

SPENCER'S RETAIL LIMITED

DIRECTORS' REPORT

To The Members,

Your Directors take pleasure in submitting the Thirteenth Annual Report and Audited Accounts of the Company for the year ended 31st March 2013.

FINANCIAL RESULTS

| <u>Particulars</u> | Rs/Million | |
|--|----------------|----------------|
| | <u>2012-13</u> | <u>2011-12</u> |
| Sales and Other Income | 13470 | 12063 |
| Operating Loss | 873 | 1509 |
| Interest | 341 | 381 |
| Depreciation | 320 | 504 |
| Loss for the year before exceptional items & Taxes | 1534 | 2395 |
| Exceptional Items | 447 | 159 |
| Taxes (Deferred Tax) | 110 | NIL |
| Loss after Taxes | 2091 | 2554 |

PERFORMANCE REVIEW AND OUTLOOK

The Company continued its journey of growing topline by achieving a robust same store sales growth of 16% for the year with large format stores growing at about 20%. The Company completed consolidation of its operations by closing remaining non-profitable small format stores including complete exit from Pune cluster.

The focused approach of growing the viable profitable business, alongwith the major steps taken in the areas of opex control and margin improvement, have resulted in much better performance at the company Ebidta level for the year over the previous year. The Company is implementing various initiatives to improve the business profitability of its non-food business viz, apparel and general merchandising.

As a result of these measures, operating loss for the year was Rs.873 million vs. Rs.1509 million in the previous year.

After consolidating its operations, the Company is gearing up for rolling out large format stores to improve its market position in the existing clusters. This will help in fully leveraging back end and advertising costs.

Key priorities for the current year are growing in non food business, further improving in store experience alongwith building people capability to sustain the aggressive growth plan for the coming years for the Company.

Company looks forward to further strengthening its performance in the coming years.

NOTE ON SUBSIDIARIES

The Company has two subsidiary companies namely Music World Retail Limited and Au Bon Pain Café India Limited.

As required under Section 212 of the Companies Act, 1956 ('the Act'), the Audited Statement of Accounts along with the Report of the Board of Directors of both the subsidiary

companies and the respective Auditors Report thereon for the year ended 31 March 2013, are annexed to the Balance Sheet as at 31 March 2013 of your Company.

A statement pursuant to Section 212 of the Act is also annexed.

MERGER

The Hon'ble Calcutta High Court has passed an Order sanctioning a scheme of amalgamation of Music World Retail Limited, a wholly-owned subsidiary, with the Company. Necessary steps will be taken in this regard on receipt of the certified copy of the said Order.

DIRECTORS

During the year, Mr. Soumyajit Roy resigned as Manager of the Company and Mr. Vineet Kumar Kapila was appointed as Managing Director on the Board of the Company with effect from 1 August 2012.

Mr. Vineet Kumar Kapila resigned from the Board as Managing Director with effect from 30 November 2012 and Mr. Mohit Kampani was appointed as Additional Director and then the Whole-time Director on the Board of the Company for a period of 3 years with effect from 1 December 2012. The Company has received a notice from a member alongwith the requisite deposit of money signifying his intention to propose the appointment of Mr. Kampani as Director of the Company at the ensuing Annual General Meeting.

Pursuant to Section 256 of the Act, Mr. Rajendra Jha retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for reappointment.

AUDIT COMMITTEE

The Audit Committee consists of three members namely Mr. Rajendra Jha, Mr. Subhasis Mitra and Mr. Bhanwarlal Chandak.

AUDITORS' REPORT

The qualification of the Auditors on deferred tax asset has been explained in Note. 2.1.1 of the Notes to Financial Statements as at and for the year ended 31 March 2013.

AUDITORS

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting. M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, have expressed their unwillingness for re-appointment as Statutory Auditors at the forthcoming Annual General Meeting.

In view of the above, the Board recommends appointment of M/s. S R B C & Co. LLP, Chartered Accountants, in place of the retiring Auditors, as Statutory Auditors of the Company at the forthcoming Annual General Meeting of the Company.

M/s. S R B C & Co. LLP, Chartered Accountants, had conveyed their willingness to be the Auditors of the Company, if appointed, and confirmed that such an appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended, particulars of employees form part of this report. This report is being sent to the shareholders of the Company excluding the aforesaid information. Any shareholder may write to the Company for obtaining a copy thereof.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Act, the Directors hereunder confirm that:

- i. in the preparation of annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii. they have selected such Accounting Policies and applied them consistently; and made judgment and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the Company for the year ended on that date;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. that the annual Accounts have been prepared on a 'going concern' basis.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Sec. 217(1)(e) of the Act relating to energy conservation and technology absorption do not apply to the Company. The Company widely uses information technology in its operations.

During the year under review, the foreign exchange earning was NIL and expenditure in foreign currency amounted to Rs 0.92 million mainly due to miscellaneous foreign currency payments.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the valuable services rendered by the employees of the Company at all levels. The Directors would also like to express their appreciation to bankers, trade suppliers, customers, financial institutions and the shareholders for their continued support and cooperation.

For and on behalf of the Board

Kolkata

Date : 24 May 2013

Sd/-
Director

Sd/-
Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Spencer's Retail Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Spencer's Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

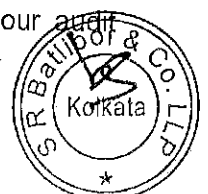
Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Basis for qualified opinion

Attention is drawn to note no. 13 to the financial statements regarding continuation of net deferred tax asset (DTA) of Rs 31,053.45 lakhs (Rs. 32,154.69 lakhs) in the accounts based on the future profitability projections made by the management. However, in the absence of virtual certainty as stated in Accounting Standard 22 on Deferred Taxes, we are unable to express any opinion on the above projections and their consequent impact if any, on such Deferred Tax Asset.

Had the above asset been reversed, there would be a loss of Rs 51,967.53 lakhs as against the reported loss of Rs. 20,914.08 lakhs and shareholder's funds would have reduced by Rs 31,053.45 lakhs. This had also caused us to qualify our audit opinion on the financial statements relating to the preceding year.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



S.R. BATLIBOI & Co. LLP

Chartered Accountants

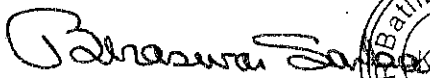
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) *Except for the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

S.R. Batliboi & Co. LLP

For S.R. Batliboi & CO. LLP

Chartered Accountants

Firm Registration Number: 301003E


Per Bhaswar Sarkar

Partner

Membership Number: 55596



Place of Signature: Kolkata

Date: 24th May, 2013

TO

THE MEMBERS OF SPENCER'S RETAIL LIMITED

[REFERRED TO IN OUR REPORT OF EVEN DATE]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets were physically verified by the management during the year in accordance with a planned programme of verifying all of them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has written off and also sold certain unusable assets arising out of the closure of non- viable and loss making stores. Based on the information and explanations given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said assets has not affected the going concern status of the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

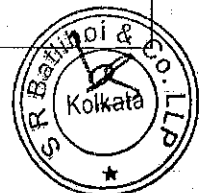


S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the requirement for maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company is not applicable during the year.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|-------------------------|------------------------------------|----------------------|---|--|
| Various States VAT Acts | Sales tax demand on stock Transfer | 49.57 | 2003-04, 2007-08 to 2009-10 | Various appellate authorities |
| | Miscellaneous | 89.20 | 2000-01 to 2004-05, 2008-09 and 2011-12 | Appellate Deputy Commissioner/Additional Commissioner/Appellate Tribunal |

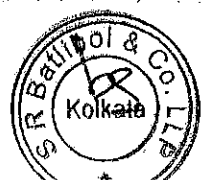


S.R. BATLIBOI & CO. LLP

Chartered Accountants

| Name of the statute | Nature of dues | Amount (Rs in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|--|----------------------|------------------------------------|--------------------------------|
| Finance Act 1994 | Service Tax demand on concessionaire income | 113.20 | 2007-08 & 2008-09 | Commissioner, Appeals |
| | Service tax demand on availment of Cenvat credit | 1039.94 | 2006-07 to 2010-11 | Appeal yet to be filed |

- (x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has also incurred cash loss in the current as well as the immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

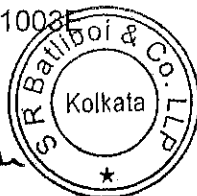
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds amounting to Rs.24,662 lakhs raised on short term basis in the form of loan from banks and other current liabilities have been used for long-term application.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

S.R. Batliboi & Co. LLP

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm Registration Number: 301003



Bhaswar Sarkar

per Bhaswar Sarkar

Partner

Membership No.: 55596

Place: Kolkata

Date: 24th May, 2013

SPENCER'S RETAIL LIMITED
Balance sheet as at 31 st March 2013

| | Notes | 31st March 2013 ₹ Lakhs | 31st March 2012 ₹ Lakhs |
|---|-------|----------------------------|----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's funds | | | |
| (a) Share capital | 3 | 10,405.65 | 2,601.41 |
| (b) Reserves and surplus | 4 | (1,10,958.65) | (91,605.41) |
| | | (1,00,553.00) | (89,004.00) |
| Share application money pending allotment | 5 | 1,14,179.92 | 1,06,845.00 |
| Non-current liabilities | | | |
| (a) Long-term borrowings | 6 | 22,500.00 | 8,625.00 |
| (b) Other Long-term liabilities | 7 | 32.09 | 4,404.52 |
| (c) Long-term provisions | 8 | 511.97 | 439.49 |
| | | 23,044.06 | 13,469.01 |
| Current liabilities | | | |
| (a) Short-term borrowings | 9 | 20,000.00 | 35,000.00 |
| (b) Trade payables | 10.1 | 13,418.76 | 13,371.19 |
| (c) Other current liabilities | 10.2 | 5,312.40 | 6,519.91 |
| (d) Short-term provisions | 8 | 1,222.18 | 933.30 |
| | | 39,953.34 | 55,824.40 |
| TOTAL | | 76,624.32 | 87,134.42 |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Fixed assets | | | |
| Tangible assets | 11.1 | 17,227.57 | 21,260.79 |
| Intangible assets | 11.2 | 928.01 | 867.44 |
| Capital work-in-progress | | 160.43 | - |
| (b) Non-current investments | 12 | 2,801.00 | 10,425.00 |
| (c) Deferred tax assets (net) | 13 | 31,053.45 | 32,154.69 |
| (d) Long-term loans and advances | 14 | 7,483.95 | 7,003.90 |
| (e) Other non-current assets | 17.2 | 1,678.84 | 1,553.94 |
| | | 61,333.25 | 73,265.76 |
| Current assets | | | |
| (a) Inventories | 15 | 10,645.04 | 10,787.63 |
| (b) Trade receivables | 17.1 | 2,121.99 | 1,626.40 |
| (c) Cash and Bank balances | 16 | 1,790.73 | 694.24 |
| (d) Short-term loans and advances | 14 | 704.67 | 722.95 |
| (e) Other current assets | 17.2 | 28.64 | 37.44 |
| | | 15,291.07 | 13,868.66 |
| TOTAL | | 76,624.32 | 87,134.42 |

Summary of Significant Accounting Policies 2.1

The accompanying notes referred to above form an integral part of the Financial Statements

As per our report of even date attached

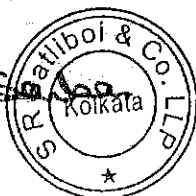
S.R. Batliboi & Co. LLP

For S. R. BATLIBOI & CO. LLP

Firm Registration No: 301003E

Chartered Accountants

per Bhaswar Sarkar
Partner
Membership No 55596



For and on behalf of the Board of Directors

✓ ✓
Directors

Company Secretary

Place : Kolkata
Date : 24th May, 2013

SPENCER'S RETAIL LIMITED

Statement of Profit and Loss for the year ended 31st March 2013

| | Notes | 2012-13 ₹ Lakhs | 2011-12 ₹ Lakhs |
|---|-------|--------------------|--------------------|
| Income: | | | |
| Revenue from operations | 18 | 1,33,775.25 | 1,19,894.80 |
| Other income | 19 | 922.51 | 730.71 |
| Total Revenue (I) | | 1,34,697.76 | 1,20,625.51 |
| Expenses: | | | |
| Purchase of traded goods | 20 | 1,06,873.52 | 98,434.26 |
| (Increase)/Decrease in traded/manufactured goods | 20 | 962.07 | (645.29) |
| Raw Materials Consumed | 21 | 273.77 | - |
| Employee benefit expenses | 22 | 11,486.45 | 11,549.16 |
| Other expenses | 23 | 22,898.05 | 25,324.74 |
| Total (II) | | 1,42,493.86 | 1,34,662.87 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II) | | (7,796.10) | (14,037.36) |
| Depreciation, Amortisation and Impairment | 24 | 3,198.02 | 5,044.79 |
| Finance costs | 25 | 4,350.19 | 4,864.37 |
| Loss before exceptional items and tax | | (15,344.31) | (23,946.52) |
| Exceptional items | 26 | 4,468.54 | 1,590.97 |
| Loss before tax | | (19,812.85) | (25,537.49) |
| Tax expense: | | | |
| Deferred tax asset reversed | | 1,101.23 | - |
| Loss for the year | | (20,914.08) | (25,537.49) |
| Earnings per share- Basic and Diluted [Nominal value ₹10 per share(₹10 per share)] | 27 | (78.46) | (98.17) |

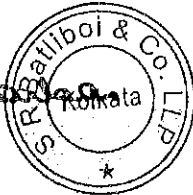
Summary of Significant Accounting Policies 2.1

The accompanying notes referred to above form an integral part of the Financial Statements

As per our report of even date attached

S.R. Batliboi & Co. LLP
For S. R. BATLIBOI & CO. LLP
Firm Registration No: 301003E
Chartered Accountants

Bhaswar Sarkar
per Bhaswar Sarkar
Partner
Membership No 55596



For and on behalf of the Board of Directors

[Signature]
Directors

[Signature]
Company Secretary

Place : Kolkata
Date : 24th May, 2013

[Signature]

SPENCER'S RETAIL LIMITED
Cash Flow Statement for the year ended 31st March 2013

| Notes | 2012-13 ₹ Lakhs | 2011-12 ₹ Lakhs |
|---|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before exceptional items and tax | (15,344.31) | (23,946.52) |
| Non Cash adjustment to reconcile loss before tax to net cash flows : | | |
| Depreciation | 3,198.02 | 5,044.79 |
| Rental deposits written off | 38.10 | 18.94 |
| Interest expense | 3,413.91 | 3,812.09 |
| Profit on sale of Investments | (250.18) | (186.63) |
| Interest Income | (192.50) | (111.18) |
| Loss on sale of Assets (net) | 302.13 | 546.73 |
| Provision for Lease equalisation | (296.91) | 1,079.98 |
| Provision for Doubtful advances and deposits | - | 91.70 |
| Provision for Obsolete stocks | (712.72) | (260.45) |
| Liability written back | (464.66) | (309.39) |
| Operating Loss before working capital changes | (10,309.12) | (14,219.94) |
| Movement in working capital: | | |
| (Decrease)/Increase in Liabilities & Provisions | 185.99 | 5,113.54 |
| Decrease/(increase) in trade receivables | (495.59) | (19.28) |
| Decrease/(increase) in inventories | 855.31 | (618.56) |
| Decrease/(Increase) in Loans & Advances and Other Assets | 180.02 | (46.84) |
| Net cash flow used in operating activities (A) | (9,583.39) | (9,791.08) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of Fixed assets, including intangible assets, capital work in progress and capital advances | (1,143.43) | (1,771.76) |
| Proceeds from Sale of fixed assets | 538.66 | 278.44 |
| Investments in Subsidiary Company | (400.00) | (800.00) |
| Advance against share application money | (277.50) | - |
| Interest free loan to Subsidiary | (100.50) | (458.00) |
| Proceeds from sale/maturity of current investments | 27,107.90 | 30,493.35 |
| Purchase of current investments | (26,857.72) | (30,306.72) |
| Investments in bank deposits (having original maturity of more than three months) | (1,234.32) | (714.32) |
| Interest received | 182.05 | 95.73 |
| Net cash used in Investing activities (B) | (2,184.86) | (3,183.28) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital (including share premium) | - | 0.88 |
| Proceeds from Share Application Money pending allotment | 16,700.00 | 10,815.00 |
| Proceeds from long-term borrowings | 15,000.00 | 7,500.00 |
| Repayment of long-term borrowings | (1,500.00) | (1,500.00) |
| Proceeds from short-term borrowings | 20,000.00 | 35,000.00 |
| Repayment of short-term borrowings | (35,000.00) | (35,000.00) |
| Interest paid | (3,444.74) | (3,681.90) |
| Cash Flow from/(used in) financing activities (C) | 11,755.26 | 13,133.98 |
| Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C) | (12.99) | 159.62 |
| Cash and cash equivalents at the beginning of the year | 596.09 | 436.47 |
| Cash and cash equivalents at the end of the year | 583.10 | 596.09 |
| Components of cash and cash equivalents | | |
| Cash in hand | 421.15 | 305.95 |
| With banks-on current account | 161.95 | 290.14 |
| Total cash and cash equivalents (Note 16) | 583.10 | 596.09 |

Summary of Significant Accounting Policies 2.1

The accompanying notes referred to above form an integral part of the Financial Statements

As per our report of even date attached

S.R. Batliboi & Co. LLP

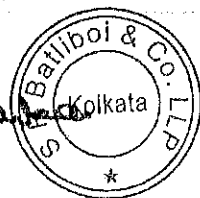
For S. R. BATLIBOI & CO. LLP

Firm Registration No: 301003E

Chartered Accountants

Bhaswar Sarkar
per Bhaswar Sarkar
Partner

Membership No 55596



For and on behalf of the Board of Directors

[Signature]
Director

[Signature]
Company Secretary

Place : Kolkata

Date : 24th May, 2013

SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

1 CORPORATE INFORMATION

Spencer's Retail Limited (the Company) is a Public Limited company domiciled in India and incorporated under the provisions of the Companies Act,1956.The Company is engaged in the retailing of goods and caters to domestic market only.

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. These financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standard Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

2.1 SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities as of the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Fixed Assets

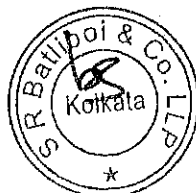
Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure in respect of improvements, etc. carried out at the rented / leased premises are capitalised and depreciated over the initial period of lease or useful life of assets, whichever is lower.

Expenditure incurred in setting up of stores are capitalized as a part of Leasehold improvements.

c) Depreciation

Depreciation is provided using the straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. However in the following cases, a higher rate of depreciation is applied based on the useful life of the relevant assets estimated by the management:

| Category of Asset | Minimum Depreciation rates as per Schedule XIV | Depreciation rates applied by the Company |
|------------------------------------|--|---|
| Plant and Machinery (Single shift) | 4.75% | Ranges from 4.75% to 20% |
| Vehicles | 9.50% | 19% |
| Furniture and fixtures | 6.33% | Ranges from 6.33% to 33.33% |
| Office Equipments | 4.75% | Ranges from 6.33% to 20%* |



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

d) Intangibles

Acquired Computer softwares and knowhow & licenses are capitalized on the basis of the costs incurred to acquire and bring the specific asset to its intended use and are amortised on a straight line basis over their estimated useful lives as follows:

| | |
|--------------------|----------|
| Computer Softwares | 6 years |
| Knowhow & Licences | 10 years |

e) Impairment

The carrying amount of assets is reviewed at each balance sheet date, to determine if there is any indication of impairment based on the internal/external factors. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount which is the greater of net selling price and value in use of the respective assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risk and benefits incidental to ownership of the leased asset are classified as operating leases. Operating lease payment is recognized as an expense in the Statement of Profit and Loss representing the time pattern of benefit to the Company as per specific lease terms.

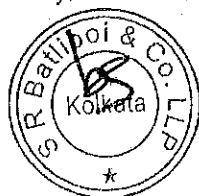
Finance Lease

Finance leases, which effectively transfer to the company substantially all the risk and benefits incidental to the ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the leased liability based on the implicit rate of return. Finance Charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

In case there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost but adequate provision for diminution in value is made to recognize a decline other than temporary, in the value thereof.



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

h) Inventories

Raw Materials are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Traded Goods and Packing materials are valued at lower of cost and net realizable value. Cost includes purchase price and other incidental expenses. Cost is determined under moving weighted average method.

Obsolete/Damaged trading stock is valued at lower of cost less provision and net realisable value. Such provision is ascertained based on pre-determined criterion adopted by the company consistently over the years.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognized when significant risk and rewards of ownership of the goods get passed on to the buyers.

Income from Recoveries and Services

Income from recoveries and services mainly represents recoveries made on account of advertisement for use of space by the customers and other expenses charged from suppliers and are recognized and recorded based on the arrangements with concerned parties.

Interest

Revenue is recognized on a time proportionate basis taking into account the amount outstanding and rate applicable.

j) Foreign Currency Transactions

Initial Recognition

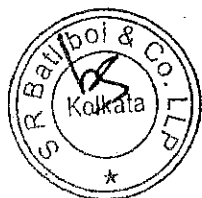
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary Items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Difference

Exchange differences arising on settlement of monetary items or on reporting of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise except those arising from investments in non-integral operations.



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

k) Retirement and other Employee benefits

Retirement benefits in the form of Provident & Superannuation Funds are defined contribution schemes and the contributions are charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

- i) Gratuity liability is a defined benefit obligation and contribution, by way of premium is paid to Life Insurance Corporation of India (L.I.C.), under the Group Gratuity Scheme. Gratuity liability is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.
- ii) Long term compensated absences are provided for on the basis of actuarial valuation carried out at the year end as per projected unit credit method.
- iii) Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.
- iv) The current and non current bifurcation has been done as per the Actuarial report.

l) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on tax rates and tax laws enacted or substantively enacted at the Balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. In situations where the company has unabsorbed depreciation or carried forward losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profit.

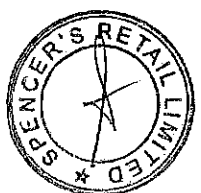
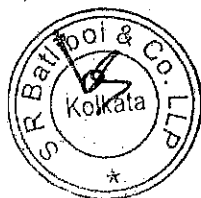
At each balance sheet date, the Company re-assesses unrecognized deferred tax assets (DTA) and recognizes unrecognized DTA to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such DTA can be realized.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

m) Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

n) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reasonable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

o) Employee Stock Compensation cost

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share Based payments, issued by the Institute of Chartered Accountants of India. The company measures compensation cost relating to employee stock options using the fair value method. Compensation expenses are amortized over the vesting period of the option on a straight line method.

p) Borrowing Cost

Borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalized as a part of the cost of asset.

All other borrowing costs are recognized as expenditure during the period in which these are incurred.

Ancillary costs incurred in connection with the arrangement of borrowings are amortized over the period of borrowing for which they are incurred.

q) Cash and Cash Equivalents

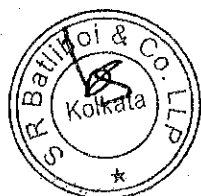
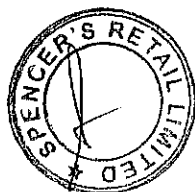
Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

r) Contingent liabilities

A contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not portable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

s) Measurement of EBIDTA

As permitted by the Guidance Note on the revised schedule VI to the Companies Act 1956, the company has elected to present Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The company measures EBIDTA on the basis of profit/(loss) from continuing operation. In its measurement, the company does not include depreciation and amortisation expense, finance costs and tax expense.



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

3 SHARE CAPITAL

| | 31st March 2013 | | 31st March 2012 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| Authorised | | | | |
| Equity shares of ₹10 each | 30,00,00,000 | 30,000.00 | 30,00,00,000 | 30,000.00 |
| | <u>30,00,00,000</u> | <u>30,000.00</u> | <u>30,00,00,000</u> | <u>30,000.00</u> |
| Issued, subscribed and fully paid up Equity shares of ₹10 each | 10,40,56,452 | 10,405.65 | 2,60,14,113 | 2,601.41 |
| a) Reconciliation of Equity Shares outstanding at the beginning and end of the reporting period | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| At the beginning of the year | 2,60,14,113 | 2,601.41 | 2,60,12,113 | 2,601.21 |
| Issued during the year | 7,80,42,339 | 7,804.24 | 2,000 | 0.20 |
| Outstanding at the end of the year | <u>10,40,56,452</u> | <u>10,405.65</u> | <u>2,60,14,113</u> | <u>2,601.41</u> |

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by each shareholder in excess of 5% of the shareholding in the Company -

| Name of the party | No. of Shares | % | No. of Shares | % |
|-------------------|---------------|---------|---------------|--------|
| CESC Limited | 10,40,56,452 | 100.00% | 2,46,38,103 | 94.71% |

During the year, CESC Limited, the Holding Company, acquired all the shares from the Minority Shareholders and became the 100% holding Company

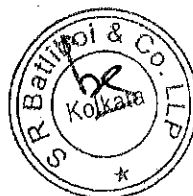
As per records of the Company, including its register of shareholders/members and other declaration received from shareholders, the above shareholding represents legal ownership of shares.

d) Shares held by holding company

Out of the equity shares issued by the company as on 31st March 2013, all shares are held or jointly held by the Holding Company, CESC Limited.

e) Shares reserved for issue under options

For details of shares reserved for issue under employee stock option (ESOP) plan of the company, please refer Note no 31.



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

4 RESERVES & SURPLUS

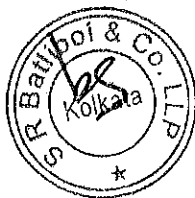
| | 31st March 2013 | 31st March 2012 |
|--|----------------------|----------------------|
| | ₹ Lakhs | ₹ Lakhs |
| <u>Securities Premium Account</u> | | |
| Balances as per last financial statements | 11,585.15 | 11,584.47 |
| Addition during the year | 1,560.84 | 0.68 |
| Closing Balance | <u>13,145.99</u> | <u>11,585.15</u> |
| <u>General Reserve</u> | | |
| Balances as per last financial statements | 7.30 | - |
| Addition during the year | - | 7.30 |
| Closing Balance | <u>7.30</u> | <u>7.30</u> |
| <u>Share Options Outstanding Account (refer Note 31)</u> | | |
| Balances as per last financial statements | 91.68 | 98.98 |
| Reversal during the year, transferred to General Reserve | - | 7.30 |
| Closing Balance | <u>91.68</u> | <u>91.68</u> |
| <u>Surplus/(Deficit) in the statement of profit and loss</u> | | |
| Balance as per last financial statements | (1,03,289.54) | (77,752.05) |
| Loss for the year | (20,914.08) | (25,537.49) |
| Closing Balance | <u>(1,24,203.62)</u> | <u>(1,03,289.54)</u> |
| Total Reserves & Surplus | <u>(1,10,958.65)</u> | <u>(91,605.41)</u> |

5 SHARE APPLICATION MONEY PENDING ALLOTMENT

| | 31st March 2013 | 31st March 2012 |
|---|----------------------|--------------------|
| | ₹ Lakhs | ₹ Lakhs |
| Share application money pending allotment | <u>1,14,179.92 *</u> | <u>1,06,845.00</u> |

(Net of utilisation of ₹ 9,365.08 Lakhs(₹ Nil) on account of equity shares issued during the year)

* Share Application money as above represents money received from the Company's Holding Company- CESC Ltd towards equity shares proposed to be issued at a premium (to be decided) within the next financial year.



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

6 LONG TERM BORROWINGS

| | Non-Current | | Current | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31st March 2013 | 31st March 2012 | 31st March 2013 | 31st March 2012 |
| | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| Secured Term Loans | | | | |
| Term Loan from a Scheduled bank | 22,500.00 | 8,625.00 | 1,125.00 | 1,500.00 |
| Amount disclosed under the head "Other Current Liabilities"(refer Note 10.2) | - | - | (1,125.00) | (1,500.00) |
| | <u>22,500.00</u> | <u>8,625.00</u> | <u>-</u> | <u>-</u> |

a) Nature of Security

i) The term loan of ₹ 8,625 Lakhs (₹ 10,125 Lakhs) is secured by hypothecation by way of first charge on all the current and movable assets (tangible & intangible, both present and future) and all the receivables of the company arising out of, pursuant to or under the merchant establishment agreement (including the credit card receivables account) save and except any asset situated in or any such receivables arising from the hyper stores situated at Vishakhapatnam, Hyderabad and Malad (Mumbai). Beside, the above term loan of ₹ 1,125.00 Lakhs is also secured by the unconditional and irrevocable Letter of Comfort from the Holding Company.

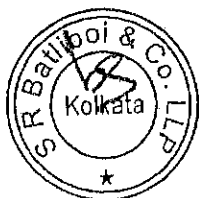
ii) The balance term loan of ₹15,000 Lakhs(₹ Nil) is secured by hypothecation by way of first charge on all the current and movable assets (tangible & intangible, both present and future) and all the receivables of the company arising out of, pursuant to or under the merchant establishment agreement (including the credit card receivables account). The Holding Company has also issued an unconditional and irrevocable Letter of Comfort against this loan to the banker.

b) Terms of Repayment and Rate of Interest

- i) Term loan of ₹ 1,125.00 Lakhs carries interest in the range of 14.50% to 14.75% per annum. The loan is repayable in quarterly instalments of ₹ 375.00 Lakhs each by December 2013.
- ii) Term loan of ₹ 7,500.00 Lakhs carries interest in the range of 13.25% to 13.50% per annum. The loan is repayable in 12 equal quarterly instalments of ₹ 625.00 Lakhs each starting from June 2014 to March 2017.
- iii) Term loan of ₹ 15,000.00 Lakhs carries interest of 12.50% per annum. The loan is repayable in 8 equal semi annual instalments of ₹ 1875.00 Lakhs each starting from May 2016 to November 2019.

7 OTHER LONG TERM LIABILITY

| | Non-Current | | Current | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31st March 2013 | 31st March 2012 | 31st March 2013 | 31st March 2012 |
| | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| Provision for Rent Equalization (refer Note 26) | - | 4,376.01 | - | 98.12 |
| Other Expenses | 32.09 | 28.51 | 17.70 | 10.06 |
| Amount disclosed under the head "Other Current Liabilities"(refer Note 10.2) | - | - | (17.70) | (108.18) |
| | <u>32.09</u> | <u>4,404.52</u> | <u>-</u> | <u>-</u> |



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

8 PROVISIONS

| | Non-Current | | Current | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31st March 2013 | 31st March 2012 | 31st March 2013 | 31st March 2012 |
| | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| Provision for Employee Benefits | | | | |
| Gratuity (refer Note 36) | 263.29 | 204.39 | 10.61 | 9.98 |
| Leave (refer Note 36) | 248.68 | 235.10 | 10.25 | 10.05 |
| | 511.97 | 439.49 | 20.86 | 20.03 |
| Other Provisions | | | | |
| Provision for Claims on Leased Properties | - | - | 1,201.32 | 913.27 |
| | 511.97 | 439.49 | 1,222.18 | 933.30 |

9 SHORT TERM BORROWINGS

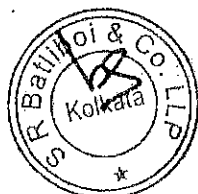
| | 31st March 2013 | 31st March 2012 |
|------------------------|-----------------|-----------------|
| | ₹ Lakhs | ₹ Lakhs |
| UNSECURED LOANS | | |
| From scheduled banks | 20,000.00 | 35,000.00 |
| | 20,000.00 | 35,000.00 |

Terms of Repayment and Rate of Interest

Unsecured Loan from scheduled banks comprises of Indian Rupee term loans repayable within one year carrying interest 9% p.a to 10.5% p.a.

10 TRADE PAYABLE & OTHER CURRENT LIABILITIES

| | 31st March 2013 | 31st March 2012 |
|---|-----------------|-----------------|
| | ₹ Lakhs | ₹ Lakhs |
| 10.1 Trade Payable (refer Note 37) | 13,418.76 | 13,371.19 |
| 10.2 Other Current Liabilities | | |
| Current maturities of long-term debt (refer Note 6) | 1,125.00 | 1,500.00 |
| Interest accrued but not due on borrowings | 13.24 | 9.03 |
| Interest accrued and due on borrowings | 89.18 | 124.21 |
| Book Overdraft from Banks | 956.27 | 2,588.24 |
| Other Payables | | |
| Capital Creditors | 215.02 | 227.40 |
| Statutory Liabilities | 609.17 | 464.05 |
| Sundry Deposits | 164.40 | 142.91 |
| Provision for Rent Equalization (Refer Note 26) | - | 98.12 |
| Others | | |
| - Payables to Employees | 721.58 | 628.33 |
| - Royalty Payable | 1,295.02 | 630.04 |
| - Other Expenses | 123.52 | 107.58 |
| | 5,312.40 | 6,519.91 |



11 FIXED ASSETS**11.1 TANGIBLE ASSETS**

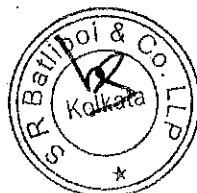
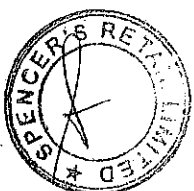
| | | | | | | | (₹ Lakhs) |
|------------------------------|---------------------|--------------------|------------------|-----------------|-----------------------|-------------------|------------------|
| | <u>Leasehold</u> | <u>Plant &</u> | <u>Computer</u> | <u>Vehicles</u> | <u>Furniture</u> | <u>Office</u> | <u>Total</u> |
| | <u>Improvements</u> | <u>Equipments</u> | <u>Hardwares</u> | | <u>& Fixtures</u> | <u>Equipments</u> | |
| Cost | | | | | | | |
| As at 1st April 2011 | 17,895.10 | 5,697.97 | 5,830.19 | 126.18 | 7,805.50 | 499.68 | 37,854.62 |
| Additions | 573.79 | 549.97 | 299.62 | 27.47 | 2,040.97 | 19.31 | 3,511.13 |
| Disposals/Deductions | 1,894.97 | 1,279.69 | 180.10 | 27.99 | 1,442.38 | 45.97 | 4,871.10 |
| As at 31st March 2012 | 16,573.92 | 4,968.25 | 5,949.71 | 125.66 | 8,404.09 | 473.02 | 36,494.65 |
| Additions | 76.16 | 32.21 | 176.17 | 37.91 | 80.91 | 10.21 | 413.57 |
| Disposals/Deductions | 1,311.60 | 541.87 | 421.98 | 88.31 | 1,082.01 | 16.56 | 3,462.33 |
| As at 31st March 2013 | 15,338.48 | 4,458.59 | 5,703.90 | 75.26 | 7,402.99 | 466.67 | 33,445.89 |
| Depreciation | | | | | | | |
| As at 1st April 2011 | 6,076.96 | 1,422.77 | 3,680.91 | 92.48 | 2,361.35 | 105.22 | 13,739.69 |
| Charge for the year | 1,509.78 | 671.59 | 1,302.12 | 15.81 | 1,326.87 | 10.17 | 4,836.34 |
| Disposals/Deductions | 2,425.55 | 214.15 | 137.00 | 26.14 | 523.63 | 15.70 | 3,342.17 |
| (including Impairment) | | | | | | | |
| As at 31st March 2012 | 5,161.19 | 1,880.21 | 4,846.03 | 82.15 | 3,164.59 | 99.69 | 15,233.86 |
| Charge for the year | 1,520.97 | 249.31 | 612.85 | 14.16 | 563.36 | 23.66 | 2,984.31 |
| Disposals/Deductions | 689.85 | 300.05 | 395.58 | 67.29 | 541.36 | 5.72 | 1,999.85 |
| As at 31st March 2013 | 5,992.31 | 1,829.47 | 5,063.30 | 29.02 | 3,186.59 | 117.63 | 16,218.32 |
| Net Block | | | | | | | |
| As at 31st March 2012 | 11,412.73 | 3,088.04 | 1,103.68 | 43.51 | 5,239.50 | 373.33 | 21,260.79 |
| As at 31st March 2013 | 9,346.17 | 2,629.12 | 640.60 | 46.24 | 4,216.40 | 349.04 | 17,227.57 |

Note:

Depreciation for the year includes ₹ 168 Lakhs (₹ 1,917 Lakhs) being accelerated depreciation on certain movable items not in use from closed/dropped stores.

11.2 INTANGIBLE ASSETS

| | | | (₹ Lakhs) |
|------------------------------|------------------|--------------------|-----------------|
| | <u>Computer</u> | <u>Know- How</u> | <u>Total</u> |
| | <u>Softwares</u> | <u>and Licence</u> | |
| Gross Block | | | |
| As at 1st April 2011 | 883.06 | 707.19 | 1,590.25 |
| Purchases | 26.03 | 0.24 | 26.27 |
| Disposals/Deductions | 9.46 | 0.24 | 9.70 |
| As at 31st March 2012 | 899.63 | 707.19 | 1,606.82 |
| Purchases | 274.34 | - | 274.34 |
| Disposals/Deductions | 2.28 | - | 2.28 |
| As at 31st March 2013 | 1,171.69 | 707.19 | 1,878.88 |
| Amortisation | | | |
| As at 1st April 2011 | 429.09 | 111.46 | 540.55 |
| Charge for the year | 137.50 | 70.95 | 208.45 |
| Disposals/Deductions | 9.39 | 0.23 | 9.62 |
| As at 31st March 2012 | 557.20 | 182.18 | 739.38 |
| Charge for the year | 142.99 | 70.72 | 213.71 |
| Disposals/Deductions | 2.22 | - | 2.22 |
| As at 31st March 2013 | 697.97 | 252.90 | 950.87 |
| Net Block | | | |
| As at 31st March 2012 | 342.43 | 525.01 | 867.44 |
| As at 31st March 2013 | 473.72 | 454.29 | 928.01 |



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

12 NON CURRENT INVESTMENTS

(valued at Cost unless stated otherwise)

| | 31st March 2013 | | 31st March 2012 | |
|---|-----------------|-----------------|-----------------|------------------|
| | No. of Shares | ₹ Lakhs | No. of Shares | ₹ Lakhs |
| Trade (Unquoted) | | | | |
| Equity Shares, Fully Paid Up of ₹ 10 each | | | | |
| Shares in Subsidiary Companies | | | | |
| Music World Retail Limited | 50,00,000 | - * | 50,00,000 | 8,024.00 |
| Aou Bon Pain Café India Ltd. | 2,80,00,000 | 2,800.00 | 2,40,00,000 | 2,400.00 |
| Others: | | | | |
| Retailer's Association of India | 10,000 | 1.00 | 10,000 | 1.00 |
| | | <u>2,801.00</u> | | <u>10,425.00</u> |

Note :

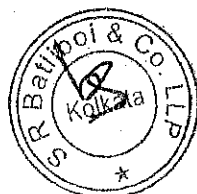
- Aggregated amount of Unquoted Investments as at 31st March 2013 ₹2,801 Lakhs (₹ 10,425 Lakhs)
- Diminution of ₹1,957 Lakhs (₹ 7,626 Lakhs) in the value of certain long term unquoted investments, based on the net worth as per the latest audited accounts of the subsidiary Companies as on 31st March, 2013, being temporary in nature, has not been provided.
- The Hon'ble High Court of Calcutta has approved a scheme of amalgamation of Music World Retail Ltd, a wholly owned subsidiary, with the company.
Pending receipt of a certified copy of the order, the scheme has not become effective as at year end, and no effect thereof has been considered in these financial statements. Necessary steps will be taken in this regard on receipt of the certified copy of the said order.
- * Net of Provision for diminution in value of investments ₹ 8,024 Lakhs (₹ Nil)

13 DEFERRED TAX

There are unabsorbed depreciation and carried forward losses as at the Balance Sheet date. However, based on future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future and hence, continues to carry Deferred Tax Asset (DTA) of ₹ 31,053.45 Lakhs (₹32,154.69 Lakhs).

The break-up of DTA is as follows:

| | 31st March 2013 | 31st March 2012 |
|---|------------------|------------------|
| | ₹ Lakhs | ₹ Lakhs |
| Timing Difference in Depreciable Assets | 2,005.80 | 2,005.80 |
| Unabsorbed Depreciation | 8,062.61 | 8,062.61 |
| Business losses carried forward | 19,941.62 | 19,941.62 |
| Other Timing Differences | 1,043.42 | 2,144.66 |
| Net Deferred Tax Asset | <u>31,053.45</u> | <u>32,154.69</u> |

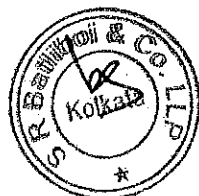


SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

14 LOANS & ADVANCES

| | Non-Current | | Current | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31st March 2013 | 31st March 2012 | 31st March 2013 | 31st March 2012 |
| | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| <u>Unsecured, Considered Good unless otherwise stated</u> | | | | |
| Capital Advances | 295.03 | 12.33 | - | - |
| Deposits (A) | 295.03 | 12.33 | - | - |
| Considered Good | 4,440.00 | 4,748.67 | 21.50 | 262.72 |
| Considered Doubtful | 239.22 | 488.78 | - | - |
| | 4,679.22 | 5,237.45 | 21.50 | 262.72 |
| Less: Provision for Doubtful Deposits | (239.22) | (488.78) | - | - |
| (B) | 4,440.00 | 4,748.67 | 21.50 | 262.72 |
| Advance against Equity Shares to Subsidiary Company (C) | 277.50 | - | - | - |
| Advances Recoverable in cash or in kind (D) | - | - | 12.87 | 27.01 |
| Other Loans and advances | | | | |
| Advance Income tax | 187.33 | 248.70 | 155.58 | 112.68 |
| Prepaid Expenses | 312.14 | 118.57 | 448.39 | 252.59 |
| Interest free loan to wholly owned subsidiary - (refer Note 12 (iii)) | 1,954.50 | 1,854.00 | - | - |
| Advances to Employees | 5.31 | 5.65 | 42.26 | 33.52 |
| Balance with Statutory /Government Authorities | 12.14 | 15.98 | 24.07 | 34.43 |
| (E) | 2,471.42 | 2,242.90 | 670.30 | 433.22 |
| Total (A+B+C+D+E) | 7,483.95 | 7,003.90 | 704.67 | 722.95 |



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

15 INVENTORIES

(At lower of cost and net realisable value)

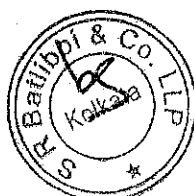
| | 31st March 2013 | | 31st March 2012 | |
|-------------------------------------|-----------------|------------------|-----------------|------------------|
| | ₹ Lakhs | | ₹ Lakhs | |
| Raw Material | | 54.35 | | - |
| Traded Goods | 10,862.87 | | 11,824.94 | |
| Less : Provision for Obsolete Stock | 488.51 | 10,374.36 | 1,206.78 | 10,618.16 |
| Packing Materials | 256.14 | | 203.73 | |
| Less : Provision for Obsolete Stock | 39.81 | 216.33 | 34.26 | 169.47 |
| Total | | 10,645.04 | | 10,787.63 |

16 CASH AND BANK BALANCES

| | Non-Current | | Current | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 31st March 2013 | 31st March 2012 | 31st March 2013 | 31st March 2012 |
| | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| Cash & Cash Equivalents | | | | |
| Balance with Banks | | | | |
| On current accounts | - | - | 161.95 | 290.14 |
| Cash in hand | - | - | 421.15 | 305.95 |
| Other bank balances | | | | |
| Deposits with original maturity for more than 12 months | 70.30 | - | 1,200.15 | - |
| Deposits with original maturity more than three months less than twelve months maturity | - | - | 2.00 | - |
| Margin Money Deposit | 1,605.45 | 1,550.91 | 5.48 | 98.15 |
| | 1,675.75 | 1,550.91 | 1,207.63 | 98.15 |
| Less: Amount disclosed under Other non-current assets (refer Note 17.2) | (1,675.75) | (1,550.91) | - | - |
| | | | 1,790.73 | 694.24 |

Margin money deposits given as security

Margin money deposits of ₹1,610.93 Lakhs (₹ 1,649.06 Lakhs) are pledged with banks against Bank Guarantees & Over Draft Facilities.



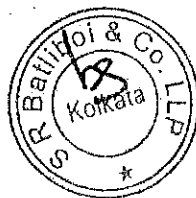
SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

17 **TRADE RECEIVABLES & OTHER ASSETS**

(Unsecured, Considered Good unless otherwise stated)

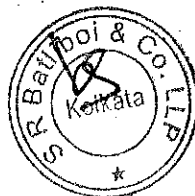
| | Non-Current | | Current | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31st March 2013 | 31st March 2012 | 31st March 2013 | 31st March 2012 |
| | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| 17.1 Trade Receivables | | | | |
| Receivables overdue for a period exceeding six months | | | | |
| Considered good | - | - | 21.40 | 13.44 |
| Considered Doubtful | - | - | - | 3.88 |
| | (A) | - | 21.40 | 17.32 |
| Other receivables | (B) | - | 2,100.59 | 1,612.96 |
| | (A+B) | - | 2,121.99 | 1,630.28 |
| Less: Provision for doubtful receivables | - | - | - | (3.88) |
| | - | - | 2,121.99 | 1,626.40 |
| 17.2 Other Assets | | | | |
| Bank balances (refer Note 16) | 1,675.75 | 1,550.91 | - | - |
| Interest receivable on Fixed Deposits etc | 3.09 | 3.03 | 28.24 | 17.85 |
| Insurance Claims Receivable | - | - | 0.40 | 19.59 |
| | 1,678.84 | 1,553.94 | 28.64 | 37.44 |



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

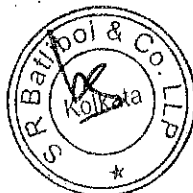
| | 2012-13 | (₹ Lakhs) 2011-12 |
|---|--------------------|----------------------|
| 18 REVENUE FROM OPERATIONS | | |
| Sale of Products | 1,29,743.54 | 1,16,579.75 |
| Less: Excise duty | (4.80) | - |
| Revenue from Operations | 1,29,738.74 | 1,16,579.75 |
| Income from Recoveries and Services | 4,036.51 | 3,315.05 |
| | <u>1,33,775.25</u> | <u>1,19,894.80</u> |
| <u>Details of Sale of products</u> | | |
| <u>Food *</u> | 78,953.69 | 70,548.46 |
| <u>Non Food</u> | | |
| - FMCG | 23,212.25 | 20,813.04 |
| - Others | 27,577.60 | 25,218.25 |
| | <u>1,29,743.54</u> | <u>1,16,579.75</u> |
| * Includes Sale of manufactured food products of ₹467.52 Lakhs (₹ Nil) | | |
| 19 OTHER INCOME | | |
| Interest Income on bank deposits | 192.50 | 111.18 |
| Net Gain on Sale of Current Investments | 250.18 | 186.63 |
| Provisions no longer required written back | 464.66 | 309.39 |
| Miscellaneous Income | 15.17 | 27.89 |
| Refund of Service taxes/VAT pertaining to earlier years (net of expenses attributable to such income) | - | 95.62 |
| | <u>922.51</u> | <u>730.71</u> |



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

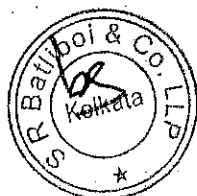
| | 2012-13 | (₹ Lakhs) 2011-12 |
|---|-------------|----------------------|
| 20 (INCREASE)/DECREASE IN TRADED GOODS | | |
| Inventories at the Beginning of the year | 11,824.94 | 11,179.65 |
| Inventories at the end of the year | 10,862.87 | 11,824.94 |
| (Increase)/Decrease in traded goods | 962.07 | (645.29) |
| i) Details of purchase of traded goods | | |
| Food | 66,487.18 | 60,595.38 |
| Non Food | | |
| - FMCG | 20,209.00 | 17,757.19 |
| - Others | 20,177.34 | 20,081.69 |
| | 1,06,873.52 | 98,434.26 |
| ii) Details of Inventory of traded goods | | |
| Food | 4,463.35 | 4,195.07 |
| Non Food | | |
| - FMCG | 2,540.57 | 2,253.30 |
| - Others | 3,858.95 | 5,376.57 |
| | 10,862.87 | 11,824.94 |
| 21 COST OF RAW MATERIALS CONSUMED | | |
| Inventory at the beginning of the year | - | - |
| Add: Purchases | 328.12 | - |
| | 328.12 | - |
| Less: Inventory at the end of the year | 54.35 | - |
| Cost of raw materials consumed | 273.77 | - |
| Details of raw materials consumed | | |
| Food | 273.77 | - |
| 22 EMPLOYEE BENEFIT EXPENSES | | |
| Salaries, Wages, Bonus and Exgratia | 10,159.24 | 10,260.05 |
| Contribution to Provident and Other Funds (refer Note 36) | 773.90 | 831.61 |
| Staff Welfare Expenses | 553.31 | 457.50 |
| | 11,486.45 | 11,549.16 |



SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2013

| | (₹ Lakhs) | |
|---|------------------|------------------|
| | 2012-13 | 2011-12 |
| 23 OTHER EXPENSES | | |
| Power and Fuel | 3,188.06 | 2,795.67 |
| Freight | 143.69 | 255.33 |
| Rent (refer Note 34) | 7,591.48 | 8,745.52 |
| Repairs and Maintenance | | |
| - Plant and Machinery | 2.27 | 2.11 |
| - Buildings | 442.32 | 425.06 |
| - Others | 2,132.95 | 1,861.82 |
| Insurance | 50.22 | 45.70 |
| Rates and taxes | 425.20 | 363.87 |
| Advertisement and Selling Expenses | 2,569.78 | 2,911.36 |
| Packing Materials Consumed | 413.97 | 580.95 |
| Travelling and Conveyance | 443.50 | 565.36 |
| Security Charges | 1,039.43 | 966.46 |
| Auditor's remuneration | | |
| Statutory Audit fees | 75.25 | 75.25 |
| Tax Audit fees | 10.00 | 10.00 |
| Others | 6.00 | 6.00 |
| Service Tax | 11.28 | 11.27 |
| Reimbursement of Expenses | 1.52 | 0.96 |
| Communication expenses | 300.75 | 384.40 |
| Printing and Stationery | 218.84 | 235.96 |
| Legal and consultancy charges | 664.46 | 639.88 |
| Contract payments towards housekeeping expenses | 1,878.71 | 1,725.28 |
| Royalty & Franchisee Fee [Including Nil (₹ 981.00 Lakhs) for earlier years] | 727.98 | 1,809.87 |
| Loss on Sale/ Write off of fixed assets (net) | 302.13 | 546.73 |
| Bad Debts/Irrecoverable Balances written off | - | 127.28 |
| Less: Adjusted against provisions | - | (127.28) |
| Rental Deposits Written off | 287.66 | 667.57 |
| Less: Adjusted against provisions | (249.56) | (648.63) |
| Provision for Doubtful Store Lease Deposits/ Advances | - | 91.70 |
| Miscellaneous Expenses | 220.16 | 249.29 |
| | <u>22,898.05</u> | <u>25,324.74</u> |
| 24 DEPRECIATION, AMORTISATION AND IMPAIRMENT | | |
| Depreciation of tangible assets | 2,984.31 | 4,836.34 |
| Amortisation of intangible assets | 213.71 | 208.45 |
| | <u>3,198.02</u> | <u>5,044.79</u> |
| 25 FINANCE COSTS | | |
| Interest Expense | 3,413.91 | 3,812.09 |
| Other Borrowing Costs | 936.28 | 1,052.28 |
| | <u>4,350.19</u> | <u>4,864.37</u> |



26 EXCEPTIONAL ITEMS

Exceptional item represents Provision made towards diminution in the value of investments in a loss making subsidiary amounting to ₹8024 Lakhs (₹ Nil), Loss on account of Non usable assets written off with respect to the non viable and loss making closed stores amounting to ₹ 621.75 Lakhs (₹ 1590.97 lakhs including additional cost incurred on closure of franchisee business) and is net of write back of provision for lease equalisation amounting to ₹ 4,177.21 Lakhs (₹ Nil),

27 EARNINGS PER SHARE (EPS)

| | <u>31st March 2013</u> | <u>31st March 2012</u> |
|--|------------------------|------------------------|
| Loss after tax and before exceptional items (₹ Lakhs) | (16,445.54) | (23,946.52) |
| Weighted Number of Equity Shares outstanding | 2,66,55,557 | 2,60,14,113 |
| Earnings per Share before exceptional items – Basic & Diluted (Face value of ₹ 10 each) (₹) | (61.70) | (92.05) |
| Loss after tax and exceptional items (₹ Lakhs) | (20,914.08) | (25,537.49) |
| Weighted Number of Equity Shares outstanding | 2,66,55,557 | 2,60,14,113 |
| Earnings per Share after tax and exceptional items – Basic & Diluted (Face value of ₹ 10 each) (₹) | (78.46) | (98.17) |

Since, the effect of ESOP and share application money pending allotment on earnings per share (EPS) is anti-dilutive, basic and dilutive EPS are same.

28 CONTINGENCIES AND COMMITMENTS

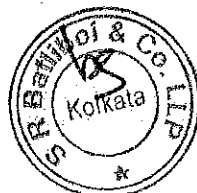
| | <u>31st March 2013</u> ₹ Lakhs | <u>31st March 2012</u> ₹ Lakhs |
|---|-----------------------------------|-----------------------------------|
| <u>Contingencies</u> | | |
| Contingent liabilities not provided for in respect of: | | |
| - Sales Tax demands under appeal | 121.97 | 120.92 |
| - Service Tax demands under appeal | 708.76 | 115.70 |
| - Guarantee to ABP Corporation on behalf of a Subsidiary Company to discharge obligation, if any, in the event of default | Not Quantified | Not Quantified |
| - Claims against the Company not acknowledge as debt | 245.76 | 193.80 |
| <u>Commitments</u> | | |
| - Estimated amount of contracts remaining to be executed on capital account (net of advances) | 485.70 | - |
| - Other Commitments Investment in Subsidiary | 122.50 | 800.00 |

Retailers Association of India (RAI) of which the Company is a member, has filed Special Leave Petition before the Hon'ble Supreme Court of India, about the applicability of service tax on commercial rent on immovable property. Pending disposal of the case, the Supreme Court has passed an interim ruling in Oct 11 directing the members of RAI to pay 50% of total service tax liability upto Sept 11 to the department and to furnish a surety for balance 50%. The Supreme Court has also clarified that the successful party in the appeal shall be entitled to interest on the amount stayed by the Court, at such rate as may be directed at the time of the final disposal of appeal. Accordingly the Company has already deposited ₹ 4.60 crores and furnished a surety for ₹ 4.60 crores towards the balance service tax liability, while interest, whose quantum and applicability is presently not ascertainable, will be provided on the disposal of the petition.

29 The Company has accumulated losses of ₹ 124,203.62 Lakhs against the Shareholder's funds of ₹ 137,830.54 Lakhs (including share application money pending allotment) as on the Balance Sheet date. The Company, however, having created a robust infrastructure for organized retail business, is confident of generating positive cash flows and operational surplus in the near future with certain interim support from the holding company. Further, the losses for the Company are reducing and the Company is operating at a positive store EBIDTA in aggregate at store level. Therefore, the Company is confident about the continuity of its operations and long term viability.

30 SEGMENT INFORMATION

Based on the synergies, risk and returns associated with the business operations and in terms of Accounting Standard 17, the company is predominantly engaged in a single reportable segment of "Organised retailing" during the year. The company at present primarily operates in India and therefore the analysis of geographical segment is not applicable to the company.



31 EMPLOYEE STOCK OPTION PLAN (ESOP)

The Company had provided equity settled ESOP to its employees vesting over a period of 5 years in equal instalments linked to performance rating of respective employees. As at year ended 31st March 2013, there are however, no outstanding non vested options.

During the year, there has been allotment of Nil (2,000) options with exercise price of Nil (₹ 44/-) out of the options vested in the earlier years.

Nil (4,886) options with exercise price of Nil (₹ 44/-) vested in earlier years, has been cancelled on resignation of employees during the year. The Company in the year 2009-10 had withdrawn the ESOP Scheme and retained ESOP liability to the extent of vested options till 1st January 2010.

32 VALUE OF IMPORTS CALCULATED IN CIF BASIS

| | <u>2012-13</u> ₹ Lakhs | <u>2011-12</u> ₹ Lakhs |
|---------------|---------------------------|---------------------------|
| Trading Goods | - | 11.70 |

33 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

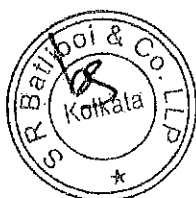
| | <u>2012-13</u> ₹ Lakhs | <u>2011-12</u> ₹ Lakhs |
|------------------------------------|---------------------------|---------------------------|
| Professional and Consultation fees | - | 56.66 |
| Others | 9.19 | 7.48 |
| | <u>9.19</u> | <u>64.14</u> |

34 LEASES

Operating Lease (Company as Lessee)

Retail stores are taken by the company generally on operating lease and the lease rent is payable as per the agreements entered into with the lessors. Agreements are both in the nature of cancellable and non cancellable leases. The lease term is for varied years and renewable for further years as per the agreements at the option of the company. There are no restrictions imposed by these lease arrangements. The details of lease rentals payable are given below:

| | <u>2012-13</u> ₹ Lakhs | <u>2011-12</u> ₹ Lakhs |
|---|---------------------------|---------------------------|
| Lease Payments for the year | 7,885.39 | 7,665.54 |
| Future Minimum Lease Payments - | | |
| Not Later than one year | 5,266.19 | 5,825.70 |
| Later than one year but not later than five years | 18,467.75 | 22,363.31 |
| Later than five years | 35,667.34 | 40,343.39 |



SPEAKER RELATED PARTY DISCLOSURES

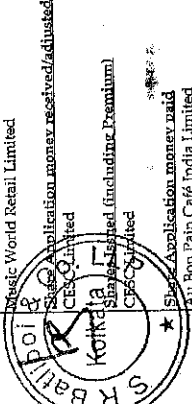
Details of related parties and related party relationships

Parent Company
 Au Bon Pain Café India Limited
 Music World Retail Limited
 CESC Properties Limited
 Vineet Kumar Kapila, Whole Time Director (from 1st August 2012 till 30th November 2012)
 Mohit Kampani, Whole Time Director (from 1st December 2012)

Subsidiary Companies
 Fellow Subsidiary
 Key Management Personnel

Details of transactions entered into with the related parties:

| Particulars | Holding Company | | Subsidiaries | | Fellow Subsidiary | | Key Management Personnel | | Total | |
|---|-------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|--------------------------|-------------------------------------|-------------------|-------------------------------------|
| | Transaction Value | Balance Outstanding as on 31/3/2013 | Transaction Value | Balance Outstanding as on 31/3/2013 | Transaction Value | Balance Outstanding as on 31/3/2013 | Transaction Value | Balance Outstanding as on 31/3/2013 | Transaction Value | Balance Outstanding as on 31/3/2013 |
| Sales of Goods | 7.41 | 2.18 | - | - | - | - | - | - | 7.41 | 2.18 |
| CESC Limited | - | - | - | - | - | - | - | - | - | - |
| Purchase of Goods | - | - | 13.84 | 13.62 | - | - | - | - | 13.84 | 13.62 |
| Music World Retail Limited | - | - | (48.60) | (14.41) | - | - | - | - | (48.60) | (14.41) |
| Expense Incurred | - | - | - | - | - | - | - | - | - | - |
| CESC Limited | 138.55 | 17.80 | - | - | - | - | - | - | 138.55 | 17.80 |
| Music World Retail Limited | (101.44) | (0.72) | 0.58 | - | - | - | - | - | (101.44) | (0.72) |
| Music World Retail Limited | - | - | (57.26) | - | - | - | - | - | (57.26) | - |
| Royalty Paid | 727.98 | 1,222.22 | - | - | - | - | - | - | 727.98 | 1,222.22 |
| CESC Limited | (1,611.05) | (587.04) | - | - | - | - | - | - | (1,611.05) | (587.04) |
| Expense Recovered | - | - | 6.74 | - | - | - | - | - | 6.74 | - |
| Music World Retail Limited | - | - | (10.08) | - | - | - | - | - | (10.08) | - |
| Au Bon Pain Café India Limited | - | - | 9.46 | - | - | - | - | - | 9.46 | - |
| Concessional Income received | - | - | 2.78 | - | - | - | - | - | 2.78 | - |
| Music World Retail Limited | - | - | (5.88) | - | - | - | - | - | (5.88) | - |
| Purchase of Assets | - | - | - | - | - | - | - | - | - | - |
| Music World Retail Limited | - | - | (3.61) | - | - | - | - | - | (3.61) | - |
| Remuneration to Key Management Personnel | - | - | - | - | - | - | - | - | - | - |
| Vineet Kumar Kapila | - | - | - | - | 70.46 | - | - | - | 70.46 | - |
| Mohit Kampani | - | - | - | - | 26.00 | - | - | - | 26.00 | - |
| Proceeds of Loan taken | 15,000.00 | - | - | - | - | - | - | - | 15,000.00 | - |
| CESC Limited | (15,000.00) | - | - | - | - | - | - | - | (15,000.00) | - |
| Repayment of Loan taken | - | - | - | - | - | - | - | - | - | - |
| CESC Limited | - | - | - | - | - | - | - | - | - | - |
| Equity Investment | - | - | 400.00 | - | - | - | - | - | 400.00 | - |
| Au Bon Pain Café India Limited | - | - | (800.00) | - | - | - | - | - | (800.00) | - |
| Security Deposit paid | 1.85 | 20.46 | - | - | - | - | - | - | 1.85 | 20.46 |
| CESC Limited | - | (18.60) | - | - | - | - | - | - | - | (18.60) |
| CESC Properties Limited | - | - | - | - | 17.69 | - | - | - | 17.69 | - |
| Security Deposit refund | - | - | - | - | - | - | - | - | - | - |
| Music World Retail Limited | - | - | (15.45) | - | - | - | - | - | (15.45) | - |
| Share Application money received/adjusted | 16,700.00 | 1,14,179.92 | - | - | - | - | - | - | 16,700.00 | 1,14,179.92 |
| CESC Limited | (10,815.00) | (1,06,845.00) | - | - | - | - | - | - | (10,815.00) | (1,06,845.00) |
| Share Application money paid | 9,365.08 | - | - | - | - | - | - | - | 9,365.08 | - |
| Au Bon Pain Café India Limited | - | - | 277.50 | 277.50 | - | - | - | - | 277.50 | 277.50 |
| Interest Free Loan Given | - | - | 100.50 | 1,954.50 | - | - | - | - | 100.50 | 1,954.50 |
| Music World Retail Limited | - | - | (458.00) | (1,854.00) | - | - | - | - | (458.00) | (1,854.00) |



36 GRATUITY & OTHER POST EMPLOYMENT BENEFIT PLANS

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 day's salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment upon retirement / separation. This is an unfunded plan.

I The following tables summarises the components of net benefit expense recognised in the statement of profit and loss for the year:

| | 2012-13 | | 2011-12 | |
|--|---------------|---------------|---------------|---------------|
| | Gratuity | Leave | Gratuity | Leave |
| Current service cost | 56.47 | 46.44 | 52.28 | 50.43 |
| Interest cost | 19.66 | 14.47 | 12.96 | 8.04 |
| Expected return on plan assets | 4.86 | - | 5.29 | - |
| Net actuarial (gain) / loss recognised in the year | 38.26 | 81.43 | 88.45 | 163.47 |
| Total expense | 109.53 | 142.34 | 148.40 | 221.94 |

II The following tables summaries the components of funded status and amounts recognised in the balance sheet for the plan.

(i) Net Asset/(Liability) recognized as on the balance sheet date:

| | 31st March 2013 | | 31st March 2012 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Gratuity | Leave | Gratuity | Leave |
| Present value of defined benefit obligation | 326.42 | 258.93 | 275.17 | 245.15 |
| Fair value of plan assets | 52.52 | - | 60.80 | - |
| Net Asset / (Liability) | (273.90) | (258.93) | (214.37) | (245.15) |

(ii) Changes in the present value of the defined benefit obligation are as follows:

| | 31st March 2013 | | 31st March 2012 | |
|---|-----------------|---------------|-----------------|---------------|
| | Gratuity | Leave | Gratuity | Leave |
| Present value of defined benefit obligation at the beginning of the year | 275.17 | 245.15 | 177.25 | 165.97 |
| Interest cost | 19.66 | 14.47 | 12.96 | 8.04 |
| Current service cost | 56.47 | 46.44 | 52.28 | 50.43 |
| Benefits paid | 58.79 | 128.56 | 49.48 | 142.76 |
| Actuarial (gains) / losses on obligation | 33.91 | 81.43 | 82.16 | 163.47 |
| Present value of defined benefit obligation at the end of the year | 326.42 | 258.93 | 275.17 | 245.15 |

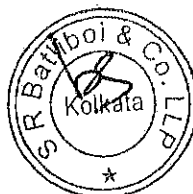
(iii) Changes in the fair value of plan assets are as follows:

| | 31st March 2013 | | 31st March 2012 | |
|---|-----------------|----------|-----------------|----------|
| | Gratuity | Leave | Gratuity | Leave |
| Fair value of plan assets at the beginning of the year | 60.80 | - | 66.09 | - |
| Expected return on plan assets | 4.86 | - | 5.29 | - |
| Contributions by employer | 50.00 | - | 45.19 | - |
| Actual benefits paid | 58.79 | - | 49.48 | - |
| Actuarial gains / (losses) | (4.35) | - | (6.29) | - |
| Fair value of plan assets at the end of the year | 52.52 | - | 60.80 | - |

(iv) The Company expects to contribute ₹ 50.00 Lakhs to Gratuity Fund in FY 2013-14

(v) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

| | 31st March 2013 | 31st March 2012 |
|--------------------------|-----------------|-----------------|
| | Gratuity (%) | Gratuity (%) |
| Investments with insurer | 100% | 100% |



(vi) The principal assumptions used in determining gratuity and leave obligations for the Company's plan are shown below

| | 31st March 2013 | | 31st March 2012 | |
|-----------------------------------|-----------------|--------|-----------------|--------|
| | Gratuity | Leave | Gratuity | Leave |
| Discount rate | 8.00% | 8.00% | 8.50% | 8.50% |
| Expected rate of return on assets | 8.00% | - | 8.50% | - |
| Employee turnover | | 10.00% | | 10.00% |

(vii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

(viii) Contribution to Provident and Other Funds includes ₹ 664.38 Lakhs (₹ 683.40 Lakhs) paid towards defined contribution plans.

(xi) Amounts for the current and previous four years are as follows:

| | ₹ Lakhs | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 31st March 2013 | 31st March 2012 | 31st March 2011 | 31st March 2010 | 31st March 2009 |
| a) Gratuity | | | | | |
| Defined benefit obligation | 326.42 | 275.17 | 177.25 | 187.85 | 197.09 |
| Plan assets | 52.52 | 60.80 | 66.09 | 57.86 | 69.21 |
| (Surplus)/deficit | 273.90 | 214.37 | 111.16 | 129.99 | 127.88 |
| Experience adjustments on plan liabilities | 33.91 | (22.62) | (3.63) | (38.86) | 12.39 |
| Experience adjustments on plan assets | (4.35) | 3.05 | 3.60 | (2.22) | 5.60 |
| b) Leave | | | | | |
| Defined benefit obligation | 258.93 | 245.15 | 165.97 | 194.40 | 190.79 |
| Plan assets * | - | - | - | - | - |
| (Surplus)/deficit | 258.93 | 245.15 | 165.97 | 194.40 | 190.79 |
| Experience adjustments on plan liabilities | 81.43 | 102.78 | 70.87 | 148.02 | 0.00 |
| Experience adjustments on plan assets* | - | - | - | - | - |

37 The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED) and hence disclosures, if any, relating to the amounts unpaid as at the year end together with interest paid / payable required under the said Act have not been given.

38 Previous year figures including those given in brackets have been rearranged where ever necessary to confirm with the current year classification.

As per our report of even date attached

S.R. Batliboi & Co. LLP

For S. R. BATLIBOI & CO. LLP

Firm Registration No: 301003E

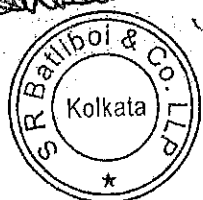
Chartered Accountants

Bhaswar Sarkar

per Bhaswar Sarkar

Partner

Membership No 55596



Place: Kolkata

Date: 24th May, 2013

For and on behalf of the Board of Directors

[Signature]
Directors

[Signature]
Company Secretary

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SPENCER'S RETAIL LIMITED

STATEMENT REGARDING SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013

PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| Sl No | Name of the Subsidiary Company | Number of Shares held by the Company | Extent of Holding | Profits/(Losses) so far as it concerns the members of the holding Company and not dealt with in the books of Account of the Holding Company | | Profits/(Losses) so far as it concerns the members of the holding Company and dealt with in the books of Account of the Holding Company | |
|-------|--------------------------------|--------------------------------------|-------------------|---|---|---|---|
| | | | | For the Financial Year of the Subsidiary | For the Previous Financial Year(s) since it became a Subsidiary | For the Financial Year of the Subsidiary | For the Previous Financial Year(s) since it became a Subsidiary |
| | | | | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| 1 | Au Bon Pain Cafe India Limited | 28,000,000 | 80% | (634) | (1,323) | NIL | NIL |
| 2 | Music World Retail Limited | 5,000,000 | 100% | (3,525) | (6,303) | NIL | NIL |

For and on behalf of the Board

Divyanshu Choudhary
Company Secretary

Director

Director

Dated : 24th May 2013