

RELIANCE LIFESTYLE HOLDINGS LIMITED

Reliance Lifestyle Holdings Limited

Independent Auditor's Report

To the Members of Reliance Lifestyle Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Lifestyle Holdings Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 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 standalone 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 31st March, 2015, 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 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 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, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act.
- f. 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 on its financial position.
 - ii. The Company did not have any 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 amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

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

Place : Mumbai
Date : April 11, 2015

Jignesh Mehta
Partner
Membership No. : 102749

Balance Sheet as at 31st March, 2015

	Note	As at 31st March, 2015	₹ lakh As at 31st March, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	5.00	5.00
Reserves and surplus	2	(19 44.16)	(19 22.92)
		(19 39.16)	(19 17.92)
Non-current liabilities			
Long-term borrowings	3	91 71.88	86 47.70
Long-term provisions	4	26.96	28.36
		91 98.84	86 76.06
Current liabilities			
Trade payables	5	11 08.58	11 03.08
Other current liabilities	5	4 45.12	4 93.10
Short-term provisions	6	4.24	5.21
		15 57.94	16 01.39
Total		88 17.62	83 59.53
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	44 51.54	43 12.11
Intangible assets	7	2 40.39	2 58.65
Capital work-in-progress	7	1 48.00	1 77.78
		48 39.93	47 48.54
Long-term loans and advances	8	11 83.88	11 48.86
		60 23.81	58 97.40
Current assets			
Inventories	9	23 89.29	22 61.83
Trade receivables	10	72.35	38.19
Cash and bank balances	11	70.64	80.98
Short-term loans and advances	12	2 61.53	81.13
		27 93.81	24 62.13
Total		88 17.62	83 59.53
Significant accounting policies Notes on financial statements	1 to 33		

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No. 101720W

Jignesh Mehta
Partner
Membership No. 102749

Mumbai
Dated : 11th April, 2015

For and on behalf of the Board

Darshan Mehta
Director
DIN- 00103155

Mayank Shah
Director
DIN- 00076380

Rajkumar Pugalía
Director
DIN- 00047360

Samirbhai Sheth
Director
DIN- 01285752

Venkatesh Gulur
Director
DIN- 02813390

Statement of Profit and Loss for the year ended 31st March, 2015

	Note	2014-15	₹ lakh 2013-14
INCOME			
Revenue from operations	13	124 59.84	94 52.33
Other income	14	0.31	0.04
Total revenue		124 60.15	94 52.37
EXPENDITURE			
Purchases of stock-in-trade		65 87.73	58 27.60
Changes in inventories of stock-in-trade	15	(1 15.57)	(9 06.30)
Employee benefits expense	16	8 13.01	8 86.96
Finance costs	17	29.37	-
Depreciation and amortisation expense		5 54.75	3 65.89
Other expenses	18	46 11.91	41 01.99
Total expenses		124 81.20	102 76.14
Profit/ (loss) before tax		(21.05)	(8 23.77)
Tax expenses		-	-
Profit/ (loss) for the year		(21.05)	(8 23.77)
Earnings per equity share of face value of ₹ 10 each			
Basic and Diluted	22	(42.10)	(16 47.54)
Significant accounting policies Notes on financial statements	1 to 33		

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No. 101720W

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Director
DIN- 02813390

Cash Flow Statement for the year 2014-15

	2014-15	₹ lakh 2013-14
A: CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax as per Statement of Profit and Loss	(21.05)	(8 23.77)
Adjusted for:		
(Profit)/ loss on sale/ discarding of assets (net)	13.78	(0.23)
Depreciation and amortisation expense	5 54.75	3 65.89
Effect of exchange rate change	3.11	(4.19)
Interest income	(0.31)	(0.04)
Finance costs	29.37	-
	6 00.70	3 61.43
Operating profit/ (loss) before working capital changes	5 79.65	(4 62.34)
Adjusted for:		
Trade and other receivables	(2 58.30)	(2 22.72)
Inventories	(1 27.46)	(9 42.58)
Trade and other payables	73.80	2 76.44
	(3 11.96)	(8 88.86)
Cash used in operations	2 67.69	(13 51.20)
Taxes (paid)/ refund	(1.19)	(1.50)
Net cash from/ (used) in operating activities	2 66.50	(13 52.70)
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(7 83.81)	(20 55.66)
Sale of fixed assets	6.61	0.76
Interest income	0.31	0.04
Net cash used in investing activities	(7 76.89)	(20 54.86)
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	42 44.75	99 60.44
Repayment of long term borrowings	(37 20.57)	(65 07.48)
Interest paid	(24.13)	-
Net cash generated from financing activities	5 00.05	34 52.96
Net increase/ (decrease) in cash and cash equivalents	(10.34)	45.40
Opening balance of cash and cash equivalents	80.98	35.58
Closing balance of cash and cash equivalents (Refer note 11)	70.64	80.98

As per our Report of even date

For **Chaturvedi & Shah**
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Firm Registration No. 101720W

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Membership No. 102749

Mumbai
Dated : 11th April, 2015

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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.

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".

D Intangible assets

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

E Lease rentals

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

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. Franchisee rights are amortised over the period of agreement of 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

Current investments are 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.

Significant accounting policies (Contd.)

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 it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations include sale of goods and services, adjusted for discounts (net), service tax 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 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.

N 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. 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 or reasonable certainty that the asset will be realised in future.

O Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Notes on financial statements for the year ended 31st March, 2015

		₹ lakh	
		As at 31st March, 2015	As at 31st March, 2014
1. Share capital			
Authorised:			
50,000 Equity shares of ₹ 10 each (50,000)		5.00	5.00
Total		5.00	5.00
Issued, subscribed and paid-up:			
Fully paid-up			
50,000 Equity shares of ₹ 10 each (50,000)		5.00	5.00
Total		5.00	5.00
(i)	All the above 50,000 (previous year 50,000) equity shares of ₹ 10 each fully paid-up are held by Reliance Brands Limited, the holding company, along with its nominees.		
(ii)	The details of Shareholders holding more than 5% shares :		
	Name of the Shareholders	As at 31st March, 2015	As at 31st March, 2014
		No. of Shares	% held
		No. of Shares	% held
	Reliance Brands Limited	50,000	100
		50,000	100
(iii)	Reconciliation of opening and closing number of shares :		
	Particulars	As at 31st March, 2015	As at 31st March, 2014
		No. of shares	No. of shares
	Equity shares outstanding at the beginning of the year	50,000	50,000
	Add: Equity shares issued during the year	-	-
	Equity shares outstanding at the end of the year	50,000	50,000
			₹ lakh
2. Reserves and surplus		As at 31st March, 2015	As at 31st March, 2014
Surplus			
Profit and Loss Account			
As per last Balance Sheet		(19 22.92)	(10 99.15)
Less: Adjustment relating to fixed assets (Refer Note 7.2)		(0.19)	-
Add: Profit/ (loss) for the year		(21.05)	(8 23.77)
Total		(19 44.16)	(19 22.92)
3. Long-term borrowings		As at 31st March, 2015	As at 31st March, 2014
Unsecured			
Loans and advances from related parties ⁽ⁱ⁾		91 71.88	86 47.70
Total		91 71.88	86 47.70

⁽ⁱ⁾ Represents loan from the holding company for a period of 5 years.

Notes on financial statements for the year ended 31st March, 2015

4. Long-term provisions	As at 31st March, 2015	₹ lakh As at 31st March, 2014
Provision for employee benefits	26.96	28.36
Total	26.96	28.36

5. Trade payables and other current liabilities	As at 31st March, 2015	₹ lakh As at 31st March, 2014
Trade payables		
Micro and Small Enterprises ⁽ⁱ⁾	15.32	-
Others	10 93.26	11 03.08
	11 08.58	11 03.08
Other current liabilities		
Interest accrued but not due on borrowings	5.24	-
Creditors for capital expenditure	1 33.36	2 60.36
Others ⁽ⁱⁱ⁾	3 06.52	2 32.74
	4 45.12	4 93.10
Total	15 53.70	15 96.18

⁽ⁱ⁾ Refer note 31

⁽ⁱⁱ⁾ Includes advances/ deposits received from customers and statutory liabilities.

6. Short-term provisions	As at 31st March, 2015	₹ lakh As at 31st March, 2014
Provision for employee benefits	4.24	5.21
Total	4.24	5.21

7. Fixed assets		Gross block				Depreciation/amortisation				Net block		
		As at 1st April, 2014	Additions	Deductions/ Adjustments	As at 31st March, 2015	As at 1st April, 2014	Transfer to reserve and Surplus ^(7.2)	For the year	Deductions/ Adjustments	As at 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014
(i)	Tangible assets											
	Own assets:											
	Plant and machinery	318.28	60.71	5.06	3 73.93	54.99	-	61.69	1.68	1 15.00	258.93	2 63.29
	Electrical installations	635.80	54.38	2.04	6 88.14	45.39	0.03	74.49	0.31	1 19.60	568.54	5 90.41
	Equipment	1,838.29	117.41	69.50	18 86.20	1 29.18	0.16	1 32.67	7.94	2 54.07	1,632.13	17 09.11
	Furniture and fixtures	822.20	90.40	7.29	9 05.31	1 14.73	-	90.68	1.93	2 03.48	701.83	7 07.47
	Leasehold improvements	1,282.89	4 25.24	-	17 08.13	2 41.06	-	1 76.96	-	4 18.02	1,290.11	10 41.83
	Total (i)	48 97.46	7 48.14	83.89	55 61.71	5 85.35	0.19	5 36.49	11.86	11 10.17	4,451.54	43 12.11
(ii)	Intangible assets											
	Franchisee rights	3 58.00	-	-	3 58.00	99.35	-	18.26	-	1 17.61	240.39	2 58.65
	Total (ii)	3 58.00	-	-	3 58.00	99.35	-	18.26	-	1 17.61	2 40.39	2 58.65
	Total (i+ii)	52 55.46	7 48.14	83.89	59 19.71	6 84.70	0.19	5 54.75	11.86	12 27.78	46 91.93	45 70.76
	Previous year	28 95.24	23 61.16	0.94	52 55.46	3 18.96	-	3 65.89	0.15	6 84.70	45 70.76	
	Capital work-in-progress ^(7.1)										1 48.00	1 77.78

^{7.1} Includes ₹ 1 45.29 lakh (previous year ₹ 73.45 lakh) on account of capital goods inventory

^{7.2} Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II except as disclosed in note F of significant accounting policies. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/remaining useful lives. The written down value of fixed Assets whose lives have expired as at 1st April 2014 of ₹ 0.19 lakh have been adjusted in the Profit and Loss Account.

Notes on financial statements for the year ended 31st March, 2015

	As at 31st March, 2015	₹ lakh As at 31st March, 2014
8. Long-term loans and advances (unsecured and considered good)		
Advance income tax (net of provision)	8.73	7.54
Capital advances	15.01	24.92
Security deposits	11 60.14	11 16.40
Total	11 83.88	11 48.86
9. Inventories (valued at lower of cost and net realisable value)		
Stock-in-trade	23 15.50	21 99.93
Stores and spares	73.79	61.90
Total	23 89.29	22 61.83
10. Trade receivables (unsecured and considered good)		
Outstanding for a period exceeding six months	16.53	0.31
Others	55.82	37.88
Total	72.35	38.19
11. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	18.31	28.92
Bank Balance		
In current accounts	52.33	52.06
Total	70.64	80.98
12. Short-term loans and advances (unsecured and considered good)		
Balance with customs/ sales tax authorities, etc.	20.53	22.24
Others ⁽ⁱ⁾	2 41.00	58.89
Total	2 61.53	81.13

⁽ⁱ⁾Includes advances to employees and vendors.

Notes on financial statements for the year ended 31st March, 2015

		₹ lakh
13. Revenue from operations	2014-15	2013-14
Sale of products	123 52.22	93 82.73
Sale of services	1 00.76	76.99
Other operating revenues	17.11	0.01
	<u>124 70.09</u>	<u>94 59.73</u>
Less: Service tax recovered	10.25	7.40
Total	<u><u>124 59.84</u></u>	<u><u>94 52.33</u></u>
14. Other income	2014-15	2013-14
Interest income		
From others	0.31	0.04
Total	<u><u>0.31</u></u>	<u><u>0.04</u></u>
15. Changes in inventories of stock-in-trade	2014-15	2013-14
Inventories (at close)		
Stock-in-trade	23 15.50	21 99.93
Inventories (at commencement)		
Stock-in-trade	21 99.93	12 93.63
Total	<u><u>(1 15.57)</u></u>	<u><u>(9 06.30)</u></u>
16. Employee benefits expense	2014-15	2013-14
Salaries and wages	7 43.45	8 25.93
Contribution to provident and other funds	32.06	32.62
Staff welfare expenses	37.50	28.41
Total	<u><u>8 13.01</u></u>	<u><u>8 86.96</u></u>
17. Finance costs	2014-15	2013-14
Interest cost	29.37	-
Total	<u><u>29.37</u></u>	<u><u>-</u></u>

Notes on financial statements for the year ended 31st March, 2015

18. Other expenses	2014-15	₹ lakh 2013-14
Sales and distribution expenses		
Sales promotion and advertisement expenses	2 51.86	2 27.90
Store running expenses	1 96.74	1 27.78
Royalty	3 96.92	3 03.90
Warehousing and distribution expenses	1 63.30	1 30.97
	10 08.82	7 90.55
Establishment expenses		
Stores and packing materials	1 12.57	76.88
Building repairs and maintenance	1 65.57	94.25
Rent including lease rentals	24 28.07	22 36.25
Insurance	12.56	20.48
Rates and taxes	10.28	27.97
Travelling and conveyance expenses	55.45	74.52
Professional fees	27.42	13.28
(Profit)/ Loss on sale/ discarding of assets (net)	13.78	(0.23)
Exchange differences (net)	2.77	9.60
Security expenses	1 45.87	1 32.42
Electricity expenses	4 26.90	4 14.77
Hire charges	1 44.97	1 41.14
General expenses	55.02	68.13
	36 01.23	33 09.46
Payments to auditor		
Audit fees	1.29	1.18
Tax audit fees	0.28	0.24
Certification and consultation fees	0.29	0.56
	1.86	1.98
Total	46 11.91	41 01.99

19. 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.

20. The Company is mainly engaged in 'organised retail' in India. 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".

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

Defined contribution plan

₹ lakh

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

	2014-15	2013-14
Employer's contribution to provident fund	7.03	6.35
Employer's contribution to pension scheme	15.93	14.08

Notes on financial statements for the year ended 31st March, 2015

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:

	Gratuity (unfunded)		Compensated Absences (unfunded)	
	2014-15	2013-14	2014-15	2013-14
₹ lakh				
I. Reconciliation of opening and closing balances of defined benefit obligation				
Defined benefit obligation at beginning of the year	16.66	11.20	16.91	5.42
Current service cost	9.25	8.42	9.31	5.50
Interest cost	1.33	0.82	1.35	0.37
Actuarial (gain)/ loss	(10.36)	(1.82)	(8.12)	7.14
Benefits paid	-	(1.96)	(5.13)	(1.52)
Defined benefit obligation at year end	16.88	16.66	14.32	16.91
₹ lakh				
II. Reconciliation of fair value of assets and obligations				
Fair value of plan assets	-	-	-	-
Present value of obligation	16.88	16.66	14.32	16.91
Amount recognised in Balance Sheet	16.88	16.66	14.32	16.91
₹ lakh				
III. Expenses recognised during the year				
Current service cost	9.25	8.42	9.31	5.50
Interest cost on benefit obligation	1.33	0.82	1.35	0.37
Actuarial (gain)/ loss recognised in the year	(10.36)	(1.82)	(8.11)	7.14
Net benefit expense/ (income)	0.22	7.42	2.55	13.01
₹ lakh				
IV. Actuarial assumptions				
Mortality Table	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (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.

Notes on financial statements for the year ended 31st March, 2015

V. Amount recognised in current year and previous four year Particular	As at 31st March				₹ lakh
	2015	2014	2013	2012	2011
Defined benefit obligation	16.88	16.66	11.20	6.02	4.15
Fair value of planned assets	-	-	-	-	-
(surplus)/ Deficit in the plan	16.88	16.66	11.20	6.02	4.15
Actuarial (gain)/ loss on plan liabilities	(10.36)	(1.82)	(0.04)	0.13	-
Actuarial gain/ (loss) on plan assets	-	-	-	-	-
22. Earnings per share (EPS)			2014-15		2013-14
(i) Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to equity shareholders (₹ in lakh)			(21.05)		(8 23.77)
(ii) Weighted average number of equity shares used as denominator for calculating EPS			50,000		50,000
(iii) Basic and diluted earnings/ (loss) per share of face value of ₹ 10 each (Amount in ₹)			(42.10)		(16 47.54)
23. Foreign currency exposures for Trade and other payables that are not hedged by derivative instruments as on 31st March, 2015 amount to ₹ 104.76 lakh (previous year ₹ 137.32 lakh).					
24. 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 5 to 12 years.					
25. Value of imports on CIF basis in respect of:					₹ lakh
			2014-15		2013-14
(i) Traded goods			9 46.34		7 19.38
(ii) Capital goods			15.69		95.78
			<u>9 62.03</u>		<u>8 15.16</u>
26. Commitments and contingent liabilities					₹ lakh
			As at		As at
			31st March, 2015		31st March, 2014
(i) Capital commitments:					
Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for			79.39		1 90.07
(ii) Contingent liabilities:					
Outstanding guarantees furnished to banks and financial institutions including in respect of letters of credit			3.90		1.90
27. Expenditure in foreign currency:					₹ lakh
			2014-15		2013-14
(i) Royalty			3 49.80		2 73.25
(ii) Travelling and conveyance expenses			5.01		7.12
(iii) Other matters			9.09		3.89
Total			<u>3 63.90</u>		<u>2 84.26</u>

Notes on financial statements for the year ended 31st March, 2015

28. Value of stores and packing materials consumed:

	2014-15		2013-14	
	₹ lakh	% of Consumption	₹ lakh	% of Consumption
Indigenous	1 12.57	100.00	76.88	100.00

29. Broad heads of purchase of traded goods

	2014-15		2013-14	
	₹ lakh	% of Consumption	₹ lakh	% of Consumption
Purchase of traded goods				
Lifestyle products	65 29.07		57 36.33	
Others	58.66		91.27	
Total	65 87.73		58 27.60	

30. Broad heads of goods sold and services rendered

	2014-15		2013-14	
	₹ lakh	% of Consumption	₹ lakh	% of Consumption
a) Sale of products				
Lifestyle products	122 09.50		92 64.71	
Others	1 42.72		1 18.02	
Total	123 52.22		93 82.73	
b) Services rendered				
Support services	1 00.76		76.99	

31. 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

	2014-15	2013-14*
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	-	-

* The Company has not received the required information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosure relating to amounts unpaid as at the year end together with interest paid/payable if any, as required under the said Act could not be made.

32. Deferred tax assets (net) of ₹ 6 74.21 lakh as on 31st March, 2015 consists of the following items. As a matter of prudence, the Company has not recognised deferred tax assets in the books of accounts.

	As at 31st March, 2015	₹ lakh As at 31st March, 2014
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	17.35	23.61
Carried forward Losses	9 11.67	8 64.41
Less: Deferred tax liability		
Related to fixed assets	2 54.81	2 26.81
Deferred Tax Assets(Net)	6 74.21	6 61.21

Notes on financial statements for the year ended 31st March, 2015

33. 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 (formerly Reliance Commercial Associates Limited)	} Holding companies
3.	Reliance Brands Limited	}
4.	Reliance Retail Limited (formerly Reliance Fresh Limited)	} Fellow subsidiaries
5.	Strategic Manpower Solutions Limited	}

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

Sr. No.	Nature of transactions	Holding companies	Fellow subsidiaries	Total
1.	Net Unsecured loans taken/ (repaid)	5 24.18	-	5 24.18
		<i>34 52.96</i>	-	<i>34 52.96</i>
2.	Purchase of fixed assets	-	21.43	21.43
		-	<i>63.56</i>	<i>63.56</i>
3.	Revenue from operations	-	-	-
		-	<i>13.36</i>	<i>13.36</i>
4.	Interest cost	29.37	-	29.37
		-	-	-
5.	Purchase of consumables	-	-	-
		-	<i>0.17</i>	<i>0.17</i>
6.	Store Running Expenses	-	91.27	91.27
		-	<i>49.21</i>	<i>49.21</i>
7.	Purchases	-	8.55	8.55
		-	-	-
	Balance as at 31st March, 2015			
8.	Share capital	5.00	-	5.00
		<i>5.00</i>	-	<i>5.00</i>
9.	Unsecured loan	91 71.88	-	91 71.88
		<i>86 47.70</i>	-	<i>86 47.70</i>
10.	Other Current Liabilities	5.24	-	5.24
		-	-	-
11.	Trade and other payables	-	8.49	8.49
		-	<i>4.82</i>	<i>4.82</i>
12.	Financial guarantees taken	-	3.90	3.90
		-	<i>1.90</i>	<i>1.90</i>

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

Notes on financial statements for the year ended 31st March, 2015

(iii) Disclosure in respect of material related party transactions during the year:			₹ lakh
Particulars	Relationship	2014-15	2013-14
1. Net Unsecured loans taken/ (repaid)			
Reliance Brands Limited	Holding company	5 24.18	34 52.96
2. Purchase of fixed assets			
Reliance Retail Limited	Fellow subsidiary	21.43	63.56
3. Revenue from operations			
Reliance Retail Limited	Fellow subsidiary	-	13.36
4. Interest cost			
Reliance Brands Limited	Holding company	29.37	-
5. Purchase of consumables			
Reliance Retail Limited	Fellow subsidiary	-	0.17
6. Store Running Expenses			
Strategic Manpower Solutions Limited	Fellow subsidiary	91.27	49.21
7. Purchases			
Reliance Retail Limited	Fellow subsidiary	8.55	-

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Jignesh Mehta
Partner
Membership No. 102749

Mumbai
Dated : 11th April, 2015

For and on behalf of the Board

Darshan Mehta
Director
DIN- 00103155

Mayank Shah
Director
DIN- 00076380

Rajkumar Pugalia
Director
DIN- 00047360

Samirbhai Sheth
Director
DIN- 01285752

Venkatesh Gulur
Director
DIN- 02813390