

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Spencer's Retail Limited

**Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Spencer's Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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**

The Company's Board of Directors is responsible for the matters stated 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 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 a 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 the 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 qualified audit opinion on the standalone financial statements.





## **Basis for qualified opinion**

Attention is drawn to note no. 12 to the financial statements regarding continuation of net deferred tax asset (DTA) of Rs 31,053.45 lakhs (Rs. 31,053.45 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 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 45,281.59 lakhs as against the reported loss of Rs. 14,228.14 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 above, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016, of its loss and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
  - (f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 7 and Note 26 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per **Kamal Agarwal**

Partner

Membership Number: 58652

Place of Signature: Kolkata

Date: 18<sup>th</sup> May 2016





**ANNEXURE 1 TO THE AUDITOR'S REPORT**

**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) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) 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, provisions of section 186 of the Companies Act 2013 in respect of investments made have been complied with by the company. There are no loans, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.





# S.R. BATLIBOI & Co. LLP

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(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, excise duty, value added tax, 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, service tax, customs duty, excise duty, value added tax 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 / CST / Entry Tax Act	Sales tax demand on stock Transfer	58.49	2003-04, 2008-09, 2009-10 and 2010-11	Various appellate authorities
	Dispute related to VAT credit / non submission of forms and other documents	890.59	2000-01, 2001-02, 2003-04, 2004-05, 2007-08 to 2012-13.	Appellate Deputy Commissioner/Additional Commissioner/Appellate Tribunal
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	1020.95	2006-07 to 2010-11	CESTAT

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of borrowings to banks and financial institutions. The Company did not have any outstanding dues, towards loans or borrowings, to government and debentures during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments. Further, term loans were applied for the purpose for which the loans were obtained.



# **S.R. BATLIBOI & Co. LLP**

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(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the conditions specified by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

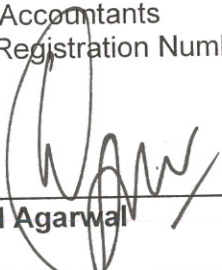
(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act , 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Kamal Agarwal**

Partner

Membership Number: 58652

Place of Signature: Kolkata

Date: 18<sup>th</sup> May, 2016





**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
STANDALONE FINANCIAL STATEMENTS OF SPENCER'S RETAIL LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section  
143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Spencer's Retail Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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





### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, in our opinion, a material weakness has been identified in the operating effectiveness of the Company's internal financial controls as at March 31, 2016, over recognition of deferred tax assets resulting in the Company recognizing such assets without establishing virtual certainty.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.





# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

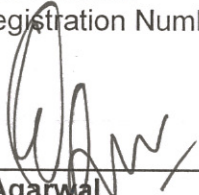
## **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of Spencer's Retail Limited, which comprise the Balance Sheet as at March 31, 2016, and the related 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. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of Spencer's Retail Limited and this report does affect our report dated 18<sup>th</sup> May 2016, which expressed a qualified opinion on those financial statements.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Kamal Agarwal**

Partner

Membership Number: 58652

Place of Signature: Kolkata

Date: 18<sup>th</sup> May, 2016



SPENCER'S RETAIL LIMITED  
Balance sheet as at 31st March 2016

	Notes	31st March 2016 ₹ Lakhs	31st March 2015 ₹ Lakhs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
(a) Share capital	3	29,675.36	24,279.84
(b) Reserves and surplus	4	(1,47,147.50)	(1,36,156.67)
		<u>(1,17,472.14)</u>	<u>(1,11,876.83)</u>
<b>Share application money pending allotment</b>	5	1,20,495.80	1,17,828.63
<b>Non-current liabilities</b>			
(a) Long-term borrowings	6	17,750.00	23,300.00
(b) Long-term provisions	7	531.56	475.79
		<u>18,281.56</u>	<u>23,775.79</u>
<b>Current liabilities</b>			
(a) Short-term borrowings	8	29,462.70	22,500.00
(b) Trade payables			
- Total outstanding dues of Micro and small enterprises	9.1	3.30	-
- Total outstanding dues of creditors other than Micro and small enterprises	9.1	21,718.15	19,354.53
(c) Other current liabilities	9.2	17,772.78	13,030.97
(d) Short-term provisions	7	1,417.00	1,403.72
		<u>70,373.93</u>	<u>56,289.22</u>
<b>TOTAL</b>		<u><u>91,679.15</u></u>	<u><u>86,016.81</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
Tangible assets	10.1	16,352.80	16,627.06
Intangible assets	10.2	623.31	784.76
Capital work-in-progress		805.87	1,386.05
(b) Non-current investments	11	9,446.81	7,201.00
(c) Deferred tax assets (net)	12	31,053.45	31,053.45
(d) Long-term loans and advances	13	6,780.33	5,567.10
(e) Other non-current assets	16.2	2,440.03	2,620.53
		<u>67,502.60</u>	<u>65,239.95</u>
<b>Current assets</b>			
(a) Inventories	14	19,174.51	17,120.76
(b) Trade receivables	16.1	2,791.53	2,123.39
(c) Cash and Bank balances	15	618.85	392.42
(d) Short-term loans and advances	13	1,535.74	1,083.92
(e) Other current assets	16.2	55.92	56.37
		<u>24,176.55</u>	<u>20,776.86</u>
<b>TOTAL</b>		<u><u>91,679.15</u></u>	<u><u>86,016.81</u></u>
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

For S.R.Batliboi & Co. LLP  
Firm Registration No: 301003E/E300005  
Chartered Accountants

per Kamal Agarwal  
Partner  
Membership No 58652



For and on behalf of the Board of Directors

Mohit Kampani ✓

Managing Director  
V. Doraswami  
Chief Financial Officer

Director  
S. Bose  
Company Secretary

Place : Kolkata  
Date : 18 May, 2016



SPENCER'S RETAIL LIMITED

Statement of Profit and Loss for the year ended 31st March 2016

	Notes	<u>2015-16</u> ₹ Lakhs	<u>2014-15</u> ₹ Lakhs
<b>Income:</b>			
Revenue from operations	17	1,85,876.81	1,66,570.39
Other income	18	623.46	621.63
<b>Total Revenue (I)</b>		<u>1,86,500.27</u>	<u>1,67,192.02</u>
<b>Expenses:</b>			
Purchase of traded goods	19	1,50,321.49	1,37,128.66
Increase in inventories of traded goods	19	(2,049.63)	(3,185.80)
Cost of Raw Materials Consumed	20	734.94	657.16
Employee benefit expenses	21	13,744.24	13,104.90
Other expenses	22	29,081.29	26,192.66
<b>Total (II)</b>		<u>1,91,832.33</u>	<u>1,73,897.58</u>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II)</b>		<b>(5,332.06)</b>	<b>(6,705.56)</b>
Depreciation and Amortisation	23	3,662.50	3,691.83
Finance costs	24	5,233.58	4,764.93
<b>Loss for the year</b>		<u><b>(14,228.14)</b></u>	<u><b>(15,162.32)</b></u>
<b>Earnings per share- Basic and Diluted (Nominal value ₹10 per share)</b>	25	<b>(5.85)</b>	<b>(8.70)</b>

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

For S.R.Batliboi & Co. LLP

Firm Registration No: 301003E/E300005

Chartered Accountants

per Kamal Agarwal  
Partner  
Membership No 58652



Place : Kolkata

Date : 18 May , 2016

For and on behalf of the Board of Directors

Mohit Kampani ✓

Managing Director

Vishveshwar  
Chief Financial Officer

Director

S. Banerjee  
Company Secretary

Notes	2015-16 ₹ Lakhs	2014-15 ₹ Lakhs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(14,228.14)	(15,162.32)
Non Cash adjustment to reconcile loss before tax to net cash flows :		
Depreciation and Amortisation	3,662.50	3,691.83
Rental deposits written off/provision	193.34	38.58
Interest expense	3,789.26	3,553.18
Profit on sale of Investments	(61.46)	(26.55)
Interest Income	(225.42)	(242.25)
Loss on sale of Assets (net)	78.07	663.72
Provision/(Reversal) for Obsolete stocks	(15.46)	87.41
Provisions no longer required written back	(244.97)	(314.66)
<b>Operating Loss before working capital changes</b>	<b>(7,052.28)</b>	<b>(7,711.06)</b>
<b>Movement in working capital:</b>		
Increase in Liabilities & Provisions	3,244.00	3,877.72
Increase in Trade receivables	(667.70)	(30.61)
Increase in Inventories	(2,038.29)	(3,148.77)
Increase in Loans & Advances and Other Assets	(523.23)	(639.70)
	<u>14.78</u>	<u>58.64</u>
<b>Net cash used in operating activities (A)</b>	<b>(7,037.50)</b>	<b>(7,652.42)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets, including intangible assets, capital work in progress and capital advances	(3,653.37)	(3,340.37)
Proceeds from Sale of fixed assets	244.99	148.08
Purchase consideration for acquisition of shares [ refer Note 11 (v)]	(805.81)	-
Share Application money to Subsidiary Company pending allotment	(1,352.50)	(2,523.15)
Investment in Subsidiary Company	(1,440.00)	-
Proceeds from sale of current investments	17,069.36	12,992.55
Purchase of current investments	(17,007.90)	(12,966.00)
Investments in bank deposits (having original maturity of more than three months)	(620.48)	(2,646.31)
Redemption/maturity of bank deposits (having original maturity of more than three months)	600.00	2,666.74
Interest received	225.43	250.00
<b>Net cash used in Investing activities (B)</b>	<b>(6,740.28)</b>	<b>(5,418.46)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Application Money pending allotment	11,300.00	14,860.01
Proceeds from long-term borrowings	4,500.00	5,000.00
Repayment of long-term borrowings	(5,300.00)	(3,400.00)
Proceeds from short-term borrowings (net)	6,962.70	-
Interest paid	(3,658.49)	(3,506.71)
<b>Net Cash Flow from financing activities (C)</b>	<b>13,804.21</b>	<b>12,953.30</b>
<b>Net Decrease in Cash and Cash equivalents (A+B+C)</b>	<b>26.43</b>	<b>(117.58)</b>
Cash and cash equivalents at the beginning of the year	392.42	510.00
<b>Cash and cash equivalents at the end of the year</b>	<b>418.85</b>	<b>392.42</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	269.63	300.88
With banks-on current account	149.22	91.54
<b>Total cash and cash equivalents (Note 15)</b>	<b>418.85</b>	<b>392.42</b>

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

For S.R.Batlilbhoi & Co. LLP  
Firm Registration No: 301003E/E300005  
Chartered Accountants

For and on behalf of the Board of Directors

per Kamal Agarwal  
Partner  
Membership No 58652



Molit Karpai ✓

Managing Director

Director

Sudhanshu

Chief Financial Officer

S. G. S. R.

Company Secretary

Place : Kolkata

Date : 18 May, 2016



## 1 CORPORATE INFORMATION

Spencer's Retail Limited ( the Company) is a Public Limited Company domiciled in India. The Company is engaged in the retailing of goods and caters to the 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 (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

#### b) Tangible 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.

The company identifies and determines cost of each component of the asset separately, if the component has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets.

Class of Assets	Useful lives estimated by the management
Computers	3 to 6 years
Furniture & Fixtures	3 to 10 years
Vehicles	5 years
Office equipments	5 years
Plant & Machinery	15 years

The management has estimated, based on the Company's internal evaluation, the useful lives of certain furniture & fixtures and vehicle between 3 to 5 years. These lives are lower than those indicated in schedule II.

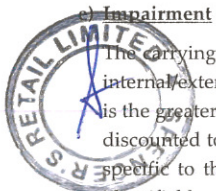
#### d) Intangibles

Acquired Computer softwares and knowhow & licenses are capitalised 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



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.

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 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.

The property of goods of third party concessionaire stores located within the main departmental store of the Company passes to the Company once a customer decides to purchase an item from the concessionaire store. The Company in turn sells the item to the customer and is accordingly included under retail sales.

The Property in goods received on " Sales or Return " basis passes to the Company once a customer decides to purchase such goods. The Company in turn sells the item to the customer and is accordingly included under retail sales.

Gift vouchers /cards sales are recognised when the vouchers are redeemed and goods are sold to the customers.

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.

**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 the 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 the 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 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 year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

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 year 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 liabilities 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 probable 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 reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

s) **Measurement of EBITDA**

As permitted by Schedule III to the Companies Act, 2013 read with 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 EBITDA 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.





**3 SHARE CAPITAL**

	31st March 2016		31st March 2015	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Authorised</b>				
Equity shares of ₹10 each	30,00,00,000	30,000.00	30,00,00,000	30,000.00
<b>Issued, subscribed and fully paid up Equity shares of ₹10 each</b>				
	29,67,53,585	29,675.36	24,27,98,388	24,279.84
<b>a) Reconciliation of Equity Shares outstanding at the beginning and end of the year</b>	<b>No. of Shares</b>	<b>₹ in Lakhs</b>	<b>No. of Shares</b>	<b>₹ in Lakhs</b>
At the beginning of the year	24,27,98,388	24,279.84	17,34,27,420	17,342.74
Issued during the year (refer Note 5)	5,39,55,197	5,395.52	6,93,70,968	6,937.10
Outstanding at the end of the year	29,67,53,585	29,675.36	24,27,98,388	24,279.84

**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	29,67,53,585	100.00%	24,27,98,388	100.00%

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 2016, all shares are 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, refer Note 29.



## SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2016

## 4 RESERVES &amp; SURPLUS

	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs
<b>Securities Premium Account</b>		
Balance as per last financial statements	20,083.09	16,614.54
Addition during the year (refer Note 5)	3,237.31	3,468.55
<b>Closing Balance</b>	<b>23,320.40</b>	<b>20,083.09</b>
<b>General Reserve</b>		
Balance as per last financial statements	51.21	47.82
Addition during the year	9.80	3.39
<b>Closing Balance</b>	<b>61.01</b>	<b>51.21</b>
<b>Share Options Outstanding Account (refer Note 29)</b>		
Balance as per last financial statements	47.77	51.16
Reversal during the year, transferred to General Reserve	9.80	3.39
<b>Closing Balance</b>	<b>37.97</b>	<b>47.77</b>
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(1,56,338.74)	(1,40,784.03)
Adjustment for Depreciation (refer Note 10.1)	-	(392.39)
Loss for the year	(14,228.14)	(15,162.32)
<b>Closing Balance</b>	<b>(1,70,566.88)</b>	<b>(1,56,338.74)</b>
<b>Total Reserves &amp; Surplus</b>	<b>(1,47,147.50)</b>	<b>(1,36,156.67)</b>

## 5 SHARE APPLICATION MONEY PENDING ALLOTMENT

	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs
Share application money pending allotment	1,20,495.80 *	1,17,828.63

(Net of utilisation of ₹8,632.83 Lakhs ( ₹ 10,405.65 Lakhs ) on account of equity shares issued during the year. The shares have been issued at a premium of ₹ 6 per share) ( refer Note 3 and 4)

\* 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. However, the timing and pricing of such allotment is yet to be decided. The Company is also in the process of getting its Authorized Share Capital adequately enhanced in this regard.





## 6 LONG TERM BORROWINGS

	Non-Current		Current	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>Secured Term Loans</b>				
Term Loan from a Scheduled bank	15,750.00	17,500.00	6,250.00	2,500.00
<b>Unsecured Term Loans</b>				
Term Loan from a Scheduled bank	2,000.00	5,800.00	3,800.00	2,800.00
	17,750.00	23,300.00	10,050.00	5,300.00
Amount disclosed under the head "Other Current Liabilities"(refer Note 9.2)	-	-	(10,050.00)	(5,300.00)
	17,750.00	23,300.00	-	-

a) **Nature of Security**

- i) The term loan of ₹ 2,500.00 Lakhs (₹5,000.00 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 and Hyderabad .
- ii) The balance term loans of ₹19,500.00 Lakhs( ₹ 15,000.00 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). 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****-Secured**

- i) Term loan of ₹ 2,500 Lakhs carries interest at floating rate which was 11.50% to 13.50% per annum during the year. The loan is repayable in 12 equal quarterly instalments of ₹ 625 Lakhs each starting from June 2014 to March 2017.
- ii) Term loan of ₹ 15,000 Lakhs carries interest at floating rate which was 11.50% to 12.75% per annum during the year . The loan is repayable in 8 equal semi annual instalments of ₹1,875 Lakhs each starting from May 2016 to November 2019.
- iii) Term loan of ₹ 4,500 Lakhs carries interest at floating rate which was 11.50% per annum during the year. The loan is repayable in 24 equal quarterly instalments of ₹187.5 Lakhs each starting from June 2018 to March 2024.

**-Unsecured**

- i) Term loan of ₹ 600.00 Lakhs carries floating interest rate which was 10.25% to 10.75% per annum during the year. The loan is repayable in 10 equal quarterly instalments of ₹ 150.00 Lakhs each starting from December 2014 to March 2017.
- ii) Term loan of ₹ 1,200.00 Lakhs carries floating interest rate which was 11.00% to 11.50% per annum during the year. The loan is repayable in 10 equal quarterly instalments of ₹ 300.00 Lakhs each starting from December 2014 to March 2017.
- iii) Term loan of ₹ 4,000.00 Lakhs carries floating interest rate which was 11.00% to 11.50% per annum during the year. The loan is repayable in 10 equal quarterly instalments of ₹ 500.00 Lakhs each starting from December 2015 to March 2018.



## 7 PROVISIONS

	Non-Current		Current	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>Provision for Employee Benefits</b>				
Gratuity (refer Note 34)	272.46	236.20	65.47	57.72
Leave (refer Note 34)	259.10	239.59	29.05	22.11
	531.56	475.79	94.52	79.83
<b>Other Provisions</b>				
Provision for Claims on Leased Properties [refer Note 26 (c)]	-	-	1,113.66	1,113.32
Provision for Loyalty points [refer Note (a) below ]	-	-	47.02	48.77
Provision for tax disputes [refer Note (b) below ]	-	-	161.80	161.80
	531.56	475.79	1,417.00	1,403.72

a) Movement of Provision for Loyalty points

Opening balance		48.77	48.68
Provision for points accrued during the year		244.25	191.51
Provision utilised/reversed during the year		(246.00)	(191.42)
<b>Closing balance</b>		<b>47.02</b>	<b>48.77</b>

- b) The management has estimated the provisions for pending disputes, claims and demands relating to indirect taxes based on its assessment of probability for these demands crystallising against the company in due course :

Movement of Provision for tax disputes

Opening balance		161.80	161.80
Provision created during the year		-	-
Provision reversed/utilised during the year		-	-
<b>Closing balance *</b>		<b>161.80</b>	<b>161.80</b>

\* Net of deposits of ₹ 53.19 Lakhs (₹53.19 Lakhs) made under appeal

8 SHORT TERM BORROWINGS

	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs
<b>SECURED LOANS</b>		
Overdraft from banks	1,600.00	2,000.00
<b>UNSECURED LOANS</b>		
From scheduled banks	27,862.70	20,500.00
	29,462.70	22,500.00

a) Nature of Security

Overdraft from bank is secured against margin money deposits .

b) Terms of Repayment and Rate of Interest-Secured

The Overdraft from Bank is repayable on demand and carries floating interest rate which was in the range of 11.30% to 11.45% per annum during the year.

-Unsecured

- i) Unsecured Loan from scheduled banks comprises of Indian Rupee term loans repayable within one year and carries interest in the range of 10.25% to 10.65% during the year.

9 TRADE PAYABLE & OTHER CURRENT LIABILITIES

	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs
<b>9.1 Trade Payable</b>		
- Total outstanding dues of Micro and small enterprises (refer Note 35)	3.30	-
- Total outstanding dues of creditors other than Micro and small enterprises	21,718.15	19,354.53
	21,721.45	19,354.53
<b>9.2 Other Current Liabilities</b>		
Current maturities of long-term borrowing (refer Note 6)	10,050.00	5,300.00
Interest accrued but not due on borrowings	136.01	12.29
Interest accrued and due on borrowings	60.70	53.65
Advance from Customers	102.17	112.57
<b>Other Payables</b>		
Capital Creditors	406.76	1,109.22
Statutory Liabilities	418.08	481.50
Sundry Deposits	280.13	220.79
Book Overdraft in current account	2,006.30	2,363.72
Others		
Payables to Employees	650.15	615.35
Royalty Payable	3,662.48	2,743.06
- Other Expenses	-	18.82
	17,772.78	13,030.97





**10 FIXED ASSETS****10.1 TANGIBLE ASSETS**

(₹ Lakhs)

	<u>Leasehold Improvement</u>	<u>Plant &amp; Machinery</u>	<u>Computer Hardwares</u>	<u>Vehicles</u>	<u>Furniture &amp; Fixtures</u>	<u>Office Equipments</u>	<u>Total</u>
<b>Cost</b>							
As at 1st April 2014	16,452.32	5,310.99	5,712.67	75.26	8,682.15	463.00	36,696.39
Additions	760.97	531.82	498.89	14.47	763.49	27.10	2,596.74
Disposals/Deductions	1,715.80	395.46	621.13	9.24	420.97	36.87	3,199.47
<b>As at 31st March 2015</b>	<b>15,497.49</b>	<b>5,447.35</b>	<b>5,590.43</b>	<b>80.49</b>	<b>9,024.67</b>	<b>453.23</b>	<b>36,093.66</b>
Additions	1,166.80	783.93	553.11	-	956.59	27.17	3,487.60
Disposals/Deductions	939.84	231.73	230.10	16.33	352.34	22.20	1,792.54
<b>As at 31st March 2016</b>	<b>15,724.45</b>	<b>5,999.55</b>	<b>5,913.44</b>	<b>64.16</b>	<b>9,628.92</b>	<b>458.20</b>	<b>37,788.72</b>
<b>Depreciation</b>							
As at 1st April 2014	7,252.87	2,108.46	4,940.94	40.86	3,601.59	141.14	18,085.86
Opening adjustment	-	-	132.12	-	55.77	204.50	392.39
Charge for the year	1,634.49	324.43	409.83	5.17	1,075.78	26.36	3,476.06
Disposals/Deductions	1,342.95	222.78	589.58	8.38	291.50	32.52	2,487.71
<b>As at 31st March 2015</b>	<b>7,544.41</b>	<b>2,210.11</b>	<b>4,893.31</b>	<b>37.65</b>	<b>4,441.64</b>	<b>339.48</b>	<b>19,466.60</b>
Charge for the year	1,473.81	391.49	414.12	13.03	1,142.97	16.66	3,452.08
Disposals/Deductions	845.60	123.89	220.65	11.11	260.76	20.75	1,482.76
<b>As at 31st March 2016</b>	<b>8,172.62</b>	<b>2,477.71</b>	<b>5,086.78</b>	<b>39.57</b>	<b>5,323.85</b>	<b>335.39</b>	<b>21,435.92</b>
<b>Net Block</b>							
As at 31st March 2015	7,953.08	3,237.24	697.12	42.84	4,583.03	113.75	16,627.06
<b>As at 31st March 2016</b>	<b>7,551.83</b>	<b>3,521.84</b>	<b>826.66</b>	<b>24.59</b>	<b>4,305.07</b>	<b>122.81</b>	<b>16,352.80</b>

**Note:**

Effective from April 1, 2014, the Company has charged depreciation based on the revised useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Further, based on transitional provision provided in Note 7 (b) of Schedule II, an amount of ₹ 392.39 Lakhs was adjusted with retained earnings in the previous year. (Refer Note 4)

**10.2 INTANGIBLE ASSETS**

(₹ Lakhs)

	<u>Computer Softwares</u>	<u>Know-How and Licence</u>	<u>Total</u>
<b>Gross Block</b>			
As at 1st April 2014	1,400.69	669.62	2,070.31
Additions	95.10	-	95.10
Disposals/Deductions	0.18	-	0.18
<b>As at 31st March 2015</b>	<b>1,495.61</b>	<b>669.62</b>	<b>2,165.23</b>
Additions	62.24	-	62.24
Disposals/Deductions	125.09	30.06	155.15
<b>As at 31st March 2016</b>	<b>1,432.76</b>	<b>639.56</b>	<b>2,072.32</b>
<b>Amortisation</b>			
As at 1st April 2014	864.94	299.91	1,164.85
Charge for the year	148.81	66.96	215.77
Disposals/Deductions	0.15	-	0.15
<b>As at 31st March 2015</b>	<b>1,013.60</b>	<b>366.87</b>	<b>1,380.47</b>
Charge for the year	148.96	61.46	210.42
Disposals/Deductions	118.82	23.06	141.88
<b>As at 31st March 2016</b>	<b>1,043.74</b>	<b>405.27</b>	<b>1,449.01</b>
<b>Net Block</b>			
As at 31st March 2015	482.01	302.75	784.76
<b>As at 31st March 2016</b>	<b>389.02</b>	<b>234.29</b>	<b>623.31</b>



**11 NON CURRENT INVESTMENTS**

(valued at Cost unless stated otherwise)

	31st March 2016		31st March 2015	
	No. of Shares	₹ Lakhs	No. of Shares	₹ Lakhs
<b>Trade (Unquoted)</b>				
<b>Equity Shares, Fully Paid Up of ₹ 10 each</b>				
<b>Shares in Subsidiary Companies</b>				
Music World Retail Limited	50,00,000	- *	50,00,000	- *
Aou Bon Pain Café India Ltd.	8,64,00,000	8,640.00	7,20,00,000	7,200.00
Omnipresent Retail India Private Limited	6,19,277	805.81	-	-
<b>Others:</b>				
Retailer's Association of India	10,000	1.00	10,000	1.00
		<u>9,446.81</u>		<u>7,201.00</u>

Note :

- i) Aggregated amount of Unquoted Investments as at 31st March 2016 : ₹9,446.81 Lakhs (₹ 7,201 Lakhs)
- ii) Diminution of ₹ 8,227.17 Lakhs in the value of a long term unquoted investment, based on the net worth as per the latest audited accounts of the subsidiary Companies as on 31st March, 2016, has been assessed temporary by the management in view of there business valuation done by an Independent Valuer and accordingly no provision has been made there against.
- iii) \* Net of Provision for diminution in value of investments ₹8,024 Lakhs (₹8,024 Lakhs)
- iv) The Company currently holds 91.53% (90.00%) stake in Aou Bon Pain Café India Ltd. and balance 8.47% (10.00% ) is held by a minority share holder. As per the shareholding agreement between the Company and the minority shareholder they have an irrevocable call and put option respectively related to such minority stake . However, no such option has been exercised by either party at the Balance Sheet date.
- v) During the year, Company has acquired all the equity shares of Omnipresent Retail India Private Limited from its share holders at a total consideration of ₹805.81 Lakhs and consequently it become wholly owned subsidiary of the Company with effect from 14th December 2015.

**12 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 ( ₹31,053.45 Lakhs).

The break-up of DTA is as follows:

	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs
Timing difference in depreciable assets/Other Timing Differences	3,389.28	3,049.22
Unabsorbed Depreciation / Business Losses carried forward	27,664.17	28,004.23
Net Deferred Tax Asset	<u>31,053.45</u>	<u>31,053.45</u>





## 13 LOANS &amp; ADVANCES

	Non-Current		Current	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
<u>Unsecured, Considered Good unless otherwise stated</u>				
Capital Advances (A)	36.43	55.19	-	-
<b>Deposits</b>				
Considered Good	4,797.91	5,008.30	438.64	93.54
Considered Doubtful	74.21	77.21	-	-
	4,872.12	5,085.51	438.64	93.54
Less: Provision for Doubtful Deposits	(74.21)	(77.21)	-	-
(B)	4,797.91	5,008.30	438.64	93.54
Share application money to Subsidiary Company pending allotment (C)	1,455.15	102.65	-	-
Advances Recoverable in cash or in kind (D)	-	-	158.32	76.02
<b>Other Loans and advances</b>				
Advance Income tax	201.91	146.50	236.21	221.51
Prepaid Expenses	273.97	233.46	456.76	409.37
Advances to Employees	5.07	10.57	37.58	100.25 ##
Balance with Statutory /Government Authorities	-	-	42.48	17.48
Deposits for claims and tax disputes	9.89	10.43	165.75	165.75 #
Interest free loan to wholly owned subsidiary	- *	- *	-	-
(E)	490.84	400.96	938.78	914.36
<b>Total (A+B+C+D+E)</b>	<b>6,780.33</b>	<b>5,567.10</b>	<b>1,535.74</b>	<b>1,083.92</b>

\* Net of Provision for doubtful loans ₹2,039.15 Lakhs (₹2,039.15 Lakhs)

# Net of provisions ₹ 100 Lakhs( ₹ 100 Lakhs) against the matter under litigation.

## includes due from a Director NIL (₹ 64.48 Lakhs)

## 14 INVENTORIES

(At lower of cost and net realisable value)

	31st March 2016		31st March 2015	
	₹ Lakhs		₹ Lakhs	
Raw Material		68.84		81.20
Traded Goods	19,448.92		17,399.29	
Less : Provision for Obsolete Stock	494.70	18,954.22	505.73	16,893.56
Packing Materials	181.63		180.61	
Less : Provision for Obsolete Stock	30.18	151.45	34.61	146.00
<b>Total</b>		<b>19,174.51</b>		<b>17,120.76</b>



## 15 CASH AND BANK BALANCES

	Non-Current		Current	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>Cash &amp; Cash Equivalents</b>				
<b>Balance with Banks</b>				
On current accounts	-	-	149.22	91.54
Cash in hand	-	-	269.63	300.88
	-	-	418.85	392.42
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	0.45	200.45	200.00	-
Margin Money Deposit	2,429.15	2,408.67	-	-
	2,429.60	2,609.12	200.00	-
Less: Amount disclosed under Other non-current assets (refer Note 16.2)	(2,429.60)	(2,609.12)	-	-
	-	-	618.85	392.42

**Margin money deposits given as security**

Margin money deposits of ₹2,429.15 Lakhs (₹ 2,408.67 Lakhs ) are pledged with banks against Bank Guarantees & Over Draft Facilities.

## 16 TRADE RECEIVABLES &amp; OTHER ASSETS

(Unsecured, Considered Good unless otherwise stated)

	Current		Current	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>16.1 Trade Receivables</b>				
Receivables overdue for a period exceeding six months				
Considered good	26.39	25.37		
Considered Doubtful	6.26	6.70		
(A)	32.65	32.07		
Other receivables	(B) 2,765.14	2,098.02		
(A+B)	2,797.79	2,130.09		
Less: Provision for doubtful receivables	(6.26)	(6.70)		
	2,791.53	2,123.39		
<b>16.2 Other Assets</b>				
Other Bank balances (refer Note 15)	2,429.60	2,609.12	-	-
Interest receivable on Fixed Deposits	10.43	11.41	22.89	21.92
Insurance Claims Receivable	-	-	33.03	34.45
	2,440.03	2,620.53	55.92	56.37





SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2016

(₹ Lakhs)

	<u>2015-16</u>	<u>2014-15</u>
<b>17 REVENUE FROM OPERATIONS</b>		
Sale of Products	1,79,238.61	1,60,720.37
Less: Excise duty	(33.01)	(31.02)
Revenue from Operations	<u>1,79,205.60</u>	<u>1,60,689.35</u>
Income from Recoveries and Services	6,671.21	5,881.04
	<u>1,85,876.81</u>	<u>1,66,570.39</u>
<b><u>Details of Sale of products</u></b>		
<u>Food items *</u>	1,11,468.02	99,524.19
<u>Non Food items</u>		
- FMCG	31,469.45	29,119.80
- Others	36,301.14	32,076.38
	<u>1,79,238.61</u>	<u>1,60,720.37</u>

\* Includes Sale of manufactured food products of ₹ 1206.34 Lakhs (₹ 1,068.82 Lakhs)

**18 OTHER INCOME**

Interest Income on bank deposits	225.42	242.25
Net Gain on Sale of Current Investments	61.46	26.55
Provisions no longer required written back	244.97	314.66
Miscellaneous Income	91.61	38.17
	<u>623.46</u>	<u>621.63</u>



## SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2016

(₹ Lakhs)

	2015-16	2014-15
<b>19 INCREASE IN INVENTORIES OF TRADED GOODS</b>		
Inventories at the Beginning of the year	17,399.29	14,213.49
Inventories at the end of the year	19,448.92	17,399.29
Increase in Inventories of traded goods	<u>(2,049.63)</u>	<u>(3,185.80)</u>
<b>i) Details of purchase of traded goods</b>		
Food items	93,626.22	84,745.07
Non Food items		
- FMCG	27,108.73	25,228.56
- Others	29,586.54	27,155.03
	<u>1,50,321.49</u>	<u>1,37,128.66</u>
<b>ii) Details of Inventory of traded goods</b>		
Food items	8,618.72	7,784.82
Non Food items		
- FMCG	4,162.82	3,706.43
- Others	6,667.38	5,908.04
	<u>19,448.92</u>	<u>17,399.29</u>
<b>20 COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	81.20	100.55
Add: Purchases	722.58	637.81
	803.78	738.36
Less: Inventory at the end of the year	68.84	81.20
Cost of raw materials consumed	<u>734.94</u>	<u>657.16</u>
<b>Details of raw materials consumed</b>		
Food ingredients	734.94	657.16
<b>21 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages; Bonus and Exgratia	12,237.62	11,584.64
Contribution to Provident and Other Funds ( refer Note 34)	946.67	875.62
Staff Welfare Expenses	559.95	644.64
	<u>13,744.24</u>	<u>13,104.90</u>





SPENCER'S RETAIL LIMITED

Notes to Financial Statements as at and for the year ended 31st March 2016

(₹ Lakhs)

	2015-16	2014-15
<b>22 OTHER EXPENSES</b>		
Power and Fuel	3,652.86	3,589.32
Freight	173.99	152.72
Rent (refer Note 32)	9,102.89	8,285.58
Repairs and Maintenance		
- Plant and Machinery	1.14	2.06
- Buildings	470.49	301.45
- Others	2,540.85	2,295.93
Insurance	40.54	26.27
Rates and taxes	490.41	312.86
Advertisement and Selling Expenses	3,396.13	3,132.15
Packing Materials Consumed	433.14	463.03
Travelling and Conveyance	456.85	549.31
Security Charges	1,460.54	1,367.40
Auditor's remuneration		
Statutory Audit fees	82.75	82.75
Tax Audit fees	10.50	10.50
Others	5.00	61.75
Service Tax	14.55	19.21
Reimbursement of Expenses	2.21	1.84
Communication expenses	256.41	261.59
Printing and Stationery	259.78	254.99
Legal and consultancy charges	2,291.88	926.75
Contract payments towards housekeeping expenses	2,388.28	2,298.01
Royalty	1,020.99	902.75
Loss on Sale/ Write off of fixed assets (net)	78.07	663.72
Rental Deposits Written off	196.34	52.78
Less: Adjusted against provisions	(3.00)	(52.78)
Provision for Doubtful Store Lease Deposits/ Advances	-	38.58
Miscellaneous Expenses	257.70	192.14
	<b>29,081.29</b>	<b>26,192.66</b>
<b>23 DEPRECIATION AND AMORTISATION</b>		
Depreciation of tangible assets	3,452.08	3,476.06
Amortisation of intangible assets	210.42	215.77
	<b>3,662.50</b>	<b>3,691.83</b>
<b>24 FINANCE COSTS</b>		
Interest Expense	3,789.26	3,553.18
Other Borrowing Costs	1,444.32	1,211.75
	<b>5,233.58</b>	<b>4,764.93</b>



25 EARNINGS PER SHARE (EPS)

	<u>31st March 2016</u>	<u>31st March 2015</u>
Loss for the year (₹ Lakhs)	(14,228.14)	(15,162.32)
Weighted Number of Equity Shares outstanding	24,33,89,678	17,43,77,707
Earnings per Share – Basic & Diluted (Face value of ₹ 10 each) (₹)	(5.85)	(8.70)

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.

26 CONTINGENCIES AND COMMITMENTS

	<u>31st March 2016</u> ₹ Lakhs	<u>31st March 2015</u> ₹ Lakhs
<b>a) Contingencies</b>		
Contingent liabilities not provided for in respect of:		
- Sales Tax demands under appeal	932.35	298.94
- Service Tax demands under appeal	553.89	553.89
- Claims against the Company not acknowledged as debt	464.94	453.93
- Guarantee to ABP Corporation on behalf of a Subsidiary Company to discharge obligation, if any, in the event of default	Not Quantified	Not Quantified
<b>b) Commitments</b>		
- Estimated amount of contracts remaining to be executed on capital account (net of advances)	298.45	215.39

c) 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 up to 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 ₹ 460 Lakhs and furnished a surety for ₹ 460 Lakhs 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, if required.

Further, the Company has also been making provision for service tax on rent from October 2011 onwards, the balance whereof as on 31st March 2016 is ₹ 1,113.66 Lakhs (₹ 1,113.32 Lakhs)

Movement of Provision for Claims on Leased Properties

	<u>31st March 2016</u> ₹ Lakhs	<u>31st March 2015</u> ₹ Lakhs
Opening balance	1,113.32	1,108.23
Add: Provision created during the year	104.04	64.24
Less: Provision reversed during the year	103.70	59.15
<b>Closing balance</b>	<b>1,113.66</b>	<b>1,113.32</b>

d) The Company has ongoing commitment to extend support and provide equity to its subsidiaries, in respect of various projects and otherwise. The future cash outflow in respect of above cannot be ascertained at this stage

27 The Company has accumulated losses of ₹ 1,70,566.88 Lakhs against the Shareholder's funds of ₹ 1,73,590.54 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. The holding Company has also committed to provide continued financial and governance support to the Company. Further, the losses for the Company are reducing and the Company is operating at a positive EBITDA in aggregate at store level. Therefore, the Company is confident about the continuity of its operations and long term viability.





**28 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.

**29 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 2016, there are however, no outstanding non vested options.

During the year, there has been allotment of Nil (Nil) options with exercise price of Nil (Nil) of the options vested in the earlier years.

9,240 (3,200) options with exercise price of ₹ 44 /- (₹ 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.

**30 VALUE OF IMPORTS CALCULATED ON CIF BASIS**

	<u>2015-16</u> ₹ Lakhs	<u>2014-15</u> ₹ Lakhs
Capital Goods	-	2.15

**31 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

	<u>2015-16</u> ₹ Lakhs	<u>2014-15</u> ₹ Lakhs
Consultancy	808.77	125.02
	<u>808.77</u>	<u>125.02</u>

**32 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>2015-16</u> ₹ Lakhs	<u>2014-15</u> ₹ Lakhs
Lease Payments for the year	9,102.89	8,285.58
Future Minimum Lease Payments -		
Not Later than one year	6,148.39	5,438.46
Later than one year but not later than five years	24,205.39	20,393.74
Later than five years	52,007.04	39,959.84



33 RELATED PARTY DISCLOSURES

**Names of related parties and related party relationship**

Holding company	CESC Limited
Subsidiary Companies	Au Bon Pain Café India Limited Music World Retail Limited Omnipresent Retail India Pvt Ltd (with effect from 14th December 2015)
Fellow Subsidiary	Quest Properties Limited (formerly CESC Properties Limited)
Key Management Personnel	First Source Solutions Ltd Mohit Kampani , Managing Director

**Details of transactions entered into with the related parties :**

₹ Lakhs

Particulars	Holding Company		Subsidiaries		Fellow Subsidiary		Key Management Personnel		Total	
	Transaction Value	Balance Outstanding as on 31/3/2016	Transaction Value	Balance Outstanding as on 31/3/2016	Transaction Value	Balance Outstanding as on 31/3/2016	Transaction Value	Balance Outstanding as on 31/3/2016	Transaction Value	Balance Outstanding as on 31/3/2016
<b>Sales of Goods</b>										
CESC Limited	2.85	0.07	-	-	-	-	-	-	2.85	0.07
	(10.65)	(0.91)	-	-	-	-	-	-	(10.65)	(0.91)
Quest Properties Ltd	-	-	-	-	4.46	0.34	-	-	4.46	0.34
	-	-	-	-	(1.34)	-	-	-	(1.34)	-
Omnipresent Retail India Pvt Ltd	-	-	9.50	1.67	-	-	-	-	9.50	1.67
	-	-	-	-	-	-	-	-	-	-
<b>Sales of Gift Vouchers</b>										
First Source Solutions Ltd	-	-	-	-	-	-	-	-	-	-
CESC Limited	6.22	-	-	-	(14.84)	-	-	-	(14.84)	-
	(1.60)	(0.57)	-	-	-	-	-	-	6.22	-
Quest Properties Ltd	-	-	-	-	0.90	-	-	-	(1.60)	(0.57)
	-	-	-	-	-	-	-	-	0.90	-
Omnipresent Retail India Pvt Ltd	-	-	5.50	1.32	-	-	-	-	5.50	1.32
	-	-	-	-	-	-	-	-	-	-
<b>Purchase of Goods</b>										
Au Bon Pain Café India Limited	-	-	0.61	-	-	-	-	-	0.61	-
	-	-	(0.07)	-	-	-	-	-	(0.07)	-
<b>Expense Incurred</b>										
CESC Limited	184.26	61.21	-	-	-	-	-	-	184.26	61.21
	(161.65)	(25.32)	-	-	-	-	-	-	(161.65)	(25.32)
First Source Solutions Ltd	-	-	-	-	45.51	22.63	-	-	45.51	22.63
Quest Properties Ltd	-	-	-	-	620.17	75.60	-	-	620.17	75.60
	-	-	-	-	(454.75)	(12.59)	-	-	(454.75)	(12.59)
Au Bon Pain Café India Limited	-	-	-	-	-	-	-	-	-	-
	-	-	(16.85)	-	-	-	-	-	(16.85)	-
<b>Interest Income</b>										
CESC Limited	0.92	-	-	-	-	-	-	-	0.92	-
	(1.31)	-	-	-	-	-	-	-	(1.31)	-
<b>Recovery of Expenses</b>										
First Source Solutions Ltd	-	-	-	-	38.17	12.04	-	-	38.17	12.04
	-	-	-	-	-	-	-	-	-	-
<b>Royalty Expense</b>										
CESC Limited	1,020.99	3,662.48	-	-	-	-	-	-	1,020.99	3,662.48
	(902.75)	(2,743.06)	-	-	-	-	-	-	(902.75)	(2,743.06)
<b>Commission Paid</b>										
Omnipresent Retail India Pvt Ltd	-	-	0.54	0.54	-	-	-	-	0.54	0.54
	-	-	-	-	-	-	-	-	-	-
<b>Remuneration to Key Managerial Personnel</b>										
Mohit Kampani	-	-	-	-	-	-	64.74	-	64.74	-
	-	-	-	-	-	-	(83.29)	-	(83.29)	-
<b>Proceeds and Repayment of Loan</b>										
CESC Limited	40,000.00	-	-	-	-	-	-	-	40,000.00	-
	(45,500.00)	-	-	-	-	-	-	-	(45,500.00)	-
<b>Equity Investment</b>										
Au Bon Pain Café India Limited	-	-	1,440.00	8,640.00	-	-	-	-	1,440.00	8,640.00
	-	-	(4,000.00)	(7,200.00)	-	-	-	-	(4,000.00)	(7,200.00)
<b>Security Deposit paid</b>										
CESC Limited	0.78	23.80	-	-	-	-	-	-	0.78	23.80
	(1.09)	(23.02)	-	-	-	-	-	-	(1.09)	(23.02)
Quest Properties Limited	-	-	-	-	6.34	103.80	-	-	6.34	103.80
	-	-	-	-	-	(97.46)	-	-	-	(97.46)
<b>Share Application money received/adjusted</b>										
CESC Limited	11,300.00	1,20,495.79	-	-	-	-	-	-	11,300.00	1,20,495.79
	(14,860.00)	(1,17,828.63)	-	-	-	-	-	-	(14,860.00)	(1,17,828.63)
<b>Shares Issued (including Premium)</b>										
CESC Limited	8,632.83	-	-	-	-	-	-	-	8,632.83	-
	(10,405.65)	-	-	-	-	-	-	-	(10,405.65)	-
<b>Share Application money paid</b>										
Au Bon Pain Café India Limited	-	-	1,610.00	272.65	-	-	-	-	1,610.00	272.65
	-	-	(2,523.15)	(102.65)	-	-	-	-	(2,523.15)	(102.65)
Omnipresent Retail India Pvt Ltd	-	-	1,182.50	1,182.50	-	-	-	-	1,182.50	1,182.50
<b>Advance to Key Managerial Personnel</b>										
Mohit Kampani	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(64.48)	(64.48)	(64.48)	(64.48)





## 34 GRATUITY &amp; 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:

	2015-16		2014-15	
	Gratuity	Leave	Gratuity	Leave
Current service cost	61.15	44.93	55.06	52.20
Interest cost	25.32	16.20	23.54	16.22
Expected return on plan assets	5.56	-	4.73	-
Net actuarial (gain) / loss recognised in the year	58.10	83.76	35.52	43.88
<b>Total expense</b>	<b>139.01</b>	<b>144.89</b>	<b>109.39</b>	<b>112.30</b>

₹ Lakhs

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 2016		31st March 2015	
	Gratuity	Leave	Gratuity	Leave
Present value of defined benefit obligation	416.75	288.15	363.43	261.70
Fair value of plan assets	78.82	-	69.51	-
<b>Net Asset /(Liability)</b>	<b>(337.93)</b>	<b>(288.15)</b>	<b>(293.92)</b>	<b>(261.70)</b>

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

	31st March 2016		31st March 2015	
	Gratuity	Leave	Gratuity	Leave
Present value of defined benefit obligation at the beginning of the year	363.43	261.70	340.57	256.20
Interest cost	25.32	16.20	23.54	16.22
Current service cost	61.15	44.93	55.06	52.20
Benefits paid	92.74	118.44	92.00	106.80
Actuarial (gains) / losses on obligation	59.59	83.76	36.26	43.88
<b>Present value of defined benefit obligation at the end of the year</b>	<b>416.75</b>	<b>288.15</b>	<b>363.43</b>	<b>261.70</b>

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

	31st March 2016		31st March 2015	
	Gratuity	Leave	Gratuity	Leave
Fair value of plan assets at the beginning of the year	69.51	-	54.04	-
Expected return on plan assets	5.56	-	4.73	-
Contributions by employer	95.00	-	102.00	-
Actual benefits paid	92.74	-	92.00	-
Actuarial gains / (losses)	1.49	-	0.74	-
<b>Fair value of plan assets at the end of the year</b>	<b>78.82</b>	<b>-</b>	<b>69.51</b>	<b>-</b>

(iv) The Company expects to contribute ₹ 68.03 Lakhs (₹ 60.00 Lakhs) to Gratuity Fund in FY 2016-17



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

	31st March 2016		31st March 2015	
	<u>Gratuity (%)</u>		<u>Gratuity (%)</u>	
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 2016		31st March 2015	
	<u>Gratuity</u>	<u>Leave</u>	<u>Gratuity</u>	<u>Leave</u>
Discount rate	8.00%	8.00%	8.00%	8.00%
Expected rate of return on assets	8.00%	-	8.75%	-
Employee turnover	Grade wise attrition ranging from 0% to 70.03%		Grade wise attrition ranging from 0% to 72.18%	

(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 ₹ 761.87 Lakhs (₹766.24 Lakhs) paid towards defined contribution plans.

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

	₹ Lakhs				
	<u>31st March 2016</u>	<u>31st March 2015</u>	<u>31st March 2014</u>	<u>31st March 2013</u>	<u>31st March 2012</u>
<b>a) Gratuity</b>					
Defined benefit obligation	416.75	363.43	340.57	326.42	275.17
Plan assets	78.82	69.51	54.04	52.52	60.80
(Surplus)/deficit	337.93	293.92	286.53	273.90	214.37
Experience adjustments on plan liabilities	59.63	58.28	59.85	33.91	(22.62)
Experience adjustments on plan assets	2.01	0.74	(1.60)	(4.35)	3.05
<b>b) Leave</b>					
Defined benefit obligation	288.15	261.70	256.20	258.93	245.15
Plan assets *	-	-	-	-	-
(Surplus)/deficit	288.15	261.70	256.20	258.93	245.15
Experience adjustments on plan liabilities	83.58	-26.85	77.49	81.43	102.78
Experience adjustments on plan assets*	-	-	-	-	-

\* Unfunded





## 35 Details of dues to micro and small enterprises as defined under MSMED Act, 2006

	2015-16		2014-15	
	₹ Lakhs		₹ Lakhs	
i) Principal amount due	3.30		-	
ii) Interest due on above	0.08		0.04	
iii) Amount of interest paid in terms of Sec 16 of the Micro, Small and Medium Enterprise Development Act 2006 (MSMED Act 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year :	-		-	
a) Principal	16.18		7.78	
b) Interest	-		-	
iv) The amount of Interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006	0.08		0.04	
v) Amount of interest accrued and remaining unpaid as at year end	0.08		0.04	
vi) Amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 MSMED Act 2006	-		-	

## 36 CONSUMPTION OF RAW MATERIAL

	2015-16		2014-15	
	%	₹ Lakhs	%	₹ Lakhs
Indigenous	100%	734.94	100%	657.16

## 37 Unhedged foreign exchange exposure as on 31st March 2016 :

	Currency	31st March 2016	31st March 2015
Trade payables	CAD (\$)	-	1,22,866
	₹	-	60,81,867

## Hedged foreign exchange exposure as on 31st March 2016 :

	Currency	31st March 2016	31st March 2015
Trade payables	CAD (\$)	58,075	-
	₹	29,83,904	-

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

As per our report of even date

For S.R.Batliboi & Co. LLP

Firm Registration No: 301003E/E300005

Chartered Accountants

per Kamal Agarwal

Partner

Membership No 58652

Place : Kolkata

Date : 18 May, 2016



For and on behalf of the Board of Directors

Mohit Kampani ✓

Managing Director

Judonashie  
Chief Financial Officer

Director

S. Bose  
Company Secretary

## FORM NO. AOC.1

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**PART "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Rs. In Lakhs

1	Sl.No.	1	2	3
2	Name of Subsidiary	Au Bon Pain Cafe India Limited	Music World Retail Limited	Omnipresent Retail India Private Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.
5	Share Capital	9,440.00	500.00	61.93
6	Reserves and Surplus	(8,108.59)	(2,603.61)	(1,288.00)
7	Total Assets	1,963.30	0.01	93.15
8	Total Liabilities	1,963.30	0.01	93.15
9	Investments	NIL	NIL	NIL
10	Turnover	1,583.09	47.54	160.44
11	Profit before Taxation	(2,135.25)	45.15	(856.60)
12	Provision for Taxation	NIL	NIL	336.75
13	Profit after Taxation	(2,135.25)	45.15	(1,193.35)
14	Proposed Dividend	NIL	NIL	NIL
15	% of Shareholding	91.53%	100%	100%

For and on behalf of the Board

Mohit Kapoor ✓

Managing Director

Director

S. B. S. R.  
Company Secretary

P. K. D. R. S. H. S.  
Chief Financial Officer

Dated : 18 MAY 2016