

LODHA & CO

Chartered Accountants

GURU KIRPA NIWAS, GROUND FLOOR,
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The Shareholders
MUSIC WORLD RETAIL LIMITED,
KOLKATA

AUDITORS' REPORT

We have audited the accompanying Financial Statements of **M/s MUSIC WORLD RETAIL LIMITED**, Kolkata, (hereinafter called the COMPANY), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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

- 1 The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

- 2 Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view 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 Company's Directors, 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 on the financial statements.

OPINION

- 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 require by the Companies Act, 1956, 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, 2015
 - (ii) In the case of Statement of Profit and Loss, of the LOSS for the period ended on that date. and
 - (iii) In the case of the Statement of cash flows of the cash flows for the year ended on that date

EMPHASIS OF MATTER

- 5 We draw your attention to Para number 8 of Note Number 21, which explains that the company has discontinued the business operations and has not conducted any operations during the 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.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 6 As required by Section 143(3) of the Act, we report that
- 6.1 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
- 6.2 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
- 6.3 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
- 6.4 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
- 6.5 The going concern matter described in sub- Para 5 under Emphasis of Matters above, in our opinion may have an adverse effect on the functioning of the Company.
- 6.6 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 specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Account) Rules, 2014
- 6.7 On the basis of the written representations received from the directors of the company as on 31.03.2015 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 164(2) of the Companies Act, 2013

OTHER MATTERS

- 6.8 According to the information and explanations given to us, there are no pending litigation against the company which would impact its financial position
- 6.9 According to the information and explanations given to us, the company is not required to provide any Loss on long term contracts including derivative contracts

COMPANIES AUDITORS REPORT ORDER 2015

As required by the Companies [Auditors' Report] Order 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 and on the basis of such checks as we considered appropriate and information and explanation given to us, we further report that:

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FIXED ASSETS

- a. The Company does not have any fixed assets at the year end and hence reporting on points covering fixed assets does not arise

INVENTORIES

- b. The company does not have any inventories at the yearend or at any time during the year. Hence reporting on the points covering inventories does not arise

LOANS TAKEN AND GIVEN

- c. 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 189 of the Companies Act, 2013 and hence the question of reporting on the terms and conditions on which loans have been granted and receipt of principal and interest and overdue amount thereon, does not arise
- d. The Company has not accepted any deposits from the public.
- e. In our opinion and according to the information and explanations given to us, the Company has not taken any loan from the banks or financial institutions and hence the reporting on the defaults in repayment does not arise
- f. 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

FURNISHING OF GUARANTEE

- g. 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.

INTERNAL CONTROL AND INTERNAL AUDIT

- h. 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.

STATUTORY DUES

- i. The Company is generally regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund,

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Employees' State insurance, income tax, sales tax, wealth tax, Service Tax, duty of customs, duty of Excise, Value added tax, 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, 2015 for a period of more than six months from the date they became payable.

- j. 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.
- k. The company is not required to transfer any amount to the Investor education and protection Fund during the year

OTHERS

- l. 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
- m. 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.

For LODHA & CO
Chartered Accountants,



G.SUBRAMANIA SARMA

Partner

Membership No. 021756

Firm Registration Number FRN 301051E



Chennai

Dated 27 -04-2015


LCO, Chennai

MUSIC WORLD RETAIL LIMITED

Balance Sheet as at March 31st,	Notes	Rs. Lakhs	Rs. Lakhs
		2015	2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	500.00	500.00
(b) Reserves and surplus	4	-2,648.73	-2,648.68
2 Non-current liabilities			
(a) Long-term borrowings	5	2,039.15	2,039.15
(b) Long-term provisions	6	0.00	0.00
3 Current liabilities			
(a) Trade payables	7	112.46	132.93
(b) Other current liabilities	8	0.00	0.82
(c) Short-term provisions	6	0.00	0.00
TOTAL		2.88	24.22
II. ASSETS			
1 Non-current assets			
(a) Deferred tax assets (net)	9	-	-
(b) Long-term loans and advances	10	0.19	21.64
2 Current assets			
(a) Inventories	11	0.00	0.00
(b) Trade receivables	12	0.00	0.00
(c) Cash and Bank balances	13	2.69	2.58
(d) Short-term loans and advances	14	0.00	0.00
TOTAL		2.88	24.22
About the Company	1		
Significant Accounting Policies	2		
Other Notes	21		

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

For Lodha & 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  Director  Manager


Place : Kolkata
Date : 27 Apr 2015

MUSIC WORLD RETAIL LIMITED

Statement of Profit & Loss for the year ended Mar 31st,	Notes	Rs. Lakhs	Rs. Lakhs
		2015	2014
I. Revenue from operations	15	0.00	233.58
II. Other income	16	12.16	40.88
III. Total Revenue (I + II)		<u>12.16</u>	<u>274.46</u>
Expenses:			
Purchase of Stock In Trade	17	0.00	20.72
(Increase)/Decrease in Stock In Trade	17	0.00	171.63
Employee benefits expense	18	0.00	68.20
Finance costs	19	0.00	1.49
Depreciation & Amortization expense		0.00	10.69
Other expenses	20	12.21	347.27
IV. Total expenses		<u>12.21</u>	<u>620.00</u>
V. (Loss) before exceptional items and tax (III-IV)		(0.05)	(345.54)
VI. Exceptional items			
VII. (Loss) for the period (V-VI)		<u>-0.05</u>	<u>-345.54</u>
VIII. Earnings per equity share: (In Rupees)			
(Face Value of Rs 10 per Share)			
(1) Basic & Diluted before Exceptional Item	22/9	(0.00)	(6.91)
(2) Basic & Diluted after Exceptional Item	22/9	(0.00)	(6.91)
About the Company	1		
Significant Accounting Policies	2		
Other Notes	21		

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 Subramania 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 : 27 Apr 2015

MUSIC WORLD RETAIL LIMITED

Cash Flow Statement for the year ended March 31st, 2015

Rs. Lakhs

	<u>31-03-2015</u>	<u>31-03-2014</u>
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	-0.05	-345.54
	-0.05	-345.54
Adjustments for :		
Depreciation	0.00	10.69
Bad Debts written off		
Rental deposits written off		
Interest expense		
Profit on sale of Investments		
Interest Income	-0.21	
(Profit)/ Loss on sale of Assets (net)	0.00	228.00
Provision for Lease equalisation		
Non 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		
	-0.21	238.69
Operating Loss before working capital changes	-0.26	-106.85
Movement in Working Capital		
Decrease/(Increase) in Inventories	0.00	171.62
Decrease/(Increase) in Sundry Debtors	0.00	24.22
Decrease/(Increase) in Loans & Advances and Other Current Assets	20.26	94.79
(Decrease)/Increase Current Liabilities & Provisions	-21.29	-298.69
	-1.03	-8.06
Cash Generated from Operations	(1.29)	(114.91)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	0.00	0.00
Proceeds from Sale of fixed assets	0.00	17.49
Investments in Subsidiary Company	-	-
Sale of Mutual Fund Units	-	-
Purchase of Mutual Fund Units	0.00	0.00
Deposits made with the Bank		
Interest received & TDS Refund	1.40	0.00
Net cash used in Investing activities	1.40	17.49
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest free loan from holding company	0.00	84.65
Repayment of Secured Loans	-	-
Repayment of Unsecured Loans	-	-
Taxes paid	-	-
Proceeds from Unsecured Loans	-	-
Proceeds from Term Loan	-	-
Maturity of Fixed Deposit	0.00	1.95
Interest paid	-	-
Net Cash Flow from Financing activities	0.00	86.60
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	0.11	(10.82)
Cash and cash equivalents as at 1st April	2.58	13.40
Cash and cash equivalents as at 31st March	2.69	2.58
Represented by :		
Cash on Hand	0.02	0.00
Balances with Banks	2.67	2.58
	2.69	2.58

As per our report of even date.

For Lodha & 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



Director



Manager

Place : Kolkata

Date : 27 Apr 2015

MUSIC WORLD RETAIL LIMITED
NOTES TO FINANCIAL STATEMENT

Ref

3 SHARE CAPITAL

	2015		2014	
	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%	2015		2014	
	No. of Shares	%	No. of Shares	%
Name of the party				
Spencer's Retail Limited	50,00,000.00	100.00	50,00,000.00	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, 2015		As at 31st March, 2014	
	No of shares	Amount(Rs) Lakhs	No of shares	Amount(Rs) Lakhs
Equity Shares outstanding at the beginning of the year	50,00,000.00	500.00	50,00,000.00	500.00
Add: Equity Shares issued during the year	-	-	-	-
Equity Shares outstanding at the end of the year	50,00,000.00	500.00	50,00,000.00	500.00

4 RESERVES & SURPLUS

	2015		2014	
	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	(10,172.68)		(9,827.14)	
Add: Loss for the year as per profit and loss statement	(0.05)		(345.54)	
Debit Balance in Statement of Profit and Loss at the end of the year	(10,172.73)		(10,172.68)	
Total	(2,648.73)		(2,648.68)	



MUSIC WORLD RETAIL LIMITED
NOTES TO FINANCIAL STATEMENT

5	2015	2014
<u>LONG TERM BORROWINGS</u>	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
Interest free loan from holding company	2,039.15	2,039.15
Total	2,039.15	2,039.15
Refer: Other Explanatory Note 23/14		
6	2015	2014
<u>PROVISIONS</u>	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
LONG TERM		
Provision for Employee Benefits		
Leave Encashment		
Gratuity		
Total	0.00	0.00
SHORT TERM		
Provision for Employee Benefits		
Leave Encashment		
Gratuity		
Total	0.00	0.00
7	2015	2014
<u>TRADE PAYABLES</u>	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
Trade Payable		
-Due to Micro,Small and Medium Enterprises		
-Due to Others	112.46	132.93
	112.46	132.93
8	2015	2014
<u>OTHER CURRENT LIABILITIES</u>	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
Capital Vendors	0.00	0.00
Other Payables 1	0.00	0.82
	0.00	0.82
1 Other Payables includes		
Employee Related	0.00	0.00
Vat/Service Tax Related	0.00	0.00
TDS related	0.00	0.82
	0.00	0.82
9	2015	2014
<u>DEFERRED TAX ASSETS</u>	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
Deferred tax asset		
on account of loss		
on account of others		
Total	0.00	0.00
Deferred Tax liability	-	-
Net Deferred Tax asset	0.00	0.00
Deferred tax asset has not been recognized in the books based on the concept of prudence.		



MUSIC WORLD RETAIL LIMITED
NOTES TO FINANCIAL STATEMENT

10 LONG TERM LOANS & ADVANCES

	2015	2014
	Rs. Lakhs	Rs. Lakhs
Unsecured, Considered Good		
Security Deposits	0.00	0.00
Other Loans and Advances 1	0.19	21.64
	<u>0.19</u>	<u>21.64</u>
Total	<u>0.19</u>	<u>21.64</u>
1 Other Loans and Advances Includes Following		
Tax Deducted at Source	0.19	1.37
Sales Tax Deposit	0.00	17.24
Other Deposits	0.00	3.03
	<u>0.19</u>	<u>21.64</u>

11 INVENTORIES

	2015	2015
	Rs. Lakhs	Rs. Lakhs
(At lower of cost and net realisable value)		
Stock in Trade/Traded Goods	0.00	0.00
Less : Provision for Obsolete Stock	<u>0.00</u>	<u>0.00</u>
Total	<u>0.00</u>	<u>0.00</u>

12 TRADE RECEIVABLES

	2015	2014
	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	0.00
Considered Doubtful	-	0.00
	<u>0.00</u>	<u>0.00</u>
Less : Provision for doubtful debts	-	-
Total	<u>0.00</u>	<u>0.00</u>
* Includes due from Holding Company	<u>0.00</u>	<u>0.00</u>

13 CASH AND BANK BALANCES

	2015	2014
	Rs. Lakhs	Rs. Lakhs
Cash & Cash Equivalents		
Balances with Banks	2.67	2.58
Cash on hand	0.02	0.00
Other Bank Balances		
Fixed Deposits with maturity of over one year	0.00	0.00
Total	<u>2.69</u>	<u>2.58</u>

14 SHORT TERM LOANS & ADVANCES

	2015	2014
	Rs. Lakhs	Rs. Lakhs
Unsecured, Considered Good		
Other Loans and Advances	0.00	0.00
Employee Loan	-	0.00
	<u>0.00</u>	<u>0.00</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>0.00</u>



MUSIC WORLD RETAIL LIMITED
NOTES TO FINANCIAL STATEMENT

Rs. Lakhs

Ref		2015	2014
15	REVENUE FROM OPERATIONS		
	Sales of products	0.00	247.63
	Less : Value Added Tax/ Sales tax	0.00	14.05
	Sales (Net)	0.00	233.58
		<u>0.00</u>	<u>233.58</u>
	Details of product Sold		
	Traded goods sold		
	Audio	0.00	81.71
	Video	0.00	104.00
	Gaming & Accessories	0.00	61.91
		<u>0.00</u>	<u>247.62</u>
16	OTHER INCOME		
	Interest income	0.21	0.41
	Liability no longer required written back	11.95	35.44
	Income from recoveries and services	0.00	5.03
		<u>12.16</u>	<u>40.88</u>
17	(INCREASE)/DECREASE IN STOCK IN TRADE		
	Inventories at the beginning of the year		
	Traded goods	0.00	171.63
	Inventories at the end of the year		
	Traded goods	0.00	0.00
	(INCREASE)/DECREASE IN STOCK IN TRADE	<u>0.00</u>	<u>171.63</u>
	Details of purchase of goods		
	Traded goods purchased		
	Audio	0.00	57.71
	Video	0.00	76.94
	Gaming & Accessories	0.00	57.70
		<u>0.00</u>	<u>192.35</u>
	Imported and Indegenious goods Consumption		
	Imported	-	-
	Indegenious	0.00	192.35
	Total	<u>0.00</u>	<u>192.35</u>
	Details of Closing Stock of goods		
	Audio	0.00	0.00
	Video	0.00	0.00
	Gaming & Accessories	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
18	EMPLOYEE BENEFITS EXPENSE		
	Salaries, Wages and Bonus	0.00	63.49
	Contribution to Provident and Other Funds	0.00	3.76
	Staff Welfare Expenses	0.00	0.95
		<u>0.00</u>	<u>68.20</u>



19 **FINANCE COSTS**

	2015	2014
Bank charges and other financial charges	0.00	1.49
	<u>0.00</u>	<u>1.49</u>

20 **OTHER EXPENSES**

	2015	2014
Power and Fuel	0.77	6.95
Freight	0.00	0.30
Rent ^I	0.00	59.33
- Others	5.66	10.66
Insurance	0.00	0.67
Rates and taxes	2.57	6.70
Advertisement and Selling Expenses	0.00	0.70
Packing Materials Consumed	0.00	0.80
Travelling and Conveyance	0.08	3.55
Security Charges	0.00	2.98
Auditor's remuneration ^{II}	0.96	7.00
Communication expenses	0.00	2.24
Printing and Stationery	0.00	0.83
Legal and consultancy charges	1.89	4.00
Loss on Sale/ Discard of fixed assets (net)	0.00	228.00
Bad Debts/Irrecoverable Balances written off	0.00	0.00
Provision for Doubtful Store Lease Deposits/ Advances	0.00	0.00
House Keeping Expense	0.00	4.10
Other Expenses	0.28	8.46
	<u>12.21</u>	<u>347.27</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

	2015	2014
	Rs. Lakhs	Rs. Lakhs
Lease Payments for the year	0.00	59.33
Future Minimum Lease Payments -		
Not Later than one year	0.00	0.00
Later than one year but not later than five years	0.00	0.00
Later than five years	0.00	0.00

II **Remuneration to Auditors**

Audit fees	0.75	3.50
Tax Audit fees	0.00	3.50
Certification of expenses	0.20	
Re-imbusement of expenses		
	<u>0.95</u>	<u>7.00</u>
Service Tax	<u>0.12</u>	<u>0.86</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.



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 21:**Other explanatory notes**

1.

- a) Estimated amount of contracts remaining to be executed on capital Account net of advances – Rs. Nil; [FY 2014 - 15 Rs. Nil]
- b) The Company does not have any pending litigation, nor it is required to provide for any impairment of asset or long term contracts etc.

2. Remuneration to Auditors

	2014-15	2013-14
	Rs Lacs	Rs Lacs
Statutory Audit	0.75	3.50
Tax Audit	0.00	3.50
Other Services as Auditors	0.20	Nil
Service Tax on above *	0.12	0.87
	<u>1.06</u>	<u>7.87</u>

*Included in Other Expenses

	2014-15	2013-14
	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

		2014-15	2013-14
		Rs Lacs	Rs Lacs
Lease Payment for the year		0.00	59.33
Future Minimum Lease Payments			
Not later than one year		0.00	0.00
Later than one year but not later than five years		0.00	0.00
Later than five years		0.00	0.00

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 earlier, the Company has fully discontinued its business operations last 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

	2014-15 Rs Lacs	2013-14 Rs Lacs
Loss before exceptional items and tax	(0.05)	(345.54)
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	(0.00)	(6.91)
Loss after exceptional items and tax	(0.05)	(345.54)
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	(0.00)	(6.91)

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 31.3.15	For the year ended 31.3.14
			Rs Lacs	Rs Lacs
CESC	Ultimate Holding company	Electricity Bill	0.77	6.05
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.		
CESC	Ultimate Holding company	Closing Balance (Debit)	0.00	3.03
Spencer's Retail Ltd	Holding Company	Closing Balance (Debit) Closing Balance (Credit)	Nil 2039.15	Nil 2039.15

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



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: 27th Apr 2015