit gratuity plan and pays annual contribution to Life Insurance Corporation of India ("LIC") through a Trust, namely Relaxo Footwears Limited Employees Group Gratuity Scheme. Company's liability is determined using the projected unit credit method at the end of each year.

Remeasurement comprises of actuarial gains and losses on the defined benefit obligation, the return on plan assets excluding amounts included in net interest on the net defined benefit liability/(asset), as well as any changes in the effect of the asset ceiling excluding the amount included in net interest are recognised in the period in which they occur, directly in other comprehensive income.

Compensated absences which are expected to be availed or encashed within twelve months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating leaves as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Compensated absences which are expected to be availed or encashed beyond twelve months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the projected unit credit method) at the end of each year.

Actuarial gains/losses on compensated absences are immediately taken to the statement of profit and loss.

### t. Employee Share Based Payment

Employees of the Company receive part remuneration in the form of share-based payments in consideration of the services rendered. The Company recognises compensation expense relating



## Notes to the financial statements for the year ended 31st March, 2024

to share based payments in accordance with Ind AS 102 "Share based Payment". Stock options granted by the Company to its employees are accounted as equity settled options. Accordingly, the estimated fair value of options granted that is determined on the date of grant, is charged to statement of profit and loss on a proportionate basis over the vesting period of options which is the requisite service period, with a corresponding increase in equity.

### u. **Borrowing Costs**

Borrowing cost includes interest and ancillary costs incurred in connection with the arrangement of borrowings and charged to statement of profit and loss on the basis of effective interest rate (EIR).

Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing cost that are attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

All other borrowing costs are expensed in the period in which they occur.

### v. **Depreciation and Amortisation**

Depreciation is provided pro-rata to the period of use on Straight Line Method (SLM) based on the estimated useful lives of the assets, which have been determined as per Schedule II of Companies Act, 2013.

Intellectual Property Rights are amortised over their useful life. Computer software and licenses are amortised over the period of five years on straight line basis.

The residual values, useful lives and methods of depreciation of assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Lease hold improvements are depreciated on straight line basis over shorter of the asset's useful life and their initial agreement period.

### w. **Earnings Per Share**

Basic earnings per share is computed by dividing the profit after tax for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events i.e. bonus issue, share splits and further issue of share capital.

Diluted earnings per share is computed by dividing the profit after tax for the year attributable to equity shareholders by the weighted-average number of equity shares outstanding during the year and adjusted for the effects of all dilutive potential equity shares.

### x. **Dividend Payments**

Final dividend is recognised, when it is approved by the shareholders and the distribution is no longer at the discretion of the Company. However, Interim dividend is recorded as a liability on the date of declaration by the Company's Board of Directors.