

**Reliance Brands Limited**

## Independent Auditor's Report

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### To the Members of Reliance Brands Limited Report on the Standalone Financial statements

We have audited the accompanying standalone financial statements of Reliance Brands Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting 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 provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements 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 fair presentation of the standalone 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 standalone 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 thereunder.

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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 standalone 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 standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31<sup>st</sup> March, 2016, and its loss and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

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

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2. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone 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 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rules 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 on its financial position.
  - ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.
  - iii) There were no amount which required to be transferred to the Investor Education and Protection Fund by the Company.

For **Chaturvedi & Shah**  
*Chartered Accountants*  
Registration No : 101720W

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

**Jignesh Mehta**  
*Partner*  
Membership No. : 102749

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**“Annexure A” to the Independent Auditors’ Report on the Standalone Financial Statements of Reliance Brands Limited  
(Referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date)**

- i) In respect of its fixed assets :
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) As the Company has no immovable assets during the year, clause (c) (i) of paragraph 3 of the Order is not applicable to the company.
- ii) As explained to us, physical verification of the inventories have been conducted at reasonable intervals by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its inventories. No material discrepancies were noticed on such physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- iv) Company has complied with the provisions of section 186 of the Act, in respect of investments, loans, guarantee or security given.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company.
- vi) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company.
- vii) In respect of Statutory dues :
  - a) According to the records of the Company, undisputed statutory dues including provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2016 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax , cess on account of any dispute, which have not been deposited.
- viii) In our opinion and according to the information and explanations given to us, no amounts were due for repayment to debenture holders, the clause (viii) of paragraph 3 of the order is not applicable to the Company.
- ix) The money raised by company from term loans has been applied for the purpose for which they are raised.
- x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

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- xi) Company has not paid any managerial remuneration during the year and hence clause (xi) of paragraph 3 of the Order is not applicable to the Company.
- xii) In our opinion company is not a nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.
- xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and their details have been disclosed in the standalone financial statements etc., as required by the applicable accounting standards.
- xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement or fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.
- xvi) To the best of our knowledge and as explained, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Chaturvedi & Shah**  
*Chartered Accountants*  
Registration No : 101720W

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

**Jignesh Mehta**  
*Partner*  
Membership No. : 102749

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**“Annexure B” to the Independent Auditors’ Report on the Standalone Financial Statements of Reliance Brands Limited (Referred to in paragraph 2(f) under the heading “Report on other legal and regulatory requirements” of our report of even date)**

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

We have audited the Internal Financial Control over financial reporting of **Reliance Brands Limited** (“the company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year then ended.

#### **Management Responsibility for the Internal Financial Controls**

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

#### **Auditor’s Responsibility**

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

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

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projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Chaturvedi & Shah**  
*Chartered Accountants*  
Registration No : 101720W

Place : Mumbai  
Date : 20<sup>th</sup> April, 2016

**Jignesh Mehta**  
*Partner*  
Membership No. : 102749

## Balance Sheet as at 31st March, 2016

	Note	As at		₹ lakh
		31st March, 2016		As at 31st March, 2015
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	1	89 86.00	89 86.00	
Reserves and surplus	2	(120 63.80)	(92 38.18)	
				(2 52.18)
<b>Non-current liabilities</b>				
Long-term borrowings	3	485 03.60	395 03.30	
Other long-term liabilities	4	13 25.10	12 94.67	
Long-term provisions	5	3 82.81	1 99.79	
				409 97.76
<b>Current liabilities</b>				
Trade payables	6			
Micro and Small Enterprises		-	19.58	
Others		40 69.83	28 50.85	
Other current liabilities	7	13 28.20	9 31.46	
Short-term provisions	8	11.60	23.06	
				38 24.95
<b>Total</b>		<b>525 43.34</b>		<b>445 70.53</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed assets				
Tangible assets	9	60 20.98	60 68.88	
Intangible assets	9	62.16	76.19	
Capital work-in-progress	9	7 94.60	4 01.70	
				65 46.77
Non-current investments	10	213 20.48	120 34.48	
Deferred tax assets (net)	11	57 82.38	45 30.48	
Long-term loans and advances	12	47 91.13	116 43.51	
				347 55.24
<b>Current assets</b>				
Current investments	13	40 10.00	14 93.69	
Inventories	14	63 94.23	58 47.21	
Trade receivables	15	16 08.31	17 83.72	
Cash and bank balances	16	84.60	61.40	
Short-term loans and advances	17	16 74.47	6 29.27	
				98 15.29
<b>Total</b>		<b>525 43.34</b>		<b>445 70.53</b>
Significant accounting policies				
Notes on financial statements				

1 to 38

As per our Report of even date

For **Chaturvedi & Shah**  
Chartered Accountants**Jignesh Mehta**  
PartnerMumbai  
Dated : 20<sup>th</sup> April, 2016

For and on behalf of the Board

**Pankaj Pawar**  
Director**Mayank Shah**  
Director**Radhika Thorat**  
Company Secretary**Ramesh Kumar Damani**  
Director**Pranav Lodhavia**  
Chief Financial Officer



## Statement of Profit and Loss for the year ended 31st March, 2016

	Note	2015-16	₹ lakh 2014-15
<b>INCOME</b>			
Revenue from operations	18	223 56.19	182 88.42
Other income	19	1 44.85	2 39.52
<b>Total revenue</b>		<b>225 01.04</b>	<b>185 27.94</b>
<b>EXPENDITURE</b>			
Purchases of stock-in-trade		112 26.21	93 45.18
Changes in inventories of stock-in-trade	20	(6 03.39)	(14 76.17)
Employee benefits expense	21	42 80.08	31 27.73
Finance costs	22	1 15.81	9.68
Depreciation and amortisation expense		10 45.64	9 68.42
Other expenses	23	105 14.21	83 00.67
<b>Total expenses</b>		<b>265 78.56</b>	<b>202 75.51</b>
<b>Profit/ (loss) before tax</b>		<b>(40 77.52)</b>	<b>(17 47.57)</b>
Tax expenses:			
Deferred tax		(12 51.90)	(8 13.74)
<b>Profit/ (loss) for the year</b>		<b>(28 25.62)</b>	<b>(9 33.83)</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Basic and Diluted	27	(3.14)	(1.15)
Significant accounting policies Notes on financial statements	1 to 38		

As per our Report of even date

**For Chaturvedi & Shah**  
Chartered Accountants

**Jignesh Mehta**  
Partner

Mumbai  
Dated : 20<sup>th</sup> April, 2016

For and on behalf of the Board

**Pankaj Pawar**  
Director

**Mayank Shah**  
Director

**Radhika Thorat**  
Company Secretary

**Ramesh Kumar Damani**  
Director

**Pranav Lodhavia**  
Chief Financial Officer

## Cash Flow Statement for the year 2015-16

	2015-16	₹ lakh 2014-15
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/ (loss) before tax as per Statement of Profit and Loss</b>	<b>(40 77.52)</b>	<b>(17 47.57)</b>
<b>Adjusted for:</b>		
Loss on sale/ discarding of assets	3 04.01	1 65.58
Depreciation and amortisation expense	10 45.64	9 68.42
Effect of exchange rate change	6 60.35	8.15
Dividend income	-	(1.90)
(Profit)/ loss on sale of investments (net)	(73.14)	(2 08.00)
Interest income	(71.71)	(29.62)
Finance costs	1 15.81	9.68
	<b>19 80.96</b>	<b>9 12.31</b>
<b>Operating profit/ (loss) before working capital changes</b>	<b>(20 96.56)</b>	<b>(8 35.26)</b>
<b>Adjusted for:</b>		
Trade and other receivables	(13 65.69)	(14 13.17)
Inventories	(5 47.02)	(15 83.08)
Trade and other payables	9 62.99	9 36.35
	<b>(9 49.72)</b>	<b>(20 59.90)</b>
<b>Cash used in operations</b>	<b>(30 46.28)</b>	<b>(28 95.16)</b>
Taxes (paid)/ refund	(1 15.47)	( 38.06)
<b>Net cash used in operating activities</b>	<b>(31 61.75)</b>	<b>(29 33.22)</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(18 80.70)	(7 97.44)
Sale of fixed assets	21.94	6.90
Purchase of investments	(381 38.00)	(184 06.00)
Sale of investments	264 08.83	214 03.77
Loans refunded by/ (given to) subsidiaries	77 41.01	(5 24.18)
Net Investment in fixed deposits	(0.75)	( 0.32)
Interest income	66.81	24.62
<b>Net cash from / (used) in investing activities</b>	<b>(57 80.86)</b>	<b>17 07.35</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	9 00.00
Proceeds from long term borrowings	165 33.01	75 06.50
Repayment of long term borrowings	(75 48.46)	(75 43.09)
Interest paid	(19.49)	(9.68)
<b>Net cash generated from financing activities</b>	<b>89 65.06</b>	<b>8 53.73</b>
<b>Net decrease in cash and cash equivalents</b>	<b>22.45</b>	<b>(3 72.14)</b>
<b>Opening balance of cash and cash equivalents</b>	<b>59.83</b>	<b>4 10.80</b>
Add: On Amalgamation (Refer Note 25)	-	21.17
<b>Closing balance of cash and cash equivalents (Refer Note 16)</b>	<b>82.28</b>	<b>59.83</b>

As per our Report of even date

For **Chaturvedi & Shah**

Chartered Accountants

**Jignesh Mehta**

Partner

Mumbai

Dated : 20<sup>th</sup> April, 2016

For and on behalf of the Board

**Pankaj Pawar**

Director

**Mayank Shah**

Director

**Radhika Thorat**

Company Secretary

**Ramesh Kumar Damani**

Director

**Pranav Lodhavia**

Chief Financial Officer

## Significant Accounting Policies

### A Basis of preparation of financial statements

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the relevant provisions of the Companies Act 2013.

The Financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in lakh.

### B Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

### C Own fixed assets

Fixed assets are stated at cost net of recoverable taxes less accumulated depreciation and impairment loss, if any. All costs attributable to fixed assets are capitalised. Improvement cost on lease premises up to the date of commercial operation is capitalised as “leasehold improvements”.

Projects under which assets are not ready for their intended use are disclosed under Capital Work-in-Progress.

### D Lease rentals

Operating lease rentals are expensed with reference to lease terms and other considerations.

### E Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation.

### F Depreciation and amortisation

Depreciation on fixed assets is provided on straight line method and based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except, leasehold improvements are amortized over the lower of estimated useful life or lease period. Software are amortised over a period of five years and franchisee rights are amortised over the period of agreement for right to use.

### G Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### H Foreign currency transactions

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### I Investments

Investments that are readily realisable and intended to be held for not more than 12 months from the date of acquisition are classified as current investment. All other investments are classified as non-current investments. Current investments are

## Significant Accounting Policies (Contd.)

carried at the lower of cost and quoted/ fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

### **J Inventories**

Items of inventories are measured at lower of cost and net realisable value, after providing for obsolescence, if any. Cost of inventory comprises of all cost of purchase and other cost incurred in bringing them to the respective present location and condition. Costs are determined on weighted average basis.

### **K Revenue recognition**

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, adjusted for discounts (net), service tax, excise duty and value added tax.

Dividend income is recognised when right to receive is established.

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

### **L Employee benefits**

#### **i) Short term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services. These benefits include performance incentive and compensated absences.

#### **ii) Post employment benefits:**

##### **a) Defined Contribution Plans:**

Defined Contribution Plans: A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### **b) Defined Benefit Plans:**

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees services. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Statement of Profit and Loss.

### **M Provision for current and deferred tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961 using the applicable tax rate. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual/ reasonable certainty that the asset will be realised in future.

### **N Provisions, contingent liabilities and contingent assets**

Provisions is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the 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 unless the possibility of outflow of resources is remote.

Contingent Assets are neither recognised nor disclosed in the financial statements.

### **O Financial derivative transactions**

In respect of derivative contracts, premium paid, gains/ losses on settlement and provision for losses on restatement are recognised along with the underlying transactions and charged to Statement of Profit and Loss.

## Notes on financial statements for the year ended 31st March, 2016

	As at 31st March, 2016		As at 31st March, 2015	
	₹ lakh			
<b>1. Share capital</b>				
<b>Authorised:</b>				
<b>10,10,60,000</b> Equity shares of ₹ 10 each (10,10,60,000)		<b>101 06.00</b>		101 06.00
<b>Total</b>		<b>101 06.00</b>		101 06.00
<b>Issued, subscribed and paid-up:</b>				
<b>8,98,60,000</b> Equity shares of ₹ 10 each (8,98,60,000)		<b>89 86.00</b>		89 86.00
<b>Total</b>		<b>89 86.00</b>		89 86.00
(i) Out of the above 8,08,60,000 (previous year 8,08,60,000) equity shares of ₹ 10 each fully paid-up are held by Reliance Retail Ventures Limited, the holding company, along with its nominees.				
(ii) <b>The details of Shareholders holding more than 5% shares :</b>				
	As at 31st March, 2016		As at 31st March, 2015	
<b>Name of the Shareholders</b>	<b>No. of Shares</b>	<b>% held</b>	<b>No. of Shares</b>	<b>% held</b>
Reliance Retail Ventures Limited	<b>8,08,60,000</b>	<b>89.98</b>	8,08,60,000	89.98
L V Merchant jointly with K R Raja (As trustees of Reliance Brands Stock Option Trust)	<b>90,00,000</b>	<b>10.02</b>	90,00,000	10.02
(iii) <b>Reconciliation of opening and closing number of shares :</b>				
		As at 31st March, 2016		As at 31st March, 2015
<b>Particulars</b>		<b>No. of shares</b>		<b>No. of shares</b>
Equity shares outstanding at the beginning of the year		<b>8,98,60,000</b>		8,08,60,000
Add: Equity shares issued during the year		-		90,00,000
Equity shares outstanding at the end of the year		<b>8,98,60,000</b>		8,98,60,000
(iv) The Company is authorized to issue up to seven crore ninety two lakh Restricted Stock units (RSUs) to eligible employees under the Company's restricted stock unit plans. The RSUs vest on different dates over a period of five years from the date of grant of RSUs as per the respective schemes and upon vesting, the employees are entitled to one equity share of the Company at par for every RSU. As on March 31, 2016 RSUs in force total to six crore fifty seven lakh (previous year six crore fifty seven lakh).				
(v) Refer Note 3 in respect of option on unissued share capital.				
(vi) The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.				
<b>2. Reserves and surplus</b>		As at 31st March, 2016		As at 31st March, 2015
<b>Surplus</b>				
<b>Profit and Loss Account</b>				
As per last Balance Sheet		<b>(92 38.18)</b>		(7,193.15)
Add: On Amalgamation (Refer Note 25)		-		(1,108.33)
Less: Adjustment relating to fixed assets		-		( 2.87)
Add: Profit/ (loss) for the year		<b>(28 25.62)</b>		(933.83)
<b>Total</b>		<b>(120 63.80)</b>		(9,238.18)

## Notes on financial statements for the year ended 31st March, 2016

2.1 In view of the loss for the year, the company has not created the Debenture Redemption Reserve for a cumulative amount of ₹ 2.21 lakh in terms of section 71(4) of the Companies Act, 2013. The Company shall create the Debenture Redemption Reserve out of profits, if any, in the future years.

	As at 31st March, 2016	₹ lakh As at 31st March, 2015
<b>3. Long-term borrowings</b>		
<b>Secured</b>		
Term loans from banks <sup>(i)</sup>	3.60	36.30
<b>Unsecured</b>		
Zero Coupon Optionally Fully Convertible Debentures <sup>(iii)</sup>	485 00.00	75 00.00
Loans and advances from related parties <sup>(iv)</sup>	-	319 67.00
	<u>485 00.00</u>	<u>394 67.00</u>
<b>Total</b>	<u>485 03.60</u>	<u>395 03.30</u>

<sup>(i)</sup> Term loans are secured by hypothecation of vehicles and are repayable over a period of 4 years by way of equated monthly instalments.

<sup>(ii)</sup> Debenture holder have an option for conversion at fair value at any time after allotment by giving one month notice to the Company. The Company will redeem the outstanding OFCDs on expiry of 10 years from the date of allotment.

<sup>(iii)</sup> The Company has an option for conversion of Zero Coupon Optionally Fully Convertible Debenture (OFCDs) in to equity shares, at any time after allotment of the OFCDs by giving one month notice to the OFCD holder. The conversion into equity shares shall be based on higher of face value or book value of the Company as at March 31, 2015. If not converted, the Company will redeem the outstanding OFCDs on the expiry of 15 years from the date of allotment i.e. 31st March 2016.

<sup>(iv)</sup> Represents amount borrowed from the holding company for the period of 5 years.

	As at 31st March, 2016	₹ lakh As at 31st March, 2015
<b>4. Other long-term liabilities</b>		
Other long-term liabilities	13 25.10	12 94.67
<b>Total</b>	<u>13 25.10</u>	<u>12 94.67</u>

	As at 31st March, 2016	₹ lakh As at 31st March, 2015
<b>5. Long-term provisions</b>		
Provision for employee benefits	3 82.81	1 99.79
<b>Total</b>	<u>3 82.81</u>	<u>1 99.79</u>

### 6. Trade payables

#### Dues to micro and small enterprises

The details of amounts outstanding to Micro and Small Enterprises bases on available information with the Company is as under

	As at 31st March, 2016	₹ lakh As at 31st March, 2015
1 Principal amount due and remaining unpaid	-	-
2 Interest due on above and the unpaid interest	-	-
3 Interest paid	-	-
4 Payment made beyond the appointed day during the year	-	-
5 Interest due and payable for the period of delay	-	-
6 Interest accrued and remaining unpaid	-	-
7 Amount of further interest remaining due and payable in succeeding year	-	-

## Notes on financial statements for the year ended 31st March, 2016

	As at 31st March, 2016	₹ lakh As at 31st March, 2015
<b>7. Other current liabilities</b>		
Current maturities of long term debt	15.26	31.01
Interest accrued but not due on borrowings	96.32	-
Creditors for capital expenditure	4 12.64	3 18.42
Others <sup>(i)</sup>	8 03.98	5 82.03
<b>Total</b>	<b>13 28.20</b>	<b>9 31.46</b>

<sup>(ii)</sup> Includes statutory liabilities, advances received and current maturities of other long-term liabilities.

	As at 31st March, 2016	₹ lakh As at 31st March, 2015
<b>8. Short-term provisions</b>		
Provision for employee benefits	11.60	22.73
Provision for wealth tax	-	0.33
<b>Total</b>	<b>11.60</b>	<b>23.06</b>

### 9. Fixed assets

Description	Gross block				Depreciation/ amortisation				Net block	
	As at 1st April, 2015	Additions	Deductions/ Adjustments	As at 31st March, 2016	As at 1st April, 2015	For the year	Deductions/ Adjustments	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
<b>(i) Tangible assets</b>										
<b>Own assets:</b>										
Plant and machinery	7 55.02	1 37.58	22.56	8 70.04	3 08.35	1 55.97	15.61	4 48.71	4 21.33	4 46.67
Electrical installations	10 16.78	1 68.35	1 62.23	10 22.90	1 89.94	1 17.56	51.74	2 55.76	7 67.14	8 26.84
Equipment	11 45.01	1 00.91	71.73	11 74.19	1 87.85	83.52	10.80	2 60.57	9 13.62	9 57.16
Furniture and fixtures	23 16.11	3 69.36	78.23	26 07.24	5 43.98	2 66.44	21.91	7 88.51	18 18.73	17 72.13
Vehicles	2 15.21	-	-	2 15.21	92.33	32.39	-	1 24.72	90.49	1 22.88
Leasehold improvements	29 38.39	5 76.54	2 18.16	32 96.77	9 95.19	3 59.89	67.98	12 87.10	20 09.67	19 43.20
<b>Total (i)</b>	<b>83 86.52</b>	<b>13 52.74</b>	<b>5 52.91</b>	<b>91 86.35</b>	<b>23 17.64</b>	<b>10 15.77</b>	<b>1 68.04</b>	<b>31 65.37</b>	<b>60 20.98</b>	<b>60 68.88</b>
<b>(ii) Intangible assets</b>										
Franchisee rights	47.44	-	-	47.44	22.13	9.49	-	31.62	15.82	25.31
Software	93.97	15.97	0.96	1 08.98	43.09	20.38	0.83	62.64	46.34	50.88
<b>Total (ii)</b>	<b>1 41.41</b>	<b>15.97</b>	<b>0.96</b>	<b>1 56.42</b>	<b>65.22</b>	<b>29.87</b>	<b>0.83</b>	<b>94.26</b>	<b>62.16</b>	<b>76.19</b>
<b>Total (i+ii)</b>	<b>85 27.93</b>	<b>13 68.71</b>	<b>5 53.87</b>	<b>93 42.77</b>	<b>23 82.86</b>	<b>10 45.64</b>	<b>1 68.87</b>	<b>32 59.63</b>	<b>60 83.14</b>	<b>61 45.07</b>
<b>Previous year</b>	80 29.79	8 37.59	3 39.45	85 27.93	14 99.66	9 68.42	85.22	23 82.86	61 45.07	
<b>Capital work-in-progress <sup>(1)</sup></b>									<b>7 94.60</b>	4 01.70

<sup>(1)</sup> Includes ₹ 4 45.71 lakh (previous year ₹ 2 37.63 lakh) on account of capital goods inventory

## Notes on financial statements for the year ended 31st March, 2016

	As at 31st March, 2016	As at 31st March, 2015
<b>10. Non-current investments</b> <i>(Long Term Investments)</i>		
(Valued at cost less other than temporary diminution in value, if any)		
<b>Other investment</b>		
<b>In equity shares of subsidiary companies - unquoted, fully paid up</b>		
<b>50,000</b> Reliance Lifestyle Holdings Limited of ₹ 10 each (50,000)	<b>5.00</b>	5.00
<b>In debentures of subsidiary companies - unquoted, fully paid up</b>		
<b>8,60,00,000</b> Reliance Lifestyle Holdings Limited of ₹ 10 each (-)	<b>86 00.00</b>	-
<b>Sub-total (a)</b>	<b>86 05.00</b>	5.00
<b>In equity shares of joint venture companies - unquoted, fully paid up</b>		
<b>3,92,00,000</b> Diesel Fashion India Reliance Private Limited of ₹ 10 each (3,57,70,000)	<b>39 19.91</b>	35 76.91
<b>87,00,000</b> Reliance Paul & Shark Fashions Private Limited of ₹ 10 each (87,00,000)	<b>8 70.00</b>	8 70.00
<b>2,46,99,272</b> Zegna South Asia Private Limited of ₹ 10 each (2,32,29,272)	<b>25 20.17</b>	23 73.17
<b>2,18,54,000</b> Brooks Brothers India Private Limited of ₹ 10 each (1,98,94,000)	<b>21 85.40</b>	19 89.40
<b>25,05,000</b> Iconix Lifestyle India Private Limited of ₹ 10 each (25,05,000)	<b>32 20.00</b>	32 20.00
<b>Sub-total (b)</b>	<b>127 15.48</b>	120 29.48
<b>Total (a+b)</b>	<b>213 20.48</b>	120 34.48
<b>Aggregate value of</b>	<b>Book value</b>	Book value
Unquoted investments	<b>213 20.48</b>	120 34.48
<b>11. Deferred tax assets (net)</b>	As at 31st March, 2016	As at 31st March, 2015
Deferred tax assets		
Disallowance under the Income Tax Act, 1961	<b>1 28.15</b>	68.65
Carried forward loss	<b>57 33.88</b>	45 41.85
	<b>58 62.03</b>	46 10.50
Less :Deferred tax liability		
Related to fixed assets	<b>79.65</b>	80.02
<b>Total</b>	<b>57 82.38</b>	45 30.48

The virtual certainty is based on agreements.



## Notes on financial statements for the year ended 31st March, 2016

				₹ lakh
		As at	As at	As at
		31st March, 2016	31st March, 2015	31st March, 2015
<b>12. Long-term loans and advances</b>				
(Unsecured and considered good)				
Capital advances		3 85.96		1 13.60
Security deposits		25 34.15		21 25.20
Loans and advances to related parties <sup>(i)</sup>		14 30.87		91 71.88
Advance income tax (net of provision)		3 29.74		2 14.27
Other loans and advances <sup>(ii)</sup>		1 10.41		18.56
<b>Total</b>		<b>47 91.13</b>		<b>116 43.51</b>
<sup>(i)</sup> Loans and advances in the nature of loans given to subsidiaries :				
<b>Sr No</b>	<b>Name of the company</b>	<b>As at</b>	<b>As at</b>	<b>Maximum</b>
		<b>31st March, 2016</b>	<b>31st March, 2015</b>	<b>balance during</b>
				<b>the year</b>
1	Reliance Lifestyle Holdings Limited	14 30.87	101 41.36	98 79.57
		<u>14 30.87</u>	<u>101 41.36</u>	
(a) All the loans and advances given to subsidiaries, fall under the category of 'loans and advances' in nature of loans and are interest bearing and are repayable within 5 years.				
(b) All the above loan and advance are given for business purposes.				
<sup>(ii)</sup> Represents loan to employees.				
<b>13. Current investments</b>				
(Valued at lower of cost and quoted/ fair value)				
<b>Investment in mutual funds</b>				
<b>In units - unquoted</b>				
17,92,901	ICICI prudential Liquid - Regular Plan - Growth of ₹ 100 each.	40 10.00		14 03.69
(597,174)				
-	ICICI prudential flexible income - Regular Plan - Growth of ₹ 100 each.	-		90.00
(34,207)				
		<u>40 10.00</u>		<u>14 93.69</u>
<b>Aggregate value of</b>		<b>Book value</b>		<b>Book value</b>
Unquoted investments		40 10.00		14 93.69
<b>14. Inventories</b>				
(Valued at lower of cost and net realisable value)				
Stock-in-trade		62 13.14		56 09.75
Stores and spares		1 81.09		2 37.46
<b>Total</b>		<b>63 94.23</b>		<b>58 47.21</b>
<b>15. Trade receivables</b>				
(Unsecured and considered good)				
Outstanding for a period exceeding six months		71.91		1 09.88
Others		15 36.40		16 73.84
<b>Total</b>		<b>16 08.31</b>		<b>17 83.72</b>

## Notes on financial statements for the year ended 31st March, 2016

	As at 31st March, 2016	₹ lakh As at 31st March, 2015
<b>16. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	51.00	39.96
<b>Bank Balance</b>		
In current accounts	31.28	19.87
<b>Sub Total</b>	<u>82.28</u>	<u>59.83</u>
<b>Other bank balance</b>		
In deposit <sup>(i) and (ii)</sup>	2.32	1.57
<b>Sub Total</b>	<u>2.32</u>	<u>1.57</u>
<b>Total</b>	<u><u>84.60</u></u>	<u><u>61.40</u></u>
<sup>(i)</sup> Includes ₹ 1.37 lakh (previous year ₹ 1.57 lakh) with maturity period of more than 12 months.		
<sup>(ii)</sup> Includes ₹ 2.32 lakh (previous year ₹ 1.57 lakh) held by tax authority as security and by bank as margin money for bank guarantees.		
<b>17. Short-term loans and advances</b> (Unsecured and considered good)	As at 31st March, 2016	₹ lakh As at 31st March, 2015
Balance with customs/ sales tax authorities, etc.	2 08.56	1 09.74
Others <sup>(i)</sup>	14 65.91	5 19.53
<b>Total</b>	<u><u>16 74.47</u></u>	<u><u>6 29.27</u></u>
<sup>(i)</sup> Includes advances to vendors and employees.		
<b>18. Revenue from operations</b>	2015-16	₹ lakh 2014-15
Sale of products	212 68.39	180 91.78
Sale of services	12 30.84	2 19.10
Other operating revenues	8.74	1.64
	<u>225 07.97</u>	<u>183 12.52</u>
Less: Service tax recovered	1 51.78	24.10
<b>Total</b>	<u><u>223 56.19</u></u>	<u><u>182 88.42</u></u>
<b>19. Other income</b>	2015-16	₹ lakh 2014-15
Interest income		
From others	71.71	29.62
Dividend income		
From current investments	-	1.90
Net gain on sale of		
Current investments	73.14	2 08.00
<b>Total</b>	<u><u>1 44.85</u></u>	<u><u>2 39.52</u></u>

## Notes on financial statements for the year ended 31st March, 2016

	2015-16		2014-15	
			₹ lakh	
<b>20. Changes in inventories of stock-in-trade</b>				
<b>Inventories (at close)</b>				
Stock-in-trade	<b>62 13.14</b>		56 09.75	
<b>Inventories (at commencement)</b>				
Stock-in-trade	<b>56 09.75</b>	37 92.24		
Add: On amalgamation (Refer Note 25)	-	3 41.34	41 33.58	
<b>Total</b>	<b>(6 03.39)</b>		<b>(14 76.17)</b>	
<b>21. Employee benefits expense</b>	<b>2015-16</b>		<b>2014-15</b>	
Salaries and wages	<b>39 37.81</b>		28 47.20	
Contribution to provident and other funds	<b>1 31.85</b>		81.34	
Staff welfare expenses	<b>2 10.42</b>		1 99.19	
	<b>42 80.08</b>		<b>31 27.73</b>	

21.1 As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below :

### Defined contribution plan

Contribution to defined contribution plan, recognised are charged off for the year are as under:

	2015-16		2014-15	
			₹ lakh	
Employer's contribution to provident fund	<b>26.19</b>		16.38	
Employer's contribution to pension scheme	<b>59.51</b>		37.15	

### Defined benefit plan

The present value of obligation for gratuity is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated Absences is recognised in the same manner as gratuity.

The Company operates post retirement benefit plans as follows:

I. Reconciliation of opening and closing balances of defined benefit obligation	Gratuity (unfunded)		Compensated Absences (unfunded)	
	2015-16	2014-15	2015-16	2014-15
Defined benefit obligation at beginning of the year	<b>1 39.91</b>	1 16.77	<b>82.61</b>	53.52
Add: on Amalgamation (Refer Note 25)	-	2.17	-	1.49
Current service cost	<b>46.19</b>	45.08	<b>17.33</b>	33.26
Interest cost	<b>11.19</b>	9.51	<b>6.61</b>	4.40
Actuarial (gain)/ loss	<b>(20.95)</b>	(33.62)	<b>1 67.27</b>	14.55
Benefits paid	<b>(5.03)</b>	-	<b>(50.72)</b>	(24.61)
Defined benefit obligation at year end	<b>1 71.31</b>	1 39.91	<b>2 23.10</b>	82.61

## Notes on financial statements for the year ended 31st March, 2016

### II. Reconciliation of fair value of assets and obligations

	Gratuity (unfunded)		Compensated Absences (unfunded)	
	2015-16	2014-15	2015-16	2014-15
	₹ lakh			
Fair value of plan assets	-	-	-	-
Present value of obligation	1 71.31	1 39.91	2 23.10	82.61
Amount recognised in Balance Sheet	1 71.31	1 39.91	2 23.10	82.61

### III. Expenses recognised during the year

	Gratuity (unfunded)		Compensated Absences (unfunded)	
	2015-16	2014-15	2015-16	2014-15
	₹ lakh			
Current service cost	46.19	45.08	17.33	33.26
Interest cost on benefit obligation	11.19	9.51	6.61	4.40
Actuarial (gain)/ loss recognised in the year	(20.95)	(33.62)	1 67.27	14.55
Net benefit expense/ (income)	36.43	20.97	1 91.21	52.21

### IV. Actuarial assumptions

	Gratuity (unfunded)		Compensated Absences (unfunded)	
	2015-16	2014-15	2015-16	2014-15
	₹ lakh			
Mortality Table	2006-08	2006-08	2006-08	2006-08
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate (per annum)	8%	8%	8%	8%
Rate of escalation in salary (per annum)	6%	6%	6%	6%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

### V. Amount recognised in current year and previous four year

Particulars as at 31st March	₹ lakh				
	2016	2015	2014	2013	2012
Gratuity					
Defined benefit obligation	1 71.31	1 39.91	1 16.76	96.82	92.24
Fair value of planned assets	-	-	-	-	-
(surplus)/ Deficit in the plan	1 71.31	1 39.91	1 16.76	96.82	92.24
Actuarial (gain)/ loss on plan liabilities	(20.95)	(33.62)	(17.87)	(40.97)	16.27
Actuarial gain/ (loss) on plan assets	-	-	-	-	-

VI. The expected contributions for Defined Benefit Plan for the next financial year will be in line with Financial year 2015-16.

### 22. Finance costs

	2015-16	2014-15
Interest cost	1 15.81	9.68
<b>Total</b>	<b>1 15.81</b>	<b>9.68</b>

## Notes on financial statements for the year ended 31st March, 2016

	2015-16		2014-15	
	₹ lakh	% of Consumption	₹ lakh	% of Consumption
<b>23. Other expenses</b>				
<b>Sales and distribution expenses</b>				
Sales promotion and advertisement expenses	6 82.86		4 78.70	
Store running expenses	4 27.87		3 73.97	
Royalty	4 83.80		5 00.06	
Commission	-		25.70	
Warehousing and distribution expenses	3 82.13		3 49.19	
	<b>19 76.66</b>		<b>17 27.62</b>	
<b>Establishment expenses</b>				
Stores and packing materials	2 73.38		1 54.74	
Building repairs and maintenance	1 77.18		1 18.08	
Other repairs	39.14		33.52	
Rent including lease rentals	50 02.92		43 56.87	
Insurance	58.55		36.96	
Rates and taxes	23.30		21.78	
Travelling and conveyance expenses	5 00.64		3 47.01	
Professional fees	1 77.70		3 04.58	
Loss on sale/ discarding of assets	3 04.01		1 65.58	
Exchange differences (net)	7 43.44		20.85	
Security expenses	3 00.88		2 28.27	
Electricity expenses	4 98.46		4 10.27	
Hire charges	1 55.70		1 11.81	
General expenses	2 73.88		2 54.53	
Wealth tax	-		0.33	
	<b>85 29.18</b>		<b>65 65.18</b>	
<b>Payments to auditor</b>				
Audit fees	5.44		5.17	
Tax audit fees	1.16		1.01	
Certification and consultation fees	1.77		1.69	
	<b>8.37</b>		<b>7.87</b>	
<b>Total</b>	<b>105 14.21</b>		<b>83 00.67</b>	
<b>23.1 Value of stores and packing materials consumed:</b>				
	₹ lakh	% of Consumption	₹ lakh	% of Consumption
(i) Indigenous	2 28.53	84	85.22	55
(ii) Imported	44.85	16	69.52	45
<b>Total</b>	<b>2 73.38</b>		<b>1 54.74</b>	
<b>23.2 Expenditure in foreign currency:</b>				
				₹ lakh
			<b>2015-16</b>	<b>2014-15</b>
(i) Sales promotion and advertisement expenses			20.78	15.31
(ii) Royalty			4 30.35	4 68.58
(iii) Travelling and conveyance expenses			66.67	29.06
(iv) Professional fees			3.91	13.08
(v) Other matters			-	3.74
<b>Total</b>			<b>5 21.71</b>	<b>5 29.77</b>

## Notes on financial statements for the year ended 31st March, 2016

24. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

25. The figures of previous year include figures of Reliance Style Fashion India Private Limited (RSFIPL) and Reliance Styles India Limited (RSIL) the wholly owned subsidiaries of the Company, engaged in the business of organised retail, were amalgamated with the Company with effect from 1st April, 2013 as per the Scheme of Amalgamation ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Bombay.

The Scheme became effective on 1st October, 2014, the Appointed Date being 1st April, 2013.

In accordance with the scheme and as per approval of High Court:

(i) The assets, liabilities, reserves, rights and obligations of RSFIPL and RSIL has been vested with the Company with effect from 1st April, 2013 and have been recorded at their respective book value, under the pooling of interest method of accounting of amalgamation.

(ii) No shares have been issued to the shareholders of RSFIPL and RSIL, the Company's wholly owned subsidiaries.

(iii) Amount added on amalgamation to profit and loss account is inclusive of loss of ₹ 2 69.20 lakh for the period 1st April 2013 to 31st March 2014.

(iv) From the effective date the authorised share capital of the Company has increased to ₹ 101 06.00 lakh consisting of 10,10,60,000 Equity Shares of ₹ 10 each.

26. The Company is mainly engaged in 'Organised Retail' primarily catering to consumers in India under various consumption baskets. All the activities of the Company revolve around this main business. Accordingly, the Company has only one identifiable segment reportable under Accounting Standard 17 "Segment Reporting".

### 27. Earnings per share (EPS)

	2015-16	2014-15
(i) Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ lakh)	<b>(28 25.62)</b>	(933.83)
(ii) Weighted average number of equity shares used as denominator for calculating basic and diluted EPS	<b>8,98,60,000</b>	8,09,09,315
(iii) Effect of dilutive issue of zero coupon optionally fully convertible Debentures	<b>13,28,767</b>	4,10,959
(iv) Weighted average number of equity shares used as denominator for calculating Diluted EPS (ii + iii)	<b>9,11,88,767</b>	8,13,20,274
(v) Basic and diluted earnings/ (loss) per share of face value of ₹ 10 each (Amount in ₹)*	<b>(3.14)</b>	(1.15)

\*Diluted EPS is same as basic EPS, being antidilutive.

### 28. Financial and derivative instruments

#### Derivative contracts entered into by the Company and outstanding as on 31st March, 2016

##### i) For hedging currency related risks:

Nominal amounts of forward contracts entered into by the Company and outstanding as at 31st March, 2016 amount to ₹ 2 09.14 lakh (previous year ₹ nil).

ii) Foreign currency exposures for Trade and other payables that are not hedged by derivative instruments as on 31st March, 2016 amount to ₹ 8 37.92 lakh (previous year ₹ 6 57.24 lakh) and for Other long-term liabilities that are not hedged by derivative instruments as on 31st March, 2016 amount to ₹ 13 25.10 lakh (previous year ₹ nil).

## Notes on financial statements for the year ended 31st March, 2016

### 29. General description of lease terms:

- (i) Lease rentals are charged on the basis of agreed terms.
- (ii) Assets are taken on lease over a period of 3 to 15 years.

### 30. Value of imports on CIF basis in respect of:

	2015-16	₹ lakh 2014-15
(i) Traded goods	65 70.12	49 59.63
(ii) Capital goods	1 98.67	45.48
(iii) Consumables	56.48	102.87
	<u>68 25.27</u>	<u>51 07.98</u>

### 31. Value of exports on FOB basis in respect of

	2015-16	₹ lakh 2014-15
Traded goods	2 04.29	54.66

### 32. Commitments and contingent liabilities

	As at 31st March, 2016	₹ lakh As at 31st March, 2015
a) Capital commitments:		
Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for		
(i) In respect of Joint ventures	5.65	21.13
(ii) In respect of Others	3 73.62	1 70.30
b) Contingent liabilities:		
Outstanding guarantees furnished to banks and financial institutions including in respect of letters of credit		
In respect of Others	10 66.10	8 37.32

### 33. Broad heads of purchase of traded goods :

	2015-16	₹ lakh 2014-15
<b>Purchase of traded goods</b>		
(i) Footwear	39 34.40	39 07.17
(ii) Apparel	56 04.12	44 55.33
(iii) Accessories	16 87.69	9 82.68
<b>Total</b>	<u>112 26.21</u>	<u>93 45.18</u>

### 34. Broad heads of goods sold and services rendered :

	2015-16	₹ lakh 2014-15
a) <b>Sale of products</b>		
(i) Footwear	74 27.98	63 47.68
(ii) Apparel	109 91.74	96 04.32
(iii) Accessories	28 48.67	21 39.78
<b>Total</b>	<u>212 68.39</u>	<u>180 91.78</u>
b) <b>Services rendered</b>		
Support services	12 30.84	2 19.10
<b>Total</b>	<u>12 30.84</u>	<u>2 19.10</u>

## Notes on financial statements for the year ended 31st March, 2016

### 35. Details of loan given, investment made and guarantee given covered u/s 186(4) of the Companies Act, 2013

- i) Loan given by the company to body corporate as at 31st March 2016 (Refer Note 12)
- ii) Investments made by the company as at 31st March 2016 (Refer Note 10)

### 36. As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

#### (i) List of related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the related party	Relationship
1	Reliance Industries Limited	Ultimate holding company
2	Reliance Retail Ventures Limited	Holding companies
3	Reliance Lifestyle Holdings Limited	Subsidiary Companies
4	Diesel Fashion India Reliance Private Limited	Joint Venture
5	Reliance Paul & Shark Fashions Private Limited	
6	Zegna South Asia Private Limited	
7	Iconix Lifestyle India Private Limited	
8	Brooks Brothers India Private Limited	
9	Ryohin-Keikaku Reliance India Private Limited	
10	Reliance Retail Limited	Fellow subsidiaries
11	Strategic Manpower Solutions Limited	
12	Digital18 Media Limited (from 07-07-2014)	
13	Reliance Petro Marketing Limited	
14	Reliance Trading Limited	

#### (ii) Transactions during the year with related parties (excluding reimbursements):

₹ lakh

Sr.	Nature of transactions	Ultimate holding company	Holding company	Subsidiaries	Joint Venture	Fellow subsidiaries	Total
1	Net unsecured loans taken/ (repaid)	-	-	-	-	-	-
		-	(75 00.00)	-	-	-	(75 00.00)
2	Net Loans and advances given/ (returned)	-	-	8 58.99	-	-	8 58.99
		-	-	5 24.18	-	-	5 24.18
3	Conversion of unsecured loan to Debentures	-	368 17.00	-	-	-	368 17.00
		-	-	-	-	-	-
4	Conversion of loans given to subscription of Debentures	-	-	86 00.00	-	-	86 00.00
		-	-	-	-	-	-
5	Subscription to investments	-	-	-	6 86.00	-	6 86.00
		-	-	-	9 96.00	-	9 96.00
6	Issue/(Redemption) of Debentures	-	116 83.00	-	-	(75 00.00)	41 83.00
		-	-	-	-	75 00.00	75 00.00
7	Purchase of fixed assets/ project materials	-	-	-	-	60.59	60.59
		-	-	-	-	9.44	9.44
8	Revenue from operations	-	-	-	6 89.11	10.27	6 99.38
		-	-	-	0.28	-	0.28



## Notes on financial statements for the year ended 31st March, 2016

(ii) Transactions during the year with related parties (excluding reimbursements):							₹ lakh
Sr.	Nature of transactions	Ultimate holding company	Holding company	Subsidiaries	Joint Venture	Fellow subsidiaries	Total
9	Other Income	-	-	<b>71.55</b>	-	-	<b>71.55</b>
		-	-	<i>29.37</i>	-	-	<i>29.37</i>
10	Purchases	<b>4.35</b>	-	-	<b>1 55.74</b>	-	<b>1 60.09</b>
		-	-	-	<i>55.84</i>	-	<i>55.84</i>
11	Purchase of consumables	-	-	-	<b>0.21</b>	<b>0.47</b>	<b>0.68</b>
		-	-	-	<i>0.15</i>	-	<i>0.15</i>
12	Purchase of Stores & Spares	-	-	-	<b>0.03</b>	-	<b>0.03</b>
		-	-	-	-	-	-
13	Sales promotion and advertisement expenses	-	-	-	-	-	-
		-	-	-	<i>0.06</i>	<i>1.14</i>	<i>1.20</i>
14	Store running expenses	-	-	-	-	<b>2 69.61</b>	<b>2 69.61</b>
		-	-	-	-	<i>2 44.76</i>	<i>2 44.76</i>
15	Other repairs	-	-	-	-	<b>0.09</b>	<b>0.09</b>
		-	-	-	-	-	-
16	Interest cost	-	<b>1 12.52</b>	-	-	-	<b>1 12.52</b>
		-	-	-	-	-	-
<b>Balance as at 31st March, 2016</b>							
17	Share capital	-	<b>89 86.00</b>	-	-	-	<b>89 86.00</b>
		-	<i>89 86.00</i>	-	-	-	<i>89 86.00</i>
18	Long-term borrowings	-	-	-	-	-	-
		-	<i>319 67.00</i>	-	-	-	<i>319 67.00</i>
19	Zero Coupon Optionally Fully Convertible Debenture	-	<b>485 00.00</b>	-	-	-	<b>485 00.00</b>
		-	-	-	-	<i>75 00.00</i>	<i>75 00.00</i>
20	Investments	-	-	<b>86 05.00</b>	<b>127 15.48</b>	-	<b>213 20.48</b>
		-	-	<i>5.00</i>	<i>120 29.48</i>	-	<i>120 34.48</i>
21	Loans and advances	-	-	<b>14 30.87</b>	-	-	<b>14 30.87</b>
		-	-	<i>91 71.88</i>	-	-	<i>91 71.88</i>
22	Trade and other receivables	-	-	-	<b>1 62.15</b>	<b>0.08</b>	<b>1 62.23</b>
		-	-	-	-	-	-
23	Short term loans and advances	-	-	<b>10.02</b>	-	-	<b>10.02</b>
		-	-	<i>5.24</i>	-	-	<i>5.24</i>
24	Trade and other payables	-	<b>63.09</b>	-	<b>51.88</b>	<b>52.45</b>	<b>1 67.42</b>
		<i>1 00.47</i>	-	-	<i>49.41</i>	<i>20.69</i>	<i>1 70.57</i>
25	Other Current Liabilities	-	<b>96.32</b>	-	-	-	<b>96.32</b>
		-	-	-	-	-	-
26	Financial guarantees taken	-	-	-	-	<b>10 66.10</b>	<b>10 66.10</b>
		-	-	-	-	<i>8 37.32</i>	<i>8 37.32</i>

Figures in *italic* represents previous year's amount.

## Notes on financial statements for the year ended 31st March, 2016

### (iii) Disclosure in respect of material related party transactions during the year:

Particulars	Relationship	2015-16	2014-15
<b>1 Net unsecured loans taken/ (repaid)</b>			
Reliance Retail Ventures Limited	Holding company	-	(75 00.00)
<b>2 Net Loans and advances given/ (returned)</b>			
Reliance Lifestyle Holdings Limited	Subsidiary	<b>8 58.99</b>	5 24.18
<b>3 Conversion of unsecured loan to Debentures</b>			
Reliance Retail Ventures Limited	Holding company	<b>368 17.00</b>	-
<b>4 Conversion of loans given to subscription of Debentures</b>			
Reliance Lifestyle Holdings Limited	Subsidiary	<b>86 00.00</b>	-
<b>5 Subscription to investments</b>			
Reliance Lifestyle Holdings Limited	Subsidiary	-	-
Brook Brothers India Private Limited	Joint Venture	<b>1 96.00</b>	4 41.00
Zegna South Asia Private Limited	Joint Venture	<b>1 47.00</b>	4 90.00
Diesel Fashion India Reliance Private Limited	Joint Venture	<b>3 43.00</b>	-
Reliance Paul & Shark Fashions Private Limited	Joint Venture	-	65.00
<b>6 Issue/(Redemption) of Debentures</b>			
Reliance Petro Marketing Limited	Fellow Subsidiary	<b>(75 00.00)</b>	75 00.00
Reliance Retail Ventures Limited	Holding company	<b>116 83.00</b>	-
<b>7 Purchase of fixed assets/ project materials</b>			
Reliance Retail Limited	Fellow Subsidiary	<b>60.59</b>	9.44
<b>8 Revenue from operations</b>			
Reliance Retail Limited	Fellow Subsidiary	<b>10.27</b>	-
Zegna South Asia Private Limited	Joint Venture	<b>74.58</b>	-
Diesel Fashion India Reliance Private Limited	Joint Venture	<b>3 60.92</b>	-
Reliance Paul & Shark Fashions Private Limited	Joint Venture	<b>67.33</b>	-
Brook Brothers India Private Limited	Joint Venture	<b>32.98</b>	-
Iconix Lifestyle India Private Limited	Joint Venture	<b>1 53.30</b>	0.28
<b>9 Other Income</b>			
Reliance Lifestyle Holdings Limited	Subsidiary	<b>71.55</b>	29.37
<b>10 Purchases</b>			
Reliance Industries Limited	Ultimate holding company	<b>4.35</b>	-
Diesel Fashion India Reliance Private Limited	Joint Venture	<b>40.73</b>	31.50
Brook Brothers India Private Limited	Joint Venture	<b>19.79</b>	10.77
Reliance Paul & Shark Fashions Private Limited	Joint Venture	<b>13.63</b>	9.41
Zegna South Asia Private Limited	Joint Venture	<b>81.59</b>	4.16
<b>11 Purchase of consumables</b>			
Reliance Retail Limited	Fellow Subsidiary	<b>0.47</b>	-
Brook Brothers India Private Limited	Joint Venture	<b>0.21</b>	-
Diesel Fashion India Reliance Private Limited	Joint Venture	-	0.15
<b>12 Purchase of Stores &amp; Spares</b>			
Diesel Fashion India Reliance Private Limited	Joint Venture	<b>0.03</b>	-
<b>13 Sales promotion and advertisement expenses</b>			
Digital18 Media Limited	Fellow Subsidiary	-	1.14
Diesel Fashion India Reliance Private Limited	Joint Venture	-	0.06
<b>14 Store running expenses</b>			
Strategic Manpower Solutions Limited	Fellow Subsidiary	<b>2 69.61</b>	2 44.76
<b>15 Other repairs</b>			
Reliance Retail Limited	Fellow Subsidiary	<b>0.09</b>	-
<b>16 Interest cost</b>			
Reliance Retail Ventures Limited	Holding company	<b>1 12.52</b>	-

## Notes on financial statements for the year ended 31st March, 2016

### 37. The details of joint ventures are as follows:

Name of the joint ventures	Country of incorporation	Proportion of ownership interest
Diesel Fashion India Reliance Private Limited	India	49%
Reliance Paul & Shark Fashions Private Limited	India	50%
Zegna South Asia Private Limited	India	49%
Iconix Lifestyle India Private Limited	India	50%
Brooks Brothers India Private Limited	India	49%
Ryohin-Keikaku Reliance India Private Limited	India	49%

### 38. In respect of jointly controlled entities, the Company's share of assets, liabilities, income and expenditure are as follows:

Particulars	₹ lakh	
	As at 31st March, 2016	As at 31st March, 2015
(i) Assets		
Fixed assets and capital work-in-progress	16 31.60	19 26.12
Non-current assets	8 31.14	7 76.55
Current investments	9 07.26	7 01.36
Current assets	23 34.00	22 39.40
(ii) Liabilities		
Non-current liabilities and provisions	26.58	13.74
Short term borrowings	2 59.65	4 67.71
Current liabilities and provisions	16 84.90	14 48.31
(iii) Income	70 90.87	66 01.64
(iv) Expenses	75 79.90	72 39.72

As per our Report of even date

For **Chaturvedi & Shah**  
Chartered Accountants

**Jignesh Mehta**  
Partner

Mumbai  
Dated : 20<sup>th</sup> April, 2016

For and on behalf of the Board

**Pankaj Pawar**  
Director

**Mayank Shah**  
Director

**Radhika Thorat**  
Company Secretary

**Ramesh Kumar Damani**  
Director

**Pranav Lodhavia**  
Chief Financial Officer