

MUSIC WORLD RETAIL LIMITED

DIRECTORS' REPORT

To The Members,

Your Directors take pleasure in submitting the Sixth Annual Report and Audited Accounts of the Company for the year ended 31st March 2014.

FINANCIAL RESULTS

<u>Particulars</u>	Rs/Million	
	<u>2013-14</u>	<u>2012-13</u>
Sales and Other Income	27	255
Operating Loss	33	55
Depreciation / Amortisation	1	7
Loss for the year before exceptional items	34	62
Exceptional Items	NIL	290
Loss for the period	34	352

OPERATIONS REVIEW & OUTLOOK

In view of challenges faced by the music industry in retailing the music in physical format and also in line with the steps taken in the last financial year, the company has fully discontinued its business operations during the year. It has taken necessary steps for closing the operations and settling of the liabilities.

MERGER

As explained in point no 13 of note no. 22 to the accounts, the shareholders of the company as well as its holding company, Spencer's Retail Ltd have decided not to give effect to the merger scheme.

DIRECTORS

During the year, Mr. Anil Kumar Sanganeria ceased to be the director of the company upon his sad demise. The Board placed on record its appreciation for the services rendered by Late Anil Kumar Sanganeria during his tenure.

Pursuant to section 256 of the Companies Act, 1956, Mr. Subhrangshu Chakrabarti retires by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment.

AUDIT COMMITTEE

The Audit Committee consists of three members namely Mr. Sanjay Gupta, Mr. Subhrangshu Chakrabarti and Mr. Sunil Bhandari.

AUDITORS REPORT

The Board has examined the Auditors Report to the accounts and the clarifications, wherever necessary, have been included in the Notes to Accounts.

AUDITORS

M/s. Lodha & Co., Chartered Accountants, Chennai, Statutory Auditors of the Company retire at the ensuing Annual General Meeting, and being eligible, offer themselves for re-

appointment. The Company has received necessary confirmation from the Auditors under Section 224(1B) of the Companies Act, 1956 ("the Act").

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.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, 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 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 Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. that the Company has discontinued the operations completely during the current year and the accounts have been prepared on the basis of realization of assets and liabilities.

PARTICULARS OF TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC.

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

During the year under review, the expenditure in foreign currency and the foreign exchange earnings were NIL.

ACKNOWLEDGEMENTS

The Directors would like to express their appreciation to bankers, trade suppliers, employees and shareholders for their continued support and cooperation.

For and on behalf of the Board

Sd/-
Sanjay Gupta

Sd/-
Subhrangshu Chakrabarti

Kolkata
Date: 15 May 2014

Director

Director

LODHA & CO

Chartered Accountants

Flat - 'D', DOLLYS CASTEL - AMBAL
FOUNDATION -
1, FIRST CROSS STREET,
SEETHAMMAL EXTN,
TEYNAMPET, CHENNAI- 600 018. India.
Tel : (91-44) 24320055
E-mail: chennai@lodhaco.com

The Shareholders
MUSIC WORLD RETAIL LIMITED,
KOLKATA

INDEPENDENT AUDITORS' REPORT

We have audited the attached Balance Sheet of M/s MUSIC WORLD RETAIL LIMITED, Kolkata, (hereinafter called the COMPANY) as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date and the cash flow statement annexed thereto

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

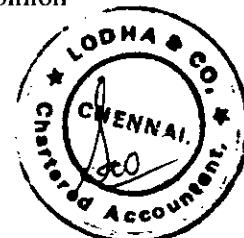
- 1 The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("The Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

- 2 Our responsibility is to express an opinion on these financial statements based on our audit
- 3 We conducted the audit in accordance with the Standards on auditing issued by the Institute of Chartered Accountants of India.. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
- 4 An Audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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

OPINION

LCO, Chennai



4.1 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014
- (ii) In the case of Profit and Loss Statement, of the LOSS for the period ended on that date. and
- (iii) In the case of the cash flow statement of the statement of cash flows for the year ended on that date

EMPHASIS OF MATTER

We draw your attention to para number 8 of Note Number 22, which explains that the company has discontinued the operations completely during the current year and the accounts have been prepared NOT ON GOING CONCERN BASIS but on the basis of realization of assets and liabilities. OUR opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

5 As required by Section 227(3) of the Act, we report that

5.1 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

5.2 In our opinion, proper books of accounts as required by law, have been kept by the company so far as it appears from the examination of those books

5.3 The Balance sheet, Statement of Profit and Loss and the Cash flow statement dealt with by this report in agreement with the books of account

5.4 We have relied on the representations given by the management in respect of transactions including values thereof and their appropriateness between the company and its holding (including ultimate holding company) / fellow subsidiary companies relating to provision for services rendered and received

5.5 In our opinion, the Balance Sheet, Statement of Profit and Loss and the cash flow statement dealt with by this report comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2003 dated 13th September 2013 of the Ministry of Corporate Affairs, to the extent applicable

5.6 On the basis of the written representations received from the directors of the company as on 31.03.2014 and taken on record by the Board of Directors of the company, we are of the opinion that none of the directors of the company are disqualified from being appointed as directors in terms of 274(1)(g) of the Companies Act, 1956

LCO, Chennai



Company has not taken any loan from the banks or financial institutions and hence the reporting on the defaults in repayment does not arise

- k. In our opinion and according to the information and explanations given to us, the Company has not taken any term loans and hence question on the utilization of the term loans does not arise
- l. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

SECURITY FOR DEBENTURES

- m. The Company has not issued any debentures during the period and hence the question of commenting on the creation of security or charge does not arise.

FURNISHING OF GUARANTEE

- n. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from any bank or financial institutions.

FURTHER ISSUE OF SHARES

- o. The Company has not raised any money by way of public issue during the year.
- p. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

INTERNAL CONTROL AND INTERNAL AUDIT

- q. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale / supply of services. During the course of our audit, no major weakness has been noticed in the internal controls.
- i. In our opinion the internal audit system is commensurate with the size of the company and nature of the business of the company

STATUTORY DUES

- r. The Company is generally regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities and according to the information and explanations given to us, there are no undisputed dues of statutory dues which are outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- s. According to the information and explanations given to us, there are no dues of Sales Tax/Income Tax/ Custom Duty/ Wealth Tax/ Service tax/Excise Duty /Cess which have not been deposited on account of any dispute.

LCO, Chennai



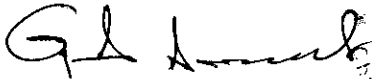
OTHERS

- t. The Company being a service and trading Company, the maintenance of cost records has not been prescribed by the Central Government
- u. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The investments shown in the accounts are held in the name of the Company.
- v. The accumulated losses at the end of the year is more than 50% of the net worth of the company and the company has incurred cash losses during the current year as well as in the immediately preceding previous year
- w. In our opinion, considering the nature of the activities carried out by the Company during the period, the provisions of any special statute applicable to Chit fund/ Nidhi/mutual benefit fund/societies are not applicable to the Company.
- x. Based on the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
- y. On the basis of the books and records of the Company verified by us in the normal course of audit and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported by/to us during the course of our audit.

NON-REPORTING OF CERTAIN CLAUSES

- z. In our opinion the reporting on the Other Clauses of the CARO 2003 as amended by CARO 2004, viz iii(g), (iv) is not applicable and hence not reported upon.

For LODHA & CO
Chartered Accountants,


G.SUBRAMANIA SARMA
Partner
Membership No. 021756
Firm Registration Number FRN 301051E



Chennai
Dated 15-05-2014


LCO, Chennai

MUSIC WORLD RETAIL LIMITED

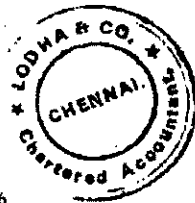
		Rs. Lakhs	Rs. Lakhs
		<u>2014</u>	<u>2013</u>
Balance Sheet as at March 31st,			
	Notes		
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	500.00	500.00
(b) Reserves and surplus	4	(2,648.68)	(2,303.15)
2 Non-current liabilities			
(a) Long-term borrowings	5	2,039.15	1,954.50
(b) Long-term provisions	6	0.00	18.27
3 Current liabilities			
(a) Trade payables	7	132.93	397.52
(b) Other current liabilities	8	0.82	16.01
(c) Short-term provisions	6	0.00	0.64
TOTAL		<u>24.22</u>	<u>583.79</u>
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
i/ Tangible assets	9	0.00	236.40
ii/ Intangible assets		<u>0.00</u>	<u>19.75</u>
		<u>0.00</u>	<u>256.15</u>
(b) Deferred tax assets (net)	10	-	-
(c) Long-term loans and advances	11	21.64	113.55
2 Current assets			
(a) Inventories	12	0.00	171.63
(b) Trade receivables	13	0.00	24.22
(c) Cash and Bank balances	14	2.58	15.36
(d) Short-term loans and advances	15	0.00	2.88
TOTAL		<u>24.22</u>	<u>583.79</u>
		0.00	0.00
About the Company	1		
Significant Accounting Policies	2		
Other Notes	22		

The Notes referred to above form an integral part of the Balance Sheet
As per our report of even date

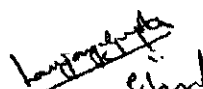
For Ludha & Co
Chartered Accountants

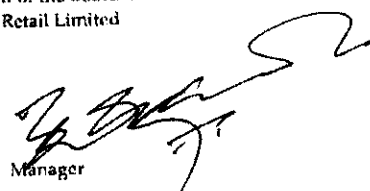

G. Subramania Sarma
Partner

Membership No 021756
Firm Regn No FRN: 301051E



For and on behalf of the Board of
Music World Retail Limited


Director


Manager

Place: Kolkata

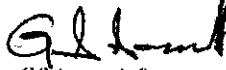
Date: 15th May 2014

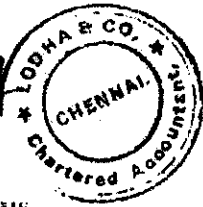
MUSIC WORLD RETAIL LIMITED

Statement of Profit & Loss for the year ended Mar 31st,	Notes	Rs. Lakhs	Rs. Lakhs
		2014	2013
I. Revenue from operations	16	233.58	2,341.99
II. Other income	17	40.88	209.74
III. Total Revenue (I + II)		<u>274.46</u>	<u>2,551.73</u>
Expenses:			
Purchase of Stock In Trade	18	20.72	1,444.99
(Increase)/Decrease in Stock In Trade	18	171.63	300.05
Employee benefits expense	19	68.20	324.80
Finance costs	20	1.49	12.99
Depreciation & Amortization expense		10.69	65.20
Other expenses	21	347.27	1,020.88
IV. Total expenses		<u>620.00</u>	<u>3,168.90</u>
V. (Loss) before exceptional items and tax (III-IV)		<u>(345.54)</u>	<u>(617.78)</u>
VI. Exceptional items			2,907.35
VII. (Loss) for the period (V-VI)		<u>(345.54)</u>	<u>(3,525.13)</u>
VIII. Earnings per equity share: (In Rupees)			
(Face Value of Rs 10 per Share)			
(1) Basic & Diluted before Exceptional Item	22/9	(6.91)	(12.36)
(2) Basic & Diluted after Exceptional Item	22/9	(6.91)	(70.50)
About the Company	1		
Significant Accounting Policies	2		
Other Notes	22		

The Notes referred to above form an integral part of the Statement of Profit and Loss
As per our report of even date

For Lodha & Co
Chartered Accountants


G. Subramonia Sarma
Partner
Membership No 021756
Firm Regn No FRN: 301051E



For and on behalf of the Board of
Music World Retail Limited



Director

Director

Manager

Place: Kolkata
Date: 15th May 2014

MUSIC WORLD RETAIL LIMITED

Cash Flow Statement for the year ended March 31st, 2014

Rs. Lakhs

	<u>3/31/2014</u>	<u>31/3/2013</u>
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	(345.54)	(3,525.13)
	(345.54)	(3,525.13)
Adjustments for:		
Depreciation	10.69	65.20
Bad Debts written off		
Rental deposits written off		
Interest expense		
Profit on sale of investments		
Interest Income		
(Profit)/ Loss on sale of Assets (net)	228.00	3,328.35
Provision for Lease equalisation		
Net Cash Cost of Good sold adjustment		
Provision for Service Tax on Rent		
Provision for Doubtful advances and deposits		
Provision for Obsolete stocks/Shrinkage		
Liability written back		
	<u>338.69</u>	<u>3,393.55</u>
Operating loss before working capital changes	(106.85)	(131.58)
Movement in Working Capital		
Decrease/(Increase) in Inventories	171.62	300.04
Decrease/(Increase) in Sundry Debtors	24.22	36.99
Decrease/(Increase) in Loans & Advances and Other Current Assets	94.79	238.61
(Decrease)/Increase Current Liabilities & Provisions	(298.69)	(574.63)
	<u>-8.06</u>	<u>1.00</u>
Cash Generated from Operations	(114.91)	(130.58)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	0.00	(3.17)
Proceeds from Sale of fixed assets	17.49	14.88
Investments in Subsidiary Company		
Sale of Mutual Fund Units		
Purchase of Mutual Fund Units	0.00	(0.14)
Deposits made with the Bank		
Interest received & TDS Refund	0.00	0.00
Net cash used in Investing activities	17.49	11.57
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest free loan from holding company	84.65	100.50
Repayment of Secured Loans		
Repayment of Unsecured Loans		
Taxes paid		
Proceeds from Unsecured Loans		
Proceeds from Term Loan		
Maturity of Fixed Deposit	1.95	
Interest paid		
Net Cash Flow from Financing activities	86.60	100.50
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(10.82)	(18.51)
Cash and cash equivalents as at 1st April	13.40	31.91
Cash and cash equivalents as at 31st March	2.58	13.40
Represented by:		
Cash on Hand	0.00	4.13
Balances with Banks	<u>2.58</u>	<u>9.27</u>
	<u>2.58</u>	<u>13.40</u>

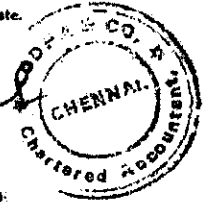
As per our report of even date.

For Latha & Co
Chartered Accountants

G. Subramania Sarma

G. Subramania Sarma
Partner
Membership No 021756
Firm Regn No FRN: 301051E

Place: Kolkata
Date: 15th May 2014



For and on behalf of the Board of
Music World Retail Limited

Director *Director* *Manager*

3 SHARE CAPITAL

	2014		2013	
	No. Shares	Rs. Lakhs	No. Shares	Rs. Lakhs
a) Authorized Share Capital				
Equity shares of Rs.10 each	6000000.00	600.00	6000000.00	600.00
b) Issued, subscribed and fully paid up capital				
Equity shares of Rs.10 each				
As at 1st April	5000000.00	500.00	5000000.00	500.00
Issued, subscribed and fully paid up during the period				
As at Mar 31st,	5000000.00	500.00	5000000.00	500.00

Out of the above, 49,50,000 shares are allotted as fully paid up pursuant to Business Transfer Agreement entered between the holding Company Spencer's Retail Limited and the Company on 31st March 2009, without payment being received in cash.

Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs 10 per share.

Each holder of equity 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) Share held by each shareholder more than 5%

Name of the party	2014		2013	
	No. of Shares	%	No. of Shares	%
Spencer's Retail Limited	5,000,000.00	100.00	5,000,000.00	100.00

Spencer's Retail Limited is also the holding Company of Music World Retail Limited and % of shares held is depicted above
CESC Limited is the Ultimate Holding Company

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No of shares	Amount(Rs) Lakhs	No of shares	Amount(Rs) Lakhs
Equity Shares outstanding at the beginning of the year	5,000,000.00	500.00	5,000,000.00	500.00
Add: Equity Shares issued during the year	-	-	-	-
Equity Shares outstanding at the end of the year	5,000,000.00	500.00	5,000,000.00	500.00

4 RESERVES & SURPLUS

	2014		2013	
	Rs. Lakhs		Rs. Lakhs	
Securities Premium Account				
As at 1st April	7,524.00		7,524.00	
As at 31st March	7,524.00		7,524.00	
Surplus / (Deficit)				
Debit Balance in Statement of Profit and Loss at the beginning of the year	(9,827.14)		(6,302.01)	
Add: Loss for the year as per profit and loss statement	(345.54)		(3,525.13)	
Debit Balance in Statement of Profit and Loss at the end of the year	(10,172.68)		(9,827.14)	
Total	(2,648.68)		(2,303.15)	



MUSIC WORLD RETAIL LIMITED
NOTES TO FINANCIAL STATEMENT

5 **LONG TERM BORROWINGS**

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Interest free loan from holding company	2,039.15	1,954.50
Total	2,039.15	1,954.50

Refer: Other Explanatory Note 23/14

6 **PROVISIONS**

	2014	2013
	Rs. Lakhs	Rs. Lakhs
LONG TERM		
Provision for Employee Benefits		
Leave Encashment		5.98
Gratuity		12.29
Total	0.00	18.27
SHORT TERM		
Provision for Employee Benefits		
Leave Encashment		0.08
Gratuity		0.56
Total	0.00	0.64

7 **TRADE PAYABLES**

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Trade Payable		
-Due to Micro, Small and Medium Enterprises	-	-
-Due to Others	132.93	397.52
	132.93	398

8 **OTHER CURRENT LIABILITIES**

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Capital Vendors	0.00	3.90
Other Payables I	0.82	12.11
	0.82	16.01
Other Payables includes		
Employee Related	0.00	6.20
Vat/Service Tax Related	0.00	0.66
TDS related	0.82	5.25
	0.82	12.11

10 **DEFERRED TAX ASSETS**

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Deferred tax asset		
on account of loss		1,116.72
on account of others		1,286.55
Total	0.00	2,403.27
Deferred Tax liability	-	-
Net Deferred Tax asset	0.00	2,403.27

Deferred tax asset has not been recognized in the books based on the concept of prudence.



MUSIC WORLD RETAIL LIMITED
NOTES TO FINANCIAL STATEMENT

11 LONG TERM LOANS & ADVANCES

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Unsecured, Considered Good		
Security Deposits	0.00	84.55
Other Loans and Advances 1	21.64	29.00
	<u>21.64</u>	<u>113.55</u>
Total	<u>21.64</u>	<u>113.55</u>
1 Other Loans and Advances Includes Following		
Tax Deducted at Source	1.37	5.62
Sales Tax Deposit	17.24	17.24
Other Deposits	3.03	6.14
	<u>21.64</u>	<u>29.00</u>

12 INVENTORIES

	2014	2013
	Rs. Lakhs	Rs. Lakhs
(At lower of cost and net realisable value)		
Stock in Trade/Traded Goods	0.00	171.63
Less : Provision for Obsolete Stock	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>171.63</u>
Total	<u>0.00</u>	<u>171.63</u>

13 TRADE RECEIVABLES

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Unsecured		
Debts outstanding for a period exceeding six months		
Considered good	-	0.00
Considered Doubtful	0.00	0.00
Less: Provision for doubtful debt	0.00	0.00
	-	0.00
<i>Other debts</i>		
Considered good *	0.00	24.22
Considered Doubtful	-	0.00
	<u>0.00</u>	<u>24.22</u>
Less : Provision for doubtful debts	-	-
Total	<u>0.00</u>	<u>24.22</u>
* Includes due from Holding Company	<u>0.00</u>	<u>13.62</u>

14 CASH AND BANK BALANCES

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Cash & Cash Equivalents		
Balances with Banks	2.58	9.27
Cash on hand	0.00	4.13
Other Bank Balances		
Fixed Deposits with maturity of over one year	0.00	1.96
Total	<u>2.58</u>	<u>15.36</u>

15 SHORT TERM LOANS & ADVANCES

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Unsecured, Considered Good		
Other Loans and Advances	0.00	2.88
Employee Loan	-	0.00
	<u>0.00</u>	<u>2.88</u>
Doubtful		
Security Deposits	0.00	0.00
Other Loans and Advances	-	0.00
Less: Allowance for doubtful debt	0.00	0.00
	-	-
Total	<u>0.00</u>	<u>2.88</u>



MUSIC WORLD RETAIL LIMITED

NOTES TO FINANCIAL STATEMENT

9 FIXED ASSETS
i/ TANGIBLE ASSETS

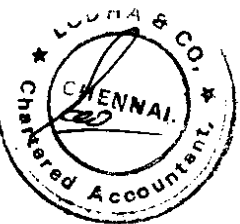
Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April 2013	Additions	Deletions	As at 31st March 2014	As at 1st April 2013	Depreciation Charge for the Year	Deletions s/Write Off	As at 31st March	As at 31st March	As at 31st March
Leasehold Improvements	54.76		54.76	0.00	40.30	0.31	40.61	0.00	0.00	14.46
Plant & Equipment	120.74		120.74	0.00	23.76	2.12	25.88	0.00	0.00	96.98
Computers Hardwares	36.90		36.90	0.00	23.25	2.27	25.52	0.00	0.00	13.65
Furniture & Fixtures	250.78		250.78	0.00	147.59	3.03	150.62	0.00	0.00	103.19
Office equipments	10.02		10.02	0.00	1.90	0.53	2.43	0.00	0.00	8.12
Vehicles	0.00			0.00	0.00			0.00	0.00	0.00
Total	473.20	0.00	473.20	0.00	236.80	8.26	245.06	0.00	0.00	236.40
Previous year's figures	1050.16	3.17	580.13	473.20	333.36	57.59	144.15	236.80		236.40

Rs.Lakhs

ii/ INTANGIBLE ASSETS

Description	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 1st April 2013	Additions	Deletions	As at 31st March 2014	As at 1st April 2013	Amortisation Charge for the Year	Deletions s/Write Off	As at 31st March	As at 31st March	As at 31st March
Goodwill	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Computer Softwares	45.28		45.28	0.00	25.53	2.43	27.97	0.00	0.00	19.75
Total	45.28	0.00	45.28	0.00	25.53	2.43	27.97	0.00	0.00	19.75
Previous year's figures	4197.91	0.00	4152.63	45.28	1264.28	7.61	1246.36	25.53		19.75

Rs.Lakhs



Ref

16 REVENUE FROM OPERATIONS

	2014	2013
Sales of products	247.63	2466.54
Less : Value Added Tax/ Sales tax	14.05	124.55
Sales (Net)	<u>233.58</u>	<u>2341.98</u>
	<u>233.58</u>	<u>2341.98</u>

Details of product Sold

	2014	2013
Traded goods sold		
Audio	81.71	813.95
Video	104.00	1035.95
Gaming & Accessories	61.91	616.64
	<u>247.62</u>	<u>2466.53</u>

17 OTHER INCOME

	2014	2013
Interest income	0.41	0.15
Liability no longer required written back	35.44	122.86
Income from recoveries and services	5.03	86.13
	<u>40.88</u>	<u>209.14</u>

18 (INCREASE)/DECREASE IN STOCK IN TRADE

	2014	2013
Inventories at the beginning of the year		
Traded goods	171.63	471.68
Inventories at the end of the year		
Traded goods	0.00	171.63
(INCREASE)/DECREASE IN STOCK IN TRADE	<u>171.63</u>	<u>299.05</u>

Details of purchase of goods

	2014	2013
Traded goods purchased		
Audio	6.22	433.50
Video	8.29	578.00
Gaming & Accessories	6.21	433.49
	<u>20.72</u>	<u>1444.98</u>

Imported and Indegenious goods Consumption

Imported		
Indegenious	20.72	1444.99
Total	<u>20.72</u>	<u>1444.99</u>

Details of Closing Stock of goods

Audio	0.00	51.49
Video	0.00	68.65
Gaming & Accessories	0.00	51.49
	<u>0.00</u>	<u>171.63</u>

19 EMPLOYEE BENEFITS EXPENSE

	2014	2013
Salaries, Wages and Bonus	63.49	294.40
Contribution to Provident and Other Funds	3.76	20.80
Staff Welfare Expenses	0.95	9.60
	<u>68.20</u>	<u>324.81</u>



20 **FINANCE COSTS**

	2014	2013
Bank charges and other financial charges	1.49	12.99
	<u>1.49</u>	<u>12.99</u>

21 **OTHER EXPENSES**

	2014	2013
Power and Fuel	6.95	50.67
Freight	0.30	8.86
Rent ^I	59.33	375.87
Others	10.66	17.92
Insurance	0.67	2.40
Rates and taxes	6.70	4.04
Advertisement and Selling Expenses	0.70	3.36
Packing Materials Consumed	0.80	6.13
Travelling and Conveyance	3.55	20.36
Security Charges	2.98	14.41
Auditor's remuneration ^{II}	7.00	11.32
Communication expenses	2.24	17.63
Printing and Stationery	0.83	5.47
Legal and consultancy charges	4.00	10.67
Loss on Sale/ Discard of fixed assets (net)	228.00	421.00
Bad Debts/Irrecoverable Balances written off	0.00	19.07
Provision for Doubtful Store Lease Deposits/ Advances	0.00	0.00
House Keeping Expense	4.10	23.78
Other Expenses	8.46	7.92
	<u>347.27</u>	<u>1,020.86</u>

I **Leases**

Operating Lease

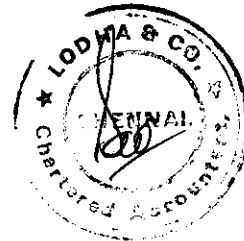
Retail Stores are taken by the Company generally on operating lease and the lease rent is payable as per the agreements entered with the lessors. Lease term is for varied years and renewable for further years as per the agreements at the option of the Company. There are no restrictions imposed by these lease agreements. Lease Rental payable are given below

	2014	2013
	Rs. Lakhs	Rs. Lakhs
Lease Payments for the year	59.33	650.89
Future Minimum Lease Payments		
Not Later than one year	0.00	204.01
Later than one year but not later than five years	0.00	527.37
Later than five years	0.00	33.68

II **Remuneration to Auditors**

Audit fees	3.50	7.00
Tax Audit fees	3.50	3.50
Certification of expenses		0.00
Re-imbursment of expenses		0.00
	<u>7.00</u>	<u>10.50</u>
Service Tax	<u>0.86</u>	<u>1.30</u>

* Service tax on above included in Other Expenses



Note 1:

ABOUT THE COMPANY

The company was registered as a Public Limited Company in the State of West Bengal vide the certificate of registration dated 12 March 2008 issued by the Registrar of Companies, West Bengal under the name of Novel Choice Confectioners Retail Limited. The Registration Number of the company is U15411WB2008PLC124063. The registered office of the company is situated at 31, Netaji Subhas Road, Duncan House, Kolkata 700001. By the resolution passed by the members at their meeting held on 25 March 2009, the name of the company has been changed to Music World Retail Limited. The Company is presently engaged primarily in dealing, and trading of cassettes, compact discs and accessories and books.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Note 2:

SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation of Financial Statements

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 and accrual basis. The accounting policies adopted in the preparation of the financial statement are consistent with those of previous year, except for the change in accounting policy explained below.

b) 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, revenue and expenses 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.

c) Fixed Assets

Fixed Assets are stated at historical cost. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure incurred in setting up of stores is capitalized as a part of Leasehold improvement.



d) Depreciation

Depreciation is charged on straight-line method at the rates prescribed under schedule XIV of the Companies Act 1956. Expenditure in respect of improvements etc carried out at the rented / leased premises are depreciated in 10 years. Depreciation on computer & software is charged at the rates applicable to computers.

e) Intangibles

Computer Software are capitalized on the basis of the costs incurred to acquire and amortized over their estimated useful lives.

f) Impairment

The carrying amount of assets is reviewed at each balance sheet date, 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. The recoverable amount is the greater of assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. For the purpose of assessing impairment, assets are regrouped at the lowest level, for which there are separately identifiable cash flows.

g) Leases

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating lease. Operating Lease payment is recognized as an expense in the Statement of Profit and Loss on straight line basis over the leased term.

h) Investment

Long term investments are carried at cost less provision for diminution in values which are other than temporary in nature.


Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and are valued at lower of cost and fair value.

i) Inventories

Inventories are valued at lower of cost and net realizable value.

Packing materials are valued at cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale. Cost includes purchase price and other incidental expenses. Cost is arriving at under moving weighted average method.

A circular stamp with a signature inside. The signature is written in cursive and appears to be 'Jee'. The stamp is slightly faded and has some texture.

j) 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. VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arises during the year.

Income from Recoveries and Services

Income from recoveries and services mainly represents recoveries made on account of advertisement for use of space 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.

k) Foreign currency transactions

Foreign exchange transactions during the year are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date, the resultant exchange differences are recognized in the profit and loss account

l) Retirement and other Employee benefits

- a. 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.
- b. Gratuity liability is a defined benefit obligation and contribution, by way of premium is made 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 at the end of each financial year.
- c. Long term compensated absences are provided for on the basis of actuarial valuation.
- d. Actuarial gains / losses are immediately taken to Statement of Profit & Loss and not deferred.



m) Income Taxes

- a) Provision for income taxes comprises of current taxes as also deferred taxes.
- b) Deferred Tax liability is recognized for the future tax consequences of the temporary differences between the tax basis and the carrying value of assets and liabilities. Deferred tax assets are recognized only if there is virtual certainty that they will be realized and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on the enacted or substantially enacted taxes.

n) Earnings per share

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

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

o) 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 its 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.



Note 22:

Other explanatory notes

1. Estimated amount of contracts remaining to be executed on capital Account net of advances – Rs. Nil; [FY 2010 - 11 Rs. Nil]
2. Remuneration to Auditors

	2013-14	2012-13
	Rs Lacs	Rs Lacs
Statutory Audit	3.50	7.00
Tax Audit	3.50	3.50
Other Services as Auditors	Nil	NIL
Service Tax on above *	0.87	1.30
	<u>7.87</u>	<u>11.80</u>

*Included in Other Expenses

	2013-14	2012-13
	Rs Lacs	Rs Lacs
3. Earnings in Foreign exchange	NIL	NIL
4. Expenditure in Foreign Currency	NIL	NIL
5. Value of Import Calculated on C.I.F. basis	NIL	NIL



6. OPERATING LEASES

Retail stores are taken by the Company generally on operating lease and the lease rent is payable as per the agreements entered with the lessors. 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 agreements. Lease Rental payable are given below

		2013-14	2012-13
		Rs Lacs	Rs Lacs
Lease Payment for the year		59.33	375.88
Future Minimum Lease Payments			
Not later than one year		0.00	145.84
Later than one year but not later than five years		0.00	43.93
Later than five years		0.00	10.98

7. Based on 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 "organized retailing" during the year.

The Company at present primarily operates in India and therefore analysis of geographical segment is not applicable to the Company.

8. In line with the changed business scenario, with respect to the retailing of music through physical format and also in continuation of its steps taken by the Company last year, the Company has fully discontinued its business operations during the year. Promoters will continue to provide funding for discharging of its balance liabilities. Accordingly, the a/cs have been prepared stating balance unpaid liabilities and realizable assets.

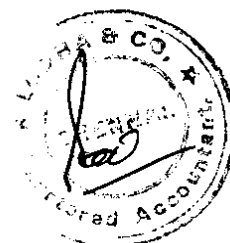


9. Earnings (Loss) per share

	2013-14 Rs Lacs	2012-13 Rs Lacs
Loss before exceptional items and tax	(345.54)	(617.78)
Weighted Average number of shares for Earning per share	500,0000	500,0000
Face Value per share Rs.	10.00	10.00
Earnings per share	(6.91)	(12.36)
Loss after exceptional items and tax	(345.54)	(3,525.13)
Weighted Average number of shares for Earning per share	500,0000	500,0000
Face Value per share Rs.	10.00	10.00
Earnings per share	(6.91)	(70.50)

10. Related Party Transaction

- a) Holding Company : Spencer's Retail Limited
- b) Ultimate Holding Company : CESC Limited
- c) Subsidiary of the Holding Company : Au Bon Pain Café India Limited
- d) Other fellow subsidiary Companies : CESC Projects Limited
 CESC Properties Limited
 Metromark Green Commodities Private Limited
 Bantal Singapore Pte Limited
 CESC Infrastructure Limited
 Haldia Energy Limited
 Dhariwal Infrastructure Limited
 Surya Vidyut Limited
 Nalanda Power Limited
 Papu Hydropower Projects Limited
 Pachi Hydropower Projects Limited
 Spen Liq Private Limited
 Firstsource Solutions Limited
 Ranchi Power Distribution Comapny Private Limited
 Mahugarhi Coal Company Private Limited (50 : 50) Joint Venture
- e) Key Management Personnel : G.R. Srikkant, Manager



Related Party	Relationship	Nature of transaction	For the year ended 31.3.14	For the year ended 31.3.13
			Rs Lacs	Rs Lacs
CESC	Ultimate Holding company	Electricity Bill	6.05	20.43
Spencer's Retail Ltd	Holding Company	Sale of assets Sale of goods Rent paid Rent Received Deposit Refund Commission Paid on sales Interest Free Loan from Holding Company Miscellaneous Exp incurred by Holding Co.		13.84 6.74 2.78 100.50 0.58
CESC	Ultimate Holding company	Closing Balance (Debit)	3.03	4.61
Spencer's Retail Ltd	Holding Company	Closing Balance (Debit) Closing Balance (Credit)	Nil 2039.15	13.62 1954.50

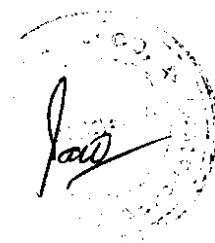
Note: No remuneration is being paid to the Key Management Personnel.



11. 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 days salary last drawn for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summaries the components of net benefit expense recognized in the profit & loss account & the funded status and the amounts recognized in the balance sheet for plan.

Sr No	Description	31-03-2014	31-03-2013	31-03-2014	31-03-2013
		Gratuity Rs Lacs	Gratuity Rs Lacs	Leave Encashment Rs Lacs	Leave Encashment Rs Lacs
Reconciliation of Opening and Closing balance of Obligation:					
1	Opening defined benefit obligation		13		8
2	Interest Cost		1		0
3	Current service cost		2		1
4	Benefits Paid		5		9
5	Actuarial (gain)/ loss		3		6
6	Closing defined benefit obligation		13		6
Change in fair value of Plan assets:					
1	Opening Fair value of Plan Asset		3		-
2	Expected Return on Plan Assets		0		-
3	Benefits Paid		5		-
4	Actuarial gain/(loss) on Plan Asset		4		-
5	Closing Fair value of Plan Asset		2		-

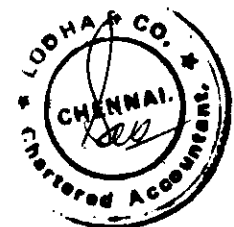


Reconciliation of fair value of plan assets and obligation:				
1	Closing Fair value of Plan Assets		2	-
2	Closing Present value of obligation		13	-
3	Funded Status		(11)	-
4	Unrecognized Actuarial Gain / Loss at the end of the Year			-
5	Amount recognized in Balance Sheet		(11)	(6)
Expenses recognized during the year:				
1	Current service cost		2	1
2	Interest Cost		1	0
3	Expected return on Plan Asset		0	
4	Actuarial (gains)/loss		(1)	6
5	Expenses recognized during the year		1	7
Assumptions:				
1	Discount rate (per annum)		8%	8%
2	Inflation rate		5%	5%
3	Estimated rate of return on plan assets (per annum)		8%	-

The major categories of plan assets as a percentage of the fair value of total plan assets are

Investment with insurer 100%

Since the company does not have any employee at the end of the year, the question of valuation does not arise.



- a) A notice for Demand of Rs 11.40 Lacs & Rs 6.75 Lacs was received from the Deputy Commissioner Commercial Taxes Sector-7 Noida on 20th December 2010, stating certain reporting issues in the returns filed for the April to June 2010 in the state of Uttar Pradesh. Revised returns for the same periods have already been filed & Rs 17.22 Lacs amount of Tax has been pre-deposited on 15th March 2011 & a further appeal in this matter has been filed on 28th March 2011 by the Company with appellate authority for the revocation of the initial order & refund of the pre-deposited tax. On 16th Feb 2012 the Company received the order from the appellate authority under appeal no: 391/11,392/11, 393/11 for re-assessment of the disputed period. Out of which Financial Year 2009-10 have been assessed vide order no: 447-448 dated 21st Jan 2013 and demand of Rs 0.33 Lacs was raised, which has been paid on 22nd Feb 2013 Vide challan No: 926570712012130004. Financial Year 2010-11 is still under assessment
13. The shareholders of the Company at a general meeting held on 14 May 2014 have passed a Special Resolution recalling the scheme of amalgamation earlier approved by them and also approved by the Hon'ble High Court at Calcutta envisaging amalgamation of the Company with Spencer's Retail Limited, its holding company ('the Scheme') vide the Hon'ble High Court's order dated 26 March 2013 passed in Company Petition No.126 of 2012 connected with Company Application No.150 of 2012. The Company has been legally advised that, in the said circumstances, the Scheme does not have to be given effect of and the certified copy of the order of the Hon'ble High Court, which is still awaited, will not be filed with the ROC, West Bengal, upon its receipt.

Vide our report of even date

LODHA & CO

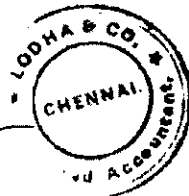
Chartered Accountants


G. Subramanian Sarma

Partner

Membership No.021756

Firm Reg. No. FRN: 301051E



For and behalf of the Board


Director


Director

Manager 

Place: Kolkata

Date: 15th May 2014