Reliance GAS Lifestyle India Private Limited

(Formerly Reliance Brands Luxury Private Limited)

Financial Statements

10th February 2017 to 31st March 2018

Independent Auditor's Report

TO THE MEMBERS OF RELIANCE GAS LIFESTYLE INDIA PRIVATE LIMITED (Formerly known as Reliance Brand Luxury Private Limited)

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Reliance GAS Lifestyle India Private Limited (formerly known as Reliance Brands Luxury Private Limited)** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period 10 February 2017 to 31 March 2018, and a summary of the 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 Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial 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.

In conducting 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 and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the period 10 February 2017 to 31 March 2018.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure "A".** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Ketan Vora
Partner
Membership No. 100459

MUMBAI, 20 April 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Reliance GAS Lifestyle India Private Limited (formerly known as Reliance Brands Luxury Private Limited) for the period 10 February 2017 to 31 March 2018]

Report on the internal financial controls over financial reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Reliance GAS Lifestyle India Private Limited** (formerly known as Reliance Brands Luxury Private Limited) ("the Company") as of 31 March 2018 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Ketan Vora
Partner
Membership No. 100459

MUMBAI, 20 April 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Reliance GAS Lifestyle India Private Limited (formerly known as Reliance Brands Luxury Private Limited) for the period 10 February 2017 to 31 March 2018]

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.

(b) The fixed assets were physically verified during the period by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

ii. In our opinion, the inventories were physically verified during the period by the Management at reasonable intervals and as explained to us, no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. The Company has not granted any loans, made investments or provided guarantees to which provisions of Sections 185 or 186 of the Act apply and hence reporting under clause (iv) of the Order is not applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the period. Therefore, the provisions of clause (v) of the Order is not applicable to the Company.

vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

vii. According to the information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

c) There are no dues of Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31 March 2018 on account of disputes.

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the period.

xi. According to the information and explanations given to us, the Company has not paid / provided any managerial remuneration as per provisions of Section 197 read with Schedule V to the Act and hence, reporting under clause (xi) of the Order is not applicable to the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. According to the information and explanations given to us, the Company has made private placement of equity shares during the period under review and the Company has not made any preferential allotment or private placement of fully or partly convertible debentures.

In respect of the above issue of equity shares, we further report that:

a) the requirement of Section 42 of the Act, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the period for the purposes for which the funds were raised.

xv. In our opinion and according to the information and explanations given to us, during the period, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate Company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins and Sells LLP
Chartered Accountants
(Firm’s Registration No 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459

MUMBAI, 20 April 2018

Balance Sheet as at 31st March, 2018

	Notes		₹ million As at 31st March, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	**1**	**66.88**	
Intangible Assets	**1**	**6 50.73**	
		7 17.61	
Other Non-Current Assets	**2**	**0.06**	
Total Non-Current Assets			**7 17.67**
Current Assets			
Inventories	**3**	**63.34**	
Financial Assets			
Investments	**4**	**1 84.81**	
Trade Receivables	**5**	**49.46**	
Cash and Cash Equivalents	**6**	**3.16**	
Other Financial Assets	**7**	**48.96**	
Other Current Assets	**8**	**92.68**	
Total Current Assets			**4 42.41**
Total Assets			**11 60.08**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	**9**	**10 00.00**	
Other Equity	**10**	**(1.11)**	
Total Equity			**9 98.89**
Liabilities			
Non-Current Liabilities			
Provisions	**11**	**0.70**	
Total Non-Current Liabilities			**0.70**
Current Liabilities			
Financial Liabilities			
Trade Payables	**12**	**1 57.06**	
Other Current Liabilities	**13**	**3.42**	
Provisions	**14**	**0.01**	
Total Current Liabilities			**1 60.49**
Total Liabilities			**1 61.19**
Total Equity and Liabilities			**11 60.08**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	**1 to 29**		

As per our Report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai
Dated : 20th April, 2018

For and on behalf of the Board

Darshan Mehta
Director

Ashish Patil
Director

Shelly Mehta
Chief Financial Officer

Gaurav K Jain
Company Secretary

Statement of Profit and Loss for the period 10th February 2017 to 31st March, 2018

	Notes	₹ million **10th February, 2017 to 31st March, 2018**
INCOME		
Value of Sales		**122.27**
Income from Services		**3.52**
Value Sale and Services (Revenue)		**125.79**
Less: GST recovered		**18.15**
Revenue from Operations		**1 07.64**
Other Income	**15**	**13.26**
Total Income		**1 20.90**
EXPENSES		
Purchases of Stock-in-Trade		**93.78**
Changes in Inventories of Stock-in-Trade	**16**	**(61.00)**
Employee Benefits Expense	**17**	**10.96**
Finance Costs	**18**	**0.22**
Depreciation and Amortisation Expense	**1**	**3.43**
Other Expenses	**19**	**74.62**
Total Expenses		**1 22.01**
Profit / (Loss) before tax		**(1.11)**
Tax expenses		**-**
Profit / (Loss) for the Period		**(1.11)**
Other Comprehensive Income		**-**
Total Comprehensive Income for the Year		**(1.11)**
Earnings per Equity Share of Face Value of ₹ 10 each		
Basic and Diluted (in ₹)	**22**	**(0.02)**
Significant Accounting Policies		
See accompanying Notes to the Financial Statements	**1 to 29**	

As per our Report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai
Dated : 20th April, 2018

For and on behalf of the Board

Darshan Mehta
Director

Ashish Patil
Director

Shelly Mehta
Chief Financial Officer

Gaurav K Jain
Company Secretary

Statement of Changes in Equity for the period 10th February 2017 to 31st March 2018

A. Equity Share Capital

₹ million

Balance at the beginning of the reporting period 10th February, 2017	Changes in equity share capital during the period	**Balance at the end of the reporting period i.e. 31st March, 2018**
-	10 00.00	**10 00.00**

B. Other Equity

₹ million

	Reserves & Surplus	Total
	Retained Earnings	
Balance at the beginning of reporting period 10th February, 2017	-	-
Total Comprehensive income for the period	(1.11)	(1.11)
Balance at the end of reporting period 31st March, 2018	**(1.11)**	**(1.11)**

As per our Report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai
Dated : 20th April, 2018

For and on behalf of the Board

Darshan Mehta
Director

Ashish Patil
Director

Shelly Mehta
Chief Financial Officer

Gaurav K Jain
Company Secretary

Cash Flow Statement for the period 10th February 2017 to 31st March, 2018

			₹ million
			10th February, 2017 to 31st March, 2018
A:	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit / (Loss) Before Tax as per Statement of Profit and Loss		**(1.11)**
	Adjusted for:		
	Miscellaneous Expenditure Written off (₹ 4370)	**0.00**	
	Effect of Exchange Rate Change	**0.96**	
	Depreciation and Amortisation Expense	**3.43**	
	Net Gain on Financials Assets	**(12.69)**	
	Finance Costs	**0.22**	
	Interest Income	**(0.57)**	
			(8.65)
	Operating Profit Before Working Capital Changes		**(9.76)**
	Adjusted for:		
	Trade and Other Receivables	**(1 91.10)**	
	Inventories	**(63.34)**	
	Trade and Other Payables	**1 60.23**	
			(94.21)
	Net Cash used in Operations		**(1 03.97)**
	Taxes Paid (Net)		**(0.06)**
	Net Cash used in Operating Activities		**(1 04.03)**
B:	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant and Equipment and Intangible Assets		**(7 21.04)**
	Miscellaneous Expenditure / Issue Expenses (₹ 4370)		**0.00**
	Purchase of Financial Assets		**(9 97.10)**
	Proceeds from Sale of Financial Assets		**8 24.98**
	Interest Income		**0.57**
	Net Cash used in Investing Activities		**(8 92.59)**
C:	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Share Application Money/ Issue of Share Capital		**10 00.00**
	Interest Paid		**(0.22)**
	Net Cash Flow from Financing Activities		**9 99.78**
	Net Increase in Cash and Cash Equivalents		**3.16**
	Opening Balance of Cash and Cash Equivalents		**-**
	Closing Balance of Cash and Cash Equivalents (Refer Note "6")		**3.16**

As per our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai
Dated : 20th April, 2018

For and on behalf of the Board

Darshan Mehta Director

Ashish Patil Director

Shelly Mehta Chief Financial Officer

Gaurav K Jain Company Secretary

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

A. Corporate Information

Reliance GAS Lifestyle India Private Limited (“the Company”) is a public limited company incorporated in India having its registered office at 8th floor, Maker Tower E, Cuffe Parade, Mumbai 400 005, India. The Company’s immediate holding Company is Reliance Brands Limited which is held by Reliance Retail Ventures Limited and Ultimate holding company is Reliance Industries Limited. The Company is engaged in organised retail spanning across various consumption baskets primarily catering to Indian consumers.

B. Significant Accounting Policies

B.1 Basis of Preparation and Presentation

The Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities (including derivative instruments) which have been measured at fair value amount:

The Financial Statements of the Company have been prepared to comply with the Indian Accounting standards (‘Ind AS’), including the rules notified under the relevant provisions of the Companies Act, 2013.

Company’s Financial Statements are presented in Indian Rupees (₹), which is its functional currency and all values are rounded to the nearest million (₹ 000,000) except when otherwise stated.

B.2 Summary of Significant Accounting Policies

(a) Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Other indirect expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work – in - Progress.

Depreciation on Property, Plant and Equipment is provided on straight line method and based on useful life of the assets in compliance with Schedule II to the Companies Act, 2013. Leasehold improvements are amortized over the lower of estimated useful life or lease period; on assets acquired under finance lease depreciation is provided over the lease term.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leased Assets:

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

(c) Intangible Assets:

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/ depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Computer software is amortised over a period of 5 years on a straight line basis.

(d) Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Profit and Loss Statement unless a product's technological and commercial feasibility has been established, in which case such expenditure is capitalised.

(e) Finance Cost

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

(f) Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of all cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

Costs of inventories are determined on weighted average basis.

(g) Impairment of Non-Financial Assets – Property, Plant and Equipment And Intangible Assets

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

(h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

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

(i) Employee Benefits

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.

Post-Employment Benefits

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.

Defined Benefit Plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation. The gratuity is paid @15days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity 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.

Re-measurement of defined benefit plans in respect of post-employment and other long term benefits are charged to the Other Comprehensive Income.

(j) Tax Expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income and equity.

- **Current Tax**

  Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income tax authorities, based on tax rates and laws that are enacted at the Balance sheet date.

- **Deferred Tax**

  Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

(k) Foreign Currencies Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

(l) Revenue Recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed

Revenue from operations is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Interest Income

Interest income from a financial asset is recognised using effective interest rate method.

Dividend Income

Dividend Income is recognised when the Company's right to receive the amount has been established.

(m) Financial Instruments

i) Financial Assets

A. Initial Recognition And Measurement:

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through Statement of Profit and Loss, are added to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent Measurement

a) Financial Assets measured at Amortised Cost (AC)

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

b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

C. Equity Investments (Other Than Investment In Subsidiaries, Joint Ventures and Associates)

All equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the company has elected to present the value changes in 'Other Comprehensive Income'.

D. Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses "Expected Credit Loss"(ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

For trade receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ii) Financial Liabilities

A. Initial Recognition And Measurement:

All financial liabilities are recognized at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

B. Subsequent Measurement:

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Derivative Financial Instruments And Hedge Accounting:

The company uses various derivative financial instruments such as currency forwards and commodity contracts to mitigate the risk of changes in exchange rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

iv) Derecognition of Financial Instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

v) Offsetting

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

C. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty:

The preparation of the Company's Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial year.

a) Depreciation/ Amortisation And Useful Lives Of Property Plant And Equipment/ Intangible Assets

Property, Plant and Equipment / intangible assets are depreciated / amortised over their estimated useful lives of the assets, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes.

b) Recoverability of Trade Receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include assessing the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

c) Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

d) Impairment of Non-Financial Assets:

The Company assesses at each reporting date whether there is an indication that assets may be impaired. If any indication exists, or when annual impairment testing for assets is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

e) Impairment of Financial Assets:

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

D. Standards Issued but Not Effective:

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS.

These amendments shall be applicable to the Company from April 01, 2018.

a) **Issue of Ind AS 115 - Revenue from Contracts with Customers:**

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

b) **Amendment to Existing Issued Ind AS:**

The MCA has also carried out amendments of the following accounting standards:

i. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

ii. Ind AS 40 - Investment Property

iii. Ind AS 12 - Income Taxes

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

1. Property, Plant and Equipment, Intangible Assets

₹ million

Description	Gross Block				Depreciation/ Amortisation				Net Block
	As at 10th February 2017	Additions	Deductions/ Adjustments	**As at 31st March 2018**	As at 10th February 2017	For the period	Deductions/ Adjustments	**As at 31st March 2018**	**As at 31st March 2018**
Property, Plant and Equipment									
Own assets:									
Plant and machinery	-	5.16	-	5.16	-	0.40	-	0.40	4.76
Electrical installations	-	12.17	-	12.17	-	0.67	-	0.67	11.50
Equipment	-	11.87	-	11.87	-	0.34	-	0.34	11.53
Furniture and fixtures	-	20.16	-	20.16	-	0.83	-	0.83	19.33
Leasehold improvements	-	20.95	-	20.95	-	1.19	-	1.19	19.76
Total (i)	**-**	**70.31**	**-**	**70.31**	**-**	**3.43**	**-**	**3.43**	**66.88**
Intangible assets									
Trade Mark	-	5 15.00	-	5 15.00	-	-	-	-	5 15.00
Goodwill	-	1 35.73	-	1 35.73	-	-	-	-	1 35.73
Total (ii)	**-**	**6 50.73**	**-**	**6 50.73**	**-**	**-**	**-**	**-**	**6 50.73**
Total (i+ii)	**-**	**7 21.04**	**-**	**7 21.04**	**-**	**3.43**	**-**	**3.43**	**7 17.61**

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

		₹ million
2.	**Other Non - Current Assets**	**As at**
	(Unsecured and Considered Good)	**31st March, 2018**
	Advance Income Tax (Net of Provision) [(i)]	**0.06**
	Total	**0.06**

		₹ million
		As at
		31st March, 2018
(i)	**Advance Income Tax (Net of Provision)**	
	At start of period	-
	Charge for the period - Current Tax	-
	Others	-
	Tax paid (Net) during the period	**0.06**
	At end of period	**0.06**

		₹ million
3.	**Inventories**	**As at**
	(Valued at lower of cost or net realisable value)	**31st March, 2018**
	Stock-in-trade	**61.00**
	Stores and spares	**2.34**
	Total	**63.34**

		₹ million
4.	**Investments - Current**	**As at**
		31st March, 2018
	Investments Measured at Fair Value Through Profit and Loss (FVTPL)	
	Investment in mutual funds - Unquoted	**1 84.81**
	Total	**1 84.81**
	Aggregate amount of Unquoted investments	**184.81**

		₹ million
5.	**Trade Receivables**	**As at**
	(Unsecured and Considered Good)	**31st March, 2018**
	Trade Receivables	**49.46**
	Total	**49.46**

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

		₹ million
6.	**Cash & Cash Equivalents**	**As at 31st March, 2018**
	Cash on Hand	**1.08**
	Balances with Banks [(i) and (ii)]	**2.08**
	Cash and Cash Equivalents as per Balance Sheet / Statement of Cash Flows	**3.16**

(i) Includes deposits ₹ 0.12 million with maturity period of more than 12 months.

(ii) Includes deposits ₹ 0.12 million held by by tax authority as security.

6.1 Cash and cash equivalents includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

		₹ million
7.	**Other Financial Assets - Current**	**As at 31st March, 2018**
	Deposits	**48.96**
	Total	**48.96**

		₹ million
8.	**Other Current Assets** *(Unsecured and Considered Good)*	**As at 31st March, 2018**
	Balance with GST Authorities	**67.87**
	Others [(i)]	**24.81**
	Total	**92.68**

(i) Includes advances to employees and vendors.

		₹ million
9.	**Share Capital**	**As at 31st March, 2018**
	Authorised Share Capital:	
	10,00,00,000 Equity Shares of ₹ 10 each	**10 00.00**
	Total	**10 00.00**
	Issued, Subscribed and Paid-up	
	10,00,00,000 Equity Shares of ₹ 10 each Fully Paid Up	**10 00.00**
	Total	**10 00.00**

(i) Out of above, 5,10,00,000 equity shares of ₹ 10 each fully paid up are held by Reliance Brands Limited.

(ii) **The details of Shareholders holding more than 5% shares :**

Name of the Shareholders	**As at 31st March, 2018**	
	No. of Shares	**% held**
Reliance Brands Limited	**5,10,00,000**	**51.00**
Grotto S.P.A	**4,90,00,000**	**49.00**

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

(iii) **The Reconciliation of the number of shares outstanding is set out below :**

Particulars	**As at 31st March, 2018 No. of shares**
Equity shares at the beginning of the period	**-**
Add: Equity shares issued during the period	**10,00,00,000**
Equity shares at the end of the period	**10,00,00,000**

(iv) 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.

₹ million

10.	**Other Equity**		**As at 31st March, 2018**
	Retained Earnings		
	Balance at the beginning of the period	**-**	
	Add: Profit/ (loss) for the period	**(1.11)**	**(1.11)**
	Total		**(1.11)**

₹ million

11.	**Provisions - Non-Current**	**As at 31st March, 2018**
	Provision for employee benefits (Refer note 17.1) [(i)]	**0.70**
	Total	**0.70**

(i) The provision for employee benefit includes gratuity, annual leave and vested long service leave entitlement accrued and compensation claims made by employees.

₹ million

12.	**Trade Payables**		**As at 31st March, 2018**
	Micro and Small Enterprises	**-**	
	Others	**1 57.06**	**1 57.06**
	Total		**1 57.06**

12.1 There are no amounts outstanding to Micro, Small and Medium Enterprises as at March 31, 2018 and no amount were overdue during the period for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

₹ million

13.	**Other Current Liabilities**	**As at 31st March, 2018**
	Other payables [(i)]	**3.42**
	Total	**3.42**

(i) Includes statutory dues and advances received.

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

14. Provisions - Current	₹ million **As at 31st March, 2018**
Provision for employee benefits (Refer note 17.1) [i]	**0.01**
Total	**0.01**

[i] The provision for employee benefit includes gratuity, annual leave and vested long service leave entitlement accrued and compensation claims made by employees.

15. Other Income		₹ million **10th February 2017 to 31st March 2018**
Interest		
Bank Deposits		**0.57**
Gain on Financial Assets		
Realised Gain	**12.38**	
Unrealised Gain	**0.31**	
		12.69
Total		**13.26**

Above other income comprises of assets measured at amortised cost ₹ 0.57 million and fair value through Profit and Loss ₹ 12.69 million.

16. Changes in Inventories of Stock-in-Trade	₹ million **10th February 2017 to 31st March 2018**
Inventories (at close)	
Stock-in-trade	**61.00**
Inventories (at commencement)	
Stock-in-trade	**-**
Total	**(61.00)**

17. Employee Benefits Expense	₹ million **10th February 2017 to 31st March 2018**
Salaries and wages	**9.36**
Contribution to provident fund and other funds	**0.97**
Staff welfare expenses	**0.63**
Total	**10.96**

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

17.1 As per IND AS 19 “Employee Benefits”, the disclosures as defined are given below:

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expenses for the period is as under:

	₹ million
	10th February 2017 to 31st March 2018
Employer’s contribution to Provident Fund	**0.11**
Employer’s contribution to Pension Scheme	**0.25**

Defined Benefit Plan

I. Reconciliation of opening and closing balances of defined benefit obligation

	₹ million
	Gratuity (unfunded)
Particulars	**10th February 2017 to 31st March 2018**
Defined benefit obligation at beginning of the period	**-**
Current service cost	**0.23**
Interest cost	**-**
Actuarial (gain)/ loss	**-**
Past Service Cost	**-**
Benefits paid	**-**
Transfer In / (Out)	**0.25**
Defined benefit obligation at period end	**0.48**

II. Reconciliation of fair value of assets and obligations

	Gratuity (unfunded)
	10th February 2017 to 31st March 2018
Present value of obligation	**0.48**
Amount recognised in Balance Sheet (Surplus / Deficit)	**0.48**

III. Expenses recognised during the period

	Gratuity (unfunded)
	10th February 2017 to 31st March 2018
In Income Statement	
Current service cost	**0.23**
Interest cost	**-**
Actuarial (gain)/ loss recognised in the period	**-**
Past Service Cost	**-**
Net benefit expense/ (income)	**0.23**
In Other Comprehensive Income	
Actuarial (gain)/ loss recognised in the period	**-**
Net (Income)/ Expense For the period Recognised in OCI	**-**

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

IV. Actuarial assumptions

	Gratuity (unfunded) 10th February 2017 to 31st March 2018
Mortality Table (IALM)	**2006-08 (Ultimate)**
Discount rate (per annum)	**8.00%**
Rate of escalation in salary (per annum)	**6.00%**
Rate of employee turnover (per annum)	**2.00%**

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. The expected contributions for Defined Benefit Plan for the next financial year will be in line with Financial year 2017-18.

VI. Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade, expected salary, increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occuring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below

₹ million

Particulars	As at 31st March, 2018	
	Decrease	**Increase**
Change in discounting rate (delta effect of +/- 0.5%)	**0.04**	**0.05**
Change in rate of salary increase(delta effect of +/- 0.5%)	**0.04**	**0.05**
Change in rate of employee turnover (delta effect of +/- 0.5%)	**0.01**	**0.01**

These plans typically expose the Company to actuarial risks such as: Interest risk, longevity risk and salary risk.

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

₹ million

18. Finance Costs	**10th February 2017 to 31st March 2018**
Interest Expenses	**0.22**
Total	**0.22**

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

19. Other Expenses

		₹ million **10th February 2017 to 31st March 2018**
Selling and Distribution Expenses		
Sales promotion and advertisement expenses	**9.09**	
Store running expenses	**5.01**	
Commission	**0.34**	
Warehousing and distribution expenses	**0.60**	
		15.04
Establishment Expenses		
Stores and packing materials	**0.33**	
Building repairs and maintenance	**0.65**	
Rent including lease rentals	**19.99**	
Rates and taxes	**11.14**	
Travelling and conveyance expenses	**1.24**	
Professional fees	**19.96**	
Exchange differences (net)	**1.17**	
Electricity expenses	**2.89**	
Hire charges	**0.92**	
General expenses	**1.16**	
		59.45
Payments to Auditor		
Statutory audit fees	**0.10**	
Tax audit fees	**0.03**	
		0.13
Miscellaneous expenditure written off (₹ 4370)		**0.00**
Total		**74.62**

20. These are the first set of Financial Statements for the period starting from the date of incorporation of the Company i.e. February 10, 2017 to March 31, 2018. Hence there are no comparatives.

21. The Company is mainly engaged in 'Organised Retail' primarily catering to Indian consumers in various consumptions baskets. All the activities of the Company revolve around this main business. Accordingly, the Company has only one identifiable segment reportable under Ind AS 108 "Operating Segment". The chief operational decision maker monitors the operating results of the entity's business for the purpose of making decisions about resource allocation and performance assessment.

22. Earnings Per Share (EPS)

	10th February 2017 to 31st March 2018
Face Value per Equity Share (₹)	**10.00**
Basic/ Diluted Earnings per Share (₹)	**(0.02)**
Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ million)	**(1.11)**
Weighted average number of equity shares used as denominator for calculating Basic / Diluted EPS	**5,18,12,048**

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

23. Commitments and Contingent Liabilities

	₹ million **As at 31st March, 2018**
Commitments:	
Estimated amount of contracts remaining to be executed on capital account and not provided for	**2.86**

24. Deferred tax assets (net) of ₹ 18.77 million as on 31st March, 2018 consists of the following items. As a matter of prudence, the Company has not recognised deferred tax assets in the books of accounts.

	₹ million **As at 31st March, 2018**
Deferred Tax Assets	
Disallowances under the Income Tax Act,1961	**0.11**
Carried forward Losses	**18.87**
Deferred Tax Liability	
Related to Property, plant and equipment	**0.21**
Deferred Tax Assets(Net)	**18.77**

25. Capital Management

The Company manages its capital to ensure that it will continue as going concern while maximising the return to stakeholders. The Company manages its capital structure and make adjustment in light of changes in business conditon.

26. Financial Instruments

Valuation Methodology

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

a) The fair value of Forward Foreign Exchange contracts is determined using forward exchange rates at the balance sheet date.

b) The fair value of investment in Mutual Funds is measured at quoted price or NAV.

c) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair value measurement hierarchy:

₹ million

Particulars	**As at 31st March, 2018**		
	Carrying Amount	**Level of input used in**	
		Level 1	**Level 2**
Financial Assets			
At Amortised Cost			
Trade Receivables	49.46	-	-
Cash and Cash Equivalents	3.16	-	-
Other Financial Assets	48.96	-	-
At FVTPL			
Investments	184.81	184.81	-
Financial Liabilities			
At Amortised Cost			
Trade Payables	157.06	-	-
Other Financial Liabilities	-	-	-

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Foreign Currency Risk

The following table shows foreign currency exposures in EUR on financial instruments at the end of the reporting period.

₹ million

Foreign Currency Exposure	As at 31st March, 2018 EUR
Trade and other payables	2.17
Derivatives	
Forwards	-
Exposure	**2.17**

Sensitivity analysis of 1% change in exchange rate at the end of reporting period

Foreign Currency Sensitivity

1% Depreciation in INR	**As at 31st March, 2018 EUR**
Impact on P&L	(0.02)
Total	**(0.02)**

1% Appreciation in INR	**As at 31st March, 2018 EUR**
Impact on P&L	0.02
Total	**0.02**

Interest Rate Risk

There is no Interest rate risk as all the borrowings are at fixed rate of interest.

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the Company.

It arises principally from credit exposures to customers relating to outstanding receivables.

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity is managed centrally with operating units forecasting their cash and currency requirements to the central treasury function. The operating units pool their cash surpluses to treasury, which will then either arrange to fund other units' requirements, or invest any net surplus in the market or arrange for necessary external borrowings, if need be, while managing the Company's overall net currency positions.

27. Related Parties Disclosure

As per Ind AS 24, 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 Brands Limited (from 09.08.2017)	Holding Company
2	Grotto S.P.A	Party with Significant Influence
3	Reliance SMSL Limited	Fellow Subsidiary
4	Gaurav K Jain (from 01.01.2018)	Key Managerial Personnel
5	Shelly Mehta (from 01.01.2018)	
6	Deval Shah (from 01.01.2018)	

(ii) Transactions during the period with Related Parties (excluding reimbursements):

₹ million

Sr. No.	Nature of transactions	Fellow Subsidiary	Holding Company	Party with Significant Influence	Key Managerial Personnel	Total
1	Subscription to share capital	-	**5 09.90**	**4 90.00**	-	**9 99.90**
2	Net unsecured loans taken/ (repaid)	-	**(15.00)**	-	-	**(15.00)**
3	Purchase of Intangible Assets	-	-	**5 00.00**	-	**5 00.00**
4	Revenue from operations	-	**3.52**	-	-	**3.52**
5	Purchases	-	**54.66**	**20.78**	-	**75.44**
6	Professional fees	-	**20.32**	-	-	**20.32**
7	Interest Cost	-	**0.22**	-	-	**0.22**
8	Store running expenses	**5.00**	-	-	-	**5.00**
9	Assets and Liabilities (Net) purchased through Slump Sale	-	**1 76.10**	-	-	**1 76.10**
10	Payment to Key Managerial Personnel	-	-	-	**2.76**	**2.76**
	Balance as at 31st March, 2018					
11	Share capital	-	**5 10.00**	**4 90.00**	-	**10 00.00**
12	Trade payables	**1.90**	**63.73**	-	-	**65.63**
13	Trade receivables	-	**4.12**	-	-	**4.12**

Notes to the Financial Statements for the period 10th February 2017 to 31st March, 2018

(iii) Disclosure in respect of major Related Party transactions during the period: ₹ million

	Particulars	Relationship	10th February 2017 to 31st March 2018
1	**Subscription to share capital**		
	Reliance Brands Limited	Holding Company	**5 09.90**
	Grotto S.P.A	Party with Significant Influence	**4 90.00**
2	**Net unsecured loans taken/ (repaid)**		
	Reliance Brands Limited	Holding Company	**(15.00)**
3	**Purchase of Property, Plant and Equipment**		
	Grotto S.P.A	Party with Significant Influence	**5 00.00**
4	**Revenue from operations**		
	Reliance Brands Limited	Holding Company	**3.52**
5	**Purchases**		
	Reliance Brands Limited	Holding Company	**54.66**
	Grotto S.P.A	Party with Significant Influence	**20.78**
6	**Professional fees**		
	Reliance Brands Limited	Holding Company	**20.32**
7	**Interest Cost**		
	Reliance Brands Limited	Holding Company	**0.22**
8	**Store running expenses**		
	Reliance SMSL Limited	Fellow Subsidiary	**5.00**
9	**Assets and Liabilities (Net) purchased through Slump Sale**		
	Reliance Brands Limited	Holding Company	**1 76.10**
10	**Payment to Key Managerial Personnel**		
	Gaurav K Jain	Key Managerial Personnel	**0.98**
	Shelly Mehta	Key Managerial Personnel	**0.70**
	Deval Shah	Key Managerial Personnel	**1.08**

27.1 **Compensation of Key Managerial Personnel** ₹ million

i	Short-term benefits	**2.76**
ii	Post employment benefits (₹ 3600)	**0.00**
	Total	**2.76**

28. The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

29. The Financial Statements were approved for issue by the Board of Directors on 20th April, 2018.

As per our Report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai
Dated : 20th April, 2018

For and on behalf of the Board

Darshan Mehta Director

Ashish Patil Director

Shelly Mehta Chief Financial Officer

Gaurav K Jain Company Secretary