

GUPTA GARG & AGRAWAL
Chartered Accountants

G-55, Royal Palace, IInd Floor,
Laxmi Nagar, Vikas Marg,
Delhi – 110 092
Phone – 22502455 / 43016663

INDEPENDENT AUDITORS' REPORT

To,

The Members of Hindustan Retail Private Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Hindustan Retail Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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 there under.

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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 audit opinion on the standalone financial statements.

Opinion



In our opinion and to the best of our information and according to the explanations given to us, 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 31 March 2016 and its losses and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our report, it is stated that, during the year under audit, it has been noted that company has made further investment of Rs. 79,42,620/- for acquiring 7,94,262 equity shares of face value of Rs. 10/- each of 'Spice Retail Limited', a subsidiary of the company at a cost of Rs 10/- each.

As the subsidiary's accumulated losses exceeds its paid up capital and reserves, therefore 100% provision has been made against the above investment as per practice follows in earlier years.

The investment has been made to acquire 100% stake in the subsidiary.

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 the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

(d) 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) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequate 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; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) the company does not have any pending litigations which would impact its financial position.

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 GUPTA GARG & AGRAWAL

CHARTERED ACCOUNTANTS

FRN 505762C

(B.B.GUPTA)

PARTNER

M. No. 012399



Place: NOIDA

Date: 17.05.2016

RE: Hindustan Retail Private Limited

ANNEXURE "1" REFERRED TO IN PARAGRAPH OF OUR REPORT OF EVEN DATE

The comments are in seriatim of the order

- (i) (a) The company does not have any fixed assets, as such there are no comments on sub clause b).
(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) (a) The Company does not have any inventory; as such there are no comments on sub clauses b) and c).
- (iii) As per the information and explanations given to us and certified by the management and verified from the books of account, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained in pursuance of Section 189 of the Companies Act, 2013, as such there are no comments on sub clauses a), b) and c).
- (iv) In our opinion and according to the information and explanations given to us, the provisions of Section 185 and 186 of the Companies Act 2013 have been complied.
- (v) The Company has not accepted any deposits from the public and as such the clause is not applicable.
- vi) To the best of our knowledge and as per information and explanations given to us by the management, the central government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, income-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance fund, income-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding at the period end, for a period of more than six months from the date they became payable.
(b) According to information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
- viii) The Company does not have any loan from Bank, Institutions or Debenture holders, and as such clause is not applicable.
- (ix) As per the information and explanations given to us by the management, the company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence; there are no comments in this regard.



(x) To the best of our knowledge and according to the information and explanations given to us no fraud by the company and no material fraud on the company has been noticed and reported during the year.

(xi) In the absence of payment of managerial remuneration as per the provisions of Section 197 read with Schedule V of the Act, the clause is not applicable.

(xii) The clause is not applicable as the company is not a 'Nidhi Company'.

(xiii) Based on our 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 to us by the management, the transactions entered with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards.

(xiv) As per 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 as such there are no comments in this regard.

(xv) As per 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.

(xvi) As per 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 GUPTA GARG & AGRAWAL
CHARTERED ACCOUNTANTS
FRN 505762C**



**(B.B. GUPTA)
PARTNER
M. No. 012399**

Place: NOIDA
Date: 17.05.2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HINDUSTAN RETAIL PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (f) 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 Hindustan Retail Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are



being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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.

**For GUPTA GARG & AGRAWAL
CHARTERED ACCOUNTANTS
FRN 505762C**


17/5/16

**(B.B. GUPTA)
PARTNER
M. No. 012399**

Place: NOIDA
Date: 17.05.2016

Hindustan Retail Private Limited

Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301

CIN: U52100UP2007PTC033258

Balance Sheet as at March 31, 2016

Particulars	Notes	Figures as at 31-03-2016 Rs.	Figures as at 31-03-2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	3,155,300,000	3,155,300,000
(b) Reserves and surplus	3	(3,147,715,052)	(3,137,800,686)
		<u>7,584,948</u>	<u>17,499,314</u>
Current liabilities			
(a) Short-term borrowings	4	363,351,222	108,851,222
(b) Other current liabilities	5	31,667,330	15,316,155
(c) Short term provisions	6	125,434	172,901
		<u>395,143,986</u>	<u>124,340,278</u>
TOTAL		<u><u>402,728,934</u></u>	<u><u>141,839,592</u></u>
ASSETS			
Non-current assets			
Non-current investments	7	-	-
Current assets			
(a) Cash and cash equivalents	8	130,843	12,619,053
(b) Short-term loans and advances	9	365,802,327	118,028,656
(c) Other current assets	10	36,795,764	11,191,883
		<u>402,728,934</u>	<u>141,839,592</u>
TOTAL		<u><u>402,728,934</u></u>	<u><u>141,839,592</u></u>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For **GUPTA GARG & AGRAWAL**

Chartered Accountants

(B.B.Gupta)
Partner
M. No. 012399



For and on behalf of the Board of Directors

Madhusudan Venkatachary
Madhusudan Venkatachary
Director
DIN: 02650160

Neeraj Banka
Neeraj Banka
Chief Executive Officer

Prakash Chander
Prakash Chander
Company Secretary
Mem No. A28927

Meghraj Bothra
Meghraj Bothra
Director
DIN: 06966204

Rohit Kumar Ravi
Rohit Kumar Ravi
Chief Financial Officer

Place: **NOIDA**
Date: 17.05.2016

Hindustan Retail Private Limited
 Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
 CIN: U52100UP2007PTC033258
 Statement of Profit & Loss for the year ended March 31, 2016

Particulars	Notes	Figures for the year ended	Figures for the period ended
		31-03-2016	31-03-2015
		Rs.	Rs.
Income			
Other Income	11	28,464,433	8,231,082
		28,464,433	8,231,082
Expenses			
Employee benefits expenses	12	1,312,658	2,122,945
Finance costs	13	27,854,140	114,202,771
Other expenses	14	1,269,381	19,459,608
Total		30,436,179	135,785,324
Profit/(Loss) before exceptional and extraordinary items and tax		(1,971,746)	(127,554,242)
Exceptional items	15	7,942,620	2,922,867,037
Profit/(Loss) before extraordinary items and tax		(9,914,366)	(3,050,421,279)
Extraordinary items		-	-
Profit / (Loss) before tax		(9,914,366)	(3,050,421,279)
Tax adjustment		-	172,901
Loss for the period/year		(9,914,366)	(3,050,594,180)
Earnings per equity share [nominal value of share Rs. 10 (31 March 2015: Rs. 10)]	16		
1) Basic		(0.03)	(39.27)
2) Diluted		(0.03)	(39.27)
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
 For Gupta Garg & Agrawal
 Chartered Accountants

(B.B.Gupta)
 Partner
 M. No. 012399



For and on behalf of the Board of Directors

(Signature)
 Madhusudan Venkatachary
 Director
 DIN: 02650160

(Signature)
 Neeraj Banka
 Chief Executive Officer

(Signature)
 Prakash Chander
 Company Secretary
 Mem No. A28927

(Signature)

Meghraj Bothra
 Director
 DIN: 06966204

(Signature)
 Rohit Kumar Ravi
 Chief Financial Officer

Place: NOIDA
 Date: 17.5.2016

Hindustan Retail Private Limited
 Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
 CIN: U52100UP2007PTC033258
 Cash Flow Statement for the year ended March 31, 2016

Particulars	31-Mar-16 Rs.	31-Mar-15 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(9,914,366)	(3,050,421,279)
Non-cash adjustment to reconcile profit before tax to net cash flows :		
Provision for dimunition in value of investment	7,942,620	2,922,867,037
Interest paid	27,854,140	114,202,771
Interest income	(28,464,433)	(8,231,082)
Operating Loss before working capital changes	(2,582,039)	(21,582,553)
Movements in working capital :		
Increase/ (decrease) in other current liabilities	5,807,800	11,643,692
Decrease / (increase) in short-term loans and advances	(245,450,000)	(31,709,623)
Decrease / (increase) in short-term Provisions	125,434	-
Decrease / (increase) in other current assets	-	37,000,000
Cash generated from / (used in) operations	(242,098,805)	(4,648,484)
Direct taxes paid (net of refunds)	(2,496,572)	(957,452)
Net cash flow from/ (used in) operating activities	A (244,595,377)	(5,605,936)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current investments	(7,942,620)	(479,000,000)
Interest received	2,860,552	3,073,483
Net cash flow from/ (used in) investing activities	B (5,082,068)	(475,926,517)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	-	2,450,000,000
Proceeds from short-term borrowings	257,500,000	86,351,222
Repayment of Short Term Borrowing	(3,000,000)	(1,929,715,207)
Interest paid	(17,310,765)	(112,939,668)
Net cash flow from/ (used in) in financing activities	C 237,189,235	493,696,347
Net increase/(decrease) in cash and cash equivalents	(A+B+C) (12,488,210)	12,163,893
Cash and cash equivalents at the beginning of the period/year	12,619,053	455,160
Cash and cash equivalents at the end of the period/year	130,843	12,619,053
Components of cash and cash equivalents		
Cash on hand	6,518	27,018
With banks- on current account	124,325	12,592,035
Total cash and cash equivalents (Note 8)	130,843	12,619,053

Notes :

1. The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements notified by Companies (Accounts) Rules, 2014

2. Negative figures have been shown in brackets.

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date
 For GUPTA GARG & AGRAWAL
 Chartered Accountants

(B.B.Gupta)
 Partner
 M. No. 012399



For and on behalf of the Board of Directors

Madhusudan Venkatachary
 Director
 DIN: 02650160

Neeraj Banka
 Chief Executive Officer

Prakash Chander
 Company Secretary
 Mem No. A28927

Meghraj Bothra
 Director
 DIN: 06966204

Rohit Kumar Ravi
 Chief Financial Officer

Place: NOIDA
 Date: 17.05.2016

Hindustan Retail Private Limited
Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
CIN: U52100UP2007PTC033258
Notes to financials statements for the year ended March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

i) Corporate information

Hindustan Retail Private Limited is the holding company of three subsidiaries in INDIA and one subsidiary at Dubai. The main activity of the company is to overall look after affairs of the subsidiaries and arrange for them necessary funds and man-power.

ii) 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 rule 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 used in the previous period.

iii) Changes in Accounting policies

The accounting policies adopted are consistent with those of previous financial year. The management assures that there has been no change in accounting policies as compared to that of previous year which would have any significant effect on these financials.

iv) 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 period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

v) 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.

vi) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current period 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 the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

vii) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for bonus element in a rights issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit/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.



Hindustan Retail Private Limited
Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
CIN: U52100UP2007PTC033258
Notes to financial statements for the year ended March 31, 2016

viii) **Provisions**

A provision is recognised 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 reliable 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 are adjusted to reflect the current best management estimates.

ix) **Investments**

Current investments are stated at lower of cost or fair value. Long term investments are valued at cost. Any decline, other than temporary, in the value of long term investments, is charged to statement of profit and loss.

x) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized 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 recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

xi) **Events occurring after balance sheet date**

Adjustments to assets and liabilities are made for events occurring after balance sheet date that provide additional information materially affecting the determination of the amounts of the assets or liabilities relating to conditions existing at the balance sheet date.



Hindustan Retail Private Limited

Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301

CIN: U52100UP2007PTC033258

Notes to financial statements for the year ended March 31, 2016

Particulars	Figures as at 31-03-2016 Rs.	Figures as at 31-03-2015 Rs.
2. Share Capital		
Authorized shares		
325,000,000 (Previous period 325,000,000) Equity Shares of Rs. 10 each	3,250,000,000	3,250,000,000
Issued, subscribed and fully paid-up shares		
315,530,000 (Previous period 315,530,000) Equity Shares of Rs. 10 each	3,155,300,000	3,155,300,000
Total issued, subscribed and fully paid-up share capital	3,155,300,000	3,155,300,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year/period
Equity shares

Particulars	No. of shares	Amount Rs.	No. of shares	Amount Rs.
At the beginning of the year/period	315,530,000	3,155,300,000	70,530,000	705,300,000
Issued during the period	-	-	245,000,000	2,450,000,000
Outstanding at the end of the year/period	315,530,000	3,155,300,000	315,530,000	3,155,300,000

(b) Terms/rights attached to equity shares

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

(c) Shares held by holding company

Out of equity shares issued by the company, shares held by its holding company are stated below:

Spice Mobility Limited (Formerly S Mobility Ltd.), the holding company		
315,530,000 (Previous period 315,530,000) Equity Shares of Rs. 10 each	3,155,300,000	3,155,300,000

(Out of above shares, 10 shares are held by Mrs. Veena Modi as nominee of Spice Mobility Limited)

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

NIL NIL

(e) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs.10 each fully paid				
Spice Mobility Limited (Formerly S Mobility Ltd.), the holding company	315,530,000	100%	315,530,000	100%

(Out of above shares, 10 shares are held by Mrs. Veena Modi as nominee of Spice Mobility Limited)

(f) The above information (from (a) to (e)) are as per records of the company, including its register of shareholders/ members and other declarations received from shareholder regarding beneficial interest. The above shareholding represents both legal and beneficial ownerships of shares.

3. Reserves and Surplus

Deficit in the statement of profit and loss

Balance as per last financial statements	(3,137,800,686)	(87,206,506)
Loss for the year/period	(9,914,366)	(3,050,594,180)

Net deficit in the statement of profit and loss

(3,147,715,052) (3,137,800,686)

Total Reserves and Surplus

(3,147,715,052) (3,137,800,686)



Hindustan Retail Private Limited

Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301

CIN: U52100UP2007PTC033258

Notes to financial statements for the year ended March 31, 2016

Particulars	Figures as at 31-03-2016 Rs.	Figures as at 31-03-2015 Rs.
4. Short-term borrowings		
i) Spice Digital Limited	336,351,222	78,851,222
ii) Spice Labs Pvt Ltd.	27,000,000	30,000,000
	<u>363,351,222</u>	<u>108,851,222</u>
5. Other current liabilities		
Audit fees payable	128,013	99,801
TDS payable	2,828,969	11,520,584
Salary Payable	63,568	-
Interest accrued but not due on borrowings	14,525,351	-
Other expenses payable	72,909	190,625
Interest accrued and due on borrowings	14,048,520	3,505,145
	<u>31,667,330</u>	<u>15,316,155</u>
6. Short term provisions		
Provision for leave benefits	9,181	-
Provision for Income Tax	-	172,901
Provision for gratuity	116,253	-
	<u>125,434</u>	<u>172,901</u>
7. Non-Current Investments		
In Subsidiaries		
Unquoted - Fully Paid Up Equity Shares of Face value Rs. 10/- each		
8,47,17,401 (8,39,23,139) Spice Retail Limited	2,831,709,657	2,823,767,037
99,10,000 (99,10,000) Spice Online Retail Pvt. Ltd.	99,100,000	99,100,000
Fully paid up shares of face value AED 10,00,000 each		
1 (1) S Retail Middle East FZE	13,160,000	13,160,000
	<u>2,943,969,657</u>	<u>2,936,027,037</u>
Less :- Provision for diminution in value of investment	2,943,969,657	2,936,027,037
	<u>-</u>	<u>-</u>
Aggregate value of Unquoted Shares	-	-



Hindustan Retail Private Limited

Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301

CIN: U52100UP2007PTC033258

Notes to financial statements for the year ended March 31, 2016

Particulars	Figures as at 31-03-2016 Rs.	Figures as at 31-03-2015 Rs.
8. Cash and cash equivalents		
Balances with banks:		
On current accounts	124,325	12,592,035
Cash on hand	6,518	27,018
	<u>130,843</u>	<u>12,619,053</u>
9. Short term loans and advances		
Unsecured considered good; Loans and advances to related parties (subsidiaries)		
i) Spice Retail Limited	357,000,000	116,550,000
ii) S Retail Middle East FZE	53,744,509	53,744,509
iii) Spice Online Retail Pvt. Ltd.	5,000,000	-
	<u>415,744,509</u>	<u>170,294,509</u>
Less:- Provision against doubtful advances (S Retail Middle East FZE)	53,744,509	53,744,509
	<u>362,000,000</u>	<u>116,550,000</u>
TDS Recoverable	3,802,327	1,478,656
	<u>365,802,327</u>	<u>118,028,656</u>
10. Other Current Assets		
Interest receivable	36,795,764	11,191,883
	<u>36,795,764</u>	<u>11,191,883</u>
Due from directors or officers of the company	NIL	NIL
Contingent liabilities & commitments		
(1) Contingent Liabilities		
a) Claims against the company not acknowledged as debts	NIL	NIL
b) Guarantees	NIL	NIL
c) other money for which company is contingently liable	NIL	NIL
(2) Commitments		
a) Estimated amounts of contracts to be executed on capital account not provided for	NIL	NIL
b) Uncalled liability on partly paid shares	NIL	NIL
c) Other commitments	NIL	NIL



Hindustan Retail Private Limited
 Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
 CIN: U52100UP2007PTC033258

Notes to Financial Statements for the year ended March 31, 2016

Particulars	Figures for the year ended 31-03-2016 Rs.	Figures for the period ended 31-03-2015 Rs.
11. Other Income		
Interest Income	28,448,756	8,231,082
Interest Income on TDS Refund	15,677	-
	<u>28,464,433</u>	<u>8,231,082</u>
12. Employee benefits expense		
Salaries, wages and bonus	1,312,658	2,122,945
	<u>1,312,658</u>	<u>2,122,945</u>
13. Finance cost		
Interest on loan	27,854,140	114,202,771
	<u>27,854,140</u>	<u>114,202,771</u>
14. Other expenses		
Rates and taxes	47,918	18,774,754
Payment to auditor (Refer details below)	126,485	95,506
Travelling and conveyance	-	263,437
Legal and professional fees	574,099	309,298
Telephone Expenses	-	11,450
Directors' sitting fees	515,250	-
Bank charges	29	-
Other Expenses	5,600	5,163
	<u>1,269,381</u>	<u>19,459,608</u>
Payment to auditors :		
Audit fee	47,191	44,944
Tax accounts fee	-	28,090
Limited review	34,350	22,472
In other capacity:		
Other services	44,944	-
	<u>126,485</u>	<u>95,506</u>
15. Exceptional Item		
Provision for diminution in value of Investment	7,942,620	2,922,867,037
	<u>7,942,620</u>	<u>2,922,867,037</u>
16. Earnings per share (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Loss for the period/year	(9,914,366)	(3,050,594,180)
Weighted average number of equity shares in calculating basic EPS	315,530,000	77,683,285
Basic earning per share	<u>(0.03)</u>	<u>(39.27)</u>
Weighted average number of equity shares in calculating diluted EPS	315,530,000	77,683,285
Diluted earning per share	<u>(0.03)</u>	<u>(39.27)</u>



Hindustan Retail Private Limited

Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
CIN: U52100UP2007PTC033258

Notes to Financial Statements for the year ended March 31, 2016

Additional Notes:

- 17 Previous period's figures were for nine months period ended March 31, 2015, whereas current period's figures are for twelve months period ended March 31, 2016. Hence, the current period's figures are not strictly comparable with those of the previous period's. Previous period figures have been regrouped / reclassified, where necessary, to conform to this year's classification.
- 18 As per the guidance note issued by ICAI on Accounting Standard AS - 22 " Taxes on Income" , deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In view of losses in the current year as well as in the immediate preceding year and uncertainty of future profits, DTA has not been recognised in the books of account.
- 19 **Disclosure required under Sec 186(4) of the Companies Act 2013**
- As required under section 186(4) of the companies Act, 2013, particulars of loans and advances and investments are disclose below.

Details of loans and advances given and outstanding:

Name of the Party	Rate of Interest	Due date	Secured/ unsecured	Opening Balance	Loan given/(repay) during the period	Outstanding at end of the year
Spice Retail Limited	11% & 10.5%	Refer Below	Unsecured	116,550,000	240,450,000	357,000,000
S Retail Middle East FZE	0.00%	Refer Below	Unsecured	53,744,509	-	53,744,509
Spice Online Retail Private Limited	8.00%	Refer Below	Unsecured	-	5,000,000	5,000,000

The loan given to above companies is for meeting working capital requirements.

Details of Investments made (At cost):

Name of the Party	Investments made during the period	Share Issue
Spice Retail Limited	7,942,620	794,262

- 20 The Company being a Non-Small and Medium Company, therefore, has complied with all the notified applicable Accounting Standards.

	Current period	Previous year
21 Value of Import on CIF Basis	Nil	Nil
22 Earnings in Foreign Exchange	Nil	Nil
23 Outflow of Foreign Currency (AED)	Nil	Nil

24 Related Party Disclosures

a) Name of the Related Parties

i) Ultimate Holding Company

Smart Global Corporate Holding Pvt. Ltd. (Formerly known as Spice Global Investments Pvt. Ltd) (Holding company of Spice Connect Pvt. Ltd.)

ii) Holding Company

Spice Mobility Ltd. (formerly known as S Mobility Limited) (SML)

Spice Connect Private Limited (formerly known as Smart Ventures Pvt. Ltd.) (Holding company of SML)

iii) Subsidiary Company

Spice Retail Limited

S Retail Middle East FZE

Cellucom Retail India Pvt Ltd.

Spice Online Retail Pvt. Ltd.

S Retail General Trading LLC



Hindustan Retail Private Limited

Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301

CIN: U52100UP2007PTC033258

Notes to Financial Statements for the year ended March 31, 2016

iv) Fellow Subsidiaries with whom transactions has taken place during the period

Spice Digital Ltd.
Spice Labs Pvt. Ltd.

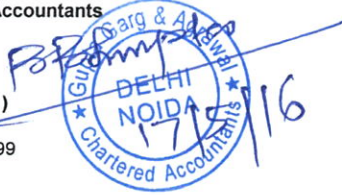
v) Name of the other related parties with whom transactions have taken place during the period- NIL

b) Related party transactions attached as Annexure-1

As per our attached report of even date.

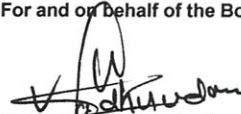
For Gupta Garg & Agrawal
Chartered Accountants

(B.B.Gupta)
Partner
M. No. 012399



Place: NOIDA
Date: 17.05.2016

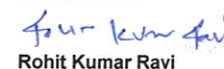
For and on behalf of the Board of Directors


Madhusudan Venkatachary
Director
DIN: 02650160


Neeraj Banka
Chief Executive Officer


Prakash Chander
Company Secretary
Mem No. A28927


Meghraj Bothra
Director
DIN: 06966204


Rohit Kumar Ravi
Chief Financial Officer

Annexure-1



Particulars	(Amount in Rs.)											
	Holding Company		Subsidiaries		Fellow Subsidiaries		Total					
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(A) Transactions												
Share Capital												
Spice Mobility Limited		2,450,000,000										2,450,000,000
Investment												
Spice Retail Limited			7,942,620	400,000,000							7,942,620	400,000,000
Spice Online Retail Pvt Ltd.				79,000,000								79,000,000
Share Application Money received back												
Spice Online Retail Pvt Ltd.				37,000,000								37,000,000
Loans & Advances Given												
Spice Retail Limited			250,000,000	75,500,000							250,000,000	75,500,000
Spice Online Retail Pvt. Ltd.			5,000,000								5,000,000	
Repayment of Loans & Advances												
Spice Retail Limited			9,550,000	2,250,000							9,550,000	2,250,000
S. Retail Middle east FZE				440,377								440,377
Spice Online Retail Pvt. Ltd.				41,100,000								41,100,000
Short Term Borrowing												
Spice Digital Limited					257,500,000	56,351,222					257,500,000	56,351,222
Spice Labs Pvt Ltd						30,000,000						30,000,000
Repayment of Short Term Borrowings												
Spice Mobility Limited		1,919,715,207										1,919,715,207
Spice Digital Limited						10,000,000						10,000,000
Spice Labs Pvt Ltd						3,000,000						3,000,000
Reimbursement of Expenses Given												
Spice Retail Limited				1,250,000								1,250,000
Interest Income												
Spice Retail Limited			28,134,235	5,879,937							28,134,235	5,879,937
Spice Online Retail Pvt Ltd.			314,521	2,351,145							314,521	2,351,145
Finance Cost												
Spice Mobility Limited		108,976,710										108,976,710
Spice Digital Limited												
Spice Labs Pvt Ltd					24,812,910	4,478,664					24,812,910	4,478,664
(B) Outstanding at the end of the year/period					3,041,230	747,397					3,041,230	747,397
Loans & Advances												
Spice Retail Limited			357,000,000	116,550,000							357,000,000	116,550,000
S. Retail Middle east FZE			53,744,509	53,744,509							53,744,509	53,744,509
Spice Online Retail Pvt Ltd.			5,000,000								5,000,000	
Short Term Borrowing												
Spice Digital Limited					336,351,222	78,851,222					336,351,222	78,851,222
Spice Labs Pvt Ltd					27,000,000	30,000,000					27,000,000	30,000,000
Interest Receivables												
Spice Retail Limited			36,512,695	11,191,883							36,512,695	11,191,883
Spice Online Retail Pvt Ltd.			283,069								283,069	
Interest Payable												
Spice Digital Limited					25,164,104	2,832,488					25,164,104	2,832,488
Spice Labs Pvt Ltd					3,409,764	672,657					3,409,764	672,657