

Rhea Retail Private Limited
Financial Statements
2018-19

INDEPENDENT AUDITOR'S REPORT

To the Members of RHEA RETAIL PRIVATE LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **Rhea Retail Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 March 31, 2019, its Loss including Other Comprehensive Income, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under Section 143(10) of the Act. 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 made 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 we have obtained is sufficient and appropriate to provide a basis for our 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 Board report, 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 standalone 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 on the other information that we obtained prior to the date of this auditor's report, 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 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 the Statement Of 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 provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2018 and the transition date opening balance sheet as at 1st April, 2017 included in the financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March, 2018 and 31st March, 2017 dated 18th June, 2018 and 26th September, 2017, respectively expressed an unmodified opinion on those

financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act;
 - e) On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting with reference to these financial statements;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact on its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration No. 101720W/W100355

Jignesh Mehta

Partner

Membership No.: 102749

Place : Mumbai

Date : April 17, 2019

**“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF
RHEA RETAIL PRIVATE LIMITED**

(Referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date)

- i) In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) As the Company has no immovable assets during the year, clause (c) (i) of paragraph 3 of the Order is not applicable to the company.
- ii) As explained to us, physical verification of the inventories have been conducted at reasonable intervals by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its inventories. No material discrepancies were noticed on such physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- iv) Company has not granted any loans, investments, guarantees and securities covered under section 185 and 186 of the Act.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company.
- vi) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company.
- vii) In respect of Statutory dues :
 - a) According to the records of the Company, undisputed statutory dues including provident fund, employees’ state insurance, income tax, goods and service tax, duty of customs, duty of excise, cess and any other statutory dues have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2019 for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, there are no dues of income tax, good and service tax, duty of customs, duty of excise, value added tax, cess on account of any dispute, which have not been deposited.
- viii) The Company has not raised loans from financial institutions or banks or government or by issue of debentures and hence clause (viii) of paragraph 3 of the Order is not applicable to the Company.
- ix) The company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans have been used for the purpose for which it has been raised.
- x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) Company has not paid any managerial remuneration during the year and hence clause (xi) of paragraph 3 of the Order is not applicable to the Company.

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

For **Chaturvedi & Shah LLP**
Chartered Accountants
Firm Registration No. 101720W/W100355

Jignesh Mehta
Partner
Membership No.: 102749

Place : Mumbai
Date : April 17, 2019

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF RHEA RETAIL PRIVATE LIMITED

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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 **Rhea Retail Private Limited** (“the Company”) as of March 31, 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 with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these 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 with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to These Financial Statements

A company’s internal financial control over financial reporting with reference to these financial statements 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 with reference to these financial statements 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 With Reference To These Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, 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 issued by ICAI.

For **Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration No. 101720W/W100355

Jignesh Mehta

Partner

Membership No.: 102749

Place : Mumbai

Date : April 17, 2019

Balance Sheet as at 31st March, 2019

	Notes	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
(₹ in Lakh)				
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	1	20 63.02	22 02.31	26 35.10
Capital Work-in-Progress	1	1 45.27	-	-
Intangible Assets	1	3 32.18	3 83.89	4 54.67
		<u>25 40.47</u>	<u>25 86.20</u>	<u>30 89.77</u>
Financial Assets				
Loans	2	-	-	297.64
Deferred Tax Assets (Net)	3	11 04.15	12 30.50	37.15
Other Non-Current Assets	4	15.04	14.51	39.00
Total Non-Current Assets		36 59.66	38 31.21	34 63.56
CURRENT ASSETS				
Inventories	5	77 39.33	67 24.64	79 51.30
Financial Assets				
Trade Receivables	6	25 81.15	26 35.02	18 78.18
Cash and Cash Equivalents	7	2 57.35	1 07.07	70.30
Other Financial Assets	8	15 62.65	13 34.89	11 71.21
Other Current Assets	9	16 73.10	8 31.26	11 99.14
Total Current Assets		138 13.58	116 32.88	122 70.13
Total Assets		174 73.24	154 64.09	157 33.69
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	10	77 73.32	77 73.32	77 73.32
Other Equity	11	(113 59.23)	(91 73.99)	(62 40.96)
Total Equity		(35 85.91)	(14 00.67)	15 32.36
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	12	178 10.00	39.01	51.00
Provisions	13	1 46.97	2 13.95	2 33.36
Total Non-Current Liabilities		179 56.97	2 52.96	2 84.36
Current Liabilities				
Financial Liabilities				
Borrowings	14	-	41 50.18	34 23.11
Trade Payables due to	15			
– Micro and Small Enterprise		-	-	-
– Other than Micro and Small Enterprise		25 10.99	95 89.83	73 48.32
Other Financial Liabilities	16	3 63.96	24 16.12	25 35.68
Provisions	17	3.93	11.31	10.64
Other Current Liabilities	18	2 23.30	4 44.36	5 99.22
Total Current Liabilities		31 02.18	166 11.80	139 16.97
Total Liabilities		210 59.15	168 64.76	142 01.33
Total Equity and Liabilities		174 73.24	154 64.09	157 33.69
Significant Accounting Policies				
See accompanying Notes to the Financial Statements	1 to 35			

As per our Report of even date

For **Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration No.: 101720W/W100355

Jignesh Mehta

Partner

Mumbai

Dated: 17th April, 2019

For and on behalf of the Board

Darshan Mehta

Director

Akhilesh Prasad

Director

Dheeraj Agarwal

Chief Financial Officer

Venkatesh Gulur

Director

Sandeep Chadha

Chief Executive Officer

Prerna Sharma

Company Secretary

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

	Notes	2018-19	2017-18
(₹ in Lakh)			
INCOME			
Value of Sales		212 46.72	219 67.90
Value of Sales & Services (Revenue)		212 46.72	219 67.90
Less: Goods and Service Tax Recovered		21 17.74	20 44.94
Revenue from Operations		191 28.98	199 22.96
Other Income	19	1.06	74.49
Total Income		191 30.04	199 97.45
EXPENSES			
Purchase of Stock-in-Trade		120 95.09	114 72.21
Changes in Inventories of Stock-in-Trade	20	(9 91.99)	12 17.93
Employee Benefits Expense	21	20 94.81	18 89.72
Finance Costs	22	11 54.50	6 22.38
Depreciation and Amortisation Expense	1	5 21.43	6 01.43
Other Expenses	23	63 73.50	83 37.07
Total Expenses		212 47.34	241 40.74
Profit/(Loss) before Tax		(21 17.30)	(41 43.29)
TAX EXPENSES:			
Deferred Tax	3	1 26.35	(11 93.35)
Profit/(Loss) for the year		(22 43.65)	(29 49.94)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Profit or Loss	21.1	58.41	16.91
Total Comprehensive Income for the Year		(21 85.24)	(29 33.03)
EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH			
Basic and Diluted (in ₹)	26	(2.89)	(3.79)
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 35		

As per our Report of even date
For **Chaturvedi & Shah LLP**
Chartered Accountants
Firm Registration No.: 101720W/W100355

Jignesh Mehta
Partner

Mumbai
Dated: 17th April, 2019

For and on behalf of the Board

Darshan Mehta
Director

Akhilesh Prasad
Director

Dheeraj Agarwal
Chief Financial Officer

Venkatesh Gulur
Director

Sandeep Chadha
Chief Executive Officer

Prerna Sharma
Company Secretary

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

A. EQUITY SHARE CAPITAL

(₹ in Lakh)

Balance as at 1st April, 2017	Change during the year 2017-18	Balance as at 31st March, 2018	Change during the year 2018-19	Balance as at 31st March, 2019
77 73.32	-	77 73.32	-	77 73.32

B. OTHER EQUITY

(₹ in Lakh)

	Reserves & Surplus Retained Earnings	Other Comprehensive Income	Total
As on 31st March, 2017	(33 67.21)	-	(33 67.21)
Balance as at 1st April, 2017			
Total Comprehensive income for the year	(28 73.75)	-	(28 73.75)
Balance as at 31st March, 2018			
As on 31st March, 2018	(62 40.96)	-	(62 40.96)
Balance as at 1st April, 2017	(62 40.96)	-	(62 40.96)
Total Comprehensive income for the year	(29 49.94)	16.91	(29 33.03)
Balance as at 31st March, 2018	(91 90.90)	16.91	(91 73.99)
As on 31st March, 2019			
Balance as at 1st April, 2018	(91 90.90)	16.91	(91 73.99)
Total Comprehensive income for the year	(22 43.65)	58.41	(21 85.24)
Balance as at 31st March, 2019	(114 34.55)	75.32	(113 59.23)

As per our Report of even date
For **Chaturvedi & Shah LLP**
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Jignesh Mehta
Partner

Mumbai
Dated: 17th April, 2019

For and on behalf of the Board

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Director

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Director

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Chief Financial Officer

Venkatesh Gulur
Director

Sandeep Chadha
Chief Executive Officer

Prerna Sharma
Company Secretary

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

	(₹ in Lakh)	
	2018-19	2017-18
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax as per Statement of Profit and Loss	(21 17.30)	(41 43.29)
Adjusted for:		
(Profit)/Loss on sale/discard of Property, Plant and Equipment (Net)	15.74	4 14.78
Depreciation and Amortisation Expense	5 21.43	6 01.43
Effect of Exchange Rate Change	(75.09)	56.30
Miscellaneous expenditure written off	39.22	2 79.09
Interest Income	(1.06)	(31.50)
Finance Costs	11 54.50	6 22.38
	<u>16 54.74</u>	<u>19 42.48</u>
Operating Profit before Working Capital Changes	(4 62.56)	(22 00.81)
Adjusted for:		
Trade and Other Receivables	(10 55.40)	(5 93.89)
Inventories	(10 14.69)	12 26.65
Trade and Other Payables	(89 70.06)	18 38.99
	<u>(110 40.15)</u>	<u>24 71.75</u>
Cash Generated from / (used in) Operations	(115 02.71)	2 70.93
Taxes Paid (Net)	0.27	9.75
Net Cash Flow from / (used in) Operating Activities	(115 02.44)	2 80.68
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment and Intangible Assets	(7 16.19)	(4 47.17)
Proceeds from disposal of Property, Plant and Equipment and Intangible assets	83.12	7.90
Interest Income	0.71	60.38
Net Cash Flow used in Investing Activities	(6 32.36)	(3 78.89)
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings – Non-Current	177 59.00	6 89.67
Repayment of Borrowings – Non-Current	(41 50.18)	(10.93)
Interest Paid	(13 23.74)	(5 43.76)
Net Cash Flow from Financing Activities	122 85.08	1 34.98
Net Increase in Cash and Cash Equivalents	1 50.28	36.77
Opening Balance of Cash and Cash Equivalents	1 07.07	70.30
Closing Balance of Cash and Cash Equivalents (Refer Note “7”)	2 57.35	1 07.07

As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration No.: 101720W/W100355

Jignesh Mehta

Partner

Mumbai

Dated: 17th April, 2019

For and on behalf of the Board

Darshan Mehta

Director

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Director

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Chief Financial Officer

Venkatesh Gulur

Director

Sandeep Chadha

Chief Executive Officer

Prerna Sharma

Company Secretary

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

A. CORPORATE INFORMATION

RHEA Retail Private Limited (“the Company”), is a public limited company incorporated in India and has registered office at 204, Ground/F/F Okhla Indl Estate Phase III, New Delhi – 110020, India.

The Company’s holding Company is Reliance Retail Ventures Limited and Ultimate holding company is Reliance Industries Limited and 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

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.

Upto the year ended March 31, 2018, the Company has prepared its financial statements in accordance with the requirement of Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as “Previous GAAP”.

These financial statements are the Company’s first Ind AS standalone financial statements and as covered by Ind AS 101 - First time adoption of Indian Accounting Standards.

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 indicated.

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.

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

(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 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.

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

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.

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.

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) Cash and Cash Equivalent

Cash and cash equivalents comprise of cash on hand, cash at banks, short-term deposits 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.

(f) 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.

(g) 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 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.

(h) 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.

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

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.

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

(i) 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.

(j) Employee Benefits Expense

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 gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of Defined Benefit Plans in respect of post-employment 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.

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

(k) Tax Expenses

The tax expenses for the period comprises of 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.

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.

(l) Foreign Currencies Transactions and Translation

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

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

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

(m) 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. The Company has generally concluded that it is the principal in its revenue arrangement, because it typically controls the goods or services before transferring them to the customer.

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.

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

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 the shipment or delivery of goods or services as the case may be.

The Company provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified and also accrues discounts to certain customers based on customary business practices which is derived on the basis of crude price volatility and various market demand – supply situations. Consideration are determined based on its most likely amount.

Generally, sales of petroleum products contain provisional pricing features where revenue is initially recognised based on provisional price. Difference between final settlement price and provisional price is recognised subsequently.

The Company does not adjust short-term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised good or service will be transferred to the customer within a period of one year.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Interest Income

Interest Income from a Financial Assets is recognised using effective interest rate method.

(n) 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.

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

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).

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.

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

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.

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 LIFE OF PROPERTY PLANT AND EQUIPMENT / INTANGIBLE ASSETS

Property, Plant and Equipment / intangible assets are depreciated / amortised over their estimated useful life, after taking into account estimated residual value. Management reviews the estimated useful life and residual values of the assets

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

annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful life 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 RECEIVABLES

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.

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

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

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 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.

E. FIRST TIME ADOPTION OF IND AS:

The Company has adopted Ind AS with effect from 1st April 2018 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April 2017 and all the periods presented have been restated accordingly.

a) Exemptions from retrospective application:

(i) Business combination exemption

The Company has applied the exemption as provided in Ind AS 101 on non-application of Ind AS 103, "Business Combinations" to business combinations consummated prior to April 1' 2017 (the "Transition Date"), pursuant to which goodwill arising from a business combination has been stated at the carrying amount prior to the date of transition under India GAAP. The Company has also applied the exemption for past business combinations to the acquisitions of investments in subsidiaries consummated prior to the Transition Date.

(ii) Fair value as deemed cost exemption:

The Company has elected to measure all items of property, plant and equipment and intangible assets at its carrying value at the transition date.

Notes to the Standalone 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, 2017	Additions	Deductions/ Adjustments	As at 1st April, 2018	Additions	Deductions/ Adjustments	As at 1st April, 2017	For the year 2017-18	Deductions/ Adjustments	As at 1st April, 2018	For the year 2018-19	Deductions/ Adjustments	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
PROPERTY, PLANT AND EQUIPMENT															
Own assets:															
Plant and machinery	1 94.82	27.83	66.82	1 55.83	29.84	3.73	1 81.94	26.92	63.72	53.82	19.18	1.68	71.32	1 02.01	1 04.20
Electrical installations	-	-	-	-	63.33	-	63.33	-	-	-	1.26	-	1.26	-	-
Equipment	98.87	7.67	8.46	98.08	35.40	1.98	1 31.50	22.13	6.11	52.97	18.49	0.53	70.93	45.11	61.92
Furniture and fixtures	14 18.68	1 31.56	2 59.15	12 91.09	1 37.77	11.18	14 17.68	1 45.43	1 22.56	3 85.70	1 54.64	4.88	5 35.46	9 05.39	10 55.86
Vehicles	78.03	-	-	78.03	-	78.03	-	9.75	-	12.54	1.61	14.15	-	65.49	75.24
Leasehold improvements	21 79.72	3 53.47	4 91.96	20 41.23	1 47.23	56.87	21 31.59	3 32.49	2 17.40	9 56.92	2 74.54	47.41	11 84.05	10 84.31	13 37.88
Total (i)	39 70.12	5 20.53	8 26.39	36 64.26	4 13.57	1 51.79	39 26.04	5 36.72	4 09.79	14 61.95	4 69.72	68.65	18 63.02	22 02.31	26 35.10
INTANGIBLE ASSETS															
Franchisee rights	6 43.53	-	7.75	6 35.78	-	-	6 35.78	52.38	1.67	2 52.05	51.71	-	3 03.76	3 83.73	4 42.19
Goodwill	12.22	-	-	-	-	-	-	12.22	-	-	-	-	-	-	12.22
Software	0.58	-	-	0.58	-	-	0.58	0.12	-	0.42	-	-	0.42	0.16	0.26
Total (ii)	6 56.33	-	7.75	6 36.36	-	-	6 36.36	64.71	1.67	2 52.47	51.71	-	3 04.18	3 83.89	4 54.67
Total (i+ii)	46 26.45	5 20.53	8 34.14	43 00.62	4 13.57	1 51.79	45 62.40	6 01.43	4 11.46	17 14.42	5 21.43	68.65	21 67.20	23 95.20	30 89.77
CAPITAL WORK-IN-PROGRESS															

1.1 Capital work-in-progress includes ₹ 145 Lakhs (Previous year 17-18 ₹ Nil, Previous year 16-17 ₹ Nil) on account of capital goods inventory.

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

(₹ in Lakh)			
2. LOANS – NON-CURRENT (Unsecured and Considered Good)	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Loans and advances to related parties [Refer Note 33 (ii)]	-	-	2 97.64
Total	-	-	2 97.64

(₹ in Lakh)			
3. Deferred Tax Assets (Net)	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
The movement on the deferred tax account is as follows:			
At the start of the year	12 30.50	37.15	-
(Charged)/Credit to profit or loss (Note 24)	(1 26.35)	11 93.35	37.15
At the end of year	11 04.15	12 30.50	37.15
Components of Deferred tax and Assets/(liabilities)			

(₹ in Lakh)					
	As at 01st April, 2017	Charge/(credit) to Statement of Profit and Loss	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	14.19	(4 02.52)	4 16.71	28.10	3 88.61
Carried Forward Losses	-	(5 03.61)	5 03.61	(1 69.95)	6 73.56
Financial Assets	22.96	(2 87.22)	3 10.18	2 68.20	41.98
Total	37.15	(11 93.35)	12 30.50	1 26.35	11 04.15

(₹ in Lakh)			
4. OTHER NON-CURRENT ASSETS (Unsecured and considered good)	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Capital Advances	-	-	14.74
Deposits ⁽ⁱ⁾	0.80	-	-
Advance Income Tax (Net of Provision) ⁽ⁱⁱ⁾	14.24	14.51	24.26
Total	15.04	14.51	39.00

⁽ⁱ⁾ Deposits given to statutory authorities. 0.80

(ii) Advance Income Tax (Net of Provision)	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
At start of year	14.51	24.26	24.26
Charge for the year – Current-Tax	-	-	-
Tax Paid (Net) during the year	(0.27)	(9.25)	-
At end of year	14.24	14.51	24.26

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

(₹ in Lakh)			
5. Inventories	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Stock-in-trade	76 73.95	66 81.96	78 99.89
Stores and spares	65.38	42.68	51.41
Total	77 39.33	67 24.64	79 51.30

(₹ in Lakh)			
6. Trade Receivables (Unsecured and considered good)	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Trade Receivables	25 81.15	26 35.02	18 78.18
Total	25 81.15	26 35.02	18 78.18

(₹ in Lakh)			
7. Cash & Cash Equivalents	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Cash on Hand	62.44	21.82	39.53
Balances with banks ^{(i) and (ii)}	1 94.91	85.25	30.77
Cash and Cash Equivalents as per Balance Sheet/ Cash Flow Statement	2 57.35	1 07.07	70.30

⁽ⁱ⁾ Includes deposits ₹ 45 Lakhs (Previous year ₹ 8.10 Lakhs) with maturity period of more than 12 months.

⁽ⁱⁱ⁾ Includes deposits ₹ 8.10 Lakhs (previous year ₹ 8.10 Lakhs) held by tax authority as security and by bank as margin money for bank guarantees.

7.1 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.

(₹ in Lakh)			
8. Other Financial Assets – Current	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Deposits	15 58.30	13 30.89	11 66.69
Others ⁽ⁱ⁾	4.35	4.00	4.52
Total	15 62.65	13 34.89	11 71.21

⁽ⁱ⁾ Includes treasury and interest receivable.

(₹ in Lakh)			
9. Other Current Assets (Unsecured and Considered Good)	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Balance with Customs, Goods and Service Tax and State Authorities	9 27.54	6 67.05	4 79.10
Others ⁽ⁱ⁾	7 45.56	1 64.21	7 20.04
Total	16 73.10	8 31.26	11 99.14

⁽ⁱ⁾ Includes advances to employees and vendors.

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

				(₹ in Lakh)		
10. Share capital	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017			
Authorised Share Capital:						
85,000,000 Equity Shares of ₹ 10 each (85,000,000) (85,000,000)	85 00.00	85 00.00	85 00.00			
Total	85 00.00	85 00.00	85 00.00			
Issued, Subscribed and Paid-up:						
77,733,201 Equity Shares of ₹ 10 each fully paid up (77,733,201) (77,733,201)	77 73.32	77 73.32	77 73.32			
Total	77 73.32	77 73.32	77 73.32			
(i) Out of the above 7,77,33,201 (previous year Nil) equity shares of ₹ 10 each fully paid-up are held by Reliance Retail Ventures Limited, the holding company. Out of the above Nil (previous year 7,77,33,201) equity shares of ₹ 10 each fully paid-up are held by DLF Brands Limited, the holding company.						
(ii) The details of Shareholders holding more than 5% shares:						
Name of the Shareholders	31st March, 2019		31st March, 2018		01st April, 2017	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Reliance Retail Ventures Limited	77,733,201	100.00	-	-	-	-
DLF Brands Limited	-	-	77,733,201	100.00	77,733,201	100.00
(iii) The Reconciliation of the number of shares outstanding is set out below:						
Particulars	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017			
	No. of Shares	No. of Shares	No. of Shares			
Equity shares at the beginning of the year	77,733,201	77,733,201	77,733,201			
Add: Equity shares issued during the year	-	-	-			
Equity shares at the end of the year	77,733,201	77,733,201	77,733,201			
(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.						
				(₹ in Lakh)		
11. Other Equity	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017			
Retained Earnings						
As per last Balance Sheet	(91 90.90)	(62 40.96)	(33 67.21)			
Add: Profit/(loss) for the year	(22 43.65)	(29 49.94)	(28 73.75)			
	(114 34.55)	(91 90.90)	(62 40.96)			
Other Comprehensive Income (OCI)						
As per last Balance Sheet	16.91	-	-			
Add: Movement in OCI (Net) during the year	58.41	16.91	-			
	75.32	16.91	-			
Total	(113 59.23)	(91 73.99)	(62 40.96)			

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

(₹ in Lakh)			
12. Borrowings – Non-Current	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Unsecured – At Amortised Cost			
Loans and advances from related parties ⁽ⁱ⁾ [Refer Note 33]	178 10.00	39.01	51.00
Total	<u>178 10.00</u>	<u>39.01</u>	<u>51.00</u>
⁽ⁱ⁾ Represents from Holding company			

(₹ in Lakh)			
13. Provisions – Non-Current	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Provision for employee benefits (Refer note 21.1) ⁽ⁱ⁾	1 46.97	2 13.95	2 33.36
Total	<u>1 46.97</u>	<u>2 13.95</u>	<u>2 33.36</u>
⁽ⁱ⁾ The provision for employee benefit includes gratuity, annual leave and vested long service leave entitlement accrued and compensation claims made by employees.			

(₹ in Lakh)			
14. Borrowings – Current	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Unsecured – At Amortised Cost			
Loans and advances from related parties ⁽ⁱ⁾ [Refer Note 33]	-	39 90.69	3,329.47
Bank overdraft	-	1 59.49	93.64
Total	<u>-</u>	<u>41 50.18</u>	<u>34 23.11</u>
⁽ⁱ⁾ Represents from Holding company			

(₹ in Lakh)			
15. Trade Payables due to	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Micro and Small Enterprise	-	-	-
Others than Micro and Small Enterprise	25 10.99	95 89.83	73 48.32
Total	<u>25 10.99</u>	<u>95 89.83</u>	<u>73 48.32</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.

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

(₹ in Lakh)			
16. Other Financial liabilities – Current	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Current maturities of Borrowings – Non-Current	-	11.99	10.93
Interest accrued but not due on Borrowings	1 13.96	2 83.20	2 12.75
Creditors for Capital Expenditure	-	1 41.61	93.68
Other Payables ⁽ⁱ⁾	2 50.00	19 79.32	22 18.32
	<u>3 63.96</u>	<u>24 16.12</u>	<u>25 35.68</u>

⁽ⁱ⁾ Includes security deposits received & financial liability at fair value.

(₹ in Lakh)			
17. Provisions – Current	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Provision for employee benefits (Refer note 21.1) ⁽ⁱ⁾	3.93	11.31	10.64
Total	<u>3.93</u>	<u>11.31</u>	<u>10.64</u>

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

(₹ in Lakh)			
18. Other Current Liabilities	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Other payables ⁽ⁱ⁾	2 23.30	4 44.36	5 99.22
	<u>2 23.30</u>	<u>4 44.36</u>	<u>5 99.22</u>

⁽ⁱ⁾ Includes statutory dues and advances from customers.

(₹ in Lakh)		
19. Other Income	2018-19	2017-18
Interest		
Bank Deposits	1.06	1.75
Others	-	29.75
	<u>1.06</u>	31.50
Other non-operating income	-	42.99
Total	<u>1.06</u>	<u>74.49</u>

(₹ in Lakh)		
20. Changes in Inventories of Stock-in-Trade	2018-19	2017-18
Inventories (at close)		
Stock-in-trade	76 73.95	66 81.96
Inventories (at commencement)		
Stock-in-trade	66 81.96	78 99.89
Total	<u>(9 91.99)</u>	<u>12 17.93</u>

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

	(₹ in Lakh)	
	2018-19	2017-18
21. Employee Benefits Expense		
Salaries and wages	18 92.49	17 46.40
Contribution to provident fund and other funds	1 81.77	1 13.17
Staff welfare expenses	20.55	30.15
Total	20 94.81	18 89.72

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:

	(₹ in Lakh)	
	2018-19	2017-18
Employer’s contribution to Provident Fund	44.25	1 13.17
Employer’s contribution to Pension Scheme	40.00	35.25

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	1 26.13	1 06.62
Current service cost	36.19	33.04
Interest cost	9.83	8.00
Actuarial (gain)/loss	(58.41)	(16.91)
Benefits paid	(2.96)	(4.68)
Transfer in/(out)	-	0.06
Defined benefit obligation at year end	1 10.78	1 26.13

II. Reconciliation of fair value of assets and obligations

Particulars	Gratuity (unfunded)	
	2018-19	2017-18
Fair value of plan assets	-	-
Present value of obligation	1 10.78	1 26.13
Amount recognised in Balance Sheet (Surplus/Deficit)	1 10.78	1 26.13

III. Expenses recognised during the year

Particulars	Gratuity (unfunded)	
	2018-19	2017-18
Current service cost	36.19	33.04
Interest cost	9.83	8.00
Actuarial (gain)/loss recognised in the year	-	-
Net benefit expense/(income)	46.02	41.04
In Other Comprehensive Income		
Actuarial (Gain) / Loss	(58.41)	(16.91)
Net (Income)/Expense For the period Recognised in OCI	(58.41)	(16.91)

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

(₹ in Lakh)

IV. Actuarial assumptions

	Gratuity (unfunded)	
	2018-19	2017-18
Mortality Table (IALM)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	8.00%	7.80%
Rate of escalation in salary (per annum)	6.00%	8.00%
Rate of employee turnover (per annum)	2.00%	7.00%

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.

(₹ in Lakh)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	10.20	(9.13)	9.18	(8.25)
Change in rate of salary increase (delta effect of +/- 0.5%)	(9.16)	10.13	(8.43)	9.32
Change in rate of employee turnover (delta effect of +/- 0.5%)	1.75	(1.59)	(1.62)	1.49

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.

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

			(₹ in Lakh)	
22. Finance Costs		2018-19		2017-18
Interest Expenses (at amortised cost)		<u>11 54.50</u>		<u>6 22.38</u>
Total		<u><u>11 54.50</u></u>		<u><u>6 22.38</u></u>
			(₹ in Lakh)	
23. Other Expenses		2018-19		2017-18
Selling and Distribution Expenses				
Sales promotion and advertisement expenses	3 27.44			2 86.03
Store running expenses	1 16.99			2 63.34
Royalty	9 23.17			11 67.84
Commission	6.09			-
Warehousing and distribution expenses	<u>7 25.95</u>			<u>11 26.24</u>
		20 99.64		28 43.45
Establishment Expenses				
Stores and packing materials	1 86.93			1 27.38
Building repairs and maintenance	42.49			30.81
Other repairs	22.81			12.77
Rent including lease rentals	29 52.23			34 42.17
Insurance	33.59			26.33
Rates and taxes	40.95			49.41
Travelling and conveyance expenses	87.89			1 48.53
Professional fees	30.58			1 48.42
Loss on sale/discarding of assets (net)	15.74			4 14.78
Exchange differences (net)	35.32			1 05.11
Security expenses	1 42.31			52.71
Electricity expenses	4 13.90			4 11.22
Hire charges	1 41.78			1 38.51
Amount Written off	39.22			2 79.09
General expenses	69.63			85.94
		42 55.37		54 73.18
23.1 Payments to Auditor's as				
Statutory Audit Fees	15.99			19.94
Tax Audit Fees	<u>2.50</u>			<u>0.50</u>
		18.49		20.44
Total		<u><u>63 73.50</u></u>		<u><u>83 37.07</u></u>

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

		(₹ in Lakh)	
24. Taxation	As at 31st March, 2019	As at 31st March, 2018	
Income tax Recognised in Statement of profit and loss	1 26.35	(11 93.35)	
Current Tax	-	-	
Deferred Tax	1 26.35	(11 93.35)	
Total Income Tax expenses recognised in the Current Year	1 26.35	(11 93.35)	
The income tax expenses for the year can be reconciled to the accounting profit as follows:			
Profit/(Loss) before tax	(21 17.30)	(41 43.29)	
Applicable tax rate	34.94%	34.61%	
Computed tax expenses	(7 39.87)	(14 33.91)	
Tax Effect of:			
Carry forward losses	7 07.72	0.51	
Expenses disallowed	2 10.02	5.85	
Additional allowances	(1 77.87)	(3.53)	
Current Tax Provision (A)	<u>-</u>	<u>-</u>	
Incremental Deferred Tax Liability on account of Property, Plant and Equipment	28.09	(4 02.51)	
Incremental Deferred Tax Liability on account of Financial Assets & Other items	98.26	(790.84)	
Deferred Tax Provision (B)	<u>126.35</u>	<u>(11 93.85)</u>	
Tax Expenses recognised in Statement of Profit and Loss (A+B)	<u>126.35</u>	<u>(11 93.85)</u>	
Effective Tax Rate	(5.97)%	40.59%	

25. 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.

26. Earnings per share (EPS)	2018-19	2017-18
Face Value per Equity Share (₹)	10.00	10.00
Basic/Diluted Earnings per Share (₹) *	(2.89)	(3.79)
Net profit/(loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ lakh)	(22 43.65)	(29 49.94)
Weighted average number of equity shares used as denominator for calculating Basic/Diluted EPS	77,733,201	77,733,201
*Diluted EPS is same as basic EPS, being anti-dilutive		

(₹ in Lakh)

27. Contingent Liabilities and Commitments	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
(a) Guarantees:			
Outstanding guarantees furnished to banks including in respect of letters of credit			
In respect of others	1,837.19	13.23	13.23

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

28. 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

The net gearing ratio at end of the reporting period was as follows. (₹ in Lakh)

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Gross Debt	178 10.00	39.01	51.00
Cash and Marketable Securities	2 57.35	1 07.07	70.30
Net Debt (A)	175 52.65	(68.06)	(19.30)
Total Equity (As per Balance Sheet) (B)	(35 85.91)	(14 00.67)	15 32.36
Net Gearing ratio (A/B)	(4.89)	0.05	(0.01)

29. Financial Instruments

Fair value measurement hierarchy: (₹ in Lakh)

Particulars	As at 31st March, 2019		As at 31st March, 2018		As at 1st April, 2017				
	Carrying Amount	Level of input used in		Carrying Amount	Level of input used in		Carrying Amount	Level of input used in	
		Level 1	Level 2		Level 1	Level 2		Level 1	Level 2
Financial Assets									
At Amortised Cost									
Trade Receivables	25 81.15	-	-	26 35.02	-	-	18 78.18	-	-
Cash and Cash Equivalents	2 57.35	-	-	1 07.07	-	-	70.30	-	-
Other Financial Assets	15 62.65	-	-	13 34.89	-	-	11 71.21	-	-
Financial Liabilities									
At Amortised Cost									
Borrowings	178 10.00	-	-	41 89.19	-	-	34 74.10	-	-
Trade Payables	25 10.99	-	-	95 89.83	-	-	73 47.87	-	-
Other Financial Liabilities	3 63.96	-	-	24 16.12	-	-	25 35.68	-	-

Excludes financial assets measured at cost (Refer Note 2.1)

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.

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

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.

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.

	(₹ in Lakh)								
	As at 31st March, 2019			As at 31st March, 2018			As at 01st April, 2017		
	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
Trade and other Payables	-	3 52.94	-	32.27	18 88.70	1 69.16	27.72	9 08.85	49.01
Exposure	-	3 52.94	-	32.27	18 88.70	1 69.16	27.72	9 08.85	49.01

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

(i) Foreign Currency Sensitivity

	(₹ in Lakh)								
	As at 31st March, 2019			As at 31st March, 2018			As at 01st April, 2017		
	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
1% Depreciation in INR									
Impact on P&L	0.00	(3.53)	0.00	(0.32)	(18.89)	(1.69)	(0.28)	(9.09)	(0.49)
Total	0.00	(3.53)	0.00	(0.32)	(18.89)	(1.69)	(0.28)	(9.09)	(0.49)

	(₹ in Lakh)								
	As at 31st March, 2019			As at 31st March, 2018			As at 01st April, 2017		
	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
1% Appreciation in INR									
Impact on P&L	-	3.53	-	0.32	18.89	1.69	0.28	9.09	0.49
Total	0.00	3.53	0.00	0.32	18.89	1.69	0.28	9.09	0.49

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

Exposure to interest rate risk

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Particulars	(₹ in Lakh)		
	As at 31st March, 2019	As at 31st March, 2018	As at 01st April, 2017
Fixed Rate Loan	178 10.00	39.01	51.00
Floating Rate Loan	-	41 50.18	34 23.11
Total	178 10.00	41 89.19	34 74.10

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

Impact on Interest Expenses for the year on 1% change in Interest rate

Interest rate Sensitivity							(₹ in Lakh)
Particulars	As at 31st March, 2019		As at 31st March, 2018		As at 01st April, 2017		
	Up Move	Down Move	Up Move	Down Move	Up Move	Down Move	
Impact on P&L	<u>(1 78.10)</u>	<u>1 78.10</u>	<u>(41.89)</u>	<u>41.89</u>	<u>(34.74)</u>	<u>34.74</u>	
	<u>(1 78.10)</u>	<u>1 78.10</u>	<u>(41.89)</u>	<u>41.89</u>	<u>(34.74)</u>	<u>34.74</u>	

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and receivables from customers. The Company ensure that sales of products are made to customers with appropriate creditworthiness. Investment and other market exposures are managed against counterparty exposure limits. Credit information is regularly shared between businesses and finance function, with a framework in place to quickly identify and respond to cases of credit deterioration.

Liquidity Risk

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

Maturity Profile as at 31st March, 2019

Particulars	Below 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non-Current	-	-	-	-	178 10.00	-	178 10.00
Current	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178 10.00</u>	<u>-</u>	<u>178 10.00</u>

Maturity Profile as at 31st March, 2018

Particulars	Below 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non-Current	-	-	-	-	39.01	-	39.01
Current	-	4,150.18	-	-	-	-	41 50.18
Total	<u>-</u>	<u>4,150.18</u>	<u>-</u>	<u>-</u>	<u>39.01</u>	<u>-</u>	<u>41 89.19</u>

Maturity Profile as at 01st April, 2017

Particulars	Below 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non-Current	-	-	-	-	51.00	-	51.00
Current	-	3,423.11	-	-	-	-	34 23.11
Total	<u>-</u>	<u>3,423.11</u>	<u>-</u>	<u>-</u>	<u>51.00</u>	<u>-</u>	<u>34 74.10</u>

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

30. Reconciliation of equity

Particulars	Note	As at March 31, 2018			As at April 1, 2017 (Transition date)		
		Previous GAAP*	Transition to Ind AS / Rectification of error	Ind AS	Previous GAAP*	Transition to Ind AS / Rectification of error	Ind AS
ASSETS							
Non-current assets							
Property, Plant and Equipment	1	22 02.31	-	22 02.31	26 35.10	-	26 35.10
Capital Work-in-Progress	1	-	-	-	-	-	-
Intangible Assets	1	3 83.89	-	3 83.89	4 54.67	-	4 54.67
Financial assets							
– Loans	2	-	-	-	2 97.64	-	2 97.64
Deferred Tax Assets (net)	3	12 30.50	-	12 30.50	37.15	-	37.15
Other Non Current Assets	4	14.51	-	14.51	39.00	-	39.00
Total non-current assets		38 31.21	-	38 31.21	34 63.56	-	34 63.56
Current assets							
Inventories	5	67 24.64	-	67 24.64	79 51.30	-	79 51.30
Financial assets							
– Trade receivables	6	26 35.02	-	26 35.02	18 78.18	-	18 78.18
– Cash and cash equivalents	7	1 07.07	-	1 07.07	70.30	-	70.30
– Other financial assets	8	13 34.89	-	13 34.89	11 71.21	-	11 71.21
Other Current Assets	9	8 31.26	-	8 31.26	11 99.14	-	11 99.14
Total current assets		116 32.88	-	116 32.88	122 70.13	-	122 70.13
Total assets		154 64.09	-	154 64.09	157 33.69	-	157 33.69
EQUITY AND LIABILITIES							
Equity							
Equity share capital	10	77 73.32	-	77 73.32	77 73.32	-	77 73.32
Other equity	11	(91 73.99)	-	(91 73.99)	(62 40.96)	-	(62 40.96)
Total equity		(14 00.67)	-	(14 00.67)	15 32.36	-	15 32.36
Liabilities							
Non-current liabilities							
Financial liabilities							
– Borrowings	12	39.01	-	39.01	51.00	-	51.00
Provisions	13	2 13.95	-	2 13.95	2 33.36	-	2 33.36
Total non-current liabilities		2 52.96	-	2 52.96	2 84.36	-	2 84.36
Current liabilities							
Financial liabilities							
– Borrowings	14	41 50.18	-	41 50.18	34 23.11	-	34 23.11
– Trade payables	15	95 89.83	-	95 89.83	73 48.32	-	73 48.32
– Other financial liabilities	16	24 16.12	-	24 16.12	25 35.68	-	25 35.68
Other Current liabilities	17	4 44.36	-	4 44.36	5 99.22	-	5 99.22
Provisions	18	11.31	-	11.31	10.64	-	10.64
Total current liabilities		166 11.80	-	166 11.80	139 16.97	-	139 16.97
Total liabilities		168 64.76	-	168 64.76	142 01.33	-	142 01.33
Total equity and liabilities		154 64.09	-	154 64.09	157 33.68	-	157 33.68

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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

31. Reconciliation of total comprehensive income for the year ended March 31, 2018

Particulars	Note	For the year ended March 31, 2018		
		Previous GAAP*	Transition to Ind AS/ Rectification of error	Ind AS
INCOME				
Value of Sales		219 67.90	-	219 67.90
Income from services		-	-	-
Value of Sales & Services (Revenue)		219 67.90	-	219 67.90
Less: GST/Service Tax recovered		20 44.94	-	20 44.94
Revenue from Operations		199 22.96	-	199 22.96
Other Income	19	74.49	-	74.49
Total Income		199 97.45	-	199 97.45
Expenses				
Cost of material consumed & purchases of Stock-in-Trade		114 72.21	-	114 72.21
Changes in Inventories of Stock-in-Trade	20	12 17.93	-	12 17.93
Employee Benefits Expense	21	18 72.81	16.91	18 89.72
Finance Costs	22	6 22.38	-	6 22.38
Depreciation and Amortisation Expense	1	6 01.43	-	6 01.43
Other Expenses	23	83 37.07	-	83 37.07
Total Expenses		241 23.83	16.91	241 40.74
Profit/(Loss) before tax		(41 26.38)	(16.91)	(41 43.29)
Deferred Tax	3	(11 93.35)	-	(11 93.35)
Profit/(Loss) for the year		(29 33.03)	(16.91)	(29 49.94)
Other Comprehensive Income				
Items that will not be reclassified to Profit or Loss	21.1	-	16.91	16.91
Total Comprehensive Income for the Year		(29 33.03)	-	(29 33.03)
Earnings per Equity Share of face value of ₹ 10 each				
Basic and Diluted (in ₹)	26	(3.77)	-	(3.79)

E. Adjustments to Cash Flow Statement

Other than effect of certain reclassifications due to difference in presentation, there was no other material effect of cash flow from operating, financing, investing activities for all periods presented.

G. Reconciliation of total comprehensive loss for the year ended March 31, 2018

Particulars	Note	For the year ended March 31, 2018
Loss after tax as reported under previous GAAP		(29 33.03)
Reclassification of actuarial gain in respect to defined benefit plan to "Other Comprehensive Income"	H(a)	(16.91)
Loss after tax as reported under Ind AS		(29 49.94)
Other Comprehensive Income/(expense)	H(a)	16.91
Total Comprehensive Loss as reported under Ind AS		(29 33.03)

H. Notes to reconciliation:

(a) Defined Benefit Plans

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets on the net defined benefit obligation are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these re-measurements were forming part of the profit or loss for the year.

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

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

- i) Loan given by the company to body corporate as at 31st March 2019 (Refer Note 2)

33. 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 *	Ultimate Holding Company
2.	Reliance Retail Ventures Limited *	Holding Company
3.	DLF Brands Limited *	
4.	Reliance Lifestyle Holdings Limited *	Fellow Subsidiaries
5.	Reliance Brands Limited *	
6.	Enki Retail Solutions Private Limited *	
7.	Rod Retail Private Limited *	
8.	Eros Retail Private Limited *	Associate
9.	Zigma Processing and Manufacturing Private Limited *	
10.	Sandeep Chadha	Key Managerial Personnel
11.	Dheeraj Agarwal	
12.	Ashish Sarna *	
13.	Prerna Sharma *	

* The above entities includes related parties where the relationship existed for the part of the year.

- (ii) Transactions during the year with Related Parties (excluding reimbursements): (₹ in Lakh)

Sr. No	Nature of Transactions	Holding Company	Fellow Subsidiaries	Associates	Key Managerial Personnel	Total
1	Net unsecured loans taken / (repaid)	(39 90.69) 6 61.21	179 23.96 -	- -	- -	139 33.27 6 61.21
2	Net Loans and advances given / (returned)	- -	- (27.47)	- (2 97.63)	- -	- (3 25.10)
3	Purchase of Property, Plant and Equipment/ project materials	- 1.87	1.79 0.28	- 85.01	- -	1.79 87.16
4	Sale of Property, Plant and Equipment/ project materials	- 2.40	- 5.98	- -	- -	- 8.38
5	Revenue from operations	- 2 00.36	52.68 -	- -	- -	1 05.36 2 00.36
6	Other Income	- 20.89	- 2.44	- 27.31	- -	- 50.64
7	Purchases	- 43.70	1 87.75 -	- -	- -	1 87.75 43.70

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

Sr. No	Nature of Transactions	Holding Company	Fellow Subsidiaries	Associates	Key Managerial Personnel	Total
8	Professional fees	-	-	-	-	-
		-	<i>1 38.51</i>	-	<i>62.25</i>	<i>2 00.76</i>
9	Interest cost	-	9 92.88	-	-	9 92.88
		<i>3 13.72</i>	-	-	-	<i>3 13.72</i>
10	Rent	-	24.99	-	-	24.99
		<i>1 94.76</i>	-	-	-	<i>1 94.76</i>
11	Payment to Key Managerial Personnel	-	-	-	<i>1 40.94</i>	1 40.94
		-	-	-	<i>1 01.64</i>	<i>1 01.64</i>
	Balance as at 31st March, 2019					
12	Share capital	77 73.32	-	-	-	77 73.32
		<i>77 73.32</i>	-	-	-	<i>77 73.32</i>
13	Borrowings - Non-Current	179 23.96	-	-	-	179 23.96
		<i>39 90.69</i>	-	-	-	<i>39 90.69</i>
14	Trade and other receivables	-	21.51	-	-	21.51
		-	<i>3 09.80</i>	-	-	<i>3 09.80</i>
15	Trade and other payables	-	1 23.52	-	-	1 23.52
		<i>3 49.83</i>	<i>6.88</i>	-	-	<i>3 56.71</i>
16	Other Current Liabilities	-	-	-	-	-
		<i>2 82.35</i>	-	-	<i>3.97</i>	<i>2 86.32</i>

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

(iii) Disclosure in respect of major Related Party transactions during the year:

₹ Lakh

	Particulars	Relationship	2018-19	2017-18
1	Net unsecured loans taken/ (repaid)			
	Reliance Brands Limited *	Fellow Subsidiary	240 00.88	-
	Reliance Brands Limited *	Fellow Subsidiary	(60 76.92)	-
	DLF Brands Limited *	Holding Company	-	76 30.85
	DLF Brands Limited *	Holding Company	(39 90.69)	(69 69.63)
2	Net Loans and advances given/ (returned)			
	Zigma Processing and Manufacturing Private Limited *	Associate	-	25.45
	Enki Retail Solutions Private Limited *	Fellow Subsidiary	-	2.90

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

	Particulars	Relationship	2018-19	2017-18
	Zigma Processing and Manufacturing Private Limited *	Associate	-	(3 23.08)
	Enki Retail Solutions Private Limited *	Fellow Subsidiary	-	(30.37)
3	Purchase of Property, Plant and Equipment / project materials			
	Reliance Brands Limited *	Fellow Subsidiary	1.79	-
	Zigma Processing and Manufacturing Private Limited *	Associate	-	85.01
	Rod Retail Private Limited *	Fellow Subsidiary	-	0.28
	DLF Brands Limited *	Holding Company	-	1.87
4	Sale of Property, Plant and Equipment / project materials			
	Rod Retail Private Limited *	Fellow Subsidiary	-	5.98
	DLF Brands Limited *	Holding Company	-	2.40
5	Revenue from operations			
	DLF Brands Limited *	Holding Company	-	2 00.36
	Reliance Lifestyle Holdings Limited *	Fellow Subsidiary	52.68	-
6	Other Income			
	DLF Brands Limited *	Holding Company	-	20.89
	Enki Retail Solutions Private Limited *	Fellow Subsidiary	-	2.44
	Zigma Processing and Manufacturing Private Limited *	Associate	-	27.31
7	Purchases			
	Reliance Lifestyle Holdings Limited *	Fellow Subsidiary	1 87.75	-
	DLF Brands Limited *	Holding Company	-	43.70
8	Professional fees			
	Eros Retail Private Limited *	Fellow Subsidiary	-	1 38.51
9	Rent			
	Reliance Brands Limited *	Fellow Subsidiary	24.99	-
	DLF Brands Limited *	Holding Company		194.76

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

	Particulars	Relationship	2018-19	2017-18
10	Interest cost			
	DLF Brands Limited *	Holding Company	-	3 13.72
	Reliance Brands Limited *	Fellow Subsidiary	9 92.88	-
11	Payment to Key Managerial Personnel			
	Sandeep Chadha	Key Managerial Personnnel	1 00.70	68.64
	Ashish Sarna *	Key Managerial Personnnel	-	62.25
	Dheeraj Agarwal	Key Managerial Personnnel	35.79	33.00
	Prerna Sharma *	Key Managerial Personnnel	4.45	-

* The above entities includes related parties where the relationship existed for the part of the year.

(₹ in Lakh)

32.1 Compensation of Key Managerial Personnel	2018-19	2017-18
(i) Short-term benefits	1 34.37	96.75
(ii) Post employment benefits	6.57	4.89
Total	1 40.94	1 01.64

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

35 The Financial statements were approved for issue by the Board of Directors on 17th April, 2019.

As per our Report of even date
For **Chaturvedi & Shah LLP**
Chartered Accountants
Firm Registration No.: 101720W/W100355

Jignesh Mehta
Partner

Mumbai
Dated: 17th April, 2019

For and on behalf of the Board

Darshan Mehta
Director

Akhilesh Prasad
Director

Dheeraj Agarwal
Chief Financial Officer

Venkatesh Gulur
Director

Sandeep Chadha
Chief Executive Officer

Prerna Sharma
Company Secretary