

GLF Lifestyle Brands Private Limited
Financial Statements
2018-19

Independent Auditor's Report

To The Members of GLF Lifestyle Brands Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GLF Lifestyle Brands Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Financial Statements').

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report in the annual report for the year ended 31 March 2019, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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 Ind AS 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 the 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 Ind AS 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 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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 has disclosed the impact of pending litigation on its financial position in its financial statements;
 - 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 of India 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 & SELLS LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

(Manoj H. Dama)
(Partner)
(Membership No. 107723)

Place: Mumbai
Date: 15 April 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **GLF Lifestyle Brands Private Limited** for the year ended 31 March 2019)

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 **GLF Lifestyle Brands Private Limited** ("the Company") as of 31 March 2019 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 of the Company based on our audit. We conducted our audit in accordance with the Guidance Note 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 2019, 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.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

(Manoj H. Dama)
(Partner)
(Membership No. 107723)

Place: Mumbai
Date: 15 April 2019

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 **GLF Lifestyle Brands Private Limited** for the year ended 31 March 2019)

- (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 Company has a policy of physical verification of all its fixed assets once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the planned schedule, physical verification of fixed assets was carried out in the previous year and no physical verification was schedule during the year, accordingly question of our reporting on discrepancies on such verification does not arise.
 - c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to Companies covered in the register maintained under section 189 of the Act. As informed to us, the Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
 - a) According to information and explanation given to us, the terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - b) According to information and explanation given to us, repayment of principal is not yet due and payment of interest has been regular.
 - c) According to information and explanation given to us, there is no amount overdue or more than 90 days at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of grant of loans, guarantees given and investment made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Section 73 to Section 76 of the Act during the year. Hence, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) According to the information and explanation given to us, maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.
- (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, Employees' State Insurance, Income-Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. The provisions relating to Sales Tax, Service Tax, Excise Duty and Value Added Tax are not applicable to the Company.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Service Tax, Customs Duty, Excise Duty and Goods and Service Tax, which have not been deposited on account of any dispute. According to

the records of the Company, details of Value Added Tax dues which have not been deposited as on March 31, 2019 on account of disputes are given below:

| Name of the Statute | Nature of Dues | Amount Involved (Rs. in lakh) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|-----------------|----------------------------------|---------------------------------------|---|
| Delhi VAT Act, 2004 | Value Added Tax | 113.92 | April 2012 to March 2013 | Objections Hearing Authority, Value Added Tax, New Delhi |
| Delhi VAT Act, 2004 | Value Added Tax | 141.85 | April 2013 to March 2014 | Objections Hearing Authority, Value Added Tax, New Delhi |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions and banks. The Company has not issued any debentures or borrowed funds from Government.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the term loans and hence reporting under clause (ix) of the Order is not applicable to the Company.
- (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 year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 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 as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit and hence reporting under clause (xiv) of paragraph 3 of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its Holding Company or persons connected with them and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

(Manoj H. Dama)
(Partner)
(Membership No. 107723)

Place: Mumbai
Date: 15 April 2019

Balance Sheet as at 31st March, 2019

| | Notes | As at 31st March, 2019 | As at 31st March, 2018 | ₹ Lakh |
|--|---------|------------------------|------------------------|----------|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, Plant and Equipment | 1 | 4 98.49 | 5 64.09 | |
| Capital Work-in-Progress | 1 | 96.45 | - | |
| Intangible Assets | 1 | 2.19 | 3.28 | |
| | | <u>5 97.13</u> | <u>5 67.37</u> | |
| Financial Assets | | | | |
| Investments | 2 | 15.00 | 30.00 | |
| Loans | 3 | 36 91.98 | 46 35.54 | |
| Deferred Tax Assets (net) | 4 | - | - | |
| Other Non Current Assets | 5 | <u>3 06.97</u> | <u>139.48</u> | |
| Total Non-Current Assets | | 46 11.08 | 139.48 | 53 72.39 |
| CURRENT ASSETS | | | | |
| Inventories | 6 | 26 16.22 | 8 58.02 | |
| Financial Assets | | | | |
| Trade Receivables | 7 | 3 32.39 | 4.94 | |
| Cash and Cash Equivalents | 8 | 1 93.87 | 96.05 | |
| Other Financial Assets | 9 | 4 44.92 | 2 07.33 | |
| Other Current Assets | 10 | <u>3 43.86</u> | <u>2 71.49</u> | |
| Total Current Assets | | 39 31.26 | 14 37.83 | |
| Total Assets | | 85 42.34 | 68 10.22 | |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Equity Share Capital | 11 | 89 94.04 | 89 94.04 | |
| Other Equity | 12 | <u>(12 53.14)</u> | <u>(27 26.20)</u> | |
| Total Equity | | 77 40.90 | 62 67.84 | |
| LIABILITIES | | | | |
| Non-Current Liabilities | | | | |
| Provisions | 13 | 15.41 | 13.34 | |
| Other non current liabilities | 14 | <u>59.72</u> | <u>75.06</u> | |
| Total Non-Current Liabilities | | 75.13 | 88.40 | |
| Current Liabilities | | | | |
| Financial Liabilities | | | | |
| Trade Payables due to | 15 | | | |
| – Micro & Small Enterprise | - | - | - | |
| – Other than Micro & Small Enterprise | - | 6 68.31 | 3 48.81 | |
| Other Financial Liabilities | 16 | - | 47.73 | |
| Other Current Liabilities | 17 | 57.76 | 56.08 | |
| Provisions | 18 | <u>0.24</u> | <u>1.36</u> | |
| Total Current Liabilities | | 7 26.31 | 4 53.98 | |
| Total Liabilities | | 8 01.44 | 5 42.38 | |
| Total Equity and Liabilities | | 85 42.34 | 68 10.22 | |
| Significant Accounting Policies | | | | |
| See accompanying Notes to the Financial Statements | 1 to 33 | | | |

As per our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm registration no: 117366W/W-100018

Manoj H. Dama
Partner

Mumbai
Dated: 15th April, 2019

For and on behalf of the Board

| | |
|---|--|
| Ashwin Khasgiwala Director | K. Sudarshan Director |
| Sanjay Kapoor Director | Ashish Patil Director |
| C. S. Gokhale Director | Vaibhav Tewari Chief Executive Officer |
| Yogesh Sharma Chief Financial Officer | Isha Bajaj Company Secretary |

Statement of Profit and Loss for the year ended 31st March, 2019

| | Notes | 2018-19 | 2017-18 |
|---|---------|-----------------|-----------------|
| ₹ Lakh | | | |
| INCOME | | | |
| Value of Sales | | 61 18.47 | 22 37.20 |
| Less: GST/Service Tax recovered | | 9 36.63 | 3 14.27 |
| Revenue from Operations | | 51 81.84 | 18 95.93 |
| Other Income | 19 | 4 34.50 | 3 72.00 |
| Total Income | | 56 16.34 | 22 67.93 |
| EXPENSES | | | |
| Purchases of Stock-in-Trade | | 38 91.06 | 13 43.44 |
| Changes in Inventories of Stock-in-Trade | 20 | (17 13.18) | (3 52.94) |
| Employee Benefits Expense | 21 | 3 90.69 | 2 28.17 |
| Finance Costs | 22 | 5.82 | 4.00 |
| Depreciation and Amortisation Expense | 1 | 1 15.86 | 95.21 |
| Other Expenses | 23 | 14 59.53 | 6 56.60 |
| Total Expenses | | 41 49.78 | 19 74.48 |
| Profit before Tax | | 14 66.56 | 2 93.65 |
| Tax expenses: | | | |
| Current Tax | | - | - |
| Deferred Tax | 4 | - | - |
| Profit for the year | | 14 66.56 | 2 93.45 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to Profit or Loss | 21.1 | 6.50 | (2.79) |
| Total Other Comprehensive Income for the Year | | 6.50 | (2.79) |
| Total Comprehensive Income for the Year | | 14 73.06 | 2 90.66 |
| Earnings per Equity Share of face value of ₹ 10 each | | | |
| Basic and Diluted (in ₹) | 25 | 1.63 | 0.33 |
| Significant Accounting Policies | | | |
| See accompanying Notes to the Financial Statements | 1 to 33 | | |

As per our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm registration no: 117366W/W-100018

Manoj H. Dama
Partner

Mumbai
Dated: 15th April, 2019

For and on behalf of the Board

| | |
|---|--|
| Ashwin Khasgiwala Director | K. Sudarshan Director |
| Sanjay Kapoor Director | Ashish Patil Director |
| C. S. Gokhale Director | Vaibhav Tewari Chief Executive Officer |
| Yogesh Sharma Chief Financial Officer | Isha Bajaj Company Secretary |

Statement of Changes in Equity for the year ended 31st March, 2019

| ₹ Lakh | | | | |
|---|--|--|------------------------------------|---|
| A. Equity Share Capital | | | | |
| Balance as at 1st April, 2017 | Changes during the year 2017-18 | Balance as at 31st March, 2018 | Changes during the year 2018-19 | Balance as at 31st March, 2019 |
| 89 94.04 | - | 89 94.04 | - | 89 94.04 |
| ₹ Lakh | | | | |
| B. Other Equity | | | | |
| | <u>Reserves & Surplus</u> Retained Earnings | <u>Other Com- prehensive</u> Income | <u>Total</u> | |
| As on 31st March, 2018 | | | | |
| Balance as at 1st April, 2017 | (30 16.58) | (0.28) | (30 16.86) | |
| Total Comprehensive income for the year | <u>2 93.45</u> | <u>(2.79)</u> | <u>2 90.66</u> | |
| Balance as at 31st March, 2018 | <u>(27 23.13)</u> | <u>(3.07)</u> | <u>(27 26.20)</u> | |
| As on 31st March, 2019 | | | | |
| Balance as at 1st April, 2018 | (27 23.13) | (3.07) | (27 26.19) | |
| Total Comprehensive income for the year | <u>14 66.56</u> | <u>6.50</u> | <u>14 73.06</u> | |
| Balance as at 31st March, 2019 | <u>(12 56.57)</u> | <u>3.43</u> | <u>(12 53.14)</u> | |

As per our Report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm registration no: 117366W/W-100018

Manoj H. Dama

Partner

Mumbai

Dated: 15th April, 2019

For and on behalf of the Board

Ashwin Khasgiwala

Director

Sanjay Kapoor

Director

C. S. Gokhale

Director

Yogesh Sharma

Chief Financial Officer

K. Sudarshan

Director

Ashish Patil

Director

Vaibhav Tewari

Chief Executive Officer

Isha Bajaj

Company Secretary

Cash Flow Statement for the year ended 31st March, 2019

| | ₹ Lakh | |
|--|-------------------|------------------|
| | 2018-19 | 2017-18 |
| A: CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) Before Tax as per Statement of Profit and Loss | 14 66.56 | 2 93.45 |
| Adjusted for: | | |
| Provision for inventory obsolescence | - | 16.97 |
| Depreciation and Amortisation Expense | 1 15.86 | 95.21 |
| Effect of Exchange Rate Change | (7.23) | (0.13) |
| Interest Income | (4 33.87) | (3 65.48) |
| Finance Costs | 5.82 | 4.00 |
| | <u>(3 19.42)</u> | <u>(2 49.43)</u> |
| Operating Profit before Working Capital Changes | 11 47.14 | 44.02 |
| Adjusted for: | | |
| Trade and Other Receivables | (6 37.26) | (1 45.39) |
| Inventories | (17 58.20) | (3 69.90) |
| Trade and Other Payables | 3 20.52 | 87.67 |
| | <u>(20 74.94)</u> | <u>(4 27.62)</u> |
| Cash Generated from/ (used in) Operations | (9 27.80) | (3 83.60) |
| Taxes Paid (Net) | (1 14.56) | 13.82 |
| Net Cash Flow used in Operating Activities | (10 42.36) | (3 69.77) |
| B: CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment and Intangible Assets | (2 46.28) | (4 32.89) |
| Sale of Investments in Subsidiaries | 15.00 | - |
| Interest Income | 4 33.72 | 3 55.85 |
| Net Cash Flow from / (used in) Investing Activities | 2 02.47 | (77.04) |
| C: CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Borrowings Non-current | (2 86.44) | - |
| Repayment from Borrowings Non-current | 12 30.00 | 5 28.65 |
| Interest Paid | (5.82) | (4.01) |
| Net Cash Flow from / (used in) Financing Activities | 9 37.74 | 5 24.64 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 97.82 | 77.83 |
| Opening Balance of Cash and Cash Equivalents | 96.05 | 18.22 |
| Closing Balance of Cash and Cash Equivalents (Refer Note "8") | 1 93.87 | 96.05 |

As per our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm registration no: 117366W/W-100018

Manoj H. Dama
Partner

Mumbai
Dated: 15th April, 2019

For and on behalf of the Board

| | |
|---|--|
| Ashwin Khasgiwala Director | K. Sudarshan Director |
| Sanjay Kapoor Director | Ashish Patil Director |
| C. S. Gokhale Director | Vaibhav Tewari Chief Executive Officer |
| Yogesh Sharma Chief Financial Officer | Isha Bajaj Company Secretary |

Notes to the Financial Statements for the year ended 31st March, 2019

A. Corporate Information

GLF Lifestyle Brands Private Limited (“the Company”), is a public limited company domiciled in India and has registered office in 2A-1101, 11th Floor, Two Horizon Centre, DLF-V, Golf Course Road, Sector-43, Gurugram, Haryana -122002, India.

The Company’s immediate holding Company is 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 of 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 following assets and liabilities which have been measured at fair value amount:

- (i) Certain Financial Assets and liabilities (including derivative instruments),
- (ii) Defined Benefits Plans – Plan Assets and
- (iii) Equity settled Share Based Payments.

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.

With effect from 1st April, 2018, Ind AS – “Revenue from Contracts with Customers” (Ind AS 115) supersedes Ind AS 18 – “Revenue” and related Appendices. The Company has adopted Ind AS 115 using the modified retrospective approach. The application of Ind AS 115 did not have any material impact on recognition and measurement principles. However, it results in additional presentation and disclosure requirements for the company.

The Company’s Financial Statements are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest Lakh (₹ 00,000), except when otherwise stated.

B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Current and Non-Current Classification

The Company presents assets and liabilities in the Balance Sheet based on Current/ Non-Current classification.

An asset is treated as Current when it is –

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

(b) 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, Borrowing cost and any cost directly

Notes to the Financial Statements for the year ended 31st March, 2019

attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets. 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.

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.

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 as prescribed in 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.

Gains or losses arising from derecognition of a Property, Plant and Equipment 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 derecognized.

(c) 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 lease.

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 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.

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.

(d) 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, net charges on foreign exchange rate variations attributable to the Intangible Assets.

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 Intangible Assets under Development.

Notes to the Financial Statements for the year ended 31st March, 2019

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.

The company's intangible assets comprises assets with finite useful lives which are amortised on a straight-line basis over the period of their expected useful lives.

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

A summary of amortisation / depletion policies applied to the Company's Intangible assets to the extent of depreciable amount is as follows:

| Particular | Depreciation |
|-------------------|---------------------------|
| Computer Software | Over a period of 5 years. |

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date

(e) Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss.

Development cost are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and loss.

(f) Cash and Cash Equivalent

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

(g) 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 for the period for which they are incurred.

(h) 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.

Cost of inventories are determined on weighted average basis.

(i) 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.

Notes to the Financial Statements for the year ended 31st March, 2019

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(j) 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.

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.

(k) 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 post-employment benefit plan under which the Company pays specified contributions towards Provident Fund and Pension Scheme.

The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service rendered before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined Benefit Plans

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

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan 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 is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Re-measurement of Defined Benefit Plans in respect of post-employment are charged to the Other Comprehensive Income.

Employee Separation Costs

The Company recognises the employee separation cost when the scheme is announced and the Company is demonstrably committed to it.

(l) Tax Expenses

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

Notes to the Financial Statements for the year ended 31st March, 2019

i) 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.

ii) 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 assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

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.

(m) Share Based Payments

Equity- settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transaction are set out.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(n) 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. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1,2016 which are related to the acquisition or construction of qualifying assets are adjusted in the carrying cost of such 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 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 Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

In case of an asset, expense or income where a non-monetary advance is paid / received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

Notes to the Financial Statements for the year ended 31st March, 2019

(o) Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

Generally, control is transfer upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally, the credit period varies between 0-60 days from shipment of delivery of goods or services as the case may be.

In case of discounts, rebates, credits, price incentives or similar terms, consideration are determined based on its most likely amount, which is assessed at each reporting period.

Interest Income

Interest Income from a Financial Assets 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.

(p) 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 Profit and Loss, are adjusted 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 represents 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 represents 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. Investment In Subsidiaries, Associates and Joint Ventures

The Company has accounted for its investments in Subsidiaries, associates and joint venture at cost less impairment loss (if any).

Notes to the Financial Statements for the year ended 31st March, 2019

D. Other Equity Investments

All other 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'. However, dividend on such equity investments are recognized in Profit and loss when the company's right to receive payment is established.

E. 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)

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 borrowings, 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

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 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.

Notes to the Financial Statements for the year ended 31st March, 2019

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.

(q) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of sell and are presented separately as current items in the Balance Sheet.

(r) Earnings per share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year adjusted for bonus element in equity share. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

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 years.

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, 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. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

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 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.

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, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Notes to the Financial Statements for the year ended 31st March, 2019

D) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, 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 an individual asset, 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.

F) RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES:

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits and business developments.

D. STANDARDS ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

A) ISSUE OF IND AS 116 - LEASES

Ind AS 116 will replace the existing leasing standard i.e. Ind AS 17 and related interpretations. Ind AS 116 introduces a single lessee accounting model and requires lessee to recognize assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17.

B) AMENDMENT TO EXISTING STANDARD

The MCA has also carried out amendments of the following Indian Accounting Standards

- (i) Ind AS 101 - First time adoption of Indian Accounting Standards.
- (ii) Ind AS 103 – Business Combinations
- (iii) Ind AS 109 – Financial Instruments
- (iv) Ind AS 111 – Joint Arrangements
- (v) Ind AS 12 – Income Taxes
- (vi) Ind AS 19 – Employee Benefits
- (vii) Ind AS 23 – Borrowing costs
- (viii) Ind AS 28 – Investment in Associates and Joint ventures

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 year ended 31st March, 2019

1. Property, Plant and Equipment, Intangible Assets, Capital Work-in-Progress

| Description | Gross block | | | Depreciation/amortisation | | | Net Block | |
|--------------------------------------|-----------------------|--------------|-------------------------|---------------------------|----------------|-------------------------|------------------------|------------------------|
| | As at 1st April, 2018 | Additions | Deductions/ Adjustments | As at 31st March, 2019 | For the year | Deductions/ Adjustments | As at 31st March, 2019 | As at 31st March, 2018 |
| Property, Plant and Equipment | | | | | | | | |
| Own assets: | | | | | | | | |
| Plant and machinery | 9.70 | 4.13 | - | 13.83 | 1.97 | - | 4.48 | 7.19 |
| Electrical installations | - | 3.24 | - | 3.24 | 0.04 | - | 0.04 | - |
| Equipment | 60.92 | 0.17 | - | 61.09 | 12.18 | - | 27.31 | 45.79 |
| Furniture and fixtures | 1 75.09 | 23.97 | - | 1 99.06 | 34.91 | - | 66.40 | 1 43.60 |
| Leasehold improvements | 4 25.18 | 17.66 | - | 4 42.84 | 65.67 | - | 1 23.34 | 3 67.51 |
| Total (i) | 6 70.89 | 49.17 | - | 7 20.06 | 1 14.77 | - | 2 21.57 | 5 64.09 |
| Intangible assets* | | | | | | | | |
| Software | 5.33 | - | - | 5.33 | 1.09 | - | 3.14 | 3.28 |
| Total (ii) | 5.33 | - | - | 5.33 | 1.09 | - | 3.14 | 3.28 |
| Total (i + ii) | 6 76.22 | 49.17 | - | 7 25.39 | 1 15.86 | - | 2 24.71 | 5 67.37 |
| Previous year | 123.62 | 552.60 | - | 676.22 | 95.21 | - | 108.85 | - |
| Capital work-in-progress | | | | | | | 96.45 | - |

1.1. Capital work-in-progress includes ₹ 96.45 Lakh (Previous year 17-18 ₹ Nil) on account of capital goods inventory.

* Other than internally generated

Notes to the Financial Statements for the year ended 31st March, 2019

| | | ₹ Lakh | | | |
|-----|---|------------------------|-------------------------|-------------------------|----------------|
| 2. | Investments – Non-Current | As at 31st March, 2019 | | As at 31st March, 2018 | |
| | | Units | Amount | Units | Amount |
| | Investments measured at Cost | | | | |
| | In Equity Shares of Subsidiary Companies - Unquoted, Fully Paid Up | | | | |
| | 1. GLB Body Care Private Limited | - | - | 15,70,737 | 1 57.07 |
| | 2. GLB Parfums & Beaute India Private Limited | - | - | 93,200 | 9.32 |
| | | - | - | <u>16,63,937</u> | <u>1 66.39</u> |
| | Investments measured at Cost | | | | |
| | In Equity Shares of Associate Company - Unquoted, Fully Paid Up | | | | |
| | 1. GLB Body Care Private Limited | 7,85,362 | 78.54 | - | - |
| | Less: Impairment in value of investments | | | | |
| | Subsidiary Companies: | | | | |
| | GLB Parfums & Beaute India Private Limited | - | - | - | 9.32 |
| | GLB Body Care Private Limited | - | - | - | <u>1 27.07</u> |
| | Associate Companies: | | | | |
| | GLB Body Care Private Limited | - | 63.54 | - | - |
| | Total | - | <u>15.00</u> | - | <u>30.00</u> |
| | Aggregate amount of Unquoted investments | | <u>15.00</u> | | <u>30.00</u> |
| 2.1 | Category-wise Investment – Non-Current | | 31st March, 2019 | 31st March, 2018 | |
| | Financial assets measured at Cost | | <u>15.00</u> | <u>30.00</u> | |
| | Total Investment – Non-Current | | <u>15.00</u> | <u>30.00</u> | |
| 3. | Loans – Non-Current | | As at | As at | |
| | <i>(Unsecured and Considered Good)</i> | | 31st March, 2019 | 31st March, 2018 | |
| | Loans and advances to related parties [Refer Note 29(ii)] | | <u>36 91.98</u> | <u>46 35.54</u> | |
| | Total | | <u>36 91.98</u> | <u>46 35.54</u> | |

Notes to the Financial Statements for the year ended 31st March, 2019

| | | ₹ Lakh | |
|--|---------------------------|---|-----------------------------------|
| 4. Deferred Tax Assets (Net) | | As at 31st March, 2019 | As at 31st March, 2018 |
| The movement on the deferred tax account is as follows: | | | |
| At the start of the year | | - | - |
| Credit to profit or loss | | - | - |
| At the end of year | | - | - |
| Components of Deferred tax and Assets/(liabilities) | | | |
| | | ₹ Lakh | |
| | As at 31st March, 2018 | Charge/(credit) to Statement of Profit and Loss | As at 31st March, 2019 |
| Deferred tax Asset/(Liabilities) in relation to: | | | |
| Property, Plant and Equipment | 1 13.33 | 25.54 | 87.79 |
| Carried Forward Losses | 5 88.75 | 4 15.55 | 1 73.19 |
| Provision for diminution in value of investments | 37.94 | 20.26 | 17.68 |
| Provision for retirement benefits | 4.09 | 1.96 | 2.13 |
| Provision for loyalty | 2.22 | (0.00) | 2.22 |
| Financial assets | 4.00 | (0.00) | 4.00 |
| Total | 7 50.33 | 4 63.32 | 2 87.01 |
| * Deferred tax assets is not recognised in the absence of convincing evidence that sufficient taxable profit will be available against which such DTA can be realized. | | | |
| | | ₹ Lakh | |
| 5. Other Non-Current Assets <i>(unsecured and considered good)</i> | | As at 31st March, 2019 | As at 31st March, 2018 |
| Capital Advances | | 1 13.75 | 60.82 |
| Advance Income Tax (Net of Provision) ⁽ⁱ⁾ | | 1 93.22 | 78.66 |
| Total | | 3 06.97 | 1 39.48 |
| ⁽ⁱ⁾ Advance Income Tax (Net of Provision) | | | |
| At start of year | | 78.66 | 92.48 |
| Refund received during the year | | - | (13.82) |
| Tax Paid (Net) during the year | | 1 14.56 | - |
| At end of year | | 1 93.22 | 78.66 |
| | | ₹ Lakh | |
| 6. Inventories <i>(valued at lower of cost or net realisable value)</i> | | As at 31st March, 2019 | As at 31st March, 2018 |
| Stock-in-trade | | 25 71.20 | 8 58.02 |
| Stores and spares | | 45.02 | - |
| Total | | 26 16.22 | 8 58.02 |

Notes to the Financial Statements for the year ended 31st March, 2019

| | | ₹ Lakh | |
|---|---------------------------|---------------------------|--|
| 7. Trade Receivables (unsecured and considered good) | As at 31st March, 2019 | As at 31st March, 2018 | |
| Trade Receivables | 3 32.39 | 4.94 | |
| Total | 3 32.39 | 4.94 | |

| | | ₹ Lakh | |
|--|---------------------------|---------------------------|--|
| 8. Cash & Cash Equivalents | As at 31st March, 2019 | As at 31st March, 2018 | |
| Cash on Hand | 21.42 | 3.62 | |
| Balances with banks ^{(i) and (ii)} | 1 72.45 | 92.43 | |
| Cash and Cash Equivalents as per Balance Sheet/Standalone Statement of Cash Flows | 1 93.87 | 96.05 | |

⁽ⁱ⁾ Includes deposits ₹ 2.07 (Previous year ₹ 2.07) with maturity period of more than 12 months.

⁽ⁱⁱ⁾ Includes deposits ₹ 2.07 Lakh (previous year ₹ 2.07 Lakh) held by tax authority as security and by bank as margin money for bank guarantees.

8.1 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.

| | | ₹ Lakh | |
|-------------------------------------|---------------------------|---------------------------|--|
| 9. Other Financial Assets – Current | As at 31st March, 2019 | As at 31st March, 2018 | |
| Deposits | 3 64.77 | 1 59.05 | |
| Others ⁽ⁱ⁾ | 80.15 | 48.28 | |
| Total | 4 44.92 | 2 07.33 | |

⁽ⁱ⁾ Includes interest receivable.

| | | ₹ Lakh | |
|---|---------------------------|---------------------------|--|
| 10. Other Current Assets (Unsecured and Considered Good) | As at 31st March, 2019 | As at 31st March, 2018 | |
| Balance with Customs, GST and State authorities | 2 16.01 | 2 24.91 | |
| Others ⁽ⁱ⁾ | 1 27.85 | 46.58 | |
| Total | 3 43.86 | 2 71.49 | |

⁽ⁱ⁾ Include prepaid expenses, advance to employees and vendors

| | | ₹ Lakh | |
|---|---------------------------|---------------------------|--|
| 11. Share capital | As at 31st March, 2019 | As at 31st March, 2018 | |
| Authorised Share Capital: | | | |
| 12,00,10,000 Equity Shares of ₹ 10 each (12,00,10,000) | 120 01.00 | 120 01.00 | |
| Total | 120 01.00 | 120 01.00 | |
| Issued, Subscribed and Paid-up: | | | |
| 8,99,40,359 Equity Shares of ₹ 10 each fully paid up (8,99,40,359) | 89 94.04 | 89 94.04 | |
| Total | 89 94.04 | 89 94.04 | |

Notes to the Financial Statements for the year ended 31st March, 2019

(i) Out of the above 8,99,40,359 (previous year Nil) equity shares of ₹ 10 each fully paid-up are held by Reliance Retail Ventures Limited, the holding company along with its nominees and subsidiary.

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

| Name of the Shareholders | 31st March, 2019 | | 31st March, 2018 | |
|--|------------------|--------|------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Reliance Retail Ventures Limited | 4,49,70,186 | 50.01 | - | - |
| Genesis Luxury Fashion Private Limited | 4,49,70,173 | 49.99 | 8,99,40,359 | 100.00 |

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

| Particulars | As at | |
|--|------------------|------------------|
| | 31st March, 2019 | 31st March, 2018 |
| | No. of shares | No. of shares |
| Equity shares at the beginning of the year | 8,99,40,359 | 8,99,40,359 |
| Equity shares at the end of the year | 8,99,40,359 | 8,99,40,359 |

(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.

| 12. Other Equity | As at | |
|--|-------------------|-------------------|
| | 31st March, 2019 | 31st March, 2018 |
| | | ₹ Lakh |
| Retained Earnings | | |
| As per last Balance Sheet | (27 23.13) | (30 16.58) |
| Add: Profit for the year | 14 66.56 | 2 93.45 |
| | (12 56.57) | (27 23.13) |
| Other Comprehensive Income (OCI) | | |
| As per last Balance Sheet | (3.07) | (0.28) |
| Add: Movement in OCI (Net) during the year | 6.50 | (2.79) |
| | 3.43 | (3.07) |
| Total | <u>(12 53.14)</u> | <u>(27 26.20)</u> |

| 13. Provisions – Non-Current | As at | |
|--|------------------|------------------|
| | 31st March, 2019 | 31st March, 2018 |
| | | ₹ Lakh |
| Provision for employee benefits (Refer note 21.1) ⁽ⁱ⁾ | 15.41 | 13.34 |
| Total | <u>15.41</u> | <u>13.34</u> |

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

| 14. Other non current liabilities | As at | |
|--|------------------|------------------|
| | 31st March, 2019 | 31st March, 2018 |
| | | ₹ Lakh |
| Deferred contribution towards lease rental | 59.72 | 75.06 |
| Total | <u>59.72</u> | <u>75.06</u> |

Notes to the Financial Statements for the year ended 31st March, 2019

| | | ₹ Lakh | |
|---|---|---------------------------------------|---------------------------------------|
| 15. Trade Payables due to | | As at 31st March, 2019 | As at 31st March, 2018 |
| Micro and Small Enterprises | - | - | |
| Other than Micro and Small Enterprises | <u>6 68.31</u> | <u>3 48.81</u> | |
| Total | <u>6 68.31</u> | <u>3 48.81</u> | |
| 15.1 | There are no amounts outstanding to Micro, Small and Medium Enterprises as at March 31, 2019 and no amount were overdue during the year for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable. | | |
| | | ₹ Lakh | |
| 16. Other Financial liabilities | | As at 31st March, 2019 | As at 31st March, 2018 |
| Creditors for Capital Expenditure | - | - | 47.73 |
| | - | - | 47.73 |
| | | ₹ Lakh | |
| 17. Other Current Liabilities | | As at 31st March, 2019 | As at 31st March, 2018 |
| Other payables ⁽ⁱ⁾ | 40.45 | 38.77 | |
| Deferred contribution towards lease rental | <u>17.31</u> | <u>17.31</u> | |
| | <u>57.76</u> | <u>56.08</u> | |
| ⁽ⁱ⁾ Includes statutory dues and advances from customers. | | | |
| | | ₹ Lakh | |
| 18. Provisions – Current | | As at 31st March, 2019 | As at 31st March, 2018 |
| Provision for employee benefits (Refer note 21.1) ⁽ⁱ⁾ | 0.24 | 1.36 | |
| Total | <u>0.24</u> | <u>1.36</u> | |
| (i) The provision for employee benefit includes gratuity, annual leave and vested long service leave entitlement accrued and compensation claims made by employees. | | | |
| | | ₹ Lakh | |
| 19. Other Income | | 2018-19 | 2017-18 |
| Interest | | | |
| Bank Deposits | 0.15 | 0.16 | |
| Interest Received on ICD | <u>4 33.72</u> | <u>3 65.32</u> | |
| | 4 33.87 | 3 65.48 | |
| Gain on sale of Long-term investments in subsidiary | 0.63 | - | |
| Other non-operating income | - | 6.52 | |
| Total | <u>4 34.50</u> | <u>3 72.00</u> | |

Notes to the Financial Statements for the year ended 31st March, 2019

| | | ₹ Lakh | |
|--|-------------------|------------------|--|
| 20. Changes in Inventories of Stock-in-Trade | 2018-19 | 2017-18 | |
| Inventories (at close) | | | |
| Stock-in-trade | 25 71.20 | 8 58.02 | |
| Inventories (at commencement) | | | |
| Stock-in-trade | 8 58.02 | 5 05.08 | |
| Total | <u>(17 13.18)</u> | <u>(3 52.94)</u> | |

| | | ₹ Lakh | |
|--|----------------|----------------|--|
| 21. Employee Benefits Expense | 2018-19 | 2017-18 | |
| Salaries and wages | 3 00.56 | 2 16.80 | |
| Contribution to provident fund and other funds | 16.36 | 5.52 | |
| Staff welfare expenses | 73.77 | 5.85 | |
| Total | <u>3 90.69</u> | <u>2 28.17</u> | |

21.1 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 year is as under:

| | | ₹ Lakh | |
|---|--|---------|---------|
| | | 2018-19 | 2017-18 |
| Employer’s contribution to Provident Fund | | 7.04 | 2.24 |
| Employer’s contribution to Pension Scheme | | 3.21 | 0.14 |

Defined Benefit Plan

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

| Particulars | Gratuity (unfunded) | |
|---|---------------------|---------|
| | 2018-19 | 2017-18 |
| Defined benefit obligation at beginning of the year | 8.94 | 3.01 |
| Current service cost | 3.59 | 2.91 |
| Interest cost | 0.70 | 0.23 |
| Actuarial (gain)/loss | (6.50) | 2.79 |
| Benefits paid | - | - |
| Transfer in/(out) | - | - |
| Defined benefit obligation at year end | 6.73 | 8.94 |

II. Reconciliation of fair value of assets and obligations

| Particulars | Gratuity (unfunded) | |
|--|---------------------|---------|
| | 2018-19 | 2017-18 |
| Present value of obligation | 6.73 | 8.94 |
| Amount recognised in Balance Sheet (Surplus/Deficit) | 6.73 | 8.94 |

Notes to the Financial Statements for the year ended 31st March, 2019

III. Expenses recognised during the year

| Particulars | Gratuity (unfunded) | |
|--|---------------------|-------------|
| | 2018-19 | 2017-18 |
| Current service cost | 3.59 | 2.91 |
| Interest cost | 0.70 | 0.23 |
| Actuarial (gain)/loss recognised in the year | - | - |
| Net benefit expense/(income) | 4.28 | 3.14 |
| In Other Comprehensive Income | | |
| Actuarial (gain) / Loss | (6.50) | 2.79 |
| Net (Income)/Expense For the period Recognised in OCI | (6.50) | 2.79 |

IV. Actuarial assumptions

| Particulars | Gratuity (unfunded) | |
|--|---------------------|---------|
| | 2018-19 | 2017-18 |
| Mortality Table (IALM) | 2006-08 | 2006-08 |
| (Ultimate) | (Ultimate) | |
| Discount rate (per annum) | 8.00% | 7.80% |
| Rate of escalation in salary (per annum) | 6.00% | 7.50% |
| Rate of employee turnover (per annum) | 2.00% | 10.00% |

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 2018-19.

VI. Sensitivity Analysis

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

| Particulars | ₹ Lakh | | | |
|---|------------------------|----------|------------------------|----------|
| | As at 31st March, 2019 | | As at 31st March, 2018 | |
| | Decrease | Increase | Decrease | Increase |
| Change in discounting rate (delta effect of +/- 0.5%) | 0.61 | (0.55) | 0.42 | (0.39) |
| Change in rate of salary increase (delta effect of +/- 0.5%) | (0.56) | 0.62 | (0.39) | 0.42 |
| Change in rate of employee turnover (delta effect of +/- 0.5%) | (0.08) | 0.07 | 0.06 | (0.06) |

Notes to the Financial Statements for the year ended 31st March, 2019

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. |

| | ₹ Lakh | |
|--------------------------------|--------------------|-------------|
| 22. Finance Costs | 2018-19 | 2017-18 |
| Interest Expenses on Term Loan | <u>5.82</u> | 4.00 |
| Total | <u><u>5.82</u></u> | <u>4.00</u> |

| | ₹ Lakh | |
|--|------------------------|-----------------------|
| 23. Other Expenses | 2018-19 | 2017-18 |
| Selling and Distribution Expenses | | |
| Sales promotion and advertisement expenses | 75.04 | 31.69 |
| Store running expenses | 70.40 | 24.18 |
| Warehousing and distribution expenses | <u>61.55</u> | <u>33.43</u> |
| | 2 06.99 | 89.30 |
| Establishment Expenses | | |
| Stores and packing materials | 20.62 | 10.50 |
| Building repairs and maintenance | 37.57 | - |
| Other repairs | 4.32 | 8.14 |
| Rent including lease rentals | 8 62.89 | 3 85.67 |
| Insurance | 2.94 | 0.76 |
| Rates and taxes | 17.62 | 12.43 |
| Travelling and conveyance expenses | 60.09 | 41.67 |
| Professional fees | 26.74 | 61.33 |
| Exchange differences (net) | 16.49 | (2.80) |
| Security expenses | 13.01 | 1.63 |
| Electricity expenses | 51.90 | 19.99 |
| Hire charges | 48.26 | - |
| General expenses | <u>84.96</u> | <u>23.28</u> |
| | 12 47.41 | 5 62.90 |
| 23.1 Payments to Auditor | | |
| Statutory Audit Fees | <u>5.13</u> | <u>4.40</u> |
| Total | <u><u>14 59.53</u></u> | <u><u>6 56.60</u></u> |

Notes to the Financial Statements for the year ended 31st March, 2019

24. 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.

| 25. Earnings per share (EPS) | 2018-19 | 2017-18 |
|--|------------|------------|
| Face Value per Equity Share (₹) | 10.00 | 10.00 |
| Basic/Diluted Earnings per Share (₹) * | 1.63 | 0.33 |
| Net profit/(loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ lakh) | 14 66.56 | 2 93.45 |
| Weighted average number of equity shares used as denominator for calculating Basic/Diluted EPS | 89,940,359 | 89,940,359 |

* Diluted EPS is same as basic EPS, being anti-dilutive

₹ Lakh

| 26. Commitments and Contingent Liabilities | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| a Contingent Liabilities: | | |
| Claims against the Company/disputed liabilities not acknowledged as debts – In respect of others | 2 55.77 | 2 55.77 |
| Guarantees | | |
| Guarantees to Banks and Financial Institutions against credit facilities extended to third parties and other Guarantees – In respect of others | 57 00.00 | 57 00.00 |
| b Commitments: | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | | |
| (i) In respect of others | 14.95 | - |

27 Capital Management

The Company adheres to a disciplined Capital Management framework, the pillars of which are as follows:

- Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimise liquidity risk.
 - Manage financial market risks arising from foreign exchange, interest rates and minimise the impact of market volatility on earnings.
 - Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of Balance Sheet.
- This framework is adjusted based on underlying macroeconomic factors affecting business environment, financial market conditions and interest rates environment.

Net Gearing Ratio

₹ Lakh

The net gearing ratio at end of the reporting period was as follows.

| | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| Gross Debt | - | - |
| Cash and Marketable Securities | 193.87 | 96.05 |
| Net Debt (A) | (193.87) | (96.05) |
| Total Equity (As per Balance Sheet) (B) | 7,740.90 | 6,267.84 |
| Net Gearing ratio (A/B) | (0.03) | (0.02) |

Notes to the Financial Statements for the year ended 31st March, 2019

28 Financial Instruments

Valuation Methodology

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

- The fair value of investment in Mutual Funds is measured at quoted price or NAV.
- The fair value of Forward Foreign Exchange contracts is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair value measurement hierarchy:

₹ Lakh

| Particulars | As at 31st March, 2019 | | | As at 31st March, 2018 | | |
|------------------------------|------------------------|------------------------|---------|------------------------|------------------------|---------|
| | Carrying Amount | Level of input used in | | Carrying Amount | Level of input used in | |
| | | Level 1 | Level 2 | | Level 1 | Level 2 |
| Financial Assets | | | | | | |
| At Amortised Cost | | | | | | |
| Investment | 15.00 | - | - | 30.00 | - | - |
| Loans | 36 91.98 | - | - | 46 35.54 | - | - |
| Trade Receivables | 3 32.39 | - | - | 4.94 | - | - |
| Cash and Cash Equivalents | 1 93.87 | - | - | 96.05 | - | - |
| Other Financial Assets | 4 44.92 | - | - | 2 07.33 | - | - |
| Financial Liabilities | | | | | | |
| At Amortised Cost | | | | | | |
| Borrowings | - | - | - | - | - | - |
| Trade Payables | 6 68.31 | - | - | 3 48.81 | - | - |
| Other Financial Liabilities | - | - | - | 47.73 | - | - |

Excludes financial assets measured at cost

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, GBP and USD on financial instruments at the end of the reporting period.

i) Foreign Currency Exposure

₹ Lakh

| | As at 31st March, 2019 | | | As at 31st March, 2018 | |
|--------------------------|------------------------|--------------|--------------|------------------------|-------------|
| | USD | GBP | EUR | USD | EUR |
| Trade and other Payables | 1 12.89 | 56.45 | 33.33 | 1 56.39 | 0.19 |
| Exposure | 1 12.89 | 56.45 | 33.33 | 1 56.39 | 0.19 |

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

Notes to the Financial Statements for the year ended 31st March, 2019

| Particulars | Maturity Profile as at 31st March, 2018 | | | | | | Grand Total |
|-------------------------------------|---|------------|-------------|-----------|-----------|---------------|-------------|
| | Below 3 months | 3-6 Months | 6-12 Months | 1-3 Years | 3-5 Years | Above 5 Years | |
| Borrowings | | | | | | | |
| Non-Current* | - | - | - | - | - | - | - |
| Current | - | - | - | - | - | - | - |
| Total | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Derivatives Liabilities | | | | | | | |
| Forwards | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - |
| Total Derivative Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

29 Related Parties Disclosures

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

(i) List of Related Parties where control exists and also Related Parties with whom transactions have taken place and relationships:

| Sr No | Name of the Related Parties | Relationship |
|-------|--|--------------------------|
| 1 | Reliance Industries Limited (w.e.f. September 07, 2018) | Ultimate Holding Company |
| 2 | Genesis Colors Limited (upto September 06, 2018) | |
| 3 | Reliance Retail Ventures Limited (w.e.f. September 07, 2018) | Holding Company |
| 4 | Genesis Luxury Fashion Private Limited (upto September 06, 2018) | |
| 5 | Genesis Colors Limited (w.e.f. September 07, 2018) | Fellow Subsidiaries |
| 6 | Genesis Luxury Fashion Private Limited (w.e.f. September 07, 2018) | |
| 7 | Genesis La Mode Private Limited (w.e.f. September 07, 2018) | |
| 8 | GLB Body Care Private Limited (w.e.f. September 07, 2018) | |
| 9 | Reliance Brands Limited (w.e.f. September 07, 2018) | Key Managerial Personnel |
| 10 | Yogesh Sharma (w.e.f. September 10, 2018) | |
| 11 | Vaibhav Tiwari (w.e.f. September 10, 2018) | |
| 12 | Nikhil Gupta (upto March 30, 2018) | |
| 13 | Shashank Tibrewal (upto March 15, 2018) | |
| 14 | Isha Bajaj | |

Notes to the Financial Statements for the year ended 31st March, 2019

| (ii) Transactions during the year with Related Parties (excluding reimbursements): | | | | | ₹ Lakh |
|--|--|------------------|---------------------|--------------------------|-------------------|
| Sr No | Nature of Transactions | Holding Company | Fellow Subsidiaries | Key Managerial Personnel | Total |
| 1 | Net Loans and advances given/ (returned) | - | (12 30.00) | - | (12 30.00) |
| | | <i>(5 48.65)</i> | - | - | <i>(5 48.65)</i> |
| 2 | Revenue from operations | - | 36.34 | - | 36.34 |
| | | - | - | - | - |
| 3 | Other Income | - | 4 48.72 | - | 4 48.72 |
| | | <i>3 55.85</i> | - | - | <i>3 55.85</i> |
| 4 | Purchases | - | 1 07.30 | - | 107 |
| | | <i>80.44</i> | - | - | <i>80.44</i> |
| 5 | Professional fees | - | 1 37.66 | - | 1 37.66 |
| | | <i>14.15</i> | - | - | <i>14.15</i> |
| 6 | Payment to Key Managerial Personnel | - | - | 49.15 | 49.15 |
| | | - | - | <i>71.61</i> | <i>71.61</i> |
| Balance as at 31st March, 2019 | | | | | |
| 1 | Investments - Non-Current | - | 78.54 | - | 78.54 |
| | | - | <i>1 66.39</i> | - | <i>1 66.39</i> |
| 2 | Loans - Non-Current | - | 36 91.98 | - | 36 91.98 |
| | | <i>46 35.54</i> | - | - | <i>46 35.54</i> |
| 3 | Trade and other receivables | - | 3 12.37 | - | 3 12.37 |
| | | - | - | - | - |
| 4 | Trade and other payables | - | 24.00 | - | 24.00 |
| | | - | <i>20.19</i> | - | <i>20.19</i> |
| 5 | Other Current Liabilities | - | - | - | - |
| | | - | <i>1.90</i> | - | <i>1.90</i> |
| 6 | Provision for Diminution in value of Investments | - | 63.54 | - | 63.54 |
| | | - | <i>1 36.39</i> | - | <i>1 36.39</i> |

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

Notes to the Financial Statements for the year ended 31st March, 2019

| (iii) Disclosure in respect of major Related Party transactions during the year: | | | ₹ Lakh | |
|--|---------------------------|-------------------|-----------|--|
| Particulars | Relationship | 2018-19 | 2017-18 | |
| 1 Net Loans and advances given/ (returned) | | | | |
| Genesis Luxury Fashion Private Limited | Fellow Subsidiary | (12 30.00) | (5 28.65) | |
| Genesis Colors Limited | Fellow Subsidiary | - | (20.00) | |
| 2 Revenue from operations | | | | |
| Genesis Luxury Fashion Private Limited | Fellow Subsidiary | 36.34 | - | |
| 3 Other Income | | | | |
| Genesis Luxury Fashion Private Limited | Fellow Subsidiary | 4 33.72 | 3 55.85 | |
| GLB Body Care Private Limited | Fellow Subsidiary | 15.00 | | |
| 4 Purchases | | | | |
| Reliance Brands Limited | Fellow Subsidiary | - | 14.76 | |
| Genesis Luxury Fashion Private Limited | Fellow Subsidiary | 1 07.30 | 63.34 | |
| Genesis La Mode Private Limited | Fellow Subsidiary | - | 2.34 | |
| 5 Professional fees | | | | |
| Reliance Brands Limited | Fellow Subsidiary | 74.00 | - | |
| Genesis Luxury Fashion Private Limited | Fellow Subsidiary | 63.66 | 14.15 | |
| 6 Payment to Key Managerial Personnel | | | | |
| Yogesh Sharma | Key Managerial Personnnel | 15.18 | - | |
| Vaibhav Tiwari | Key Managerial Personnnel | - | 26.40 | |
| Nikhil Gupta | Key Managerial Personnnel | - | 19.34 | |
| Shashank Tibrewal | Key Managerial Personnnel | 38.27 | - | |
| Isha Bajaj | Key Managerial Personnnel | 7.57 | 14.00 | |

| | | ₹ Lakh | |
|---|--|----------------|----------------|
| Compensation of Key Managerial Personnel | | 2018-19 | 2017-18 |
| Short-term benefits | | 48.08 | 71.61 |
| Post employment benefits | | 1.07 | - |
| Total | | 49.15 | 71.61 |

Notes to the Financial Statements for the year ended 31st March, 2019

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

- i) Loan given and investment made are given under the respective heads.
 ii) Corporate guarantees given by the Company in respect of loans as at 31st March' 2019.

| S. No | Particulars | As at 31st Mar' 2019 | As at 31st Mar' 2018 |
|-------|---|-------------------------|-------------------------|
| 1 | Genesis Luxury Fashions Private Limited | 2,800.00 | 2,800.00 |
| 2 | Genesis La Mode Private Limited | 2,700.00 | 2,700.00 |
| 3 | GML India Fashions Private Limited | 200.00 | 200.00 |

All the above Corporate Guarantees have been given for business purpose.

- 32 The figures for the corresponding previous year have been regrouped wherever necessary, to make them comparable.
 33 The Financial statements were approved for issue by the Board of Directors on April 15, 2019.

As per our Report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm registration no: 117366W/W-100018

Manoj H. Dama

Partner

Mumbai

Dated: 15th April, 2019

For and on behalf of the Board

Ashwin Khasgiwala
Director

K. Sudarshan
Director

Sanjay Kapoor
Director

Ashish Patil
Director

C. S. Gokhale
Director

Vaibhav Tewari
Chief Executive Officer

Yogesh Sharma
Chief Financial Officer

Isha Bajaj
Company Secretary