

Reliance Brands Limited
Financial Statements
2019-20

Independent Auditor's Report

To

The Members of Reliance Brands Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Reliance Brands Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of profit and loss, Statement of changes in equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its Loss including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing 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 together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors are 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Board of Directors 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 the Board of Directors 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 Standards on Auditing 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 Standards on Auditing, we exercise professional judgment and maintain professional scepticism 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 Companies Act, 2013, 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.

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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended.

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- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its Financial Statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As per Section 197(16) of the Act, We report that the Company has not provided/paid any remuneration to its director during the year and hence provisions of section 197 read with Schedule V of the Act are not applicable.

For Rajendra & Co
Chartered Accountants
Firm’s Registration No. 108355W

K. K. Desai
Partner
Membership No. 100805
UDIN: 20100805AAAABP6467

Place: Mumbai
Date: 27th April, 2020

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE BRANDS LIMITED

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

- i.** In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. As the Company has no immovable assets and hence, clause (i) (c) 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 granted unsecured loans to Company covered under in the register maintained under section 189 of the Companies Act,2013 .
 - a) In our opinion and according to information and explanation provided to us, the terms and conditions of the grant of loans are not prejudicial to companies interest.
 - b) The loan has been granted for period of three to five years and repayment of principal and interest are regular.
 - c) According to information and explanation given to us, there are no overdue amount as at balance sheet date.

As informed to us the company has not granted any loans ,secured or unsecured to firms ,limited liability partnership, or other parties covered under in register maintained under section 189 of the Act.
- iv.** In our opinion and according to the information and explanations provided to us, provisions of sections 186 of the Companies Act 2013 in respect of loans and advances given, investments made and guarantees, and securities given have been complied with Company.
- 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.** In our opinion, to the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company.
- vii.** In respect of Statutory dues :
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues have been generally 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 31st March, 2020 for a period of more than six months from the date becoming payable.
 - b. According to the information and explanations given to us, there are no the dues of Income Tax, Sales Tax, Goods and Service Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, cess on account of any dispute, which have not been deposited with the appropriate authorities as at balance sheet date.
- viii.** In our opinion and according to the information given to us, the Company has not raised loans from financial institutions or banks or government and no amounts were due for repayments to debenture holders; 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) or term loans and hence clause (ix) of paragraph 3 of the order is not applicable to the Company.

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- x. In our opinion, 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. In our opinion and according to the information and explanation given to us ,the company has not provided/paid any managerial remuneration during the year and hence the provision of Section 197 read with schedule V to Companies Act,2013 are not applicable.
 - xii. In our opinion Company is not a Nidhi Company and hence reporting under, the provisions of clause (xii) of paragraph 3 of the Order is not applicable to the Company.
 - xiii. In our opinion and according to information and explanations provided by the management, transactions with related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements, 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 reporting under 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, during the year, 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 and hence reporting under clause (xv) of the paragraph 3 of the Order is not applicable to the Company.
 - xvi. In our opinion, to the best of our knowledge and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Rajendra & Co

Chartered Accountants

Firm's Registration No. 108355W

K. K. Desai

Partner

Membership No. 100805

UDIN: 20100805AAAABP6467

Place: Mumbai

Date: 27th April, 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE BRANDS 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 Control over financial reporting of **RELIANCE BRANDS LIMITED** (“the company”) as of 31st March, 2020 in conjunction with our audit of the Financial Statements of the Company for the year then ended.

Management Responsibility for the Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, 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 the ICAI.

For Rajendra & Co

Chartered Accountants

Firm's Registration No. 108355W

K. K. Desai

Partner

Membership No. 100805

UDIN: 20100805AAAABP6467

Place: Mumbai

Date: 27th April, 2020.

Balance Sheet as at 31st March, 2020

	Notes	As at 31st March, 2020	As at 31st March, 2019	₹ crore
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1	8 17.31	2 12.31	
Capital Work-in-Progress	1	22.96	41.38	
Intangible Assets	1	5.26	5.08	
		<u>8 45.53</u>	<u>2 58.77</u>	
Financial Assets				
Investments	2	10 48.45	7 04.81	
Loans	3	4 03.23	2.33	
Deferred Tax Assets (net)	4	1 29.44	99.59	
Other Non-Current Assets	5	16.09	12.10	
Total Non-Current Assets		<u>24 42.74</u>	<u>10 77.60</u>	
Current Assets				
Inventories	6	3 90.54	3 18.03	
Financial Assets				
Trade Receivables	7	1 32.55	1 09.07	
Cash and Cash Equivalents	8	8.23	9.06	
Other Financial Assets	9	53.98	1 38.98	
Other Current Assets	10	96.81	63.15	
Total Current Assets		<u>6 82.11</u>	<u>6 38.29</u>	
Total Assets		<u>31 24.85</u>	<u>17 15.89</u>	
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	11	1 01.08	1 01.08	
Other Equity	12	(72.84)	1 03.62	
Total Equity		<u>28.24</u>	<u>2 04.70</u>	
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	13	22 35.45	10 51.09	
Other Financial liabilities	14	4 46.75	-	
Provisions	15	10.06	6.35	
Total Non-Current Liabilities		<u>26 92.26</u>	<u>10 57.44</u>	
Current Liabilities				
Financial Liabilities				
Trade Payables due to:	16			
Micro and Small Enterprises		1.58	0.63	
Other than Micro and Small Enterprises		1 94.88	1 24.13	
Other Financial Liabilities	17	1 73.35	3 09.63	
Other Current Liabilities	18	34.33	17.75	
Provisions	19	0.21	1.61	
Total Current Liabilities		<u>4 04.35</u>	<u>4 53.75</u>	
Total Liabilities		<u>30 96.61</u>	<u>15 11.19</u>	
Total Equity and Liabilities		<u>31 24.85</u>	<u>17 15.89</u>	

Significant Accounting Policies

See accompanying Notes to the Financial Statements

1 to 36

As per our Report of even date

For **Rajendra & Co**

Chartered Accountants

Firm's Registration No. 108355W

K.K. Desai

Partner

Membership No. 100805

For and on behalf of the Board

V Subramaniam

Director

Ashwin Khasgiwala

Director

Samirbhai Sheth

Director

K. Sudarshan

Director

Hetal Rathod

Director

Darshan Mehta

Chief Executive Officer

Pranav Lodhavia

Chief Financial Officer

Sheetal Limaye

Company Secretary

Mumbai

Dated : 27th April, 2020

Statement of Profit and Loss for the year ended 31st March, 2020

	Notes	2019-20	₹ crore 2018-19
INCOME			
Value of Sales		11 40.61	10 54.63
Income from services		66.47	28.99
Value of Sales & Services (Revenue)		12 07.08	10 83.62
Less: GST recovered		1 48.32	1 39.52
Revenue from Operations		10 58.76	9 44.10
Other Income	20	21.35	1.87
Total Income		10 80.11	9 45.97
EXPENSES			
Purchases of Stock-in-Trade		5 76.36	5 50.45
Changes in Inventories of Stock-in-Trade	21	(70.03)	(1 06.07)
Employee Benefits Expense	22	1 72.80	1 30.77
Finance Costs	23	2 09.91	70.78
Depreciation and Amortisation Expense	1	1 64.23	30.25
Other Expenses	24	2 33.37	3 46.14
Total Expenses		12 86.64	10 22.32
Profit / (Loss) before Tax		(2 06.53)	(76.35)
Tax expenses:			
Deferred Tax	4	(29.85)	(15.44)
Profit / (Loss) for the year		(1 76.68)	(60.91)
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss	22.1	0.22	0.94
Total Comprehensive Income for the Year		(1 76.46)	(59.97)
Earnings per Equity Share of face value of ₹ 10 each			
Basic and Diluted (in ₹)	27	(17.48)	(6.03)
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 36		

As per our Report of even date
For **Rajendra & Co**
Chartered Accountants
Firm's Registration No. 108355W

K.K. Desai
Partner
Membership No. 100805

Mumbai
Dated : 27th April, 2020

For and on behalf of the Board

V Subramaniam
Director

Samirbhai Sheth
Director

Hetal Rathod
Director

Pranav Lodhavia
Chief Financial Officer

Ashwin Khasgiwala
Director

K. Sudarshan
Director

Darshan Mehta
Chief Executive Officer

Sheetal Limaye
Company Secretary

Statement of Changes in Equity for the year ended 31st March, 2020

A. Equity Share Capital

₹ crore

Balance as at 1st April, 2018	Changes during the year 2018-19	Balance as at 31st March, 2019	Changes during the year 2019-20	Balance as at 31st March, 2020
1 01.08	-	1 01.08	-	1 01.08

B. Other Equity

₹ crore

	Instruments Classified as Equity	Reserves & Surplus	Other Comprehensive Income	Total
	Zero Coupon Optionally Fully Convertible Debentures of ₹ 10 each, fully paid up	Retained Earnings		
As on 31st March, 2019				
Balance as at 1st April, 2018 ^{(i), (ii) (iii) & (v)}	5 87.00	(1 60.15)	0.73	4 27.58
Addition on Amalgamation (Refer Note 34)	-	(91.91)	0.17	(91.74)
Issue of Convertible Instruments ^(iv)	(45.00)	-	-	(45.00)
Amalgamation Adjustment (Refer Note 34)	-	(1 27.25)	-	(1 27.25)
Total Comprehensive income for the year	-	(60.91)	0.94	(59.97)
Balance as at 31st March, 2019	5 42.00	(4 40.22)	1.84	1 03.62
As on 31st March, 2020				
Balance as at 1st April, 2019 ^{(i), (ii) (iii) & (v)}	5 42.00	(4 40.22)	1.84	1 03.62
Total Comprehensive income for the year	-	(1 76.68)	0.22	(1 76.46)
Balance as at 31st March, 2020	5 42.00	(6 16.90)	2.06	(72.84)

- i) The Company has an option for conversion of 48,50,00,000 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) in to equity shares, at any time after allotment of the OFCDs by giving one month notice to the OFCD holder. The conversion into equity shares shall be based on higher of face value or book value of the Company as at March 31, 2015. If not converted, the Company will redeem the outstanding OFCDs on the expiry of 15 years from the date of allotment i.e. 31st March 2016.
- ii) The Company has an option for conversion of 3,00,00,000 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) in to equity shares, at any time after allotment of the OFCDs by giving one month notice to the OFCD holder. The conversion into equity shares shall be based on higher of face value or book value of the Company as at March 31, 2016. If not converted, the Company will redeem the outstanding OFCDs on the expiry of 15 years from the date of allotment i.e. 10th October, 2016.
- iii) The Company has an option for conversion of 2,00,00,000 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) in to equity shares, at any time after allotment of the OFCDs by giving one month notice to the OFCD holder. The conversion into equity shares shall be based on higher of face value or book value of the Company as at March 31, 2016. If not converted, the Company will redeem the outstanding OFCDs on the expiry of 15 years from the date of allotment i.e. 20th December, 2016.

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- iv) The Company has an option for conversion of 4,50,00,000 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) in to equity shares, at any time after allotment of the OFCDs by giving one month notice to the OFCD holder. The conversion into equity shares shall be based on higher of face value or book value of the Company as at March 31, 2017. If not converted, the Company will redeem the outstanding OFCDs on the expiry of 15 years from the date of allotment i.e. 20th June, 2017. As per the terms, the OFCDs have been redeemed during the Financial year 2018-19.
- v) The Company has an option for conversion of 70,00,000 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) in to equity shares, at any time after allotment of the OFCDs by giving one month notice to the OFCD holder. The conversion into equity shares shall be based on higher of face value or book value of the Company as at March 31, 2017. If not converted, the Company will redeem the outstanding OFCDs on the expiry of 15 years from the date of allotment i.e. 26th March, 2018.

As per our Report of even date
For **Rajendra & Co**
Chartered Accountants
Firm's Registration No. 108355W

K.K. Desai
Partner
Membership No. 100805

Mumbai
Dated : 27th April, 2020

For and on behalf of the Board

V Subramaniam
Director

Samirbhai Sheth
Director

Hetal Rathod
Director

Pranav Lodhavia
Chief Financial Officer

Ashwin Khasgiwala
Director

K. Sudarshan
Director

Darshan Mehta
Chief Executive Officer

Sheetal Limaye
Company Secretary

Cash Flow Statement for the year ended 31st March, 2020

	2019-20	2018-19	₹ crore
A: CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss) Before Tax as per Statement of Profit and Loss	(2 06.53)	(76.35)	
Adjusted for:			
(Profit)/ Loss on sale/ discard of Property, Plant and Equipment (Net)	4.87	2.32	
Depreciation and Amortisation Expense	1 64.23	30.25	
Effect of Exchange Rate Change	(24.63)	(1.29)	
Provision for doubtful debts/ bad debts written off	0.01	0.39	
Net Gain on Financials assets	(0.01)	(0.36)	
Dividend income	(11.35)	-	
Interest Income	(9.99)	(1.54)	
Finance Costs	2 09.91	70.78	
	<u>3 33.04</u>	<u>1 00.55</u>	
Operating Profit before Working Capital Changes	<u>1 26.51</u>	<u>24.20</u>	
Adjusted for:			
Trade and Other Receivables	(74.14)	(86.67)	
Inventories	(72.51)	(1 07.46)	
Trade and Other Payables	(1 28.89)	(28.19)	
	<u>(2 75.54)</u>	<u>(2 22.32)</u>	
Cash Generated from Operations	<u>(1 49.03)</u>	<u>(1 98.12)</u>	
Taxes Paid (Net)	(5.90)	(2.62)	
Net Cash Flow used in Operating Activities	<u>(1 54.93)</u>	<u>(2 00.74)</u>	
B: CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment and Intangible Assets	(95.60)	(1 00.03)	
Proceeds from disposal of Property, Plant and Equipment and Intangible assets	0.21	0.83	
Investments in Subsidiaries / Joint Ventures / Associates	(3 43.64)	(2 27.61)	
Purchase of Other Investments	(21.50)	(3 14.80)	
Proceeds from Sale of Financial Assets	21.51	3 15.16	
Share Application Money Paid	1.25	(1.25)	
Loans refunded by / (given to) Subsidiaries	(3 33.00)	(48.24)	
Interest Income	42.88	1.46	
Dividend income from Joint Venture	11.35	-	
Net Cash Flow used in Investing Activities	<u>(7 16.54)</u>	<u>(3 74.49)</u>	
C: CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Non-Current	14 86.74	14 39.74	
Repayment of Borrowings - Non-Current	(3 02.38)	(8 32.06)	
Interest Paid	(1 99.45)	(30.44)	
Payment of Lease Liabilities	(1 14.27)	-	
Net Cash Flow from Financing Activities	<u>8 70.64</u>	<u>5 77.24</u>	
Net Increase / (Decrease) in Cash and Cash Equivalents	<u>(0.83)</u>	<u>2.01</u>	
Opening Balance of Cash and Cash Equivalents	9.06	5.98	
Add on Amalgamation (Refer Note 34)	-	1.07	
Closing Balance of Cash and Cash Equivalents (Refer Note "8")	<u>8.23</u>	<u>9.06</u>	

As per our Report of even date
For **Rajendra & Co**
Chartered Accountants
Firm's Registration No. 108355W

K.K. Desai
Partner
Membership No. 100805

Mumbai
Dated : 27th April, 2020

For and on behalf of the Board

V Subramaniam
Director

Samirbhai Sheth
Director

Hetal Rathod
Director

Pranav Lodhavia
Chief Financial Officer

Ashwin Khasgiwala
Director

K. Sudarshan
Director

Darshan Mehta
Chief Executive Officer

Sheetal Limaye
Company Secretary

Notes to the Financial Statements for the year ended 31st March, 2020

A. Corporate Information

Reliance Brands Limited (“the Company”) is a limited company incorporated in India having its registered office at 5th floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai 400 002, India. The Company’s immediate holding Company is Reliance Retail Ventures Limited and Ultimate holding company is Reliance Industries Limited. The Company is engaged in organised retail primarily catering to Indian consumers.

B. Significant Accounting Policies

B.1 Basis of Preparation and Presentation

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

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

With effect from 1st April 2019, Ind AS 116 – “Leases” (Ind AS 116) supersedes Ind AS 17 – “Leases”. The Company has adopted Ind AS 116 using the prospective approach. The application of Ind AS 116 has resulted into recognition of ‘Right-of-Use’ asset with a corresponding Lease Liability in the Balance Sheet.

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

B.2 Summary of Significant Accounting Policies

(a) Current and Non-Current Classification

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

An asset is treated as Current when it is –

Expected to be realised or intended to be sold or consumed in normal operating cycle;

Held primarily for the purpose of trading;

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle;

It is held primarily for the purpose of trading;

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

(b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price and any cost directly attributable to bringing the assets to its working condition for its intended use.

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

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.

Notes to the Financial Statements for the year ended 31st March, 2020

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 with Schedule II to the Companies Act, 2013. Leasehold improvements are amortized over the lower of estimated useful life or lease period; on assets acquired under finance lease depreciation is provided over the lease term.

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

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 recognized in the Statement of Profit and Loss when the asset is derecognised.

(c) Leases

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

(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.

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

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

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 recognized in the Statement of Profit and Loss when the asset is derecognized.

The company's intangible assets comprises assets with finite useful life which are amortised on a straight-line basis over the period of their expected useful life. The amortisation period and the amortisation method for Intangible Assets with a finite useful life are reviewed at each reporting date.

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

(e) Research and Development Expenditure

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

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

Notes to the Financial Statements for the year ended 31st March, 2020

(f) 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.

(g) Finance Cost

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

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

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

(h) Inventories

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

Costs of inventories are determined on weighted average basis.

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

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

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

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

(j) Provisions

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

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

(k) Contingent Liabilities

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

(l) 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.

Notes to the Financial Statements for the year ended 31st March, 2020

Post-Employment Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

The 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.

(m) Tax Expenses

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

(n) Share Based Payments

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

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

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

(o) 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.

Notes to the Financial Statements for the year ended 31st March, 2020

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).

(p) 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.

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.

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

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 Asset is recognised using effective interest rate method.

Dividend Income

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

(q) 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.

Notes to the Financial Statements for the year ended 31st March, 2020

B. Subsequent Measurement

a) Financial Assets Measured at Amortised Cost (AC)

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

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

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

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

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

Financial assets are reclassified subsequent to their recognition, if the Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109 – Financial Instruments.

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 Statement of 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.

Notes to the Financial Statements for the year ended 31st March, 2020

B. Subsequent Measurement

Financial liabilities are carried at amortized cost using the effective interest method.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Derivative Financial Instruments

The company uses various derivative financial instruments such as currency forwards and commodity contracts to mitigate the risk of changes in exchange rates and commodity prices. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. 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.

(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 year.

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 lives, after taking into account estimated residual value. Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful 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 Receivable

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

Notes to the Financial Statements for the year ended 31st March, 2020

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.

g) Fair Value Measurement

For estimates relating to fair value of financial instruments refer note 30 of financial statements.

h) Estimation Uncertainty Relating to the Global Health Pandemic on Covid 19

The impact of COVID – 19 on the business operations for the Company for the current year 2019-20 is not significant as those were continuing normally until the nationwide lockdown near the end of the year. Management has performed the assessment of the effect of COVID -19 on the recoverability of the value of assets as at the end of the year and liquidity position as well as business activities in the foreseeable future. Based on the assessment, presently there are no significant concerns regarding recoverability of the value of the assets as well as on liquidity and continuity of the business. The impact of COVID – 19 may be different from that estimated as at the date of approval of these financial statements and the Company will continue to monitor any material changes to future economic conditions.

Notes to the Financial Statements for the year ended 31st March, 2020

Description	Gross block				Depreciation/ amortisation				Net block		₹ crore
	As at 1st April, 2019	Additions	Deductions/ Adjustments	As at 31st March, 2020	As at 1st April, 2019	For the year	Deductions/ Adjustments	As at 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019	
Property, Plant and Equipment											
Own assets:											
Plant and machinery	32.63	14.81	0.74	46.70	14.95	5.26	0.61	19.60	27.10	17.68	
Electrical installations	33.31	15.67	1.58	47.40	11.09	4.04	1.07	14.06	33.34	22.22	
Equipment	57.60	20.12	3.50	74.22	15.04	4.58	1.52	18.10	56.12	42.56	
Furniture and fixtures	91.33	26.84	1.72	116.45	29.59	10.13	0.92	38.80	77.65	61.74	
Vehicles	1.43	-	-	1.43	1.25	0.10	-	1.35	0.08	0.18	
Leasehold improvements	114.70	38.94	3.22	150.42	46.77	12.61	1.56	57.82	92.60	67.93	
Sub-Total	331.00	116.38	10.76	436.62	118.69	36.72	5.68	149.73	286.89	212.31	
Right-of-Use Assets:											
Operating Lease	-	657.47	-	657.47	-	127.05	-	127.05	530.42	-	
Sub-Total	-	657.47	-	657.47	-	127.05	-	127.05	530.42	-	
Total (i)	331.00	773.85	10.76	1094.09	118.69	163.77	5.68	276.78	817.31	212.31	
Intangible assets											
Franchisee rights	10.41	-	-	10.41	5.41	0.41	-	5.82	4.59	5.00	
Software	1.05	0.64	-	1.69	0.97	0.05	-	1.02	0.67	0.08	
Total (ii)	11.46	0.64	-	12.10	6.38	0.46	-	6.84	5.26	5.08	
Total (i+ii)	342.46	774.49	10.76	1106.19	125.07	164.23	5.68	283.62	822.57	217.39	
Previous year	221.67	126.28	5.49	342.46	80.16	47.40	2.49	125.07	217.39		
Capital work-in-progress									22.96	41.38	

1.1 Capital work-in-progress includes ₹ 12.81 crores (Previous year ₹ 22.32 crores) on account of capital goods inventory.

Notes to the Financial Statements for the year ended 31st March, 2020

₹ crore

2. Investments - Non-Current	As at 31st March, 2020		As at 31st March, 2019	
	Units	Amount	Units	Amount
Investments measured at Cost				
In Equity Shares of Subsidiary Companies - Unquoted, Fully Paid Up				
Reliance Brands Holding UK Limited of GBP 100 each	35,940,100	308.92	-	-
Reliance GAS Lifestyle India Private Limited of ₹ 10 each	-	-	51,000,000	51.03
Sub-total (a)		308.92		51.03

Investments measured at Cost

In Equity Shares of Joint Venture/ Associate Companies - Unquoted, Fully Paid Up

Diesel Fashion India Reliance Private Limited of ₹ 10 each	56,595,000	56.59	51,695,000	51.69
Reliance Paul & Shark Fashions Private Limited of ₹ 10 each	12,100,000	12.10	10,850,000	10.85
Zegna South Asia Private Limited of ₹ 10 each	29,844,272	30.35	27,149,272	27.65
Brooks Brothers India Private Limited of ₹ 10 each	24,500,000	24.50	24,500,000	24.50
Iconix Lifestyle India Private Limited of ₹ 10 each	2,505,000	32.20	2,505,000	32.20
Ryohin-Keikaku Reliance India Private Limited of ₹ 10 each	24,892,000	24.89	16,562,000	16.56
Reliance Bally India Private Limited of ₹ 10 each	4,850,000	4.85	3,600,000	3.60
Reliance GAS Lifestyle India Private Limited of ₹ 10 each	50,000,000	50.00	-	-
TCO Reliance India Private Limited of ₹ 10 each	13,720,000	13.72	-	-
Reliance Sideways Private Limited of ₹ 10 each (₹ 50,000)	5,000	0.01	-	-
Genesis Luxury Fashion Private Limited of ₹ 10 each	8,349,140	273.32	8,301,360	271.73
Genesis Colors Limited ₹ 10 each	5,486,489	203.50	5,486,479	203.50
Sub-total (b)		726.03		642.28

Investment measured at Fair Value through Other Comprehensive Income

In Equity Shares - Unquoted, Fully Paid Up

Future 101 Design Private Limited of ₹ 10 each	2,019	13.50	1,607	11.50
Sub-total (c)		13.50		11.50
Total (a+b+c)		1,048.45		704.81
Aggregate amount of Unquoted investments		1,048.45		704.81

Category-wise Investment - Non-Current

	31st March, 2020	31st March, 2019
Financial assets measured at Cost	1,048.45	704.81
Total Investment - Non-Current	1,048.45	704.81

Notes to the Financial Statements for the year ended 31st March, 2020

	₹ crore	
	As at 31st March, 2020	As at 31st March, 2019
3. Loans - Non-Current		
<i>(Unsecured and Considered Good)</i>		
Loans and advances to related parties [Refer Note 32(ii)]	3 35.33	2.33
Others *	<u>67.90</u>	-
Total	<u>4 03.23</u>	<u>2.33</u>

* Others include fair value of interest free rental deposits

3.1 Loans and Advances in the nature of Loans given to Subsidiaries, Fellow Subsidiaries and Associates

a) Loans and Advances in the nature of Loans to Fellow Subsidiaries

Sr. No.	Name of the company	As at 31st March, 2020	Maximum balance during the year	As at 31st March, 2019	Maximum balance during the year
1	Genesis Colors Limited	1.00	2.33	2.33	47.33
2	Genesis Luxury Fashion Private Limited	19.49	41.40	-	-
3	Reliance Brands Holding UK Limited	3 14.84	3 14.84	-	-
	Total	3 35.33		2.33	

(i) All the above loans are given for business purpose.

(ii) Loans and advances shown above, fall under the category of 'Non-Current Loans' are repayable within 3 to 5 years.

	₹ crore	
	As at 31st March, 2020	As at 31st March, 2019
4. Deferred Tax Assets (Net)		
The movement on the deferred tax account is as follows:		
At the start of the year	99.59	71.85
Add on Amalgamation (Refer Note 34)	-	12.30
(Charge) / Credit to profit or loss (Note 25)	<u>29.85</u>	<u>15.44</u>
At the end of year	<u>1 29.44</u>	<u>99.59</u>

Components of Deferred tax and Assets / (liabilities)

	₹ crore		
	As at 31st March, 2019	Charge/(credit) to Statement of Profit and Loss	As at 31st March, 2020
Deferred tax Asset/ (Liabilities) in relation to:			
Property, Plant and Equipment	16.07	1.25	14.82
Carried Forward Losses	80.99	(30.96)	1 11.95
Disallowance under the Income Tax Act, 1961	<u>2.53</u>	<u>(0.14)</u>	<u>2.67</u>
Total	<u>99.59</u>	<u>(29.85)</u>	<u>1 29.44</u>

Notes to the Financial Statements for the year ended 31st March, 2020

		₹ crore	
		As at	As at
		31st March, 2020	31st March, 2019
5. Other Non-Current Assets			
	<i>(unsecured and considered good)</i>		
Capital Advances		1.21	3.07
Deposits ⁽ⁱ⁾		0.06	0.06
Advance Income Tax (Net of Provision) ⁽ⁱⁱ⁾		14.81	8.91
Other Loans and Advances ⁽ⁱⁱⁱ⁾		0.01	0.06
Total		16.09	12.10
	⁽ⁱ⁾ Deposits given to statutory authorities.		
			₹ crore
		As at	As at
	^{(ii) Advance Income Tax (Net of Provision)}	31st March, 2020	31st March, 2019
At start of year		8.91	6.14
Add on Amalgamation (Refer Note 34)		-	0.15
Charge for the year - Current-Tax		-	-
Others		-	-
Tax Paid (Net) during the year		5.90	2.62
At end of year		14.81	8.91
	⁽ⁱⁱⁱ⁾ Represents loan to employees.		
			₹ crore
6. Inventories		As at	As at
	<i>(valued at lower of cost or net realisable value)</i>	31st March, 2020	31st March, 2019
Stock-in-trade		3 79.39	3 09.36
Stores and spares		11.15	8.67
Total		3 90.54	3 18.03
			₹ crore
7. Trade Receivables		As at	As at
	<i>(unsecured and considered good)</i>	31st March, 2020	31st March, 2019
Trade Receivables		1 32.55	1 09.07
Total		1 32.55	1 09.07
			₹ crore
8. Cash & Cash Equivalents		As at	As at
		31st March, 2020	31st March, 2019
Cash on Hand		1.09	3.45
Balances with banks ^{(i) and (ii)}		7.14	5.61
Cash and Cash Equivalents as per Balance Sheet / Statement of Cash Flows		8.23	9.06
	⁽ⁱ⁾ Includes deposits ₹ 0.00 crore (Previous year ₹ 0.48 crore) with maturity period of more than 12 months.		
	⁽ⁱⁱ⁾ Includes deposits ₹ 4.90 crore (previous year ₹ 1.49 crore) held by tax authority as security and by bank as margin money for bank guarantees.		
8.1	Cash and cash equivalents includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.		₹ crore

Notes to the Financial Statements for the year ended 31st March, 2020

9. Other Financial Assets - Current	As at 31st March, 2020	As at 31st March, 2019
Application Money pending allotment	-	1.25
Deposits	45.58	96.44
Others ⁽ⁱ⁾	8.40	41.29
Total	53.98	138.98

⁽ⁱ⁾ Includes interest receivable.

₹ crore

10. Other Current Assets (Unsecured and Considered Good)	As at 31st March, 2020	As at 31st March, 2019
Balance with Customs, GST and State authorities	53.34	37.35
Others ⁽ⁱ⁾	43.47	25.80
Total	96.81	63.15

⁽ⁱ⁾ Includes advances to employees and vendors.

₹ crore

11. Share capital	As at 31st March, 2020	As at 31st March, 2019
Authorised Share Capital :		
186,150,000 Equity Shares of ₹ 10 each (101,100,000)	186.15	101.10
Total	186.15	101.10
Issued, Subscribed and Paid-up :		
101,075,000 Equity Shares of ₹ 10 each fully paid up (101,075,000)	101.08	101.08
Total	101.08	101.08

(i) Out of the above 8,08,60,000 (previous year 8,08,60,000) equity shares of ₹ 10 each fully paid-up are held by Reliance Retail Ventures Limited, the holding company, along with its nominees.

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

Name of the Shareholders	31st March, 2020		31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
Reliance Retail Ventures Limited	80,860,000	80.00	80,860,000	80.00
L V Merchant jointly with K R Raja	20,215,000	20.00	20,215,000	20.00
(As trustees of Reliance Brands Stock Option Trust)				

Notes to the Financial Statements for the year ended 31st March, 2020

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

Particulars	As at	As at
	31st March, 2020	31st March, 2019
	No. of shares	No. of shares
Equity shares at the beginning of the year	101,075,000	101,075,000
Add: Equity shares issued during the year	-	-
Equity shares at the end of the year	101,075,000	101,075,000

(iv) The Company is authorized to issue up to seven crore ninty two lakh Restricted Stock units (RSUs) to eligible employees under the Company's restricted stock unit plans. The RSUs vest on different dates over a period of five years from the date of grant of RSUs as per the respective schemes and upon vesting, the employees are entitled to one equity share of the Company at par for every RSU. As on March 31, 2020 RSUs in force total to five crore forty four lakh eighty five thousand (previous year five crore forty four lakh eighty five thousand).

(v) 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.

₹ crore

12. Other Equity	As at 31st March, 2020	As at 31st March, 2019
Instruments Classified as Equity		
(Zero Coupon Optionally Fully Convertible Debentures of ₹ 10 each, fully paid up)		
As per last Balance Sheet	5 42.00	5 87.00
Issue / (Redemption)	-	(45.00)
	5 42.00	5 42.00
Retained Earnings		
As per last Balance Sheet	(4 40.22)	(1 60.15)
Addition on Amalgamation (Refer Note 34)	-	(91.91)
Amalgamation Adjustment (Refer Note 34)	-	(1 27.25)
Add: Profit/ (loss) for the year	(1 76.68)	(60.91)
	(6 16.90)	(4 40.22)
Other Comprehensive Income (OCI)		
As per last Balance Sheet	1.84	0.73
Addition on Amalgamation (Refer Note 34)	-	0.17
Add: Movement in OCI (Net) during the year	0.22	0.94
	2.06	1.84
Total	(72.84)	1 03.62

12.1 In view of the loss for the year, the company has not created the Debenture Redemption Reserve for a cumulative amount of ₹ 14.91 crore in terms of section 71(4) of the Companies Act, 2013. The Company shall create the Debenture Redemption Reserve out of profits, if any, in the future years.

Notes to the Financial Statements for the year ended 31st March, 2020

	₹ crore	
	As at 31st March, 2020	As at 31st March, 2019
13. Borrowings - Non-Current		
Unsecured - At Amortised Cost		
Loans and advances from related parties ⁽ⁱ⁾ [Refer Note 32(ii)]	22 35.45	10 51.09
Total	22 35.45	10 51.09
⁽ⁱ⁾ Represents from fellow subsidiary company		
	₹ crore	
14. Other Financial Liabilities - Non-Current	As at 31st March, 2020	As at 31st March, 2019
Lease Liabilities	4 46.75	-
Total	4 46.75	-
	₹ crore	
15. Provisions - Non-Current	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits (Refer note 22.1) ⁽ⁱ⁾	10.06	6.35
Total	10.06	6.35
⁽ⁱ⁾ The provision for employee benefits includes gratuity, annual leave and vested long service leave entitlement accrued and compensation claims made by employees.		
	₹ crore	
16. Trade Payables	As at 31st March, 2020	As at 31st March, 2019
Micro and Small Enterprises	1.58	0.63
Others	1 94.88	1 24.13
	1 96.46	1 24.76
Total	1 96.46	1 24.76
16.1 There are no overdue amounts to Micro, Small and Medium Enterprises as at 31st March, 2020.		
	₹ crore	
17. Other Financial liabilities - Current	As at 31st March, 2020	As at 31st March, 2019
Interest accrued but not due on Borrowings	57.28	46.82
Creditors for Capital Expenditure	16.10	14.96
Other Payables ⁽ⁱ⁾	3.52	2 47.85
Lease Liabilities - Current	96.45	-
Total	1 73.35	3 09.63
⁽ⁱ⁾ Includes security deposits received & financial liability at fair value.		

Notes to the Financial Statements for the year ended 31st March, 2020

		₹ crore	
		As at	As at
		31st March, 2020	31st March, 2019
18. Other Current Liabilities			
Revenue received in advance		2.48	1.74
Others (i)		31.85	16.01
Total		34.33	17.75
(i) Includes statutory dues and advances from customers.			
		₹ crore	
19. Provisions - Current		As at	As at
		31st March, 2020	31st March, 2019
Provision for employee benefits (Refer note 22.1) ⁽ⁱ⁾		0.21	1.61
Total		0.21	1.61
(i) The provision for employee benefits includes gratuity, annual leave and vested long service leave entitlement accrued and compensation claims made by employees.			
		₹ crore	
20. Other Income		2019-20	2018-19
Interest			
Bank Deposits	0.18	0.08	
Debt Instruments	9.56	1.36	
Others	0.25	0.10	
		9.99	1.54
Dividend income		11.35	-
Gain on Financial Assets			
Realised Gain	0.01	0.33	
Unrealised Gain	-	-	
		0.01	0.33
Total		21.35	1.87
Above other income comprises of assets measured at cost / amortised cost ₹ 21.34 crore (previous year ₹ 1.57 crore) and fair value through Profit and Loss ₹ 0.01 crore (previous year ₹ 0.30 crore).			
		₹ crore	
21. Changes in Inventories of Stock-in-Trade		2019-20	2018-19
Inventories (at close)			
Stock-in-trade		3 79.39	3 09.36
Inventories (at commencement)			
Stock-in-trade	3 09.36	1 36.47	
Add: On Amalgamation (Refer Note 34)	-	66.82	
		3 09.36	2 03.29
Total		(70.03)	(1 06.07)

Notes to the Financial Statements for the year ended 31st March, 2020

	₹ crore	
22. Employee Benefits Expense	2019-20	2018-19
Salaries and wages	1 47.97	1 18.41
Contribution to provident fund and other funds	9.10	7.33
Staff welfare expenses	15.73	5.03
Total	1 72.80	1 30.77

22.1 As per Ind AS 19 “Employee benefits”, the disclosures as defined are given below :

Defined Contribution Plan

	₹ crore	
Contribution to defined contribution plan, recognised as expenses for the year is as under:	2019-20	2018-19
Employer’s contribution to Provident Fund	1.76	1.27
Employer’s contribution to Pension Scheme	2.92	2.08

Defined Benefit Plan

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

Particulars	₹ crore	
	Gratuity (unfunded)	
	2019-20	2018-19
Defined benefit obligation at beginning of the year	5.52	3.40
Add on Amalgamation (Refer Note 34)	-	1.26
Current service cost	1.70	1.52
Interest cost	0.44	0.37
Actuarial (gain)/ loss	(0.21)	(0.94)
Benefits paid	(0.47)	(0.09)
Transfer in / (out)	-	-
Defined benefit obligation at year end	6.98	5.52

II. Reconciliation of fair value of assets and obligations

	Gratuity (unfunded)	
	2019-20	2018-19
Fair value of plan assets	-	-
Present value of obligation	6.98	5.52
Amount recognised in Balance Sheet (Surplus / Deficit)	6.98	5.52

III. Expenses recognised during the year

	Gratuity (unfunded)	
	2019-20	2018-19
Current service cost	1.70	1.52
Interest cost	0.44	0.37
Actuarial (gain)/ loss recognised in the year	-	-
Net benefit expense/ (income)	2.14	1.89
In Other Comprehensive Income		
Actuarial (gain / Loss)	(0.21)	(0.94)
Net (Income)/ Expense For the period Recognised in OCI	(0.21)	(0.94)

Notes to the Financial Statements for the year ended 31st March, 2020

IV. Actuarial assumptions

	Gratuity (unfunded)	
	2019-20	2018-19
Mortality Table (IALM)	2012-14	2006-08
(Ultimate)	(Ultimate)	
Discount rate (per annum)	6.84%	8.00%
Rate of escalation in salary (per annum)	6.00%	6.00%
Rate of employee turnover (per annum)	2.00%	2.00%

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

- V. The expected contributions for Defined Benefit Plan for the next financial year will be in line with Financial year 2019-20.

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

₹ crore

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	0.53	0.59	0.34	0.18
Change in rate of salary increase(delta effect of +/- 0.5%)	0.53	0.59	0.16	0.37
Change in rate of employee turnover (delta effect of +/- 0.5%)	0.01	0.01	0.05	0.01

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

Interest risk A decrease in the bond interest rate will increase the plan liability;

Longevity risk The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

23. Finance Costs

Interest Expenses
Lease
Total

2019-20

2018-19

1 60.60

70.78

49.31

-

2 09.91

70.78

₹ crore

Notes to the Financial Statements for the year ended 31st March, 2020

	₹ crore	
24. Other Expenses	2019-20	2018-19
Selling and Distribution Expenses		
Sales promotion and advertisement expenses	26.51	27.90
Store running expenses	22.19	16.86
Royalty	27.07	27.01
Commission	3.51	3.96
Warehousing and distribution expenses	<u>25.72</u>	<u>19.32</u>
	1 05.00	95.05
Establishment Expenses		
Stores and packing materials	9.25	10.02
Building repairs and maintenance	9.62	8.39
Other repairs	2.52	0.30
Rent including lease rentals	30.88	1 59.43
Insurance	3.65	3.12
Rates and taxes	2.45	2.54
Travelling and conveyance expenses	10.89	11.71
Professional fees	25.78	6.21
Loss on sale/ discarding of assets (net)	4.87	2.32
Exchange differences (net)	(24.16)	2.47
Security expenses	12.55	9.69
Electricity expenses	23.11	20.76
Hire charges	8.08	8.03
Bad debts written off	0.01	0.39
General expenses	<u>8.80</u>	<u>5.64</u>
	1 28.30	2 51.02
Payments to Auditor		
Statutory Audit Fees	0.06	0.06
Tax Audit Fees	0.01	0.01
Certification and Consultation Fees	<u>-</u>	<u>-</u>
	0.07	0.07
Total	<u>2 33.37</u>	<u>3 46.14</u>

Notes to the Financial Statements for the year ended 31st March, 2020

	₹ crore	
	As at 31st March, 2020	As at 31st March, 2019
25. Taxation		
Income tax Recognised in Statement of profit and loss	(29.85)	(15.44)
Current Tax	-	-
Deferred Tax	(29.85)	(15.44)
Total Income Tax expenses recognised in the Current Year	(29.85)	(15.44)
The income tax expenses for the year can be reconciled to the accounting profit as follows:		
Profit / (Loss) before tax	(2 06.53)	(76.35)
Applicable tax rate	25.170%	34.944%
Computed tax expenses	(51.98)	(26.68)
Tax Effect of:		
Carry forward losses	49.50	26.89
Expenses disallowed	55.81	12.54
Additional allowances	(53.33)	(12.75)
Current Tax Provision (A)	-	-
Incremental Deferred Tax Liability on account of Property, Plant and Equipment	1.25	(8.10)
Incremental Deferred Tax Liability on account of Financial Assets & Other items	(31.10)	(7.34)
Deferred Tax Provision (B)	(29.85)	(15.44)
Tax Expenses recognised in Statement of Profit and Loss (A+B)	(29.85)	(15.44)
Effective Tax Rate	14.45%	20.22%

- 26 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.

27 Earnings per share (EPS)

	2019-20	2018-19
Face Value per Equity Share (₹)	10.00	10.00
Basic / Diluted Earnings per Share (₹) *	(17.48)	(6.03)
Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ lakh)	(1 76.68)	(60.91)
Weighted average number of equity shares used as denominator for calculating Basic / Diluted EPS	101,075,000	101,075,000

*Diluted EPS is same as basic EPS, being antidilutive

Notes to the Financial Statements for the year ended 31st March, 2020

28 Commitments and Contingent Liabilities

₹ crore

	As at 31st March, 2020	As at 31st March, 2019
a Contingent Liabilities:		
Outstanding guarantees furnished to banks including in respect of letters of credit		
In respect of others	13.95	29.63
b Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for		
(i) In respect of joint ventures	1.62	0.37
(ii) In respect of others	10.14	19.90

29 Capital Management

For the purpose of the company's capital management, capital includes issued capital, share premium, convertible instruments and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by equity.

The Company includes within net debt, interest bearing loans and borrowings, less cash & cash equivalents.

Net Gearing Ratio

₹ crore

The net gearing ratio at end of the reporting period was as follows.	As at 31st March, 2020	As at 31st March, 2019
Gross Debt	22 35.45	10 51.09
Cash and Marketable Securities	8.23	9.06
Net Debt (A)	22 27.22	10 42.03
Total Equity (As per Balance Sheet) (B)	28.24	2 04.70
Net Gearing ratio (A/B)	78.87	5.09

Cash & Marketable Securities represents cash and equivalents of ₹ 8.23 crore (Previous Year ₹ 9.06 crore)

30 Financial Instruments

Valuation Methodology

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

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

Notes to the Financial Statements for the year ended 31st March, 2020

Fair value measurement hierarchy:

₹ crore

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Carrying Amount	Level of input used in			Carrying Amount	Level of input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
At Amortised Cost								
Loans	4 03.23	-	-	-	2.33	-	-	-
Trade Receivables	1 32.55	-	-	-	1 09.07	-	-	-
Cash and Cash Equivalents	8.23	-	-	-	9.06	-	-	-
Other Financial Assets	53.98	-	-	-	1 38.98	-	-	-
At FVTPL								
Investments	-	-	-	-	-	-	-	-
Financial Derivatives	-	-	-	-	-	-	-	-
At FVTOCI								
Investments	13.50	-	-	13.50	11.50	-	-	11.50
Financial Liabilities								
At Amortised Cost								
Borrowings	22 35.45	-	-	-	10 51.09	-	-	-
Trade Payables	1 96.46	-	-	-	1 24.76	-	-	-
Other Financial Liabilities	6 20.10	-	-	-	3 09.59	-	-	-
At FVTPL								
Financial Derivatives	-	-	-	-	0.04	-	0.04	-

Exclude Group Company investments ₹ 10 34.95 crore (₹ 6 93.31 crore) measured at cost (Refer Note 2.1).

Reconciliation of fair value measurement of the investment categorised at level 3:

₹ crore

Particulars	As at	
	31st March, 2020	31st March, 2019
	At FVTOCI	At FVTOCI
Opening Balance	11.50	-
Addition during the year	2.00	11.50
Closing Balance	13.50	11.50

The financial instruments are categorized into three 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.

Level 3: Inputs are based on unobservable market data.

Notes to the Financial Statements for the year ended 31st March, 2020

Foreign Currency Risk

The following table shows foreign currency exposures in EUR, GBP, AUD, HKD and USD on financial instruments at the end of the reporting period.

i) Foreign Currency Exposure ₹ crore

	As at 31st March, 2020					As at 31st March, 2019				
	EUR	GBP	AUD	HKD	USD	EUR	GBP	AUD	HKD	USD
Trade and other Payables	2.52	11.80	-	0.12	11.54	1.39	5.04	0.01	-	4.08
Derivatives										
Forwards	-	-	-	-	-	-	(1.17)	-	-	(1.39)
Exposure	2.52	11.80	-	0.12	11.54	1.39	3.87	0.01	-	2.69

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

ii) Foreign Currency Sensitivity

	As at 31st March, 2020					As at 31st March, 2019				
	EUR	GBP	AUD	HKD	USD	EUR	GBP	AUD	HKD	USD
1% Depreciation in INR										
Impact on P&L	(0.03)	(0.12)	-	0.00	(0.12)	(0.01)	(0.04)	0.00	-	(0.03)
Total	(0.03)	(0.12)	-	0.00	(0.12)	(0.01)	(0.04)	0.00	-	(0.03)
	As at 31st March, 2020					As at 31st March, 2019				
	EUR	GBP	AUD	HKD	USD	EUR	GBP	AUD	HKD	USD
1% Appreciation in INR										
Impact on P&L	0.03	0.12	-	0.00	0.12	0.01	0.04	0.00	-	0.03
Total	0.03	0.12	-	0.00	0.12	0.01	0.04	0.00	-	0.03

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that a customer will fail to pay amounts due causing financial loss to the company. It arises from cash and cash equivalents, and principally from credit exposures to customers relating to outstanding receivables.

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.

₹ crore

Maturity Profile as at 31st March, 2020							
Particulars	Below 3 months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Borrowings							
Non-Current	-	-	-	-	22 35.45	-	22 35.45
Current	-	-	-	-	-	-	-
Total	-	-	-	-	22 35.45	-	22 35.45
Lease Liabilities	34.06	35.50	70.01	331.77	129.11	164.98	7 65.43

Notes to the Financial Statements for the year ended 31st March, 2020

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	-	-	-	-	10 51.09	-	10 51.09
Current	-	-	-	-	-	-	-
Total	-	-	-	-	10 51.09	-	10 51.09

31 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 2020 (Refer Note 3)
- ii) Investments made by the company as at 31st March 2020 (Refer Note 2)

32 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	Reliance Industrial Investments and Holdings Limited	
4	Reliance GAS Lifestyle India Private Limited	Subsidiary Companies
5	Reliance Brands Holding UK Limited*	
6	Hamleys (Franchising) Limited*	
7	Reliance Retail Limited	Fellow Subsidiaries
8	Reliance SMSL Limited	
9	Digital18 Media Limited	
10	Reliance Petro Marketing Limited	
11	Reliance Corporate IT Park Limited	
12	Reliance Industrial Investments and Holdings Limited	
13	Reliance Jio Infocomm Limited	
14	Viacom 18 Media Private Limited	
15	Reliance Clothing India Private Limited	
16	Reliance Progressive Traders Private Limited	
17	Genesis La Mode Private Limited	
18	GLF Lifestyle Brands Private Limited	
19	GML India Fashion Private Limited	
20	Reliance Projects & Property Management Services Limited (Formerly Reliance Digital Platform & Project Services Limited)	
21	Reliance Ambit Trade Private Limited	
22	Reliance Eminent Trading & Commercial Private Limited	
23	Reliance Prolific Commercial Private Limited	

Notes to the Financial Statements for the year ended 31st March, 2020

Sr. No.	Name of the Related Parties	Relationship
24	Shopsense Retail Technologies Private Limited*	
25	The Indian Film Combine Private Limited	
26	GLB Body Care Private Limited	
27	Reliance Payment Solutions Limited	
28	Diesel Fashion India Reliance Private Limited	Joint Venture
29	Reliance Paul & Shark Fashions Private Limited	
30	Zegna South Asia Private Limited	
31	Iconix Lifestyle India Private Limited	
32	Brooks Brothers India Private Limited	
33	Ryohin-Keikaku Reliance India Private Limited	
34	Reliance GAS Lifestyle India Private Limited	
35	Reliance Bally India Private Limited	
36	TCO Reliance India Private Limited*	
37	Reliance Sideways Private Limited*	
38	Genesis Luxury Fashion Private Limited	Associate
39	Genesis Colors Limited	
40	Pranav Lodhavia	Key Managerial Personnel
41	Ravindra Patel*	
42	Darshan Mehta	

* 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):

₹ crore

Sr. No.	Nature of Transactions	Ultimate Holding Company	Holding Company	Subsidiaries	Joint Venture	Fellow Subsidiaries	Associates	Key Managerial Personnel	Total
1	Share application money paid	-	-	-	-	-	-	-	-
		-	-	-	1.25	-	-	-	1.25
2	Net unsecured loans taken/ (repaid)	-	-	-	-	11 84.36	-	-	11 84.36
		-	6 02.73	-	-	46.04	-	-	6 48.77
3	Net Loans and advances given/ (returned)	-	-	3 14.84	-	-	18.16	-	3 33.00
		-	-	-	-	-	2.33	-	2.33
4	Subscription to / (Redemption) of investments	-	-	3 08.92	31.13	-	1.59	-	3 41.64
		-	-	0.03	9.95	-	2 06.18	-	2 16.16
5	Issue / (Redemption) of Zero Coupon Optionally Fully Convertible Debentures	-	-	-	-	-	-	-	-
		-	(45.00)	-	-	-	-	-	(45.00)
6	Purchase of Property, Plant and Equipment/ project materials	-	-	-	0.01	2.96	-	-	2.97
		-	-	-	0.05	1.68	-	-	1.73

Notes to the Financial Statements for the year ended 31st March, 2020

Sr. No.	Nature of Transactions	Ultimate Holding Company	Holding Company	Subsidiaries	Joint Venture	Fellow Subsidiaries	Associates	Key Managerial Personnel	Total
7	Sale of Property, Plant and Equipment/ project materials	-	-	-	-	0.02	0.02	-	0.04
		-	-	0.04	0.04	0.02	0.11	-	0.21
8	Revenue from operations	0.27	-	17.54	27.86	62.94	12.77	-	1 21.38
		0.01	-	1.86	19.28	21.95	1.14	-	44.24
9	Other Income	-	-	5.60	-	-	1.46	-	7.06
		-	-	-	-	-	1.35	-	1.35
10	Dividend Income	-	-	-	11.35	-	-	-	11.35
		-	-	-	-	-	-	-	-
11	Purchases	3.74	-	2.45	3.15	18.47	4.22	-	32.03
		4.64	-	-	3.94	8.14	1.52	-	18.24
12	Staff welfare expenses	-	-	-	0.05	-	-	-	0.05
		-	-	-	-	-	-	-	-
13	Professional fees	0.33	-	-	-	1.64	-	-	1.97
		0.20	-	0.00	-	0.46	-	-	0.66
14	Warehousing and distribution expenses	-	-	-	-	5.55	-	-	5.55
		-	-	-	-	0.27	-	-	0.27
15	Store running expenses	-	-	-	-	13.75	-	-	13.75
		-	-	-	-	11.56	-	-	11.56
16	Other repairs	-	-	-	-	-	-	-	-
		-	-	-	-	0.36	-	-	0.36
17	Building repairs and maintenance	-	-	-	-	-	-	-	-
		-	-	-	-	0.07	-	-	0.07
18	Interest cost	-	-	-	-	1 60.60	-	-	1 60.60
		-	-	-	-	79.09	-	-	79.09
19	Electricity expenses	0.03	-	-	-	1.52	-	-	1.55
		-	-	-	-	0.39	-	-	0.39
20	Rent	-	-	-	-	0.83	-	-	0.83
		-	-	-	-	0.10	-	-	0.10
21	Royalty	-	-	4.94	-	-	-	-	4.94
		-	-	-	-	-	-	-	-
22	Sales promotion and advertisement expenses	-	-	-	-	0.21	-	-	0.21
		-	-	-	0.08	0.10	-	-	0.18
23	General expenses	-	-	-	-	0.09	-	-	0.09
		-	-	-	-	0.20	-	-	0.20
24	Commission	-	-	-	-	1.17	-	-	1.17
		-	-	-	-	-	-	-	-
25	Payment to Key Managerial Personnel	-	-	-	-	-	-	5.91	5.91
		-	-	-	-	-	-	5.92	5.92

Notes to the Financial Statements for the year ended 31st March, 2020

Balance as at 31st March, 2020

Sr. No.	Nature of Transactions	Ultimate Holding Company	Holding Company	Subsidiaries	Joint Venture	Fellow Subsidiaries	Associates	Key Managerial Personnel	Total
26	Share capital	-	80.86	-	-	-	-	-	80.86
		-	80.86	-	-	-	-	-	80.86
27	Borrowings - Non-Current	-	-	-	-	22 35.45	-	-	22 35.45
		-	-	-	-	10 51.09	-	-	10 51.09
28	Zero Coupon Optionally Fully Convertible Debenture	-	5 42.00	-	-	-	-	-	5 42.00
		-	5 42.00	-	-	-	-	-	5 42.00
29	Investments - Non-Current	-	-	3 08.92	2 49.21	-	4 76.82	-	10 34.95
		-	-	51.03	1 67.05	-	4 75.23	-	6 93.31
30	Loans - Non-Current	-	-	3 14.84	-	-	20.49	-	3 35.33
		-	-	-	-	-	2.33	-	2.33
31	Trade and other receivables	0.00	-	-	6.87	42.64	9.71	-	59.22
		0.14	-	-	2.68	19.93	1.14	-	23.89
32	Deposits	-	-	-	-	3.24	-	-	3.24
		-	-	-	-	-	-	-	-
33	Other Financial Assets	-	-	8.09	-	-	0.15	-	8.24
		-	40.00	-	-	-	1.22	-	41.22
34	Advance to Vendors	-	-	-	0.03	0.05	0.28	-	0.36
		-	-	-	1.49	-	-	-	1.49
35	Advance from customers Vendors	-	-	1.06	-	-	-	-	1.06
		-	-	-	0.01	-	-	-	0.01
36	Application money pending allotment	-	-	-	-	-	-	-	-
		-	-	-	1.25	-	-	-	1.25
37	Other Financial Liabilities	-	-	-	-	57.28	-	-	57.28
		-	-	-	-	46.82	-	-	46.82
38	Trade and other payables	1.48	-	0.36	4.11	21.93	3.15	-	31.03
		1.97	-	-	1.38	9.84	0.93	-	14.12
39	Guarantees	-	-	-	-	13.95	-	-	13.95
		-	-	-	-	8.98	-	-	8.98

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

Notes to the Financial Statements for the year ended 31st March, 2020

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

₹ crore

	Particulars	Relationship	2019-20	2018-19
1	Share application money paid			
	Reliance Paul & Shark Fashions Private Limited	Joint Venture	-	1.25
2	Net unsecured loans taken/ (repaid)			
	Reliance Industrial Investments and Holdings Limited	Holding Company	-	6 02.73
	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary	-	(6 02.73)
	Reliance Retail Limited	Fellow Subsidiary	11 84.36	6 48.77
3	Net Loans and advances given/ (returned)			
	Reliance Brands Holding UK Limited*	Subsidiary	3 14.84	-
	Genesis Luxury Fashion Private Limited	Associate	19.49	-
	Genesis Colors Limited	Associate	(1.33)	2.33
4	Subscription to / (Rdemption) of investments			
	Reliance GAS Lifestyle India Private Limited	Subsidiary	-	0.03
	Reliance Brands Holding UK Limited*	Subsidiary	3 08.92	-
	Reliance GAS Lifestyle India Private Limited	Joint Venture	(1.03)	-
	Ryohin-Keikaku Reliance India Private Limited	Joint Venture	8.33	3.33
	Zegna South Asia Private Limited	Joint Venture	2.70	-
	Diesel Fashion India Reliance Private Limited	Joint Venture	4.90	6.12
	Reliance Bally India Private Limited	Joint Venture	1.25	-
	Reliance Paul & Shark Fashions Private Limited	Joint Venture	1.25	0.50
	Reliance Sideways Private Limited*	Joint Venture	0.01	-
	TCO Reliance India Private Limited*	Joint Venture	13.72	-
	Genesis Luxury Fashion Private Limited	Associate	1.59	2.68
	Genesis Colors Limited	Associate	-	2 03.50
	5	Issue/(Redemption) of Zero Coupon Optionally Fully Convertible Debentures		
Reliance Retail Ventures Limited		Holding Company	-	(45.00)
6	Purchase of Property, Plant and Equipment / project materials			
	Reliance Retail Limited	Fellow Subsidiary	2.96	1.68
	Reliance Corporate IT Park Limited {current year ₹ nil (previous year ₹ 4 597)}	Fellow Subsidiary	-	0.00
	Ryohin-Keikaku Reliance India Private Limited	Joint Venture	0.01	0.05
7	Sale of Property, Plant and Equipment / project materials			
	Reliance GAS Lifestyle India Private Limited	Subsidiary	-	0.04
	Reliance GAS Lifestyle India Private Limited	Joint Venture	-	0.04
	Reliance Bally India Private Limited (previous year ₹ 16,373)	Joint Venture	-	0.00
	GLF Lifestyle Brands Private Limited	Fellow Subsidiary	0.02	0.01
	Genesis La Mode Private Limited	Fellow Subsidiary	-	0.01
	Genesis Colors Limited	Associate	-	0.10
	Genesis Luxury Fashion Private Limited	Associate	0.02	0.01

Notes to the Financial Statements for the year ended 31st March, 2020

	Particulars	Relationship	2019-20	2018-19
8	Revenue from operations			
	Reliance Industries Limited	Ultimate Holding Company	0.27	0.01
	Reliance GAS Lifestyle India Private Limited	Subsidiary	-	1.86
	Reliance Brands Holding UK Limited*	Subsidiary	17.54	-
	Reliance Retail Limited	Fellow Subsidiary	61.07	14.53
	Genesis La Mode Private Limited	Fellow Subsidiary	0.68	4.96
	GLF Lifestyle Brands Private Limited	Fellow Subsidiary	0.94	1.69
	GML India Fashion Private Limited	Fellow Subsidiary	0.11	0.77
	Reliance Corporate IT Park Limited	Fellow Subsidiary	0.07	-
	GLB Body Care Private Limited	Fellow Subsidiary	0.07	-
	Reliance GAS Lifestyle India Private Limited	Joint Venture	4.47	2.27
	Zegna South Asia Private Limited	Joint Venture	1.54	1.50
	Diesel Fashion India Reliance Private Limited	Joint Venture	5.69	5.64
	Reliance Paul & Shark Fashions Private Limited	Joint Venture	0.99	0.74
	Brooks Brothers India Private Limited	Joint Venture	3.69	2.82
	Iconix Lifestyle India Private Limited	Joint Venture	3.11	3.27
	Ryohin-Keikaku Reliance India Private Limited	Joint Venture	1.92	1.93
	Reliance Bally India Private Limited	Joint Venture	1.82	1.11
	TCO Reliance India Private Limited*	Joint Venture	4.63	-
	Genesis Colors Limited	Associate	0.34	-
	Genesis Luxury Fashion Private Limited	Associate	12.43	1.14
9	Other Income			
	Reliance Brands Holding UK Limited*	Subsidiary	5.60	-
	Genesis Luxury Fashion Private Limited	Associate	1.24	-
	Genesis Colors Limited	Associate	0.22	1.35
10	Dividend Income			
	Iconix Lifestyle India Private Limited	Joint Venture	11.35	-
11	Purchases			
	Reliance Industries Limited	Ultimate Holding Company	3.74	4.64
	Hamleys (Franchising) Limited*	Subsidiary	2.45	-
	Reliance Retail Limited	Fellow Subsidiary	21.47	4.23
	Reliance SMSL Limited	Fellow Subsidiary	0.55	-
	Genesis La Mode Private Limited	Fellow Subsidiary	1.49	1.24
	GML India Fashion Private Limited	Fellow Subsidiary	0.36	0.51
	GLF Lifestyle Brands Private Limited	Fellow Subsidiary	(5.39)	2.16
	Diesel Fashion India Reliance Private Limited	Joint Venture	0.22	0.51
	Brooks Brothers India Private Limited	Joint Venture	1.37	2.73
	Reliance Paul & Shark Fashions Private Limited	Joint Venture	0.17	0.08
	Ryohin-Keikaku Reliance India Private Limited	Joint Venture	-	0.03
	Reliance Bally India Private Limited	Joint Venture	0.28	0.58
	Reliance GAS Lifestyle India Private Limited	Joint Venture	1.11	0.01
	Genesis Colors Limited	Associate	(0.29)	0.17
	Genesis Luxury Fashion Private Limited	Associate	4.50	1.35

Notes to the Financial Statements for the year ended 31st March, 2020

	Particulars	Relationship	2019-20	2018-19
12	Staff welfare expenses			
	Reliance GAS Lifestyle India Private Limited	Joint Venture	0.05	-
13	Professional fees			
	Reliance Industries Limited	Ultimate Holding Company	0.33	0.20
	Reliance GAS Lifestyle India Private Limited (previous year ₹ 40,791)	Subsidiary	-	0.00
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	0.57	-
	Reliance Retail Limited	Fellow Subsidiary	0.94	-
	Reliance Corporate IT Park Limited	Fellow Subsidiary	0.13	0.46
14	Warehousing and distribution expenses			
	Reliance Retail Limited	Fellow Subsidiary	5.55	0.27
15	Store running expenses			
	Reliance SMSL Limited	Fellow Subsidiary	13.75	11.56
16	Other repairs			
	Reliance Retail Limited	Fellow Subsidiary	-	0.36
17	Building repairs and maintenance			
	Reliance Retail Limited	Fellow Subsidiary	-	0.07
18	Interest cost			
	Reliance Retail Limited	Fellow Subsidiary	1 60.60	70.72
	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary	-	8.37
19	Electricity expenses			
	Reliance Industries Limited	Ultimate Holding Company	0.03	-
	Reliance Corporate IT Park Limited	Fellow Subsidiary	0.27	0.32
	Reliance Progressive Traders Private Limited	Fellow Subsidiary	0.13	0.07
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	0.03	-
	Reliance Ambit Trade Private Limited	Fellow Subsidiary	0.48	-
	Reliance Eminent Trading & Commercial Private Limited	Fellow Subsidiary	0.28	-
	Reliance Prolific Commercial Private Limited	Fellow Subsidiary	0.33	-
20	Rent			
	Reliance Corporate IT Park Limited	Fellow Subsidiary	0.04	0.10
	Reliance Projects & Property Management Services Limited	Fellow Subsidiary	0.02	-
	Reliance Ambit Trade Private Limited	Fellow Subsidiary	0.49	-
	Reliance Eminent Trading & Commercial Private Limited	Fellow Subsidiary	0.16	-
	Reliance Prolific Commercial Private Limited	Fellow Subsidiary	0.09	-
	Reliance Progressive Traders Private Limited	Fellow Subsidiary	0.03	-

Notes to the Financial Statements for the year ended 31st March, 2020

	Particulars	Relationship	2019-20	2018-19
21	Royalty			
	Hamleys (Franchising) Limited*	Subsidiary	4.94	-
22	Sales promotion and advertisement expenses			
	Ryohin-Keikaku Reliance India Private Limited	Joint Venture	-	0.08
	Reliance Retail Limited	Fellow Subsidiary	0.09	-
	Viacom 18 Media Private Limited	Fellow Subsidiary	0.12	0.10
23	General expenses			
	Reliance Jio Infocomm Limited	Fellow Subsidiary	0.09	0.20
24	Commission			
	Shopsense Retail Technologies Private Limited*	Fellow Subsidiary	1.17	-
25	Payment to Key Managerial Personnel			
	Pranav Lodhavia	Key Managerial Personnel	0.74	0.64
	Ravindra Patel*	Key Managerial Personnel	0.29	0.32
	Darshan Mehta	Key Managerial Personnel	4.88	4.96
	Dhirendra Nanda	Key Managerial Personnel	-	-

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

		₹ crore	
32.1	Compensation of Key Managerial Personnel	2019-20	2018-19
i	Short-term benefits	5.78	5.92
ii	Post employment benefits (previous year ₹ 43 200)	0.13	0.00
	Total	5.91	5.92

- 33** Ind AS 116 is applicable to Company considering all the leases are cancellable only by the company as a lessee and the company's option to terminate the lease at any time considering the various economic incentive may not in its favour. Accordingly the company has recognised the lease assets and liabilities and given effect of lease accounting in the books of accounts for year 2019-20. Accordingly the Right to Use Assets, Lease liability are accounted as on 1st April 2019 onwards and effect during the year for Rent, Finance Cost and Depreciation are accounted as per the Ind AS 116.
- 34** Pursuant to Scheme of Amalgamation ('the Scheme') of Reliance Lifestyle Holdings Limited (RLHL) and Rhea Retail Private Limited (RRPL) (jointly termed as 'Transferor Companies') with the Company under Sections 230 to 232 of the Companies Act, 2013 sanctioned by the Honorable National Company Law Tribunal, Mumbai Bench vide a certified order dated February 11, 2020, the assets and liabilities of Transferor Companies are transferred to and vested in the Company with effect from the Appointed date i.e April 1, 2018, with previous year figures being restated to give effect to the business combination from the appointed date.

Notes to the Financial Statements for the year ended 31st March, 2020

In accordance with the said Scheme and as per the approval of Honourable National Company Law Tribunal, Mumbai Bench:

- a) The assets, liabilities and reserves of the transferor companies have been vested with the Company with effect from 1st April, 2018 and have been recorded at their respective values as appearing in the books of account of the respective Transferor Companies after making adjustment to ensure uniformity of accounting policies under pooling of interest method of amalgamation.
- b) Pursuant to the Scheme of Amalgamation :
 - i) 50,000 Equity Shares of ₹ 10 each of Reliance Lifestyle Holdings Limited held by Reliance Brands Limited have been cancelled have been cancelled and no shares of the Company have been issued.
 - ii) 7,77,33,201 Equity Shares of ₹ 10 each of Rhea Retail Private Limited held by Reliance Brands Limited have been cancelled and no shares of the Company have been issued.
- c) Excess of cost of Investment over the paid up share capital of transferor Companies of ₹ 1,27,25,31,125/- have been adjusted in retained earnings.

The above scheme is in accordance with Indian Accounting Standards i.e. Ind AS 103 - Business Combination.

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

36 The Financial statements were approved for issue by the Board of Directors on 27th April, 2020.

As per our Report of even date
For **Rajendra & Co**
Chartered Accountants
Firm's Registration No. 108355W

K.K. Desai
Partner
Membership No. 100805

Mumbai
Dated : 27th April, 2020

For and on behalf of the Board

V Subramaniam
Director

Samirbhai Sheth
Director

Hetal Rathod
Director

Pranav Lodhavia
Chief Financial Officer

Ashwin Khasgiwala
Director

K. Sudarshan
Director

Darshan Mehta
Chief Executive Officer

Sheetal Limaye
Company Secretary