



7th Annual Report
2013-14

Bharti Retail Limited



REPORT OF THE BOARD OF DIRECTORS

**To the Members
Bharti Retail Limited**

Your Directors have pleasure in presenting their Seventh Annual Report of the Company together with Audited Accounts for the financial period starting from 1st January 2013 to 31st March 2014.

FINANCIAL HIGHLIGHTS

The summarized financial result for the period from 1st January 2013 to 31st March 2014 as compared with the earlier year is as under:

Particulars	For the Period ended March 31, 2014	For the Period ended December 31, 2012
Income	27,484,454,072	15,816,312,277
Total Expenditure	30,630,566,503	21,197,278,069
Net Profit/(Loss)	3,146,112,431	(5,380,965,792)
Earnings Per Share	(5.42)	(10.18)

OPERATIONS

Your Company has consolidated its presence with the increase in sales volume and taking the business towards growth. Your company is now operating 186 "easyday" stores and 20 "easyday Market" in the northern, southern and western region of the country and has plans to launch more stores in the coming year.

During the period, the supply & franchisee agreements with Bharti Wal-Mart Private Limited and WM India Technical and Consulting Services Private Limited were terminated and Company has successfully gone through the transition.

DIVIDEND

In view of the accumulated losses, Board of Directors of the Company is unable to recommend any dividend for the financial period under review.

RESERVES

The Company has a total negative reserves and surplus of INR 14,410,486,131 as on March 31, 2014.



Bharti Retail Limited
CIN: U51909DL2007PLC158953

DIRECTORS

Mr. Devendra Khanna is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. The Board recommends his reappointment for your approval.

Mr. Raj Kumar Jain was appointed as an Additional Director of the Company on 01.04.2014 and hold office only up to the date of the ensuing Annual General Meeting. Pursuant to Section 161 of the Companies Act, 2013 the company has received a notice from a shareholder proposing his candidature for the post of the director of the company. The Board of Directors recommends the same for your approval.

The Board of Directors of the company has noted that none of the directors is disqualified under section 274(1)(g) of the Companies act, 1956 during the year.

During the period Mr. Mukesh H Bhavnani and Mr. Manoj Kumar Kohli resigned from the Board of the Company. The Board taken on record their appreciation for the contribution made by them during their directorship in the Company.

AUDITORS

M/s S.R. Batliboi & Co. LLP, Chartered Accountants (bearing ICAI Regn. No. 301003E), the Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting of the Company. The Company has received their willingness for re-appointment as the Statutory Auditors of the Company and simultaneously their eligibility certificate pursuant to section 139 and 141 of the Companies Act, 2013 and rules made thereunder that the appointment, if made, will be in accordance within the limits. As per the provisions of section 139 of the Companies Act, 2013, statutory auditors will be appointed for a term of three consecutive years by the Shareholders at the Annual General Meeting subject to ratification of appointment at every Annual General Meeting. The Board of Directors recommends the same for your approval.

AUDITOR'S REPORT

The Board has duly examined the Statutory Auditors' report to the accounts, which is self explanatory and clarifications wherever necessary, have been included in the Notes to Accounts section of Annual Report.

As regards the comments under para (x) of the annexure to the Independent Auditors' Report regarding accumulated losses at the end of the financial year are more than fifty percent of its net worth and cash losses during current year and previous year, the Company is in the initial gestation period and had to incur losses for carrying retail losses in India. The accumulated losses of the Company are envisaged and mainly towards development of Infrastructure to support the long term growth plan.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.



AUDIT COMMITTEE

The Company has constituted the Audit Committee. The Composition of Audit Committee is as following:

MEMBERS:

Mr. Raj Kumar Jain
Mr. Inderjit Walia
Mr. Devendra Khanna

PARTICULARS OF EMPLOYEES

The list of the employees whose particulars are to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is attached as **Annexure A**.

STATUTORY STATEMENTS

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

In terms of section 217(1)(e) read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 of the Companies Act, 1956 your directors furnish the information as below:

PARTICULARS	DESCRIPTION
Conservation of Energy	Creating awareness among staff to conserve energy. Energy conservation is considered as a major factor. In the Company this is achieved and maintained at every operation stage. Use of energy saving Equipments.
Technology absorption	NIL
Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.	The Company is not engaged in any Export activities.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	For the period ended 31st March 2014 (Amount in INR)	For the period ended 31st December 2012 (Amount in INR)
Foreign Exchange Earnings	Rs. Nil	Rs. Nil
Foreign Exchange Outgo	Rs. 39,911,710	Rs. 22,416,011



DIRECTORS' RESPONSIBILITY STATEMENT - SECTION 217(2AA)

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (2) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial period from 1st January 2013 to 31st March, 2014 and of the loss of the company for that period;
- (3) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) they have prepared the annual accounts on a going concern basis.

CHANGE OF FINANCIAL YEAR OF THE COMPANY

Presently, the Company was having its financial from 1st January to 31st December. During the year, the financial Year has been changed from 1st January to 31st December to 1st April to 31st March which is in line with the provisions of section 2(41) of the Companies Act 2013. The financial Year for the current year be fixed as 15 months commencing from 1st January 2013 to 31st March 2014 and the subsequent financial years of the Company be the period from 1st April to 31st March in each year.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the valuable contribution and dedicated efforts put in by the employees and for the assistance provided by the Bankers and other associates during the year.

**ON BEHALF OF THE BOARD
FOR BHARTI RETAIL LIMITED**



Raj Kumar Jain
Managing Director
DIN-01741527



Devendra Khanna
Director
DIN- 01996768

Date: -----

Place: -----



Bharti Retail Limited

REGD. OFFICE:- BHARTI CRESCENT, 1, NELSON MANDELA ROAD, PHASE-II, VASANT KUNJ, NEW DELHI-110070
Statement of particulars under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the period ended March 31, 2014 and forming part of the Directors' Report

Sl. No.	Name	Designation	Qualification(s)	Age (in years)	Date of Commencement of Employment	Total Previous Years of Experience (Years)	Gross Remuneration (In Rs.)	Previous Employment / Designation	% of Equity Capital held
(A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR									
1	C S Mudraiah	General Manager, Loss Prevention & Safety	MBA	46	15-Jan-08	14.30	6,594,232.00	Wadhawan Food Retail Ltd (Spinach) / General Manager Operations	Nil
2	Sanjay Jha	General Manager, Commercial, Corporate Office	PGDBM	44	4-Aug-08	10.210	6,710,755.00	Coca-Cola India Ltd / Sr. Manager	Nil
3	Sandeep Gautam	Head, People	LLB, Masters - HR	45	10-Mar-10	17.000	7,257,736.00	DILFIAING O ROURKE LTD / Asst. VP - HR & People Development	Nil
4	John Lee Wilcox	Senior Vice President, Operations	NA	48	9-May-11	26.330	18,036,680.00	Hypercity Retail / COO	Nil
(B) EMPLOYED FOR PART OF THE FINANCIAL YEAR									
1	Viresh Dayal	Chief Commercial Officer	PGDBM	59	21-Oct-07	27.180	31,663,958.00	Bharti Enterprises - Corporate Director/Project	Nil
2	Pankaj Madan	Chief Financial Officer	MBA	49	1-Jan-14		2,034,342.00	Bharti Airtel Services Ltd / Finance Head	Nil
3	Raj Kumar Jain	Chief Executive Officer	Mechanical Engg.	55	1-Jan-14		7,135,660.00	Bharti Enterprises Ltd / Advisor	Nil
4	Manish Sabnis	Senior Vice President - SF - Store Operations	MBA	45	1-Feb-13	19.120	10,642,128.00	Bharti Walmart - Senior Vice President - Sales & BD	Nil
5	Anupam Goyal	Financial Controller.	Bachelor of Commerce	53	1-Jan-14	28.32	1,454,151.00	Bharti Walmart / Financial Controller	Nil
6	Bharath Uppillappan	Head, Food	MBA	42	1-Jan-14	18.213	1,911,621.00	Bharti Walmart / Head - Merchandising - Food & Private Label	Nil
7	Purandhar Potineni	GMM, Hardlines & Electronics	Post Graduation	41	1-Jan-14	16.213	1,179,957.00	Bharti Walmart / GMM - Hardline & Electronics	Nil
8	Parag Bastogi	GMM, Dry Grocery, Corporate Office	PGDBM	46	1-Jan-14	21.87	1,407,957.00	Bharti Walmart / GMM - Dry Grocery	Nil
9	Amit Chopra	GMM, Softlines & Home Soft	Bachelor of Arts	39	1-Jan-14	18.55	1,400,139.00	Bharti Walmart / GMM - Softlines	Nil
10	Hardeep Singh	Senior Vice President, Supply Chain & Logistics	Masters	45	1-Jan-14	19.301	2,557,834.00	Bharti Walmart / Senior Vice President - Supply Chain	Nil
11	RajaniBanth Pillutla	Head, Real Estate Development	PG Diploma	39	1-Jan-14	13.270	1,228,050.00	Bharti Reality Holdings Ltd	Nil
12	Smeer Chotra	Vice President, Business Controlling	CA	45	7-Jan-14	21.150	1,037,709.00	Bharti Walmart (BWM) / Vice President - Merchandising Planning	Nil

Notes: 1. Gross Remuneration comprises of Salary, Taxable Allowances & Perquisites and Company's contribution to Provident Fund.

2. The employee would qualify for being included in Category (A) or (B) on the following basis:

For (A) if the aggregate remuneration drawn by him during the year was not less than Rs. 60,00,000 p.a.

For (B) if the aggregate remuneration drawn by him during the part of year was not less than Rs. 5,00,000 p.m.

3. None of the employees mentioned above is a relative of any Director of the Company.

4. None of the employees mentioned above holds 2% or more share capital of the Company.

5. The employees are governed by the general terms and conditions of employment and the policies of the Company.

Date:

Place: New Delhi



Raj Kumar Jain
(Managing Director)



Devendra Khanna
(Director)



Sandeep Kumar
(Company Secretary)



INDEPENDENT AUDITOR'S REPORT

To the Members of Bharti Retail Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bharti Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the 15 months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the 15 months period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the 15 months period ended on that date.

S.R. BATLIBOI & CO. LLP

Chartered Accountants

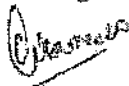
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (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) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E



per Vikas Mehra

Partner

Membership Number: 094421

Place: New Delhi

Date: 26/09/2014



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Annexure referred to in Paragraph 3 of our report of even date
Re: Bharti Retail Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the reporting period but there is a regular programme of verification 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) There was no disposal of a substantial part of fixed assets during the reporting period.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the reporting period.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and, having regard to the fact that discrepancies identified on physical verification are comparable to or better than the corresponding industry standards / benchmarks, as informed to us, such discrepancies were not material and have been properly dealt within the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the reporting period, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the reporting period end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth tax, service tax, sales-tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (In Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	417,010	FY 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	1,709,090	FY 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	7,032,489	FY 2011-12	Commissioner of Income Tax (Appeals)
Total		9,158,589		

- (x) The Company's accumulated losses at the end of the reporting period are more than fifty percent of its net worth. The Company has incurred cash losses in the current and immediately preceding reporting period.

S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues in respect of debenture during the period.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that the Company has used funds amounting to Rs.126.08 crores raised on short-term basis for long term investment (funding of losses).
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money through a public issue during the period. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

Bharti Retail Limited
Balance Sheet as at March 31, 2014

Particulars	Notes	March 31, 2014 Rs.	December 31, 2012 Rs.
Equity and Liabilities			
Shareholders' funds			
Share capital	4	13,986,600,000	5,328,060,000
Reserves and surplus	5	<u>(14,410,486,131)</u>	<u>(15,224,373,700)</u>
		<u>(423,886,131)</u>	<u>(8,896,313,700)</u>
Non-current liabilities			
Long-term borrowings	6	-	3,262,540,000
Trade payables	7	-	175,092,786
Other long-term liabilities	7	1,400,677,083	1,103,625,993
Long-term provisions	8	<u>44,036,327</u>	<u>41,666,903</u>
		<u>1,444,713,410</u>	<u>4,582,925,682</u>
Current liabilities			
Short-term borrowings	9	1,830,000,000	3,007,855,261
Trade payables	10	1,585,238,259	6,731,850,303
Other current liabilities	10	331,525,781	404,818,360
Short-term provisions	8	<u>404,511,359</u>	<u>125,929,112</u>
		<u>4,151,275,399</u>	<u>10,270,453,036</u>
Total		<u><u>5,172,102,678</u></u>	<u><u>4,957,065,018</u></u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	1,406,309,177	1,836,391,302
Intangible assets	12	28,536,632	43,162
Capital work-in-progress		467,115,597	389,941,233
Long-term loans and advances	13	364,790,696	430,234,177
Other non-current assets	14.2	<u>14,913,291</u>	<u>13,462,789</u>
		<u>2,281,665,393</u>	<u>2,673,072,663</u>
Current assets			
Inventories	15	2,235,150,942	1,564,088,350
Trade receivables	14.1	5,825,755	5,429,977
Cash and bank balances	16	224,925,096	373,209,709
Short-term loans and advances	13	423,601,754	340,566,841
Other current assets	14.2	<u>933,738</u>	<u>697,478</u>
		<u>2,890,437,285</u>	<u>2,283,992,355</u>
Total		<u><u>5,172,102,678</u></u>	<u><u>4,957,065,018</u></u>
Summary of significant accounting policies	3.1		

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

As per our report of even date

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

per Vikas Mehra
Partner
Membership No.: 094421

Place: New Delhi
Date: 20/07/2014

For and on behalf of the board of directors of Bharti Retail Limited

Raj Kumar Jain
[Managing Director]

Sandeep Kumar
[Company Secretary]

Devendra Khanna
[Director]

Pankaj Madan
[Chief Financial Officer]

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20/07/2014

Bharti Retail Limited

Statement of profit and loss for fifteen months period January 1, 2013 to March 31, 2014

Particulars	Notes	January 1, 2013	January 1, 2012 to
		to March 31, 2014	December 31, 2012
		Rs.	Rs.
Revenue from operations	17	23,431,198,822	15,782,950,108
Other Income	18	94,852,122	33,362,169
Exceptional Items	23	3,958,403,128	.
Total Revenue (I)		27,484,454,072	15,816,312,277
Expenses			
Purchase of traded goods	19	22,891,452,072	15,311,361,348
(Increase) in inventories of traded goods	20	(669,548,229)	(28,817,980)
Employee benefits expense	21	1,726,257,974	1,211,670,718
Other expenses	22	5,368,534,390	4,155,030,162
Total (II)		29,316,696,207	20,649,244,248
Earning before Interest, tax, depreciation and amortization (EBITDA) (I) - (II)		(1,832,242,135)	(4,832,931,971)
Depreciation and amortization expense	24	607,063,808	365,554,701
Finance costs	25	706,806,488	182,479,120
(Loss) for the period		(3,146,112,431)	(5,380,965,792)
(Loss) per equity share [nominal value of share Rs. 10 (December 31, 2012: Rs. 10)]	26		
Basic and Diluted		(5.42)	(10.18)
Summary of significant accounting policies	3.1		

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

As per our report of even date

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

per Vikas Mehra
Partner
Membership No.: 094421

Place: NEW DELHI
Date: 26/09/2014



For and on behalf of the board of directors of Bharti Retail Limited

Raj Kumar Jain
[Managing Director]

Sandeep Kumar
[Company Secretary]

Devendra Khanna
[Director]

Pankaj Madan
[Chief Financial Officer]

CONFIDENTIAL

Bharti Retail Limited

Cash flow statement for fifteen months period January 1, 2013 to March 31, 2014

Particulars	January 1, 2013 to March 31, 2014 (Rs.)	January 1, 2012 to December 31, 2012 (Rs.)
A. Cash flow used in Operating activities		
Profit/(Loss) before tax	(3,146,112,431)	(5,380,965,792)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisation	607,063,808	365,554,701
Loss on sale of assets /assets written off (net)	199,006,907	35,212,736
Unrealised loss / (gain) on exchange fluctuation	24,494	(1,103,553)
Reversal of Lease equalisation reserve	(23,489,129)	(2,786,377)
Provision for store closure expenses / (written back)	137,060,585	(8,932,875)
Loss by fire	(43,554,830)	40,399,623
Advances / deposits Written off	3,058,902	1,392,298
Provision for doubtful debts and advances	18,146,337	606,724
Provision for doubtful capital advance and capital work in progress	20,009,397	16,305,619
Liabilities written back	(3,958,403,128)	-
Net gain on sale of non-trade current investments	(11,250,827)	(8,117,705)
Interest income	(7,670,871)	(8,658,394)
Interest expense	684,334,486	179,831,920
Operating loss before working capital changes	(5,521,776,300)	(4,771,261,075)
Movements in working capital :		
Decrease/(increase) in loans and advances	1,853,445	(124,692,015)
(Increase) / decrease in trade receivables	(1,041,935)	1,604,609
(Increase) in inventories	(641,418,374)	(58,734,720)
(Decrease)/increase in current liabilities and provisions	(865,656,545)	3,596,638,237
Cash generated from operations	(7,028,039,709)	(1,356,444,964)
TDS refund received	-	6,103,430
Taxes paid (TDS)	(8,572,281)	(10,146,343)
Net cash flow used in operating activities - (A)	(7,036,611,990)	(1,360,487,877)
B. Cash flow used in Investing activities		
Purchase of fixed assets (including capital work in progress & Capital Advances)	(638,563,944)	(637,454,715)
Interest received	7,026,465	7,994,496
Purchase of non trade current investment mutual funds	(2,630,000,000)	(980,000,000)
Proceed from sale of non trade current investment in mutual funds	2,641,250,827	988,117,705
Deposits (with maturity more than three months)	(1,042,356)	(2,937,062)
Proceeds from sale of fixed assets/capital work in progress	11,893,495	18,005,263
Net cash flow used in investing activities - (B)	(609,435,513)	(606,274,313)
C. Cash flow from Financing activities		
Proceeds from short term borrowings	72,830,000,000	16,707,855,261
Re-payment from long term borrowings	(354,000,000)	(227,500,000)
Proceeds from long term borrowings	80,000,000	-
Re-payment from short term borrowings	(64,377,855,261)	(13,950,000,000)
Interest paid	(680,381,849)	(173,814,783)
Net cash flow from financing activities - (C)	7,497,762,890	2,356,540,478
Net (decrease) in cash and cash equivalents (A+B+C)	(148,284,613)	189,778,288
Cash and cash equivalents as at the beginning of the period	373,209,709	183,431,421
Cash and cash equivalents as at the end of the period	224,925,096	373,209,709

Bharti Retail Limited

Cash flow statement for fifteen months period January 1, 2013 to March 31, 2014

Particulars	January 1, 2013 to March 31, 2014 (Rs.)	January 1, 2012 to December 31, 2012 (Rs.)
Components of cash and cash equivalents		
Cash on hand	69,612,130	61,694,048
Balances with scheduled banks		
On current account	125,312,966	161,515,661
On deposit accounts with original maturity of less than three months	30,000,000	150,000,000
Cash and cash equivalent in cash flow statement	224,925,096	373,209,709

Summary of significant accounting policies

3.1

Notes:-

1. The above Cash Flow Statement has been prepared under the indirect method set out in AS-3, cash flow statements, as notified by Companies (Accounting Standards) Rules 2006.
2. Figures in brackets indicate cash out flow.

As per our report of even date

For S.R. Batliboi & CO. LLP

Firm Registration No.: 301003E

Chartered Accountants

per Vikas Menra
Partner

Membership No.: 094421



Place: NEW DELHI

Date: 26/09/2014

For and on behalf of the Board of Directors of Bharti
Retail Limited

Raj Kumar Jain
(Managing Director)

Sandeep Kumar
(Company Secretary)

Devendra Khanna
(Director)

Pankaj Madan
(Chief Financial Officer)

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BHARTI RETAIL LIMITED

Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

1 Corporate information

Bharti Retail Limited ('the Company') is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956 on February 7, 2007. The Company is a wholly owned subsidiary of Cedar Support Services Limited and engaged in the business of retailing a variety of household and consumer products through departmental store facilities under various formats.

2 Going Concern

The accumulated losses of the Company as at March 31, 2014 amounting to Rs. 14,410,486,131 (Rs. 15,224,373,700 as at December 31, 2012) has resulted in erosion of net worth as on that date. Further, it has incurred negative cash flow from operations of Rs. 7,036,611,990 (Previous year Rs. 1,360,487,877) and loss of Rs. 3,146,112,431 (Previous year Rs. 6,380,965,792) during the 15 months period ended March 31, 2014 and has net current liability of Rs. 1,260,838,114 (Rs. 7,986,460,681 as at December 31, 2012) as at March 31, 2014.

However as the Company had started commercial operations during the year 2008, the management believes that it is in the initial gestation period and had expected to incur losses for carrying out retail business in India. The accumulated losses of the Company are envisaged and mainly towards development of infrastructure to support the long term growth plan. The Company has got a commitment of continued financial support from Parent Company (Bharti Enterprises Limited) to contribute to the shortfall of the capital requirements.

On the above basis, the management is of opinion that there is no going concern issue with the Company and accordingly the financial statements have been prepared on going concern basis.

3 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 the Companies (Accounting Standards) Rule 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular B/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

3.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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.

Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

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, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

Assets	Rates (Straight line method)
Plant and Machinery	20.00%
Office Equipments	
- Mobiles	50.00%
- Others	20.00%
Furniture and Fixtures	10.00% - 14.29%
Computers	
- Servers and networks	20.00%
- End user devices, such as, desktops, laptops, etc.	33.33%
Leasehold improvements	
- Electrical installations and Equipment	10.00%
- Leasehold improvements	lease term or 15 years, whichever is lower

Assets individually costing Rs. 5,000 or less are fully depreciated over a period of 12 months from the date put to use.

d. Intangible assets

Software is stated at cost of acquisition and includes all attributable costs of bringing the software to its working condition for its intended use.

b. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized leased asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

c. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

d. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

e. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

f. Inventories

Inventories of Traded goods at retail stores are valued by the retail method of accounting on weighted average basis at the lower of cost or Net realizable value.

Inventories of Traded goods and Stores & supplies at warehouse is valued at lower of cost and net realizable value. Cost of Traded goods and Stores & supplies inventory is determined on weighted average cost basis.

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

g. 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. The following specific recognition criteria must also be met before revenue is recognized:



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Income from services

Income from services includes:

(a) Income from sub-leasing which is recognized in the Statement of Profit and Loss Account on a straight-line basis over the lease term.

(b) Income from services are recognized on accrual basis as per the terms of agreement as and when such services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Insurance Claims

Insurance claims are accounted only when there is a reasonable certainty of its ultimate collection.

h. Foreign currency translation

Foreign currency transactions and balances

(i) 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 the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

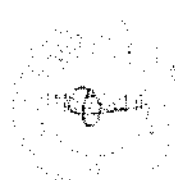
(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

i. Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the reporting period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

(ii) The Company operate one defined benefit plan for its employees. The cost of providing benefits under Gratuity plan is determined on the basis of an actuarial valuation done using projected unit credit method at the end of each reporting period. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

(ii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting period end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Liability for long term incentive plan are provided for on the basis of actuarial valuation on projected unit credit method made at the end of each reporting period. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

J. 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 Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current period and reversal of timing differences for the earlier periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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 realized. In situations where the Company has unabsorbed depreciation or carry forward tax 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 profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset 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 deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of 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 realized. 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.

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.

k. Earnings / (Loss) Per Share

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

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



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

l. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

The expense relating to any provision is presented in the statement of profit and loss account net of any reimbursement.

m. 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.

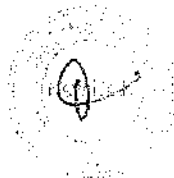
n. Cash and cash equivalents

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

o. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (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 operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

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Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

4 Share capital

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Authorized shares		
1,400,000,000 (December 31, 2012: 800,000,000) equity shares of Rs 10 each	14,000,000,000	8,000,000,000
Issued, subscribed and fully paid-up shares		
1,398,660,000 (December 31, 2012: 532,806,000) equity shares of Rs 10 each fully paid up	13,986,600,000	5,328,060,000
Total issued, subscribed and fully paid-up share capital	13,986,600,000	5,328,060,000

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the period

	March 31, 2014		December 31, 2012	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the period	532,806,000	5,328,060,000	513,126,000	5,131,260,000
Issued during the period	865,854,000	8,658,540,000	19,680,000	196,800,000
Outstanding at the end of the period	1,398,660,000	13,986,600,000	532,806,000	5,328,060,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity 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 holding / ultimate holding company

Out of the equity shares issued by the Company, shares held by holding / ultimate holding Company are as below:

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Cedar Support Services Limited, the holding Company*		
1,398,659,994 (December 31, 2012: 532,805,994) equity shares of Rs. 10 each fully paid	13,986,599,940	5,328,059,940

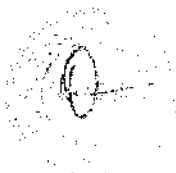
* 100% subsidiary of Bharti Enterprises Limited (December 31, 2012: 100% subsidiary of Bharti Ventures Limited)

As at March 31, 2014 Six (December 31, 2012: Six) equity shares of Rs 10 each fully paid are held by nominee shareholders of Cedar Support Services Limited.

(d) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	March 31, 2014		December 31, 2012	
	Nos.	% holding	Nos.	% holding
Equity shares of Rs 10 each fully paid up				
Cedar Support Services Limited, Holding Company	1,398,659,994	99.99%	532,805,994	99.99%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

5 Reserves and surplus

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Capital reserve		
Balance as per last financial statements	-	-
Addition during the period*	3,960,000,000	-
	<u>3,960,000,000</u>	<u>-</u>
Deficit in the statement of profit and loss		
Balance as per last financial statements	(15,224,373,700)	(9,843,407,908)
Loss for the period	(3,146,112,431)	(5,380,965,792)
	<u>(18,370,486,131)</u>	<u>(15,224,373,700)</u>
Total reserves and surplus	(14,410,486,131)	(15,224,373,700)

*During the period, loan of Rs. 3,960,000,000 borrowed by the company from HSBC bank has been paid by Walmart on non-recourse basis. Walmart was holding Compulsorily Convertible Debentures and was a joint venture in the Company's holding company i.e. Cedar Support Services Limited along with the Company's ultimate parent company i.e. Bharti Ventures Limited. This was pursuant to the terms of termination Agreement executed between these two parties earlier during the year basis the terms of which and also the joint venture Agreement, this repayment/waiver is in the nature of a capital contribution and has been accordingly transferred to Capital reserve in the Balance Sheet.

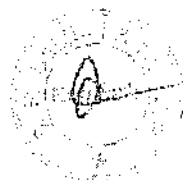
6 Long-term borrowings

	Non-current		Current Maturities	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Term loans				
Loan from holding company**	-	3,262,540,000	-	-
	<u>-</u>	<u>3,262,540,000</u>	<u>-</u>	<u>-</u>

*Interest free unsecured loan originally repayable by September 2017, during the current period the loan has been converted into equity shares of the Company.

7 Other long-term liabilities

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Trade payables (refer note 34 for details of dues to micro and small enterprises)	-	175,092,786
Others		
Lease equalisation account	1,400,677,083	1,096,066,374
Deferred revenue	-	7,559,619
	<u>1,400,677,083</u>	<u>1,103,625,993</u>
	<u>1,400,677,083</u>	<u>1,278,715,779</u>



Bharti Retail Limited
Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

8 Provisions

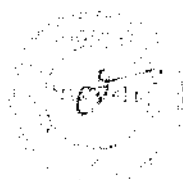
	Long term		Short term	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Provision for employee benefits				
Provision for long term incentive plan	2,984,386	3,603,130	8,111,961	3,499,534
Provision for gratuity (refer note 27)	41,051,941	38,063,773	26,300,650	16,538,300
Provision for leave benefits	-	-	38,596,387	24,871,495
	<u>44,036,327</u>	<u>41,666,903</u>	<u>73,008,998</u>	<u>44,909,329</u>
Others				
Provision for expected store closure / dropped sites expenses (Refer note 38)	-	-	331,502,361	81,019,783
	-	-	<u>331,502,361</u>	<u>81,019,783</u>
	<u>44,036,327</u>	<u>41,666,903</u>	<u>404,511,359</u>	<u>125,929,112</u>

9 Short-term borrowings

	March 31, 2014	December 31, 2012
	Rs.	Rs.
From bank:		
Secured	-	7,655,261
- Overdraft	-	-
Short-term borrowings	-	1,600,000,000
- Working capital loan	-	-
Unsecured	500,000,000	500,000,000
- Working capital loan	-	-
From financial institutions:		
Unsecured	-	400,000,000
- Inter Corporate Deposits (Unsecured)	-	-
From related parties:		
Unsecured	1,330,000,000	500,000,000
- Loan from related party	-	-
	<u>1,830,000,000</u>	<u>3,007,855,261</u>
The above amount includes		
Secured borrowings	-	1,607,855,261
Unsecured borrowings	1,830,000,000	1,400,000,000

(i) Unsecured loan from bank is repayable by Apr 2014 and carries an interest rate of 11.20%.

(ii) Unsecured loan from Bharti Venture Limited. The loan carries interest rate of 11% compounded on monthly basis up to January 16, 2014. Thereafter, interest has been waived as per the agreement between the parties.



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

10 Other current liabilities

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Trade payables (refer note 34 for details of dues to micro and small enterprises)	1,585,238,259	6,731,850,303
Other liabilities		
Payable for capital goods	99,851,689	210,310,757
Lease equalisation account	2,572,622	312,188
Deferred revenue	5,648,618	12,566,343
Interest accrued but not due on borrowings	9,734,165	5,781,528
Others		
Security deposits received	3,121,693	2,872,662
Advance from customers	9,344,588	8,678,371
Staff payables	54,752,899	74,256,145
Statutory dues	146,499,507	90,040,366
	331,525,781	404,818,360
	1,916,764,040	7,136,668,663

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Shree Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

1.1. Tangible assets

	(Amounts in Rs.)					
	Leasehold Improvements	Plant and Machinery	Office equipments	Furniture and Fixtures	Computers Hardware	Total
Cost						
At 1 January 2012	475,043,036	657,654,995	10,805,238	496,486,580	342,300,447	1,982,290,296
Additions*	206,104,004	200,594,408	3,495,200	225,880,331	96,646,992	732,801,025
Disposals / adjustments during the period	(35,978,408)	(11,479,683)	(846,084)	(24,087,564)	(4,180,686)	(76,573,225)
At 31 December 2012	645,168,632	846,769,720	13,454,354	698,279,337	434,766,753	2,638,518,096
Additions*	74,093,935	123,018,866	1,951,404	114,776,337	53,353,177	366,793,709
Disposals / adjustments during the period	(99,609,851)	(75,918,536)	(2,167,306)	(172,303,188)	(14,303,081)	(363,901,962)
At 31 March 2014	619,732,716	894,270,140	12,837,652	640,752,486	473,816,849	2,641,409,843
Depreciation						
At 1 January 2012	53,295,455	193,829,433	7,297,156	101,999,398	105,523,362	461,944,804
Charge for the year	43,387,786	152,447,933	2,255,025	91,955,019	75,039,162	365,084,925
Disposals / adjustments during the period	(8,647,458)	(0,392,644)	(787,704)	(10,612,460)	(1,523,169)	(27,902,935)
At 31 December 2012	88,035,783	337,944,722	8,764,977	183,341,957	179,039,355	799,125,794
Charge for the year	71,287,590	208,236,879	2,771,295	124,985,640	197,925,105	605,206,509
Disposals / adjustments during the period	(34,402,462)	(48,920,253)	(2,002,070)	(73,872,743)	(10,435,109)	(169,232,637)
At 31 March 2014	124,920,911	499,661,348	9,534,202	234,454,854	366,529,351	1,235,100,666

Net Block

At 31 December 2012	557,212,849	506,829,098	4,689,577	514,937,380	255,727,398	1,839,391,302
At 31 March 2014	484,811,893	394,698,792	3,403,450	406,297,832	107,287,498	1,406,309,177

* The Company is in the process of opening up of new stores. Accordingly certain capitalization has been made on provisional basis and adjustments, if any, on account of receipt of final bills will be made as and when such bills are received. In view of the management, impact of such adjustments will not be material.

** During the period, the Company based on detailed assessment of the future cash flows at its identified CGUs, has concluded that no further provision for impairment losses other than provision for expected store closure / drugged sites expenses of Rs.331,502,361 is considered necessary.

1.2. Intangible assets

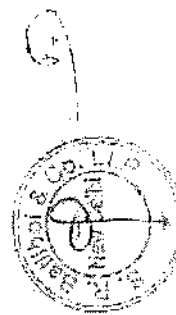
	(Amounts in Rs.)	
	Computer Software	Total
Gross block		
At 1 January 2012	2,998,097	2,998,097
Purchases		
At 31 December 2012	2,998,097	2,998,097
Purchases	30,350,769	30,350,769
At 31 March 2014	33,348,866	33,348,866

Amortization

At 1 January 2012	2,485,159	2,485,159
Charge for the period	469,776	469,776
At 31 December 2012	2,954,935	2,954,935
Charge for the period	1,857,299	1,857,299
At 31 March 2014	4,812,234	4,812,234

Net Block

At 31 December 2012	43,162	43,162
At 31 March 2014	28,536,632	28,536,632



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

13 Loans and advances

	Non-current		Current	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Capital advances				
Unsecured, considered good	44,087,543	13,116,043	-	-
Doubtful	460,178	-	-	-
	44,547,721	13,116,043	-	-
Less: Provision for doubtful capital advances	(460,178)	-	-	-
A	44,087,543	13,116,043	-	-
Security deposit				
Unsecured, considered good	281,196,020	337,118,956	186,057,326	119,731,215
Doubtful	-	-	12,350,608	5,901,316
	281,196,020	337,118,956	198,407,934	125,632,531
Less: Provision for doubtful security deposit	-	-	(12,350,608)	(5,901,316)
B	281,196,020	337,118,956	186,057,326	119,731,215
Advances recoverable in cash or kind				
Unsecured considered good	17,566,351	58,927,204	169,861,843	193,052,952
Doubtful	-	-	19,082,057	8,491,347
	17,566,351	58,927,204	188,943,900	201,544,299
Less: Provision for doubtful advances	-	-	(19,082,057)	(8,491,347)
C	17,566,351	58,927,204	169,861,843	193,052,952
Other loans and advances				
Advance Income-tax (net of provision for taxation)	5,891,690	7,752,489	18,497,421	8,054,341
Advance Fringe benefit tax (net of provision for taxation)	-	-	269,138	269,138
Prepaid expenses	836,617	-	33,446,684	10,004,764
Balances with statutory/ government authorities	15,222,475	13,319,485	15,469,342	9,454,431
D	21,940,782	21,071,974	67,682,585	27,782,674
Total (A+ B + C + D)	364,790,696	430,234,177	423,601,754	340,566,841

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Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

14 Trade receivables and other assets

14.1 Trade receivables

	Non-current		Current	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	69,642	22,873
Doubtful	-	-	271,368	72,594
	-	-	341,010	95,467
Less: Provision for doubtful receivables	-	-	(271,368)	(72,594)
	-	-	69,642	22,873
Other receivables				
Unsecured, considered good	-	-	5,756,113	5,407,104
Doubtful	-	-	516,508	69,125
	-	-	6,272,621	5,476,229
Less: Provision for doubtful receivables	-	-	(516,508)	(69,125)
	-	-	5,756,113	5,407,104
	-	-	5,825,755	5,429,977

14.2 Other assets

	Non-current		Current	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Non Current bank balances (note 16)	13,841,829	12,799,473	-	-
Others				
Interest accrued on fixed deposits	1,071,462	663,316	6,164	30,738
Interest accrued on other	-	-	927,574	666,740
	14,913,291	13,462,789	933,738	697,478

15 Inventories

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Traded goods inventory at retail store (valued at retail method of accounting) [Includes in transit Rs.6,932,784 (December 31, 2012: Rs.15,866,319)]	1,617,630,349	1,560,114,874
Traded goods inventory at warehouse (valued at lower of cost and net realisable value) [Includes in transit Rs.955,453 (December 31, 2012: Rs. Nil)]	612,032,754	-
Stores & supplies (valued at lower of cost and net realisable value)	5,487,839	3,973,476
	2,235,150,942	1,564,088,350



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

Details of Inventory

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Food	961,579,752	546,006,771
Non Food		
FMCG	643,036,339	633,343,880
Others	625,047,012	380,764,223
	2,229,663,103	1,560,114,874

16 Cash and bank balances

	Non-current		Current	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	125,312,966	161,515,661
- Deposits with original maturity of less than three months	-	-	30,000,000	150,000,000
Cash on hand	-	-	69,612,130	61,694,048
			224,925,096	373,209,709
Other bank balances				
- Deposits with original maturity for more than 12 months	4,412,621	4,124,911	-	-
- Margin Money deposits	9,429,208	8,674,562	-	-
	13,841,829	12,799,473		
Amount disclosed under non-current assets (note 14.2)	(13,841,829)	(12,799,473)		
			224,925,096	373,209,709

Margin money deposits

Margin money deposits of Rs. 9,429,208 (December 31, 2012: Rs.8,674,562) are given against bank guarantees. Deposits of Rs. 4,412,621 (December 31, 2012: Rs.4,124,911) given as security to various Tax authorities and Agriculture produce marketing committees.



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

17 Revenue from operations

	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Revenue from operations		
Sale of products		
Traded goods	23,311,097,407	15,703,686,682
Sale of services		
Sub lease income	60,389,981	41,408,180
Others	20,701,574	18,310,590
Other operating revenues		
Scrap sales	39,009,860	19,544,656
	<u>23,431,198,822</u>	<u>15,782,950,108</u>

Details of product sold (Traded goods)

Particulars	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Food	14,318,484,717	9,675,037,127
Non Food		
FMCG	4,002,283,433	2,669,487,494
Others	4,990,329,257	3,359,162,061
	<u>23,311,097,407</u>	<u>15,703,686,682</u>

18 Other Income

	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Interest income on		
Bank deposits	7,410,034	6,670,861
Others	260,837	1,987,533
Net gain on sale of non-trade current investments	11,250,827	8,117,705
Provision for expected store closure (net)	-	8,992,875
Reversal of lease equalisation reserve in respect of closed store / dropped sites	23,489,129	2,786,377
Other non operating income	52,441,295	4,866,818
	<u>94,852,122</u>	<u>33,362,169</u>

19 Purchases

	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Traded goods purchased	22,891,452,072	15,311,361,348
	<u>22,891,452,072</u>	<u>15,311,361,348</u>

Details of traded goods purchased

	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Food	14,340,699,688	9,683,208,918
Non Food		
FMCG	3,739,317,795	2,425,935,403
Others	4,811,434,589	3,202,217,027
	<u>22,891,452,072</u>	<u>15,311,361,348</u>



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Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

20 (Increase) in inventories of traded goods

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Inventories at the end of the year	2,229,663,103	1,560,114,874
Inventories at the beginning of the year	1,560,114,874	1,531,296,894
	(669,548,229)	(28,817,980)

21 Employee benefit expense

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Salaries, wages and bonus	1,497,745,645	1,052,267,884
Contribution to provident and other fund	94,544,134	53,643,658
Gratuity expense (refer note Z7)	36,333,291	19,156,178
Staff welfare expenses	97,634,904	86,602,998
	1,726,257,974	1,211,670,718

22 Other expenses

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Consumable stores	133,237,657	157,987,566
Rates, fees and taxes	30,625,450	36,583,278
Rent	1,485,256,966	1,135,737,507
Legal and professional	382,288,357	194,656,683
Recruitment & training	59,963,653	133,602,216
Insurance	24,373,569	8,703,555
Business support services	448,886,004	517,793,433
Royalty and management fees	206,267,218	156,370,614
Electricity and water	576,851,668	460,477,881
Freight and cartage	13,524,075	7,770,276
Repairs and maintenance - others	712,173,417	486,554,548
Advertising and sales promotion	452,359,109	416,615,699
Printing and stationery	16,951,001	14,587,565
Payment to auditor (refer details below)	8,220,615	6,205,300
Telephone, telex postage and fax	80,827,574	60,320,615
Travelling and conveyance	161,828,572	155,368,624
(Gain) / Loss on exchange fluctuation	45,836	(1,187,952)
Bank and Other Collection charges	124,491,305	84,032,130
Loss on sale of assets (net)	13,921,342	6,395,086
Assets written off*	185,085,565	28,817,650
Provision for doubtful debts and advances	18,146,337	606,724
Provision for doubtful capital advance and capital work in progress*	20,009,397	16,305,619
Provision for expected store closure / dropped sites (net of reversal of lease equalisation reserve of Rs. 115,421,993 (December 31, 2012: Nil))	137,060,585	-
Miscellaneous expenses	76,139,120	70,725,545
	5,368,534,390	4,155,030,162

* Includes fixtures, signages, IT equipment, etc. written off / provided for being assets rendered unusable due to remodeling of stores and write-off of the assets pertaining to closed stores.



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

Payment to auditor

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
As auditor:		
Audit fee (net of reversal of provision of Rs. 345,000)	2,280,908	2,634,842
Tax audit fee	1,550,568	449,440
Limited review	3,764,060	2,640,460
In other capacity:		
Other services (certification fees)	292,136	224,720
Reimbursement of expenses	332,943	255,838
	<u>8,220,615</u>	<u>6,205,300</u>

Figures above are inclusive of service tax.

23 Exceptional items

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Liability written back	3,958,403,128	-
	<u>3,958,403,128</u>	-

During the period Rs. 3,958,403,128 has been written back which was payable to Bharti Wal-Mart Private Limited under the Supply Agreement with the Company for purchase of merchandise goods. This was pursuant to the terms of the agreement between the parties.

24 Depreciation and amortization expense

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Depreciation of tangible assets	605,206,509	365,084,925
Depreciation of intangible assets	1,857,299	469,776
	<u>607,063,808</u>	<u>365,554,701</u>

During the period, the Company has revised the useful lives of certain fixed assets. Accordingly, the depreciation charge for the current period is higher by Rs. 87,524,050

25 Finance costs

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Interest		
On term loan & bank overdraft	683,668,574	179,376,497
Others	665,912	455,423
Other borrowing cost	22,472,002	2,647,200
	<u>706,806,488</u>	<u>182,479,120</u>



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

26 Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Net (loss) for calculation of basic and diluted EPS	(3,146,312,431)	(5,380,965,792)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic and diluted EPS (Nominal value of Rs.10 (December 31, 2012: Rs.10) each.	580,380,396	528,504,361

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5

27 Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee irrespective of the year of service shall be paid gratuity at the time of separation with the Company from the period starting with the date of joining till the date of relieving at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	March 31, 2014	December 31, 2012
	Rs.	Rs.
Current service cost	28,660,180	20,919,660
Interest cost on benefit obligation	6,677,090	3,195,540
Net actuarial (gain)/Loss recognized in the	996,021	(4,959,022)
Net benefit expense	36,333,291	19,156,178

Balance sheet

Benefit asset/liability

	Gratuity	
	March 31, 2014	December 31, 2012
	Rs.	Rs.
Present value of defined benefit obligation	67,352,591	54,602,073
Fair value of plan assets	-	-
Plan asset/(Liability)	(67,352,591)	(54,602,073)

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

	Gratuity	
	March 31, 2014	December 31, 2012
	Rs.	Rs.
Opening defined benefit obligation	54,602,073	42,193,838
Current service cost	28,660,180	20,919,660
Interest cost	6,677,090	3,195,540
Acquisitions	55,276	638,790
Liabilities Transfer	-	-
Benefits paid	(23,638,049)	(7,386,733)
Actuarial (gains)/losses on obligation	996,021	(4,959,022)
Closing defined benefit obligation	67,352,591	54,602,073

The principal assumptions used in determining gratuity obligation for the Company's plans is shown below:

	March 31, 2014	December 31, 2012
Discount rate	8.80%	8.20%
Employee turnover:		
-Home Office	20.00%	20.00%
-Stores	36.00%	36.00%

The estimate Rates 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.

Amounts for the current and previous four periods are as follows:

	March 31, 2014	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.
Gratuity					
Defined benefit obligation	67,352,591	54,602,073	42,193,838	34,132,050	30,926,440
Plan assets	-	-	-	-	-
Surplus/(deficit)	(67,352,591)	(54,602,073)	(42,193,838)	(34,132,050)	(30,926,440)
Experience adjustments on plan liabilities	(900,231)	2,901,552	4,477,791	1,183,220	(2,301,470)
Experience adjustments on plan assets	-	-	-	-	-
Actuarial gain/(loss) due to change on assumption	(95,790)	2,057,479	2,153,710	(479,460)	-

28 Leases**Operating lease: Company as lessee**

General description of significant leasing arrangements is as follows:

i) The lease terms for office premises and store sites are for an initial period of three years to thirty years and are cancellable at the option of the Company by serving a pre-defined notice period. Such leases are renewable for 2 to 3 terms of three to ten years each at the option of the Company. Escalation between 12% to 15% is applicable after every 3 to 5 year on previously paid lease rent.

ii) The lease terms for company leased accommodation are for a period of eleven months to three years, and are cancellable at the option of the Company by serving a pre-defined notice period. Escalation between 5% is applicable after every year on previously paid lease rent.

iii) The lease terms for Vehicles obtained on lease are for a period of three years and are cancellable at the option of the Company by serving a pre-defined notice period. There is no escalation clause.

The Company records rent expense for operating leases using the straight-line method over the term of the lease agreement. Deferred rent representing expense recorded in excess of payments made is recorded under Other long-term liabilities / Other current liabilities as Lease equalization account.

The Company has also sub-leased some portion of store/office premises for a period of 3 months to 9 years.

Total lease rentals recognized in the statement of profit and loss for the period is Rs.1,485,256,966 (December 31, 2012: Rs.1,135,737,507).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2014 Rs.	December 31, 2012 Rs.
Within one year	872,685,474	854,035,827
After one year but not more than five years	3,684,307,527	3,681,279,371
More than five years	20,894,777,422	24,489,199,846
Sub-lease payments received (or receivable) recognised in statement of profit and loss for the period	60,389,981	41,408,180
Total future minimum sublease payments expected to be received under non-cancellable subleases	Nil	Nil

Note: Disclosure is given for lease term for which the Company intends to occupy the premises

29 Related party disclosures**a) Names of related parties and related party relationship****Related parties where control exists:**

Ultimate holding company	Bharti Enterprises (Holding) Private Limited Bharti Enterprises Limited (w.e.f. March 31, 2014) Bharti Ventures Limited (up to March 30, 2014)
Holding Company	Cedar Support Services Limited

Related parties with whom transactions have taken place during the year

Fellow Subsidiary	Bharti Ventures Limited (w.e.f. March 31, 2014)
Enterprises over which, controlling parties owns directly or indirectly, an interest in the voting power that gives them control or significant influence over the enterprise, is able to exercise significant influence over the Company.	Bharti Airtel Limited Bharti Airtel Services Limited Bharti Realty Holdings Limited Airtel M Commerce Services Limited Field Fresh Foods Private Limited Nutra Data Limited Nile Tech Limited Bharti Wal-Mart Private Limited (up to December 31, 2013) Centum Learning Limited Bharti AXA General Insurance Company Limited

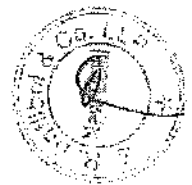
Bharti Retail Limited
Notes to financial statements for fifteen months period January 1, 2013 to
March 31, 2014

Particulars	(Amount in Rs.)						
	Bharti Airtel Limited	Bharti Airtel Services Limited	Niss Tech Limited	Field Fresh Foods Private Limited	Airtel M Commerce Services Limited	Bharti Reality Holdings Limited Bharti AXA General Insurance Company Limited	Bharti Enterprises Limited
Expenses incurred by us on behalf of Related Parties	5,264	-	-	-	-	-	-
Expenses incurred by Related Parties on our behalf	18,239,370	-	-	407,223	-	-	7,086,483
Employee Related Liability transfer to Related party	-	-	-	-	-	-	-
Employee Related Liability transfer From Related party	55,276	-	-	-	-	-	-
Payment received against Insurance Claim	-	-	-	-	-	39,456,868	-
Sale of Goods	-	-	-	-	-	-	-
Receiving of Services (Including Service Tax)	63,408,288	3,427,765	11,350,860	-	48,574	25,150,325	-
Purchase of Fixed Assets	19,079,325	78,729	-	-	-	-	-
Sale of Asset	-	-	-	-	-	-	-
Unsecured Loan Received	-	-	-	-	-	-	-
Conversion of Loan to Share Capital	-	-	-	-	-	-	-
Repayment of Unsecured Loan	-	-	-	-	-	-	-
Purchase of Goods (Including Taxes)	-	-	-	6,808,991	-	-	-
Liability written back (Exceptional Income)	-	-	-	-	-	-	-
Management Fees (Including Service Tax)	-	-	-	-	-	-	-
Dividend (Including Service Tax)	-	-	-	-	-	-	36,138,261
Share of Share Capital	-	-	-	-	-	-	-
Security deposit transferred	223,353	-	-	-	-	-	-
Sub Lease Income (Including Service Tax)	6,009,033	-	-	-	-	-	-
Interest on Unsecured Loan	-	-	-	-	-	-	-
Amount Receivable	507,868	-	-	-	-	-	-
Trade Receivables	-	-	-	-	103	-	-
Advances	-	-	-	-	-	10,631,355	-
Amount Payable	26,639,692	40,332	10,340,637	1,013,387	-	2,695,704	12,535,028
Trade Payables	-	-	-	-	-	-	-
Unsecured Loans	-	-	-	-	-	-	-



Bharti Retail Limited
 Notes to financial statements for fifteen months period January 1, 2013
 March 31, 2014

Particulars	(Amount in Rs.)					Total
	Bharti Enterprises (Holding) Private Limited	Cedar Support Services Limited	Bharti Wal-Mart Private Limited	Centium Learning Limited	Natra Data Limited Bharti Ventures Limited	
Losses incurred by us on behalf of Related Parties	-	1,343,306	23,795,054	-	-	25,138,360
Losses incurred by Related Parties on our behalf	-	-	1,492,399	-	-	15,777,915
Employee Related Liability transfer to Related party	-	14,930	-	-	-	14,930
Employee Related Liability transfer from Related party	-	1,560,737	-	-	-	1,560,737
Amount received against Insurance Claim	-	-	-	-	-	3,428,820
Prepaid Expenses	-	-	-	-	-	12,840,744
Provision of Services (Including Service Tax)	-	152,690,013	-	47,996,867	2,286,211	266,895,040
Change of Fixed Assets	-	-	-	-	-	7,331,257
Change of Asset	-	-	-	-	-	-
Secured Loan Received	-	-	-	-	500,000,000	500,000,000
Provision of Loan to Share Capital	-	-	-	-	-	-
Payment of Unsecured Loan	-	777,500,000	-	-	-	227,500,000
Change of Goods (Including taxes)	-	-	15,701,708,592	-	-	15,701,708,592
Liability written back (exceptional income)	-	-	-	-	-	-
Management Fees (Including Service Tax)	-	-	-	-	-	-
Liability (Including Service Tax)	17,640,887	-	-	-	-	24,256,219
Change of Share Capital	-	196,800,000	-	-	-	17,640,887
Liability deposit transferred	-	-	-	-	-	196,800,000
Change of Lease Income (Including Service Tax)	-	26,403,633	-	-	-	415,541
Interest on Unsecured Loan	-	-	-	-	881,147	31,715,819
Amount Recoverable	-	-	-	-	-	881,147
Trade Receivables	-	-	-	-	-	489,392
Advances	-	-	-	-	-	1,120,659
Amount Payable	4,618,895	2,555,312	5,990,541,795	1,124,472	881,147	6,041,450,486
Trade Payables	-	-	-	-	2,286,211	500,000,000
Unsecured Loans	-	3,262,540,900	-	-	-	3,762,540,900



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

35 Value of imports calculated on CIF basis

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Capital Goods*	37,806,167	144,302,999
Consumables	7,382,548	1,013,383
Total	45,188,715	145,316,382

* Includes in transit Rs 33,268 (December 31, 2012: Rs 3,036,101)

36 Expenditure in foreign currency (accrual basis)

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Travelling and conveyance	985,087	1,026,833
Royalty (excluding service tax)	23,391,156	15,759,031
Professional Fees	15,535,467	5,630,147
Total	39,911,710	22,416,011

37 Particulars of unhedged foreign currency exposure as at the reporting date.

Particulars	Purpose
Import trade payable (USD)	USD 236,186 (December 31, 2012: USD 352,170) [Rs. 14,194,754 (December 31, 2012: Rs. 19,290,909)]
Import trade payable (GBP)	GBP 1398 (December 31, 2012: GBP Nil) [Rs. 139,573 (December 31, 2012: Rs. Nil)]
Import trade payable (Euro)	Euro Nil (December 31, 2012: Euro 5,418) [Rs. Nil (December 31, 2012: Rs. 391,525)]

38 Provision for expected store closure / dropped sites expenses

The provision for expected store closure represents the expected losses that may arise due to closure/expected closure of a few stores in near future, owing to their below standard performance.

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Opening provision at the beginning of the year	81,019,783	89,952,658
Add: Additions during the year	299,728,786	22,038,873
Less: Amounts used during the year	(49,246,208)	(30,971,748)
Closing Provision at the end of the year	331,502,361	81,019,783

39 Segment Reporting

Business Segment

The Company has only one business segment i.e. Retail business.

Geographical Segment

The Company operates within India and does not have operations in economic environments with different risk and returns. Hence, it is considered operating in single geographical segment.



Bharti Retail Limited

Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

40 Previous year figures

- a) Current year figures of statement of profit & loss are not comparable to corresponding previous period since the current period figures are for the period of 15 months i.e. 1 Jan 2013 to 31 March 2014 vis a vis 12 months in the previous period.
- b) The previous year figures have been reclassified to confirm to current year classification.

As per our report of even date

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

per Vikas Mehra
Partner
Membership No.: 094421

Place: NEW DELHI
Date: 26/09/2014



For and on behalf of the board of directors of Bharti Retail Limited

Raj Kumar Jain
[Managing Director]

Sandeep Kumar
[Company Secretary]

Devendra Khanna
[Director]

Pankaj Madan
[Chief Financial Officer]

CERTIFIED TRUE COPY

BHARTI RETAIL LIMITED



8th Annual Report

2014-15

Bharti Retail Limited



BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 8th Board's Report on the Company's business and operations, together with audited financial statements and accounts of Bharti Retail Limited for the financial year ended March 31, 2015.

Company Overview and Performance

Your Company has consolidated its presence by rolling out another 12 "easyday" small format stores in the various States and has closed total 18 stores which were non-profitable in management's view. Your Company is now operating total 201 "easyday" stores in various states of the country and the Company is planning to launch almost 45 more stores in the coming year.

The Current year figures of statement of profit & loss are not comparable to corresponding previous period since the current year figures are for the period of 12 months i.e. 1st April 2014 to 31st March 2015 vis a vis 15 months in the previous period i.e. 1st January 2013 to 31st March 2014.

During the year the Company has made a total income of Rs. 18,494.54 mn. against expenditure of Rs. 22,286.66 mn. as compared to last year's total income of Rs. 27,503.54 mn. against expenditure of Rs. 30,649.65 mn. The total accumulated loss carried to the Balance Sheet as at 31st March 2015 is Rs. (18,202.60) mn.

Financial Highlights

The following are the key financial highlights of the Company for the financial year ending on March 31, 2015:
(Rupees in Mn.)

Particulars	Period ended March 31, 2015	Period ended March 31, 2014
Income	18,494.54	27,503.54
Total Expenditure	22,286.66	30,649.65
Profit/(Loss) before tax	(3,792.11)	(3,146.11)
Net Profit/(Loss) after Tax	(3,792.11)	(3,146.11)

Share Capital

The Authorised Share Capital of the Company is Rs. 25,000,000,000/- (Rupees Twenty Five Hundred Crores) divided into 2,500,000,000/- (Two Hundred Fifty Crore) equity shares of Rs. 10/- (Ten) each and the paid up Share Capital of the Company is Rs. 13,986,600,000/- divided into 1,398,660,000/- equity shares of Rs. 10/- (Ten) each as on 31st March 2015.

During the year, the Company has allotted 133,000,000 (Thirteen Crore Thirty Lac) equity shares of INR 10/- each on 27th April 2015 and 188,090,000 (Thirteen Crore Thirty Lac) equity shares of INR 10/- on 25th May 2015 to its existing shareholder i.e. Cedar Support Services Limited.

Holding, Subsidiaries and Associates Company

Your Company continues to be the 100% Subsidiary of Cedar Support Services Limited.

Page 1 of 7

Bharti Retail Limited

CIN: U51909DL2007PLC158953

Transfer to Reserve

The Company has not transferred any amount to the General Reserve for the financial year ended March 31, 2015.

Dividend

In view of losses during the period under review, the Board of Directors of the Company are unable to recommend any dividend for the financial year.

Fixed Deposits

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding, as on the balance sheet closure date.

Directors and Key Managerial Personnel

Pursuant to the provisions of the Companies Act, 2013, Mr. Inderjit Walia (DIN: 01812849) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his reappointment for your approval.

Mr. Rajendra Kumar Chopra (DIN:06942295) was appointed as Additional Director in the Company on 01.12.2014 who shall hold office up to the date of the upcoming annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

Mr. Raj Kumar Jain (DIN-01741527) was appointed as Managing Director & CEO for a period of 3 years with effect from 01st April, 2014 to 31st March, 2017. Mr. Raj Kumar Jain (DIN-01741527) has resigned from the Company as a Managing Director & CEO with effect from 30th November, 2014. Mr. Craig Wadsworth Wimsatt was appointed as CEO of the Company with effect from December 01, 2014.

Mr. Pankaj Madan was appointed as Chief Financial Officer (CFO) of the Company and he has resigned from the position of CFO with effect from 30th November, 2014. Mr. Anupam Goyal was appointed as CFO of the Company with effect from December 01, 2014.

In compliance with the provisions of Section 149 (4) & (6) of the Companies Act, 2013, Mr. Sridhar Natarajan (DIN: 07143571) and Ms. Veenu Mittal (DIN: 07143571) were appointed as Independent Directors of the Company on March 31, 2015 for a period of three years. The said appointment is subject to ratification by the members at the ensuing Annual General Meeting.

Board Committees

The Company has three committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. During the period under review, the Committees of the Board were reconstituted and presently comprises of the following members:

Audit Committee:

1. Mr. Sridhar Natarajan- Chairman
2. Mr. Devendra Khanna
3. Ms. Veenu Mittal

Nomination and Remuneration Committee:

1. Mr. Rajendra Kumar Chopra- Chairman
2. Mr. Sridhar Natarajan
3. Ms. Veenu Mittal

Corporate Social Responsibility (CSR) Committee

1. Mr. Devendra Khanna- Chairman
2. Mr. Sridhar Natarajan
3. Ms. Veenu Mittal

The current constitution and terms of reference of the above mentioned Committees fully conforms to the provisions of Companies Act, 2013.

Number of Board Meetings

During the year, the Directors of the Company met 8 (Eight) times on 07th May 2014, 19th June 2014, 21st July 2014, 26th September 2014, 14th November 2014, 01st December 2014, 23rd March 2015 and 31st March 2015. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days.

Audit Committee Meetings

During the financial year 2014-15, members of the Audit Committee met 4 (Four) times i.e. 19th June 2014, 26th September 2014, 14th November 2014 and 7th March 2015.

Nomination and Remuneration Committee Meetings

During the financial year 2014-15, members of the Nomination and Remuneration Committee met 2 (two) times i.e. 1st December 2014 and 31st March 2015.

Requisite information, as per the requirements of Secretarial Standard – 1 issued by ICSI is provided in the following table:

Name of Director	Director Identification Number (DIN)	Category	No. of Board Meetings attended (total held)	No. of Audit Committee Meetings attended (total held)	No. of Nomination and Remuneration Committee Meetings attended (total held)	No. of Corporate Social Responsibility Committee Meetings attended (total held)
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Inderjit Walia	01812849	Non-Executive	8(8)	4(4)	2(2)	-
Devendra Khanna	01996768	Non-Executive	7(8)	4(4)	2(2)	-
Manoj Kumar Kohli	00162071	Non-Executive Director	2(8)	-	1(4)	-
Raj Kumar Jain ¹	01741527	Managing Director	5(8)	3(4)		
Rajendra Chopra ²	06942295	Non-Executive	2(6)	1(4))	2(2)	-
Veenu Mittal ³	07143818	Independent Director	-	-	-	-
Sridhar Natarajan ³	07143571	Independent Director	-	-	-	-

1. Mr. Raj Kumar Jain resigned from the Board w.e.f. the close of business hours of November 30, 2014.
2. Mr. Rajendra Kumar Chopra was appointed as additional Director w.e.f. December 1, 2014.
3. Ms. Veenu Mittal and Mr. Sridhar Natarajan were appointed as Independent Directors w.e.f. March 31, 2015.

Risk Management Policy

In compliance with the provisions of the Companies Act, 2013 the Board of Directors on the recommendation of Audit Committee has approved and adopted the Risk Management Policy in its Board Meeting held on March 31, 2015.

This Risk Management Policy outlines the framework and procedures to assess and mitigate the impact of risks, and to update the Board and the senior management on a periodical basis on the risk assessed, actions taken for mitigation and efficacy of mitigation measures.

Corporate Social Responsibility (CSR) Policy

During the year, the Company has constituted a CSR Committee and formulated a CSR policy in accordance with the requirements of Section 135 and Schedule VII of the Companies Act, 2013.

During the FY 2014-15, the Company did not incur any expenditure towards CSR since the Company has incurred losses, therefore, the Company is not required to spend any amount required under the provisions of section 135 of Companies act 2013 and rules made thereunder.

Nomination & Remuneration Policy

In compliance with the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder, the Board of Directors on the recommendation of Nomination & Remuneration Committee has approved and adopted the Nomination and Remuneration Policy in its Board Meeting held on March 31, 2014. The Policy includes the following:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive including Independent directors), Key Managerial Personnel (“KMP”) and persons who may be appointed in senior management positions.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- To determine remuneration of directors and KMPs.
- To provide for rewards linked directly to their effort, performance, dedication and achievement of Company’s targets.

Board Evaluation

In compliance with the provisions of the Companies Act, 2013, Nomination and Remuneration Committee has approved the process, format, attributes and criteria for the performance evaluation of the Board, Board Committees and Individual Directors.

The process provides that the performance evaluation shall be carried out on an annual basis. During the year, the evaluation process was completed by the Company which included evaluation of the Board as a whole, Board Committees and individual directors including the Managing Director.

A structured questionnaire formed key part of the evaluation process for reviewing the functioning and effectiveness of the Board. The evaluation process focused on various aspects of the Board and Committees functioning such as structure, composition, quality, board meeting practices and overall Board effectiveness.

Performance of individual directors was evaluated on parameters such as attendance at the meetings, participation and contribution, responsibility towards stakeholders and independent judgment.

Internal Financial Controls

A strong internal financial control culture is pervasive in the Company. The Company has a robust and comprehensive internal financial control system for all the major financial transactions to ensure reliability of financial reporting, timely feedback, compliance with laws and regulations etc.

Disclosure under the Sexual Harassment Act, 2013

No. of Complaints received – NIL

No. of Complaints disposed off - NA

Statutory Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013, M/s S.R. Batliboi & Co. LLP, were appointed as the Statutory Auditors of the Company by the shareholders in the Seventh Annual General Meeting held on September 26, 2014 for a period of three years i.e. up to Tenth Annual General Meeting of the Company.

The said appointment is subject to ratification by the members at every Annual General Meeting. The Company has received a certificate from M/s S.R. Batliboi & Co. LLP, Chartered Accountants, to the effect that ratification of their appointment, if made shall be in accordance with the provisions of Section 141 of the Companies Act, 2013. The Board has recommended ratification of appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants, by the shareholders at the forthcoming annual general meeting.

Auditors' Report

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

Secretarial Auditors Report

M/s. Chandrasekaran Associates, Company Secretaries have conducted the Secretarial Audit of the Company for the financial year 2014-15. The secretarial audit report is provided as **Annexure A** to this report. The report does not contain any qualification or adverse remark.

Extract of Annual Return

In terms of provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, the extracts of Annual Return of the Company in form MGT-9 is provided as **Annexure B** to this Report.

Particulars of loans, guarantees or investments

The Company has not made any investment and guarantees during the period and has not granted any loan during the period.

Related Party transactions

All arrangements/transactions entered by the Company with its related parties during the year were in ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any arrangement/transaction with related parties which could be considered material and accordingly, the disclosure of Related Party Transactions in Form AOC 2 is not applicable. However, names of related parties and details of transactions with them have been included in Note no. 30 of standalone financial statements in accordance with provisions of Accounting Standard - 18.

Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo

Being a Service providing organisation most of the information of the Company, as required under Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable. However, the information, as applicable, has been given in **Annexure C** to this report.

Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Material Changes and Commitment

Subsequent to the year end, the Company in its board meeting dated May 4, 2015, has approved a composite scheme of arrangement under the provisions of Sections 391-394 read with Sections 100-104 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956/ Companies Act, 2013 for demerger of the Retail Infrastructure Business Undertaking of the Company into Future Retail Limited and demerger of Retail Business Undertaking of Future Retail Limited and vesting in the Company with effect from the "the Appointed Date" as defined in the Scheme subject to appropriate approvals.

Further, subject to appropriate approvals it has also been resolved that the paid up share capital of the Company be reduced from INR 13,98,66,00,000 consisting of 1,39,86,60,000 equity shares of INR 10 each fully paid up to INR 8,69,56,522 divided into 4,34,78,261 equity shares of INR 2 (Rupees Two only) each, fully paid-up.

In view of the proposed arrangement, the Company has applied to the Company Law Board for shifting of its registered office from Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi-110070 to 6th & 7th Floor, Interface Building No. 7, Mindspace, Malad Link Road, Malad(W), Mumbai-400064, Maharashtra.

Acknowledgements

The Directors wish to place on record their appreciation for the assistance and co-operation extended by customers, bankers, vendors, business partners, various agencies and departments of Government of India and state governments where Company's operations are existing, supporting the Company's various projects.

The Directors also extend their appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance.

Date: 20th June 2015

Place: New Delhi

For and on Behalf of the Board

Bharti Retail Limited


Devendra Khanna
Director
DIN: 01996768


Inderjit Walia
Director
DIN: 01812849

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U51909DL2007PLC158953
- ii) Registration Date: February 07, 2007
- iii) Name of the Company: Bharti Retail Limited
- iv) Category / Sub-Category of the Company: Non-Government Company/ limited by shares
- v) Address of the registered office and contact details: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi- 110070
- vi) Whether listed company (Yes / No): No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Karvy Computershare Private Limited, 305, New Delhi House, 27, Barakhamba Road, New Delhi 110 001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Business of retailing a variety of household and consumer products through departmental store facilities under various formats	52110, 52190, 52201- 52209 except 52207 & 52208, 52312, 52321-52324, 52331-52339 except 52335, 52391, 52396, 52398	96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	Cedar Support Services Limited	U52599DL2007PLC159150	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF										
b) Central Govt. or State Govt.										
c) Bodies Corporates	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	
d) Bank/FI										
e) Any other										
SUB TOTAL:(A) (1)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	
(2) Foreign	Nil									
a) NRI-Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
SUB TOTAL (A) (2)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	

SUB TOTAL (B)(2):										
Total Public Shareholding (B)= (B)(1)+(B)(2)										
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	

(ii) Shareholding of Promoters

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Cedar Support Services Limited	1,398,660,000	100	Nil	1,398,660,000	100	Nil	Nil
	Total	1,398,660,000	100	Nil	1,398,660,000	100	Nil	Nil

(iii) Change in Promoters' Shareholding (specify if there is no change)

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,398,660,000	100	1,398,660,000	100

2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
3	At the End of the year	1,398,660,000	100	1,398,660,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs): NA

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year (or on the date of separation, if separated during the year)				

(v) **Shareholding of Directors and Key Managerial Personnel: NA**

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1,830,000,000	-	1,830,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	9,734,165	-	9,734,165
Total (i+ii+iii)		1,839,734,165		1,839,734,165
Change in Indebtedness during the financial year	2,940,000,000	(86,60,00,000)		2,074,000,000
Net Change	2,940,000,000	(86,60,00,000)		2,074,000,000
Indebtedness at the end of the financial year				
i) Principal Amount	2,940,000,000	964,000,000	Nil	3,904,000,000
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	9,075,087	Nil	9,075,087
Total (i+ii+iii)	2,940,000,000	973,075,087	Nil	3,913,075,087

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Raj Kumar Jain¹	---	---	---
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,568,318			18,568,318
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	26,400			26,400
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2.	Stock Option	Nil			
3.	Sweat Equity	Nil			Nil
4.	Commission - as % of profit - others, specify...	Nil			Nil
5.	Others, please specify (Medical, Petrol, Driver allowance & Employer contribution to PF)				
	Total (A)	18,594,718			18,594,718
	Ceiling as per the Act				

1. Mr. Raj Kumar Jain was Managing Director of the Company till November 30, 2015.

B. Remuneration to other directors: None of the Directors except Mr. Raj Kumar Jain drew remuneration from the Company during the FY 2014-15.

C. Remuneration to key managerial personnel other than MD/ Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	Company Secretary	CFO		
		Craig Wordsworth Wimsatt ¹	Sandeep Kumar	Pankaj Madan ²	Anupam Goyal	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	23,411,665	2,588,401	7,042,940	22,68,790	35,311,796
		32,797	32,400	26,400	16,500	108,097
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, (Employer contribution to PF & petrol medical & driver reimbursements)	-	-	-	-	-
	Total	23,444,462	2,620,801	7,069,340	2,285,290	35,419,893

1. Mr. Craig Wordsworth Wimsatt was appointed as CEO of the Company w.e.f. December 01, 2015.
2. Mr. Pankaj Madan was CFO of the Company till November 30, 2014.
3. Mr. Anupam Goyal was appointed as CFO of the Company w.e.f. December 01, 2015.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT / Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE -C

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES 2014.

(A) **Conservation of Energy**

a) **Steps taken or impact on conservation of energy:** NA

Your Company takes appropriate measures to reduce energy consumption by using energy efficient equipment, computers and processes. As an ongoing process your Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient. Continuous study is being made on measures to conserve energy. The results wherever found suitable are implemented from time to time.

The implementation of the measures adopted for energy conservation has resulted in savings in energy and cost.

b) **Steps taken by the Company for utilising alternate sources of energy:**

We are not utilising alternate sources of energy.

c) **Capital Investment on energy conservation equipments:**

Company has not made any capital investment in energy conservation equipments.

(B) **Technology Absorption**

a) **Efforts made towards technology absorption:**

Your Company continues to use the latest technology for innovation and improving the quality of its services.

b) **the benefits derived like product improvement, cost reduction, product development or import substitution:**

Company is getting benefits by using the latest technology for innovation and improving the quality of its services.

c) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

(i) the details of technology imported:

(ii) the year of import:

(iii) whether technology been fully absorbed:

(iv) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

During current year your company has not imported any technology

d) **the expenditure incurred on Research and Development**

The Company does not carry out any research and development activities and hence, does not incur any expenditure on R & D.

(C) **Foreign Exchange Earnings and Outgo.**

(a) **Activities Relating to Exports, initiatives taken to increase Exports, and Export Plans:**

The company is currently focusing on the opportunities in Indian & overseas market.

(b) **Foreign Exchange Earnings and Outgo:**

(In Rupees Mn.)

	For Jan 01, 2014- March 31, 2015	For 2014-15
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Used	85.10	64.43

INDEPENDENT AUDITOR'S REPORT

To the Members of Bharti Retail Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Bharti Retail Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2015, 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 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 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 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 effectiveness of such controls. 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 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 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, 2015, its Loss, and its cash flows for the year ended on that date.



SECURED TRUE COPY

BHARTI RETAIL LIMITED

Company Secretary

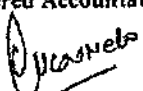
S.R. BATLIBOI & Co. LLP

Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("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 I 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 it 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) 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 written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) 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 34 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.

S.R. Batliboi & Co. LLP
ICAI Firm registration number: 301003E
Chartered Accountants


per Vikas Mehra
Partner
Membership No.094421



Place of signature: Gurgaon, Haryana
Date: June 20, 2015



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Bharti Retail Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification over a period of 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.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and having regard to the fact that the discrepancies identified on physical verification are comparable to or better than the corresponding industry standards, as informed to us, such discrepancies were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (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 clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, 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.
- (vii) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Name of the statute	Nature of dues	Amount (in Rs.)	Deposit (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	7,032,489	Nil	FY 2011-12	Commissioner of Income Tax (Appeals)
Delhi VAT Act, 2004	Value Added Tax	29,166,398	2,162,692	FY - 2010-11 & 2011-12	Additional Commissioner (Appeals)
UP VAT Act, 2008	Value Added Tax	707,445	10,703,600	FY 2010-11	Additional Commissioner (Appeals)
UP VAT Act, 2008	Value Added Tax	441,940	Nil	FY 2011-12	Appeal to be filed with Additional Commissioner (Appeals)
J&K VAT Act, 2005	Value Added Tax	263,648	Nil	FY 2011-12	Additional Commissioner (Appeals)
	Total	37,611,920	10,703,600		

- (vii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss in the current year and in immediately preceding reporting period.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues in respect of debentures during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

S.R. Batliboi & Co. LLP
ICAI Firm registration number: 301003E
Chartered Accountants


per Vikas Mehra,
Partner
Membership No. 094421



Place of signature: Gurgaon, Haryana
Date: June 20, 2015



Bharti Retail Limited
Balance Sheet as at March 31, 2015

Particulars	Notes	March 31, 2015 Rs.	March 31, 2014 Rs.
Equity and Liabilities			
Shareholders' funds			
Share capital	5	13,986,600,000	13,986,600,000
Reserves and surplus	6	(18,202,604,225)	(14,410,486,131)
		(4,216,004,225)	(423,886,131)
Share application money pending allotment		1,330,000,000	
Non-current liabilities			
Long-term borrowings	7	540,000,000	
Other long-term liabilities	8	1,117,318,237	1,400,677,083
Long-term provisions	9	84,170,798	44,036,327
		1,741,489,035	1,444,713,410
Current liabilities			
Short-term borrowings	10	3,364,000,000	1,830,000,000
Trade payables	11	1,660,911,264	1,585,238,259
Other current liabilities	11	424,966,240	331,525,781
Short-term provisions	9	277,553,723	404,511,359
		5,727,431,227	4,151,275,399
Total		4,582,916,037	5,172,102,678
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	1,085,593,783	1,406,309,177
Intangible assets	13	259,801,971	28,536,632
Capital work-in-progress		433,986,819	467,115,597
Long-term loans and advances	14	291,379,702	364,790,696
Other non-current assets	15.2	15,329,084	14,913,291
		2,086,091,359	2,281,665,393
Current assets			
Inventories	16	2,161,479,871	2,235,150,942
Trade receivables	15.1	4,432,893	5,825,755
Cash and bank balances	17	83,327,175	224,925,096
Short-term loans and advances	14	247,213,889	423,601,754
Other current assets	15.2	370,850	933,738
		2,496,824,678	2,890,437,285
Total		4,582,916,037	5,172,102,678
Summary of significant accounting policies	4.1		

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

As per our report of even date

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

per Vikas Menra
Partner
Membership No.: 094421

Place: Gurgaon
Date: June 20, 2015



For and on behalf of the board of directors of Bharti Retail Limited

[Signature]
(Director)

[Signature]
(Director)

[Signature]
(Other Executive Officer)

[Signature]
(Company Secretary)

[Signature]
(Chief Financial Officer)



Bharti Retail Limited
Statement of profit and loss for the year ended March 31, 2015

Particulars	Notes	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Revenue from operations	18	17,794,207,872	23,431,198,822
Other income	19	700,332,832	113,934,051
Exceptional Items	24	-	3,958,403,128
Total Revenue (I)		18,494,540,704	27,503,536,001
Expenses			
Purchase of traded goods	20	15,628,025,221	22,891,452,072
Decrease / (Increase) in Inventories of traded goods	21	80,916,369	(669,548,229)
Employee benefits expense	22	1,615,281,275	1,726,257,974
Other expenses	23	4,319,112,686	5,387,616,319
Total (II)		21,643,335,551	29,335,778,136
Earning before Interest, tax, depreciation and amortisation (EBITA) (I)-(II)		(3,148,794,847)	(1,832,242,135)
Depreciation and amortization expense	25	441,035,927	607,063,808
Finance costs	26	202,287,320	706,806,488
(Loss) for the year		(3,792,118,094)	(3,146,112,431)
(Loss) per equity share (nominal value of share Rs. 10 (March 31, 2014: Rs. 10))	27		
Basic and Diluted		(2.71)	(5.42)
<u>Summary of significant accounting policies</u>	4.3		

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

As per our report of even date

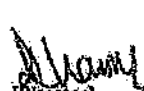
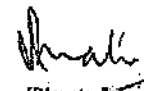


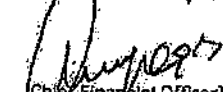
For S.R. Batlibal & CO. LLP
 Firm Registration No.: 301003E
 Chartered Accountants

per Vikas Mehra
 Partner
 Membership No.: 094421

Place: Gurgaon
 Date: June 20, 2015



For and on behalf of the board of directors of Bharti Retail Limited

 [Director]
 [Director]
 [Chief Executive Officer]
 [Company Secretary]
 [Chief Financial Officer]



Bharti Retail Limited
Cash flow statement for the year ended March 31, 2015

Particulars	April 1, 2014 to March 31, 2015 (Rs.)	January 1, 2013 to March 31, 2014 (Rs.)
A. Cash flow used in Operating activities		
Profit/(Loss) before tax	(3,792,118,094)	(3,146,112,431)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisation	441,035,927	607,063,808
Loss on sale of assets /assets written off (net)	165,002,786	168,842,628
Unrealised loss / (gain) on exchange fluctuation	2,910	24,484
Reversal of Lease equalisation reserve	(491,408,071)	(23,489,129)
Excess provision for probable store closure / dropped sites expenses written back	(74,313,829)	(19,081,929)
Excess Provisions Written back	(72,797,025)	
Provision for probable store closure / dropped sites expenses	12,081,098	186,306,793
Loss by fire		(43,554,830)
Advances / deposits Written off	29,346,862	3,058,902
Advance Fringe benefit tax Written off	269,138	
Provision for doubtful debts and advances	3,811,076	18,146,337
Provision for doubtful capital advance and capital work in progress	9,148,722	20,009,397
Liabilities written back	(3,069,278)	(3,958,403,128)
Net gain on sale of non-trade current investments	(507,844)	(11,250,827)
Interest income	(1,232,225)	(7,670,871)
Interest expense	199,253,600	684,334,486
Operating loss before working capital changes	(3,575,494,237)	(5,521,776,300)
Movements in working capital :		
Increase/ (Decrease) in Other long term Liabilities	208,049,225	433,962,212
Increase/ (Decrease) in Long Term Provisions	40,134,471	2,369,424
Increase/ (Decrease) in Current Trade payables	78,742,283	(1,188,208,916)
Increase/ (Decrease) in Non Current Trade payables		(175,092,786)
Increase/ (Decrease) in Other Current Liabilities	175,883,082	33,213,852
Increase/ (Decrease) in Short Term Provisions	(64,724,905)	28,099,689
Decrease/ (Increase) in Long Term Loans & Advances	76,392,365	64,983,303
Decrease/ (Increase) in Inventories	73,571,071	(641,418,374)
Decrease/ (Increase) in Trade Receivable	(3,063)	(1,041,935)
Decrease/ (Increase) in Short Term Loans & Advances	158,812,109	(63,129,858)
Cash generated from operations	(2,828,537,599)	(7,028,039,709)
Taxes paid (TDS)	(14,456,399)	(6,572,281)
Net cash flow used in operating activities - (A)	(2,842,992,998)	(7,036,611,990)
B. Cash flow used in investing activities		
Purchase of fixed assets (including capital work in progress & Capital Advances)	(613,703,441)	(638,563,944)
Interest received	2,244,916	7,026,465
Purchase of non trade current investment mutual funds	(192,500,000)	(2,630,000,000)
Proceed from sale of non trade current investment in mutual funds	193,007,844	2,641,250,827
Deposits (with maturity more than three months)	(865,596)	(1,042,356)
Proceeds from sale of fixed assets/capital work in progress	9,124,032	11,893,495
Net cash flow used in investing activities - (B)	(502,692,245)	(609,438,513)
C. Cash flow from Financing activities		
Proceeds from Share application Money	1,330,000,000	
Proceeds from short term borrowings	17,894,000,000	72,830,000,000
Re-payment from long term borrowings		(354,000,000)
Proceeds from long term borrowings	540,000,000	80,000,000
Re-payment from short term borrowings	(16,360,000,000)	(64,377,855,261)
Interest paid	(199,912,678)	(680,381,849)
Net cash flow from financing activities - (C)	3,204,087,322	7,497,762,690
Net (decrease) in cash and cash equivalents (A+B+C)	(141,597,921)	(148,284,613)
Cash and cash equivalents as at the beginning of the period	224,925,096	373,209,709
Cash and cash equivalents as at the end of the period	83,327,175	224,925,096

Bharti Retail Limited

Cash flow statement for the year ended March 31, 2015

Particulars	April 1, 2014 to March 31, 2015 (Rs.)	January 1, 2013 to March 31, 2014 (Rs.)
Components of cash and cash equivalents		
Cash on hand	39,517,077	69,612,130
Balances with scheduled banks		
On current account	43,810,098	125,312,966
On deposit accounts with original maturity of less than three months		30,000,000
Cash and cash equivalent in cash flow statement	83,327,175	224,925,096
Summary of significant accounting policies	4.1	

Notes:-

1. Figures in brackets indicate cash out flow.

As per our report of even date

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

per Vikas Mehra
Partner

Membership No.: 094421

Place: Gurgaon
Date: June 30, 2015



For and on behalf of the Board of Directors of Bharti
Retail Limited

(Signature)
[Director] [Director]

(Signature)
[Chief Executive Officer]

(Signature)
[Company Secretary]

(Signature)
[Chief Financial Officer]



Bharti Retail Limited

Notes to financial statements for the year ended March 31, 2015

1 Corporate information

Bharti Retail Limited (the Company) is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956 on February 7, 2007. The Company is a wholly owned subsidiary of Cedar Support Services Limited and engaged in the business of retailing a variety of household and consumer products through departmental store facilities under various formats.

2 Scheme of arrangement subsequent to year end

Subsequent to the year end, the Company in its board meeting dated May 4, 2015, has approved a composite scheme of arrangement under the provisions of Sections 391-394 read with Sections 100-104 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956/ Companies Act, 2013 for demerger of the Retail Infrastructure Business Undertaking of the Company into Future Retail Limited and demerger of Retail Business Undertaking of Future Retail Limited and vesting in the Company with effect from the "the Appointed Date" as defined in the Scheme subject to appropriate approvals. Further, subject to appropriate approvals it has also been resolved that the authorized share capital of the Company be reduced from INR 13,98,86,00,000 consisting of 1,39,86,80,000 equity shares of INR 10 each fully paid up to INR 8,69,56,522 divided into 4,34,78,261 equity shares of INR 2 (Rupees Two only) each, fully paid-up. As the scheme is subject to approvals, no impact of the same is considered in the financial statements.

3 Going Concern

The accumulated losses of the Company as at March 31, 2015 amounting to Rs. 18,202,804,225 (Rs. 14,410,488,131 as at March 31, 2014) has resulted in erosion of net worth as on that date. Further, it has incurred negative cash flow from operations of Rs. 2,842,992,998 (15 months period ended March 31, 2014 Rs. 7,036,611,990) and loss of Rs. 3,792,118,094 (15 months period ended March 31, 2014 Rs. 3,146,112,431) during the year ended March 31, 2015 and has net current liability of Rs. 3,230,606,549 (Rs. 1,260,838,114 as at March 31, 2014) as at March 31, 2015.

However as the Company had started commercial operations during the year 2008, the management believes that it is in the initial gestation period and had expected to incur losses for carrying out retail business in India. The accumulated losses of the Company are envisaged and mainly towards development of infrastructure to support the long term growth plan. The Company has got a commitment of continued financial support from Parent Company (Bharti Enterprises Limited) to contribute to the shortfall of the capital requirements.

On the above basis, the management is of opinion that there is no going concern issue with the Company and accordingly the financial statements have been prepared on going concern basis.

4 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 have been consistently applied by the Company and are consistent with those used in the previous year except for change in accounting policy disclosed below.

4.1 Summary of significant accounting policies

a. Changes in accounting policy

1. Method of inventory valuation

In the current year, the Company has changed method of valuation of inventory at retail stores from retail inventory method to valuation of inventory at Cost on weighted average basis. The management believes that such change will result better presentation of financial position. In view of practical difficulties faced due to large volume of items, the impact of such change could not be disclosed in the financial statements.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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.

d. 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. The life of the assets is based on technical assessment by the management which is either same or lower than the life indicated in Schedule II of the Companies Act, 2013. The life of assets is given below:

Assets	Life as per Management	Life as per Schedule II
Plant and Machinery	5 years	15 years
Office Equipments		
- Mobiles	2 years	5 years
- Others	5 years	5 years
Furniture and Fixtures	7 to 10 years	10 years
Computers		
- Servers and networks	5 years	6 years
- End user devices, such as, desktops, laptops, etc.	3 years	3 years
Leasehold improvements		
- Electrical Installations and Equipment	10 years	10 years
- Leasehold improvements	lease term or 15 years, whichever is lower	lease term or 15 years, whichever is lower

1) Assets individually costing Rs. 5,000 or less are fully depreciated over a period of 12 months from the date put to use.

2) Wherever the life is different from as indicated in Schedule II, the same is based on technical assessment done by technical people

3) Further the scrap value is considered as Nil.

e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds five years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired,

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

f. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized leased asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

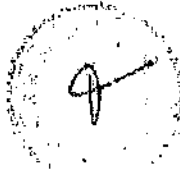
Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.



h. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

i. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. Inventories (Valued at lower of cost and net realisable value)

Inventories of Traded goods are valued at lower of cost and net realisable value. Cost of Traded goods and Stores & supplies Inventory is determined on weighted average cost basis.

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

k. 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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Income from services

Income from services includes:

(a) Income from sub-leasing which is recognised in the Statement of Profit and Loss Account on a straight-line basis over the lease term.

(b) Income from services are recognized on accrual basis as per the terms of agreement as and when such services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Insurance Claims

Insurance claims are accounted only when there is a reasonable certainty of its ultimate collection.



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l. Foreign currency translation

Foreign currency transactions and balances

(i) 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 the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

m. Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the reporting period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

(ii) The Company operate one defined benefit plan for its employees. The cost of providing benefits under Gratuity plan is determined on the basis of an actuarial valuation done using projected unit credit method at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

(iii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting period end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Liability for long term incentive plan are provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

n. 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 Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current period and reversal of timing differences for the earlier periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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 realized. In situations where the Company has unabsorbed depreciation or carry forward tax 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 profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset 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 deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of 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 realized. 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.

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.

o. Earnings / (Loss) Per Share

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

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

p. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

q. 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.

r. Cash and cash equivalents

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

s. Measurement of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortization (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 operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.



Bharti Retail Limited

Notes to financial statements for the year ended March 31, 2015

5 Share capital

	March 31, 2015 Rs.	March 31, 2014 Rs.
Authorized shares 2,500,000,000 (March 31, 2014 : 1,400,000,000) equity shares of Rs 10 each	25,000,000,000	14,000,000,000
Issued, subscribed and fully paid-up shares 1,398,660,000 (March 31, 2014: 1,398,660,000) equity shares of Rs 10 each fully paid up	13,986,600,000	13,986,600,000
Total issued, subscribed and fully paid-up share capital	13,986,600,000	13,986,600,000

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	March 31, 2015		March 31, 2014	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	1,398,660,000	13,986,600,000	632,806,000	5,328,060,000
Issued during the year	-	-	865,854,000	8,658,540,000
Outstanding at the end of the year	1,398,660,000	13,986,600,000	1,398,660,000	13,986,600,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity 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 holding / ultimate holding company

Out of the equity shares issued by the Company, shares held by holding / ultimate holding Company are as below:

	March 31, 2015 Rs.	March 31, 2014 Rs.
Cedar Support Services Limited, the holding Company* 1,398,659,994 (March 31, 2014: 1,398,659,994) equity shares of Rs. 10 each fully paid	13,986,599,940	13,986,599,940

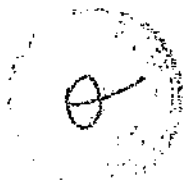
* 100% subsidiary of Bharti Enterprises Limited

As at March 31, 2015 Six (March 31, 2014: Six) equity shares of Rs 10 each fully paid are held by nominee shareholders of Cedar Support Services Limited.

(d) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	March 31, 2015		March 31, 2014	
	Nos.	% holding	Nos.	% holding
Equity shares of Rs 10 each fully paid up Cedar Support Services Limited, Holding Company	1,398,659,994	99.99%	1,398,659,994	99.99%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

6 Reserves and surplus

	March 31, 2015	March 31, 2014
	Rs	Rs
Capital reserve		
Balance as per last financial statements	3,960,000,000	-
Addition during the year*		3,960,000,000
	<u>3,960,000,000</u>	<u>3,960,000,000</u>
Deficit in the statement of profit and loss		
Balance as per last financial statements	(18,370,486,131)	(15,224,373,700)
Loss for the year	(3,792,118,094)	(3,146,112,431)
	<u>(22,162,604,225)</u>	<u>(18,370,486,131)</u>
Total reserves and surplus	<u>(18,202,604,225)</u>	<u>(14,410,486,131)</u>

*During the previous period, loan of Rs. 3,960,000,000 borrowed by the company from HSBC bank was re-paid by Walmart on non-recourse basis. Walmart was holding Compulsorily Convertible Debentures and was a joint venture in the Company's holding company i.e. Cadar Support Services Limited along with the Company's erstwhile ultimate parent company i.e. Bharti Ventures Limited. This was pursuant to the terms of termination Agreement executed between these two parties in the previous year basis, the terms of which and also the joint venture Agreement, this repayment/waiver was in the nature of a capital contribution and was accordingly transferred to Capital reserve in the Balance Sheet.

7 Long-term borrowings

	Non-current		Current Maturities	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Term loans				
Indian rupee loan from banks (secured)	540,000,000	-	-	-
	<u>540,000,000</u>			

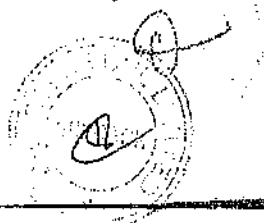
Indian rupee loan from bank carries interest @ 10.90% p.a. The total loan sanctioned is Rs. 1,500,000,000 and is repayable in 12 equal quarterly installments of Rs. 125,000,000 each after moratorium period of four years, from the date of first disbursement, viz., March 27, 2015. The loan is secured by first pari passu charge by way of mortgage/hypothecation of non-movable assets and Movable assets of the company and second pari passu charge on entire current assets of the Company.

8 Other long-term liabilities

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Lease equalisation account	1,117,318,237	1,400,677,083
	<u>1,117,318,237</u>	<u>1,400,677,083</u>

9 Provisions

	Long term		Short term	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Provision for employee benefits				
Provision for long term incentive plan	28,520,300	2,984,386	48,464,350	8,111,961
Provision for gratuity (refer note 28)	55,650,498	41,051,941	27,300,640	26,300,650
Provision for leave benefits			50,797,186	38,596,387
	<u>84,170,798</u>	<u>44,036,327</u>	<u>126,562,176</u>	<u>73,008,998</u>
Others				
Provision for probable store closure / dropped sites expenses (Refer note 39)			150,991,547	331,502,361
			<u>150,991,547</u>	<u>331,502,361</u>
	<u>84,170,798</u>	<u>44,036,327</u>	<u>277,553,723</u>	<u>404,511,359</u>



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

10 Short-term borrowings

	March 31, 2015	March 31, 2014
	Rs.	Rs.
From bank:		
- Working capital loan (Secured)	2,400,000,000	
- Working capital loan (Un-secured)	964,000,000	500,000,000
From related parties:		
- Loan from related party (Un-secured)		1,330,000,000
	<u>3,364,000,000</u>	<u>1,830,000,000</u>
The above amount includes		
Secured borrowings	2,400,000,000	
Unsecured borrowings	964,000,000	1,830,000,000

(i) Working capital secured loan from bank carries interest rate from 10.30%. The loan is repayable on April 10, 2015. The loan is secured by first pari passu charge on current assets of the Company. Further secured by corporate guarantee from erswhile parent company, Bharti Ventures Limited.

(ii) Working capital un-secured loan from bank is repayable by June 2015 and carries an interest rate of 10.35%

(iii) Unsecured loan in previous year was from erswhile parent company, Bharti Ventures Limited.

11 Other current liabilities

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Trade payables (refer note 35 for details of dues to micro and small enterprises)	1,660,911,264	1,585,238,259
Other liabilities		
Payable for capital goods	90,865,170	99,851,689
Bank overdraft	53,378,842	
Lease equalisation account	4,287,032	2,572,622
Deferred revenue		5,648,618
Interest accrued but not due on borrowings	9,075,087	9,734,165
Others		
Security deposits received	4,889,089	3,121,693
Advance from customers	7,151,330	9,344,589
Staff payables	159,780,190	54,752,099
Statutory dues	95,539,500	146,499,507
	<u>424,966,240</u>	<u>331,525,781</u>
	<u>2,085,877,504</u>	<u>1,916,764,040</u>

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Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015
12. Intangible assets

Cost	Leasehold Improvements	Plant and Machinery	Office equipments	Furniture and Fixtures	Computers Hardware	Impairments in Res. Total
At 1 January 2013	645,248,832	846,769,820	13,453,554	698,279,337	434,766,753	2,638,518,096
Additions*	74,093,895	123,018,856	1,561,404	114,775,337	53,353,177	386,793,709
Disposals / adjustments during the period	(99,609,851)	(76,518,536)	(2,167,308)	(172,303,188)	(14,303,081)	(363,901,962)
At 31 March 2014	619,732,716	894,270,140	12,837,652	640,752,486	473,816,849	2,641,409,843
Additions*	79,694,078	41,538,160	1,433,553	13,658,787	118,687,154	253,061,732
Disposals / adjustments during the year	(128,406,759)	(93,110,361)	(1,567,970)	(52,653,624)	(52,572,201)	(328,310,915)
At 31 March 2015	571,020,035	842,697,939	12,753,235	601,757,648	537,931,802	2,566,160,860
Depreciation						
At 1 January 2013	88,036,783	339,844,722	6,764,977	183,347,957	179,039,355	799,126,794
Charge for the year	71,287,590	208,236,879	2,771,295	124,985,640	197,925,105	605,206,609
Disposals / adjustments during the period	(34,402,462)	(48,520,253)	(2,002,070)	(73,872,743)	(10,436,109)	(169,232,637)
At 31 March 2014	124,921,911	499,561,348	5,534,202	234,460,854	366,529,351	1,235,100,665
Charge for the year	53,761,908	165,706,798	1,748,769	95,372,956	50,825,953	407,440,384
Disposals / adjustments during the year	(27,742,516)	(59,761,327)	(1,107,585)	(25,947,116)	(47,475,929)	(161,974,173)
At 31 March 2015	150,940,303	605,606,819	10,175,386	303,886,694	409,880,375	1,480,566,877
Net Block						
At 31 March 2014	494,611,305	394,699,792	3,303,350	406,287,632	107,287,498	1,406,299,177
At 31 March 2015	420,056,732	237,081,120	2,577,849	297,976,955	121,988,127	1,085,593,783

* The Company is in the process of opening up of new stores. Accordingly certain capitalization has been made on provisional basis and adjustments, if any, on account of receipt of final bills will be made as and when such bills are received. In view of the management, impact of such adjustments will not be material.

** During the period, the Company based on detailed assessment of the future cash flows at its identified CGUs, has concluded that no provision for impairment losses other than Provision for probable store closure / dropped sites expenses of Rs. 150,991,547, as explained in note no. 39, is considered necessary.

13. Intangible assets

	Computer Software	(Amounts in Rs.) Total
At 1 January 2013	2,998,097	2,998,097
Purchases	30,350,769	30,350,769
At 31 March 2014	33,348,866	33,348,866
Purchases	265,631,468	265,631,468
Disposals / adjustments during the period	(825,828)	(825,828)
At 31 March 2015	298,154,506	298,154,506
Amortization		
At 1 January 2013	2,954,935	2,954,935
Charge for the period	1,857,289	1,857,289
At 31 March 2014	4,812,224	4,812,224
Charge for the period	33,595,543	33,595,543
Disposals / adjustments during the period	(66,042)	(66,042)
At 31 March 2015	38,332,735	38,332,735
Net Block		
At 31 March 2014	28,536,632	28,536,632
At 31 March 2015	259,821,771	259,821,771



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

14 Loans and advances

	Non-current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Capital advances				
Unsecured, considered good	46,049,418	44,087,543	-	-
Doubtful	1,479,674	460,178	-	-
	47,529,092	44,547,721	-	-
Less: Provision for doubtful capital advances	(1,479,674)	(460,178)	-	-
A	46,049,418	44,087,543	-	-
Security deposit				
Unsecured, considered good	199,324,117	281,196,020	56,810,099	186,057,326
Doubtful	-	-	11,948,354	12,350,608
	199,324,117	281,196,020	68,758,453	198,407,934
Less: Provision for doubtful security deposit	-	-	(11,948,354)	(12,350,608)
B	199,324,117	281,196,020	56,810,099	186,057,326
Advances recoverable in cash or kind				
Unsecured considered good	4,050,657	17,566,351	109,053,721	169,861,843
Doubtful	-	-	14,853,852	19,082,057
	4,050,657	17,566,351	123,907,573	188,943,900
Less: Provision for doubtful advances	-	-	(14,853,852)	(19,082,057)
C	4,050,657	17,566,351	109,053,721	169,861,843
Other loans and advances				
Advance income-tax (net of provision for taxation)	30,526,970	5,881,690	8,307,540	18,497,421
Advance Fringe benefit tax (net of provision for taxation)	-	-	-	269,138
Prepaid expenses	582,008	836,617	48,209,451	33,446,684
Balances with statutory/ government authorities	16,872,650	15,222,475	24,833,078	15,469,342
	47,981,628	21,940,782	81,350,069	67,682,585
Provision for Other Loans & Advances	(6,026,118)	-	-	-
D	41,955,510	21,940,782	81,350,069	67,682,585
Total (A+ B + C + D)	291,379,702	364,790,696	247,213,689	423,501,754



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Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

15 Trade receivables and other assets

15.1 Trade receivables

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	26,265	69,642
Doubtful	-	-	1,581,833	271,368
Less: Provision for doubtful receivables	-	-	1,608,098	341,010
	-	-	(1,581,833)	(271,368)
Other receivables	-	-	26,265	69,642
Unsecured, considered good	-	-		
Doubtful	-	-	4,406,628	5,756,113
Less: Provision for doubtful receivables	-	-	601,968	516,508
	-	-	5,008,596	6,272,621
	-	-	(601,968)	(516,508)
	-	-	4,406,628	5,756,113
	-	-	4,432,893	5,825,756

15.2 Other assets

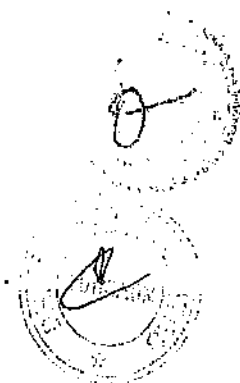
	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Non Current bank balances (note 17)	14,707,425	13,841,829	-	-
Others				
Interest accrued on fixed deposits	621,659	1,071,462	370,850	6,164
Interest accrued on other	-	-	-	927,574
	15,329,084	14,913,291	370,850	933,738

16 Inventories

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Traded goods inventory at Stores (valued at lower of cost and net realisable value on weighted average basis) (Includes in transit Rs.4,764,866 (March 31, 2014: Rs.6,932,784))	1,573,089,704	1,617,630,349
Traded goods inventory at warehouse (valued at lower of cost and net realisable value on weighted average basis) (Includes in transit Rs.1,416,099 (March 31, 2014: Rs.955,453))	575,857,030	612,032,754
Stores & supplies (valued at lower of cost on weighted average basis)	12,733,137	5,487,839
	2,161,479,871	2,235,150,942

Details of Inventory (Traded goods)

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Food		
Non Food	887,976,317	961,579,752
FMCG	805,635,532	643,036,339
Others	455,134,885	625,047,012
	2,148,746,734	2,229,663,103



Essert Retail Limited

Notes to financial statements for the year ended March 31, 2015

17 Cash and bank balances

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	43,810,098	125,312,966
- Deposits with original maturity of less than three months	-	-	-	30,000,000
Cash on hand	-	-	39,517,077	69,612,130
			83,327,175	224,925,096
Other bank balances				
- Deposits with original maturity for more than 12 months	5,346,941	4,412,621	-	-
- Deposits with original maturity for more	-	-	-	-
- Margin Money deposits	9,360,484	9,429,208	-	-
	14,707,425	13,841,829		
Amount disclosed under non-current assets (note 15.2)	(14,707,425)	(13,841,829)		
			83,327,175	224,925,096

Margin money deposits

Margin money deposits of Rs. 9,360,484 (March 31, 2014: Rs.9,429,208) are given against bank guarantees. Deposits of Rs. 5,346,941 (March 31, 2014: Rs 4,412,621) given as security to various Tax authorities and Agriculture produce marketing committees.



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Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

18 Revenue from operations

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Revenue from operations		
Sale of products		
Traded goods	17,724,094,091	23,311,097,407
Sale of services		
Sub lease income	28,337,552	60,389,981
Others	11,198,836	20,701,674
Other operating revenues		
Scrap sales	30,577,393	38,009,860
	<u>17,794,207,872</u>	<u>23,431,198,822</u>

Details of product sold (traded goods)

Particulars	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Food	10,767,872,269	14,318,484,717
Non Food		
FMCG	3,269,709,951	4,002,283,433
Others	3,886,511,871	4,990,329,257
	<u>17,724,094,091</u>	<u>23,311,097,407</u>

19 Other incomes:

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Interest income on		
Bank deposits		
Others	1,232,225	7,410,034
Net gain on sale of non-trade current investments		260,837
Excess provision for probable store closure / dropped sites expenses written back (refer note 39)	507,844	11,250,827
Reversal of lease equalisation reserve #	74,313,829	19,087,928
Excess Provisions Written back@	491,408,071	23,489,129
Liabilities Written back	72,787,025	
Other non operating income	3,069,278	994,800
	<u>57,004,560</u>	<u>51,446,395</u>
	<u>700,332,832</u>	<u>113,934,051</u>

Represent reversal in respect of lease equalisation of closed stores / sites in the current year.

@ Represent mainly reversal in respect of provisions relating to certain closed stores and certain provisions for expenses/expected vendor claims not expected to arise in future

20 Purchases

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Traded goods purchased	15,628,025,221	22,891,452,072
	<u>15,628,025,221</u>	<u>22,891,452,072</u>

Details of traded goods purchased

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Food	9,604,120,693	14,340,699,688
Non Food		
FMCG	2,731,751,411	3,739,317,795
Others	3,292,153,117	4,811,434,589
	<u>15,628,025,221</u>	<u>22,891,452,072</u>



Sharda Retail Limited

Notes to financial statements for the year ended March 31, 2015

21 Decrease / (Increase) in inventories of traded goods

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Inventories at the end of the year	2,148,746,734	2,229,663,103
Inventories at the beginning of the year	2,229,663,103	1,560,114,874
	<u>80,916,369</u>	<u>(669,548,229)</u>

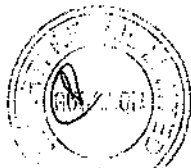
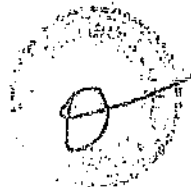
22 Employee benefit expense

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Salaries, wages and bonus	1,421,345,015	1,497,745,645
Contribution to provident and other fund	91,637,758	94,544,134
Gratuity expense (refer note 28)	30,770,441	36,333,291
Staff welfare expenses	71,528,051	97,634,904
	<u>1,615,281,275</u>	<u>1,726,257,974</u>

23 Other expenses

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Consumable stores	136,060,608	133,237,657
Rates, fees and taxes	24,386,434	30,625,450
Rent	1,035,069,020	1,485,256,966
Legal and professional	685,706,628	382,288,357
Recruitment & training	31,824,797	59,963,653
Insurance	8,949,956	24,373,569
Business support services	188,519,361	448,886,004
Royalty and management fees	122,645,031	206,267,216
Electricity and water	396,313,332	576,851,668
Freight and cartage	17,186,226	13,524,075
Repairs and maintenance - others	704,654,970	712,173,417
Advertising and sales promotion	173,693,755	452,359,109
Printing and stationery	16,811,084	16,951,001
Payment to auditor (refer details below)	6,938,665	8,220,615
Telephone, telex postage and fax	104,225,982	80,827,574
Travelling and conveyance	196,111,421	161,828,572
Settlement with landlords/Vendors (Gain) / Loss on exchange fluctuation	114,082,113	21,315,533
	19,530	45,838
Bank and Other Collection charges	86,728,070	124,491,305
Loss on sale of assets (net)	18,702,411	13,921,342
Fixed assets / CWIP written off*	146,300,385	154,921,286
Provision for doubtful debts and advances	3,811,076	18,146,337
Provision for doubtful capital advance and capital work in progress*	9,148,722	20,009,397
Provision for probable store closure / dropped sites expenses (net of reversal of lease equalisation reserve of Rs. Nil (Previous period Rs. 113,421,993)) (refer note 38)	12,081,098	166,306,793
Miscellaneous expenses	68,141,611	54,823,587
	<u>4,319,112,686</u>	<u>5,387,616,319</u>

* Write off mainly include Leasehold improvements, fixtures, IT equipment etc. rendered unusable due to certain stores closed / dropped during the year.



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

Payment to auditor

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
As auditor:		
Audit fee (Previous year net of reversal of provision of Rs. 345,000)	6,056,204	6,044,968
Tax audit fee	561,800	1,550,568
In other capacity:		
Other services (certification fees)	-	292,136
Reimbursement of expenses	320,881	332,943
	<u>6,938,665</u>	<u>8,220,615</u>

Figures above are inclusive of service tax.

24. Exceptional items

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Liability written back	-	3,958,403,128
		<u>3,958,403,128</u>

During the previous period Rs. 3,958,403,128 was written back which was payable to Bharti Wai-Mart Private Limited under the Supply Agreement with the Company for purchase of merchandise goods. This was pursuant to the terms of the agreement between the parties.

25. Depreciation and amortization expense

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Depreciation of tangible assets	407,440,384	605,206,509
Depreciation of intangible assets	33,595,543	1,857,299
	<u>441,035,927</u>	<u>607,063,808</u>

During the previous period, the Company had revised the useful lives of certain fixed assets. Accordingly, the depreciation charge for the previous period was higher by Rs. 87,524,050

26. Finance costs

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Interest		
On term loan & bank overdraft	196,937,181	663,668,574
Others	2,316,419	665,912
Other borrowing cost	3,033,720	22,472,002
	<u>202,287,320</u>	<u>706,806,488</u>

27. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Net (loss) for calculation of basic and diluted EPS	(3,792,118,094)	(3,746,112,431)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic and diluted EPS [Nominal value of Rs.10 (March 31, 2014: Rs.10) each.	1,398,660,000	580,380,396

28 Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee irrespective of the year of service shall be paid gratuity at the time of separation with the Company from the period starting with the date of joining till the date of relieving at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Current service cost	29,859,210	28,660,180
Interest cost on benefit obligation	5,856,500	6,677,090
Net actuarial (gain)/Loss recognized in the	(4,945,269)	996,021
Net benefit expense	30,770,441	36,333,291

Balance sheet

Benefit asset/liability

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Present value of defined benefit obligation	82,951,138	67,352,591
Fair value of plan assets	-	-
Plan asset/(Liability)	(82,951,138)	(67,352,591)

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

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Opening defined benefit obligation	67,352,591	54,602,073
Current service cost	29,859,210	28,660,180
Interest cost	5,856,500	6,677,090
Acquisitions	1,882,466	55,276
Liabilities Transfer	-	-
Benefits paid	(17,054,360)	(23,638,049)
Actuarial (gains)/losses on obligation	(4,945,269)	996,021
Closing defined benefit obligation	82,951,138	67,352,591

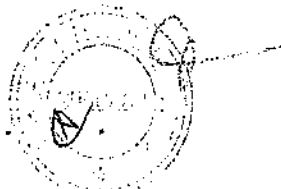
The principal assumptions used in determining gratuity obligation for the Company's plans is shown below:

	March 31, 2015	March 31, 2014
Discount rate	7.80%	8.80%
Employee turnover:		
-Home Office	20.00%	20.00%
-Stores	36.00%	36.00%

The estimate Rates 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.

Amounts for the current and previous four periods are as follows:

	March 31, 2015	March 31, 2014	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	Rs.	Rs.	Rs.	Rs.	Rs.
Gratuity					
Defined benefit obligation	82,951,138	67,352,591	54,602,073	42,193,838	34,132,050
Plan assets					
Surplus/(deficit)	(82,951,138)	(67,352,591)	(54,602,073)	(42,193,838)	(34,132,050)
Experience adjustments on plan liabilities	7,329,929	(900,231)	2,901,552	4,477,791	1,183,220
Experience adjustments on plan assets	-	-	-	-	-
Actuarial gain/(loss) due to change on assumption	(2,384,660)	(95,790)	2,057,470	2,153,710	(479,460)



29 Leases

Operating lease: Company as lessee

General description of significant leasing arrangements is as follows:

i) The lease terms for office premises and store sites are for an initial period of three years to thirty years and are cancellable at the option of the Company by serving a pre-defined notice period. Such leases are renewable for 2 to 3 terms of three to ten years each at the option of the Company. Escalation between 12% to 15% is applicable after every 3 to 5 year on previously paid lease rent.

ii) The lease terms for company leased accommodation are for a period of eleven months to three years, and are cancellable at the option of the Company by serving a pre-defined notice period. Escalation between 5% is applicable after every year on previously paid lease rent.

iii) The lease terms for Vehicles obtained on lease are for a period of three years and are cancellable at the option of the Company by serving a pre-defined notice period. There is no escalation clause.

The Company records rent expense for operating leases using the straight-line method over the term of the lease agreement. Deferred rent representing expense recorded in excess of payments made is recorded under Other long-term liabilities / Other current liabilities as Lease equalization account.

The Company has also sub-leased some portion of store/office premises for a period of 3 months to 9 years.

Total lease rentals recognized in the statement of profit and loss for the period is Rs. 1,035,068,020 (March 31, 2014: Rs.1,485,256,966).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2015 Rs.	March 31, 2014 Rs.
Within one year	735,195,040	872,685,474
After one year but not more than five years	3,032,807,211	3,684,307,527
More than five years	13,785,152,604	20,894,777,422
Sub-lease payments received (or receivable) recognised in statement of profit and loss for the period	28,337,552	60,389,981
Total future minimum sublease payments expected to be received under non-cancellable subleases	Nil	Nil

Note: Disclosure is given for lease term for which the Company intends to occupy the premises

30 Related party disclosures

a) Names of related parties and related party relationship

Related parties where control exists:

Ultimate holding company
Bharti Enterprises (Holding) Private Limited
Bharti Enterprises Limited (w.e.f. March 31, 2014)
Bharti Ventures Limited (up to March 30, 2014)

Holding Company
Cedar Support Services Limited

Related parties with whom transactions have taken place during the year

Fellow Subsidiary
Bharti Ventures Limited (w.e.f. March 31, 2014)
Bharti Enterprises Limited (up to March 30, 2014)

Enterprises over which, controlling parties owns directly or indirectly, an interest in the voting power that gives them control or significant influence over the enterprise, is able to exercise significant influence over the Company.

Bharti Airtel Limited
Bharti Airtel Services Limited
Bharti Reality Holdings Limited
Airtel M Commerce Services Limited
Field Fresh Foods Private Limited
Nextra Data Limited
Nile Tech Limited
Bharti Wal-Mart Private Limited (up to December 31, 2013)
Centum Learning Limited
Bharti AXA General Insurance Company Limited



Key Managerial Personnel

Chief Executive Officer

Raj Kumar Jain (April 1, 2014 to November 30, 2014)

Craig Wadsworth Wimsatt (w.e.f. December 1, 2014)

Chief Financial Officer

Pankaj Madan (January 1, 2014 upto November 30, 2014)

Anupam Goyal (w.e.f. December 1, 2014)

Sharti Retail Limited

Notes to financial statements for the year ended March 31, 2015

b) Related Party Transactions for the year ended March 2015

Particulars	Bharti Airtel Limited	Sharti Airtel Services Limited	Bharti AXA General Insurance Company Limited	Bharti Enterprises Limited	Cesar Support Services Limited	Bharti Ventures Limited
Expenses incurred by us on behalf of Related Parties				5,264,066		
Expenses incurred by Related Parties on our behalf	216,662					
Employee Related Liability transfer to Related party				275,621		
Employee Related Liability transfer from Related party	1,606,946		1,007,731			
Payment received against Insurance Claim					189,546,294	
Sale of Goods	59,348,945	1,132,663	8,791,207			
Receiving of Services (including Service Tax)	813					
Purchase of Fixed Assets						
Sale of Asset						
Unsecured Loan Received						1,330,000,000
Conversion of Loan to Share Capital					1,330,000,000	
Repayment of Unsecured Loan						
Share Application Money Received						
Purchase of Goods (including taxes)						
Liability written back (exceptional income)						
Management Fees (including Service Tax)				106,163,930		
Royalty (including Service Tax)						
Security deposit transferred	5,270,444					
Refund of Security deposit received	1,913,492					
Sub Lease Income (including Service Tax)						
Interest on Unsecured Loan						
Amount Receivable:	834,835					
- Trade Receivables			11,477,648			
- Advances						
Amount Payable:	34,221,600		26,380	54,403,196	17,224,952	
- Trade Payables						
- Unsecured Loans						



Bharti Retail Limited

Notes to financial statements for the year ended March 31, 2015

b) Related Party Transactions for the year ended March 2015

	Nile Tech Limited	Field Fresh Foods Private Limited	Bharti Realty Holdings Limited	Airtel IM Commerce Services Ltd	Nktra Data Limited	Bharti Wal-Mart Private Limited	Centum Learning Limited	(Amount in Rs.) Total
Expenses incurred by us on behalf of Related Parties								
Expenses incurred by Related Parties on our behalf	149,120		1,820,770					7,449,618
Employee Related Liability transfer to Related party								1,682,567
Employee Related Liability transfer From Related party								1,007,731
Payment received against Insurance Claim								333,966,891
Sale of Goods					19,387,348			1,750,113
Receiving of Services (including Service Tax)	45,991,065		9,734,869	34,501	1,749,300			
Purchase of Fixed Assets								
Sale of Asset								
Unsecured Loan Received								
Conversion of Loan to Share Capital								
Repayment of Unsecured Loan								
Share Application Money Received								1,330,000,000
Purchase of Goods (including taxes)								1,330,000,000
Liability written back (exceptional income)		21,628,691						21,628,691
Management Fees (including Service Tax)								
Royalty (including Service Tax)								
Security deposit transferred								106,163,930
Refund of Security deposit received								
Sub Lease Income (including Service Tax)								
Interest on Unsecured Loan								1,973,492

- Trade Receivables								835,131
- Advances	148,696			296				11,626,334
- Trade Payables								
- Unsecured Loans	535,327	1,352,519	181,084		16,102,166			124,049,223

c) Key Managerial Person

Particulars	Chief Executive Officer	Chief Financial Officer	Total
Salary (including provident fund)	32,483,616	8,897,572	41,381,188

Note: The remuneration of the key managerial personnel does not include the provisions made for gratuity, leave benefits and long term incentive plans, as they are determined on an actuarial basis for the company as a whole.



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

30. Related Party Transactions for the year ended March 31, 2014

Particulars	(Amounts in Rs.)						
	Bharti Airtel - Limited	Bharti Airtel Services Limited	Sharti AXA General Insurance Company Limited	Bharti Enterprises Limited	Bharti Enterprises (Holding) Private Limited	Cedar Support Services Limited	Bharti Ventures Limited
Expenses incurred by us on behalf of Related Parties	5,264	-	-	-	-	492,790	-
Expenses incurred by Related Parties on our behalf	18,239,370	-	-	7,086,483	-	-	-
Employee Related Liability transfer to Related party	-	-	-	-	-	-	-
Employee Related Liability transfer From Related party	55,276	-	39,456,868	-	-	-	-
Payment received against Insurance Claim	-	-	-	-	-	40,997,020	-
Sale of Goods	63,406,288	3,427,765	25,150,325	-	-	-	-
Purchase of Fixed Assets	19,079,325	78,729	-	-	-	-	-
Sale of Asset	-	-	-	-	-	-	-
Unsecured Loan Received	-	-	-	-	-	5,750,000,000	1,890,000,000
Conversion of Loan to Share Capital	-	-	-	-	-	8,658,540,000	-
Repayment of Unsecured Loan	-	-	-	-	-	354,000,000	1,020,000,000
Share Application Money Received	-	-	-	-	-	-	-
Purchase of Goods (including taxes)	-	-	-	-	-	-	-
Liability written back (exceptional Income)	-	-	-	-	-	-	-
Management Fees (including Service Tax)	-	-	-	-	-	-	-
Royalty (including Service Tax)	-	-	-	36,139,261	26,282,372	-	-
Issue of Share Capital	-	-	-	-	-	-	-
Security deposit transferred	228,353	-	-	-	-	-	-
Refund of Security deposit received	-	-	-	-	-	-	-
Sub Lease Income (including Service Tax)	6,009,033	-	-	-	-	26,525,208	-
Interest on Unsecured Loan	-	-	-	-	-	-	15,415,186
Amount Receivables							
- Trade Receivables	507,868	-	-	-	-	-	-
- Others	-	-	10,631,355	-	-	-	-
Amount Payable							
- Trade Payables	26,659,692	40,332	-	12,535,028	4,421,266	36,165,019	7,979,221
- Unsecured Loans	-	-	-	-	-	-	1,330,000,000



Bharti Retail Limited

Notes to Financial Statements for the year ended March 31, 2015

d) Related Party Transactions for the year ended March 31, 2014

Particulars	(Amount in Rs.)					Total
	Field Fresh Foods Private Limited	Bharti Reality Holdings Limited	AirTel M Commerce Services Limited	Nktra Data Limited	Bharti Web-Mark Private Limited	
Expenses incurred by us on behalf of Related Parties	-	-	-	-	14,896,776	15,394,830
Expenses incurred by Related Parties on our behalf	-	407,223	-	-	8,414,334	34,147,410
Employee Related Liability transfer to Related party	-	-	-	-	-	-
Employee Related Liability transfer From Related party	-	-	-	-	-	-
Payment received against Insurance Claim	-	-	-	-	-	55,276
Sale of Goods	-	-	-	-	-	39,456,868
Receiving of Services (including Service Tax)	-	2,286,481	48,574	2,286,211	-	150,195,756
Purchase of Fixed Assets	-	-	-	-	260,291,873	279,449,927
Sale of Asset	-	-	-	-	658,807	658,807
Unsecured Loan Received	-	-	-	-	-	7,600,000,000
Conversion of Loan to Share Capital	-	-	-	-	-	8,689,640,000
Repayment of Unsecured Loan	-	-	-	-	-	1,374,000,000
Share Application Money Received	-	-	-	-	-	19,510,067,859
Purchase of Goods (including taxes)	6,808,991	-	-	-	19,503,258,868	3,888,403,128
Liability written back (exceptional Income)	-	-	-	-	-	56,136,261
Management Fees (including Service Tax)	-	-	-	-	-	26,282,372
Royalty (including Service Tax)	-	-	-	-	-	24,513,782
Issue of Share Capital	-	-	-	-	24,280,409	32,534,241
Security deposit transferred	-	-	-	-	-	15,415,186
Refund of Security deposit received	-	-	-	-	-	-
Sub Lease Income (including Service Tax)	-	-	-	-	-	-
Interest on Unsecured Loan	-	-	-	-	-	-

Amount Receivable	Total	
- Trade Receivables	-	507,868
- Advances	-	10,631,458
- Assets Payable	103	-
- Trade Payables	1,013,387	2,685,704
- Unsecured Loans	-	2,286,211
		1,330,000,000

e) Key Managerial Person

Particulars	Chief Executive Officer	Chief Financial Officer	Total
Salary (including provident fund)	-	1,878,342	1,878,342

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity, leave benefits and long term incentive plans, as they are determined on an actuarial basis for the company as a whole.



31 Capital and other commitments

- a. At March 31, 2015 the Company has commitments of Rs. 236,982,494 (March 31, 2014: Rs. 158,082,778) relating to purchase of Capital Assets.
b. For commitments related to lease arrangements, please refer note 29.

32 Capital work in progress Includes fixed assets amounting to Rs. Nil (March 31, 2014: Rs 33,268) in transit as at March

33 Deferred Tax

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The significant component of deferred tax includes timing difference on account of unabsorbed depreciation and losses. In view of virtual certainty as laid down by the Standard not being established, the Company has not recognised deferred tax assets (net) in its books as on the balance sheet date.

34 Pending Litigations

a) Contingent liabilities.

	March 31, 2015 Rs.	March 31, 2014 Rs.
Sales Tax	30,579,431	29,166,398
TDS matters ²	7,032,489	9,158,589
Claims not acknowledged as debt ³	7,431,123	7,431,123
Consumer cases	4,954,794	3,662,855
	<u>49,997,837</u>	<u>49,418,965</u>

1. Rs. 29,166,398 (Previous year Rs. Rs. 29,166,398) represents demand raised for FY - 2010-11 & 2011-12 on recommendation of special auditor account of special audit conducted by the department. The Company has filed an appeal before the Additional Commissioner (Appeals) and does not believe a probable liability devolving against the Company.

Rs. 707,445 (Rs. 696,369 on account of VAT & CST and Rs. 11,076 on account of entry tax) (Previous year Rs. Rs. Nil) represents demand under UP VAT Act, 2008 for FY 10-11 as per Assessment order passed by the VAT Officer by assuming unaccounted purchases and sales. However, the Company has filed an appeal before the Additional Commissioner (Appeals) and does not believe a probable liability devolving against the Company.

Rs. 441,940 (Rs. 420,189 on account of VAT & CST and Rs. 21,751 on account of entry tax) (Previous year Rs. Nil) represents demand under UP VAT Act, 2008 for FY 11-12 as per Assessment order passed by the VAT Officer by assuming unaccounted purchases and sales. However, the Company is in the process of filing an appeal before the Additional Commissioner (Appeals) and does not believe a probable liability devolving against the Company.

Rs. 263,648 represents demand under J&K VAT Act, 2005 for FY 2011-12 (Previous year Rs. Nil) for misclassification of certain items and charged either less or 0% tax on sales value. Management has filed an appeal against the said demand order and is confident that there are favourable chances of decision in the favour of the Company.

2. Rs. 7,032,489 (previous year Rs. 9,158,589) represents demand raised against order passed under section 201(1)/201(1A) of the Income Tax Act, 1961 for TDS and interest thereon on account of non deduction of TDS in certain cases. The Company has filed an appeal before CIT(A) against the order and does not believe a probable liability devolving against the Company.

3. Represent civil suit with an erstwhile landlord against the Company. The management is confident that no liability shall arise in the case.



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4. Further there are various labour, legal metrology, food adulteration and cases under other miscellaneous acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liability devolving on the Company.

5. The investigations regarding certain payments made by the Company in some of the previous financial years have so far not revealed any material, financial or other liability or impact on the financial statements of the Company. In view of this management does not anticipate any liability in this regard.

b) Litigations where there is no demand raised

1) For the Assessment years 2009-10, 2010-11, 2011-12 and 2012-13 where certain expenditures have been disallowed by the concerned authority. Total amount of disallowances is Rs. 189,430,766 (Previous year Rs. 112,054,674). However there is no demand and will only have an impact on reduction of losses of the Company under Income tax act. The Company is contesting these cases and is confident that there are favourable chances of decision in the favour of the Company.

2) For assessment year 2012-13, the The AO has also erred in allowing the Tax Credit of Rs. 3,297,594 lakhs instead of 8,307,540 (Previous year Rs. Nil). The Company has filed rectification under section 154 of Income tax act, 1961. The Company is confident that there are favourable chances of decision in the favour of the Company.

c) Litigations where the provision has been recorded in the financial statements

1) The Company is involved in various litigations, as against total amount involved of Rs. 176,131,005 (Previous year Rs. 168,142,905), the outcomes of some part of the liability is considered probable, and in respect of which the company has made aggregate provisions of Rs. 40,643,197 as at March 31, 2015 (Previous year Rs. 30,877,549). Remaining amount involved is considered as remote by the management.

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

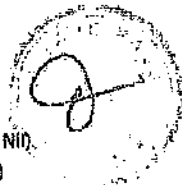
	March 31, 2015 Rs.	March 31, 2014 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	1,237,073	-
Principal amount due to micro and small enterprises	55,212	-
Interest due on above	1,292,285	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	2,261,207	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	2,261,207	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	2,261,207	-
The amount of further interest remaining due and payable even in the succeeding years, 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 of the MSMED Act 2006	-	-

36 Value of Imports calculated on CIF basis

	March 31, 2015 Rs.	March 31, 2014 Rs.
Traded Goods*	10,465,349	-
Capital Goods*	26,783,292	37,806,167
Consumables	2,059,749	7,382,548
Total	39,308,390	45,188,715

* Includes in transit Rs 1,416,099 (March 31, 2014: Rs Nil)

Includes in transit Rs Nil (March 31, 2014: Rs 33,268)



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

37 Expenditure in foreign currency (accrual basis)

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Travelling and conveyance	2,202,317	985,087
Royalty (excluding service tax)	14,212,647	23,391,156
Professional Fees	6,708,306	15,535,467
Others	2,002,273	-
	25,125,543	39,911,710

38 Particulars of unhedged foreign currency exposure as at the reporting date.

Particulars	Purpose
Import trade payable (USD)	USD 142,998 (March 31, 2014: USD 236,186) [Rs. 8,950,363 (March 31, 2014: Rs. 14,194,754)]
Import trade payable (GBP)	GBP Nil (March 31, 2014: GBP 1398) [Rs. Nil (March 31, 2014: Rs. 139,573)]

39 Provision for probable store closure / dropped sites expenses

The provision represents the expected losses that may arise due to closure/probable closure of a few stores in near future, owing to their below standard performance and where the sites in progress have been dropped due to commercial reasons.

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Opening provision at the beginning of the year	331,502,361	81,019,783
Add: Additions during the year		
Provision for rent	4,626,629	220,582,383
Provision for Fixed Assets /CWIP	5,751,708	72,846,761
Other provisions	1,702,761	6,299,642
Less: Amounts used during the year		
Rent Expenses	(91,251,874)	
Repair & Maintenance Expenses (CAM)	(5,128,861)	
Fixed Assets/ CWIP written off	(21,897,348)	(30,184,279)
Less: Excess provisions written back	(74,313,829)	(19,081,929)
Closing Provision at the end of the year	150,991,547	331,502,361

40 Segment Reporting

Business Segment

The Company has only one business segment i.e. Retail business.

Geographical Segment

The Company operates within India and does not have operations in economic environments with different risk and returns. Hence, it is considered operating in single geographical segment.

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Bharti Retail Limited

Notes to financial statements for the year ended March 31, 2015

41 Previous year figures

- a) Current year figures of statement of profit & loss are not comparable to corresponding previous period since the current year figures are for the period of 12 months i.e. 1 April 2014 to 31 March 2015 vis a vis 15 months in the previous period i.e. 1 Jan 2013 to March 2014.
- b) The previous year figures have been reclassified to confirm to current year classification.

As per our report of even date

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

per Vikas Mehra
Partner
Membership No.: 094421

Place: Gurgaon
Date: 26/03/2015



For and on behalf of the board of directors of Bharti Retail Limited

[Director]

[Director]

[Chief Executive Officer]

[Company Secretary]

[Chief Financial Officer]

CERTIFIED TRUE COPY

For BHARTI RETAIL LIMITED

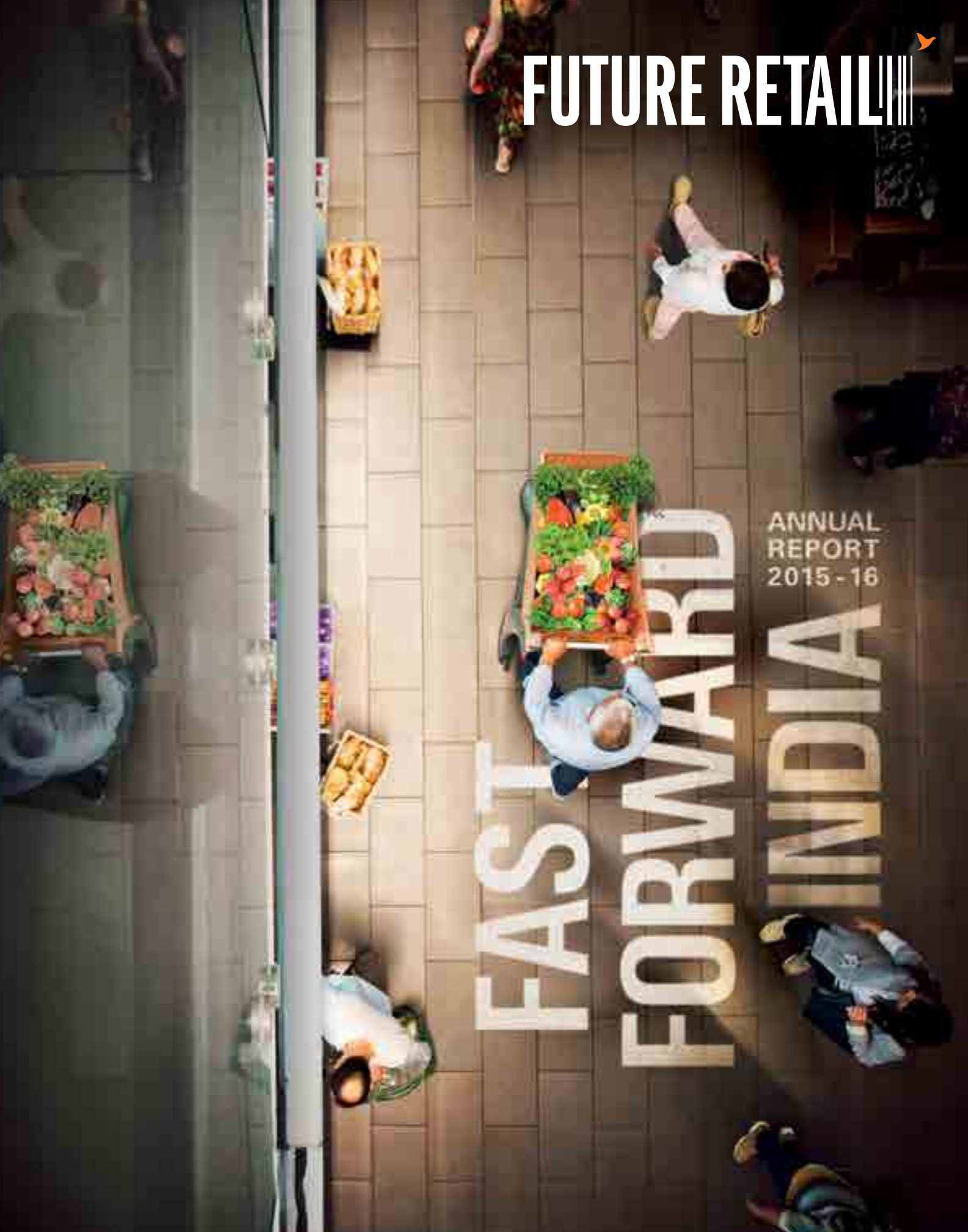
Company Secretary

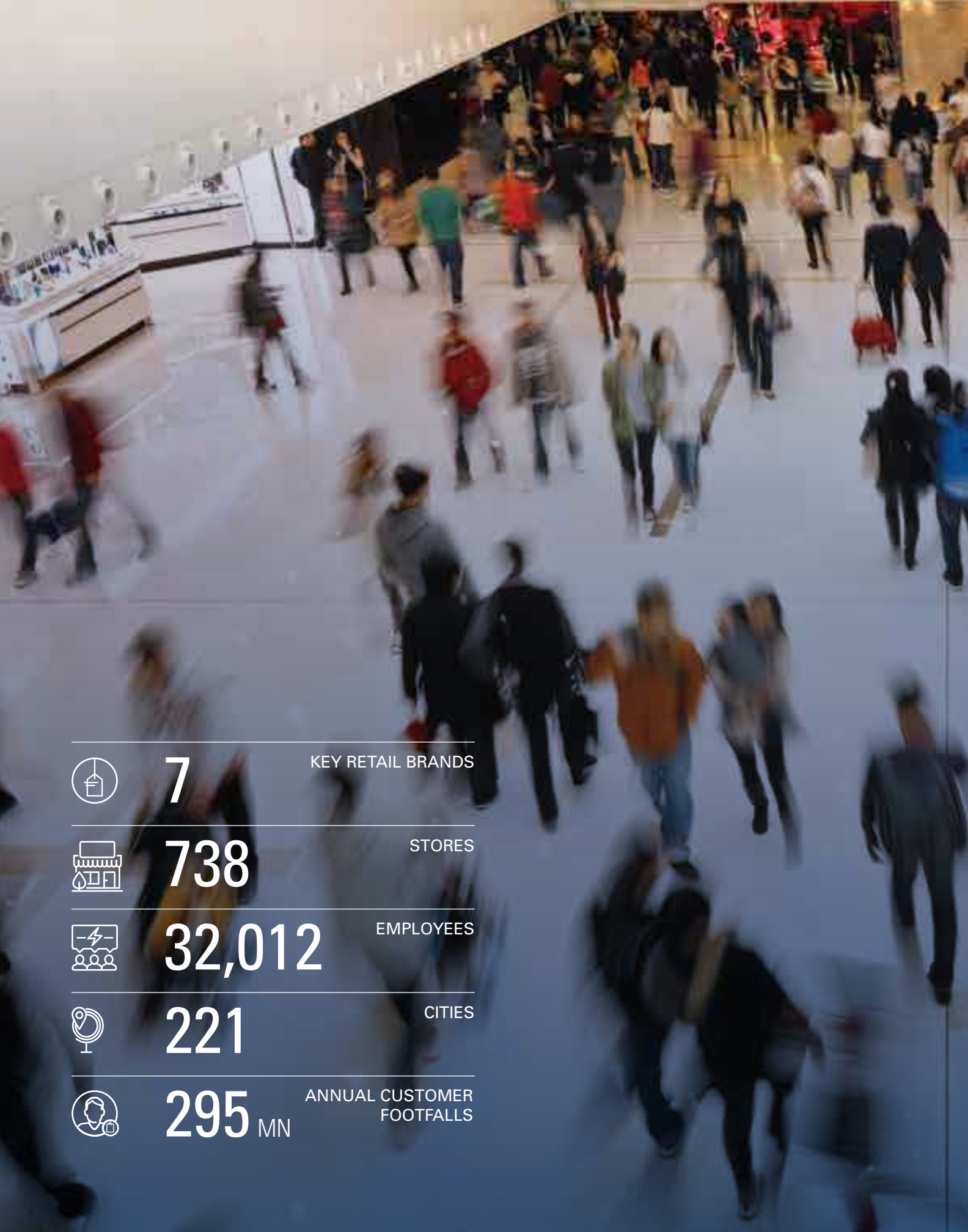


FUTURE RETAIL

ANNUAL
REPORT
2015 - 16

FAST FORWARD INDIA





7

KEY RETAIL BRANDS



738

STORES



32,012

EMPLOYEES



221

CITIES



295 MN

ANNUAL CUSTOMER
FOOTFALLS



CONNECTED COMMERCE

In a 1.27 billion country, wherein modernity and tradition co-exist, needs and aspirations co-exist and logic and emotion co-exist, Future Retail Limited brings together winning brands, retail chains and digital platforms that speaks, connects and wins the hearts of every Indian.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kishore Biyani

Chairman and Managing Director

DIN: 00005740

Rakesh Biyani

Jt. Managing Director

DIN: 00005806

Gagan Singh

Non-Executive and Independent Director

DIN: 01097014

Shailendra Bhandari

Non-Executive and Independent Director

DIN: 00317334

Ravindra Dhariwal

Non-Executive and Independent Director

DIN: 00003922

Rajan Bharti Mittal

Non-Executive Director

DIN: 00028016

STATUTORY AUDITORS

NGS & Co. LLP

CHIEF FINANCIAL OFFICER

C. P. Toshniwal

DY. COMPANY SECRETARY

Virendra Samani

SHARE TRANSFER AGENTS

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West)

Mumbai - 400078

Tel + 91 22 25946970

Fax + 91 22 25946969

Website: www.linkintime.co.in

BANKERS

Andhra Bank

Allahabad Bank

Axis Bank

Bank of Baroda

Bank of India

Central Bank of India

Corporation Bank

Dena Bank

IDBI Bank

Punjab National Bank

State Bank of Travancore

UCO Bank

Union Bank of India

Vijaya Bank

REGISTERED OFFICE

Knowledge House, Shyam Nagar

Off Jogeshwari-Vikhroli Link Road

Jogeshwari (East), Mumbai - 400060

Tel : + 91 22 66442200

Fax : + 91 22 66442201

CORPORATE OFFICE

247 Park, Tower 'C', LBS Marg

Vikhroli (West), Mumbai - 400083

Tel : + 91 22 6199 0000

Fax : + 91 22 6199 5019

Website: www.futureretail.co.in

INVESTOR EMAIL ID

Investorrelations@futureretail.in

CORPORATE IDENTITY NUMBER

U51909MH2007PLC268269

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LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR

Dear Stakeholders,

During in the year, the erstwhile Future Retail Limited announced the partnership with erstwhile Bharti Retail Limited to combine the businesses of the companies bringing together winning retail brands such as

Big Bazaar, easyday, fbb, Food Bazaar, Home Town, eZone and Foodhall. As part of the Scheme of Arrangement, the front end operations of these retail chains were consolidated within Bharti Retail Limited. Subsequently, name of the Company has been changed to Future Retail Limited.

Your Company is now a pure retail play that operates 738 retail stores in 221 cities, along with a number of digital platforms. These stores catered to close to 295 million customer walk-ins and are spread over around 13 Mn. Sq. Ft. of space. Managing and growing these networks and retail brands forms the only business of your Company, and catering to the consumption sector and consumers forms the driving force of this business.

Consumers today live a seamless life between the physical and the digital world. As a retail organization catering consumers' needs and aspirations, we believe the future of retail lies not in pure physical stores or pure ecommerce sites, but a seamless platform that integrates with the seamless world that the customer interacts with. We call it a connected commerce organization.

Having built a robust and unparalleled retail network in the country, we today are moving towards building a connected commerce organization that lives, breathes and thrives in the digital era. Over last couple of years, substantial investments were made in building loyalty and data analytics capabilities. The Company is now benefitting from this by interpreting and reacting to consumer data and information in a real-time in a much more efficient and seamless manner. Our data analytics program is helping improve one-on-one communication with customers, improving their frequency of visits, helping predict and shape consumption patterns and create smarter promotion and engagement engines with customers.

The organisation has also started benefitting from engaging much more effectively with consumers on social media. However, the biggest change in happening within the organization wherein most people processes are now embedded with mobile and digital technology catering to over 32,000 colleagues who make this organization succeed and transform. Many of our businesses have now moved into digital platforms – led by our electronics and home retailing business. The prototypes and experiments conducted over the last couple of years across various platforms, has also helped shape the stores and digital platforms that we are now creating.

Taking this spirit ahead, the Company introduced Big Bazaar GenNxt stores in Noida and Mumbai. The stores integrate superior shopping experiences with innovations such as interactive digital screens, sit-down checkouts and smart customer service. Soon, they will sport smart trial rooms and endless aisles or kiosks wherein the customer can order from a larger range of merchandise, which may not be stocked within the store. Our stores are also turning into fulfillment centers and merchandise return points for goods ordered online. Payments are now possible through multiple channels including mobile wallets. Going ahead, we envision a scenario wherein the customer has the choice to choose to perform digitally or physically any of the activities connected with buying - discovery, choice, pickup, payments, fulfillment or return.

It is a brave and exciting future that we are headed towards. It is a future wherein change will be constant and organizations will continuously have to go through learning, unlearning and relearning. We have so far thrived in this environment and we thank all our stakeholders who have helped us do so.

Rewrite Rules, Retain Values

Kishore Biyani

Denim Hub



CITIES



STORES



AREA SQ. FT.

BIG BAZAAR

118

218

9.7 MN

easyday

117

320

0.7 MN

@zone

30

92

0.5 MN

fb

31

51

0.5 MN

FOOD BAZAAR

4

10

0.1 MN

Foodhall

3

04

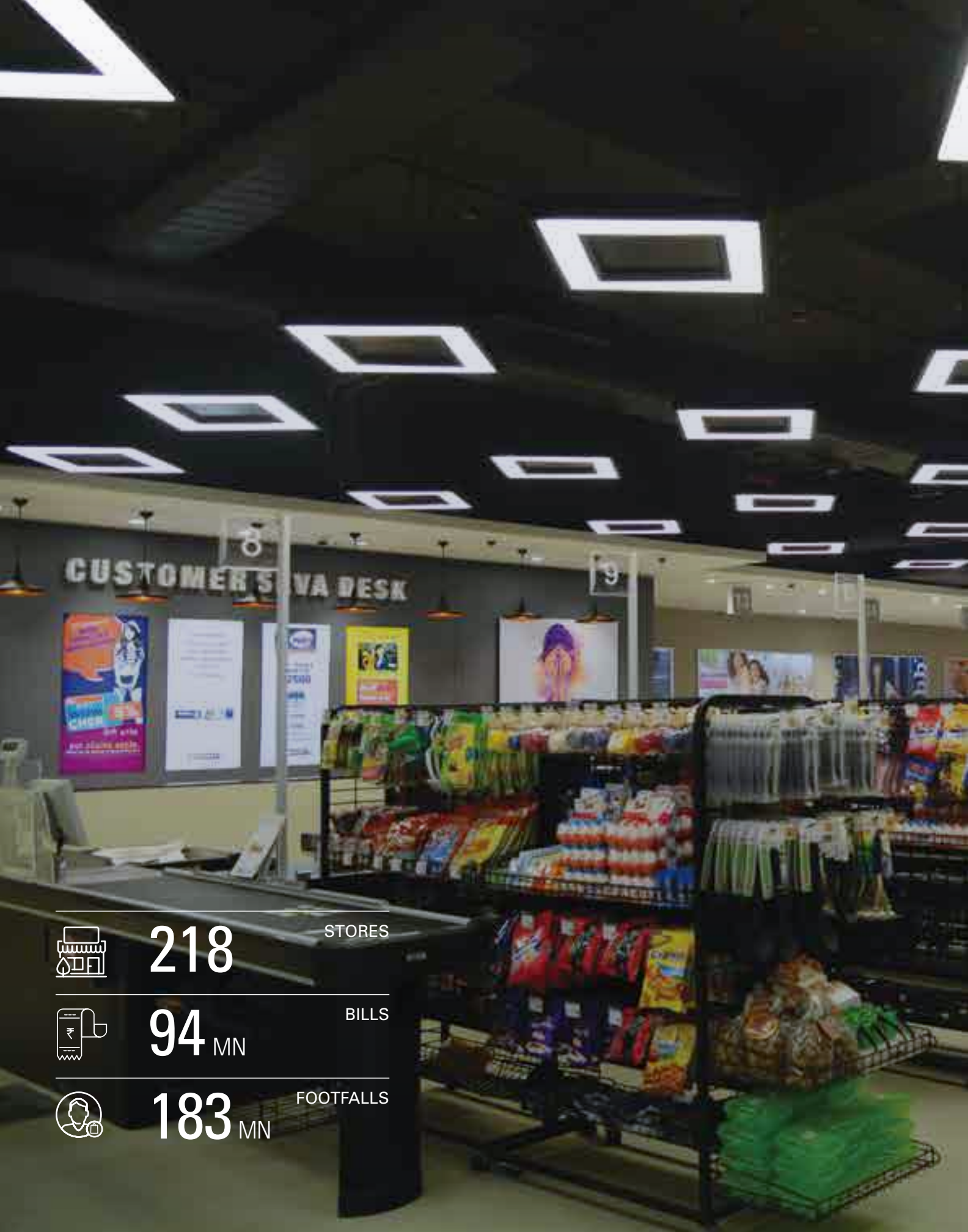
0.07 MN

HomeTown

21

43

1.3 MN



218

STORES



94 MN

BILLS



183 MN

FOOTFALLS



The 218 store Big Bazaar chain is now present in 118 cities and covers almost 10 Mn. Sq. Ft. of space. Yet, it continues to be nimble and agile so that continuous innovations can be introduced to create more value and a stronger relationship with customers.

A key focus area for the format was to increase frequency of visits of customers, that translates into higher velocity of sales and ensuring format remains relevant to a fast changing consumer demographics. A whole new consumer experience in the form of Big Bazaar GenNxt was introduced in two new, iconic malls - DLF Mall of India in Noida and Infinity Mall, Malad in Mumbai, to cater to the young, working professionals who live and shop in the vicinity of the malls. Smart and experiential, Big Bazaar GenNxt stores feature interactive, digital displays featuring product information, multi-sensory environments and live kitchens, sit-down checkouts, superior customer service and many more features that are designed to win the hearts of a more global, young, aspirational, urban India. Many of these features are also being progressively introduced in a number of new and existing stores.

Beyond the stores, the brand connected with the younger audience - whether through a mass media campaign, Paper Pataka that championed a silent Diwali and through social media campaigns that offered more than over 3 brand updates on an average every day, delivering 152 million impressions across Facebook, Twitter, Instagram and YouTube.

Simultaneously, the brand worked on multiple fronts to ensure that its core customer shops more frequently at its stores. Within the food category, the focus was on staples and fresh fruits and vegetables to ensure consistent quality, high availability of core range and regional emphasis. When the price of Tur Dal skyrocketed and made headline news, the chain maintained the price at ₹ 99 a kilogram thereby recruiting new customers to its fold. The brand also

took a leadership position by being among the first to form a partnership with Patanjali and offer its range across all stores.

Decentralized decision making that allows stores to decide on 7 bets or promotions every week, unique incentive plans for selling quantities above a threshold value and hundred product collections that are championed by category teams were some of the measures taken to allow the chain respond faster and at a local level.

Integrating and advancing technology-led innovations in all its consumer interactions will continue to be a key focus for the Company. Even as the Company works towards introducing an omni-channel platform and the concept of digitally-enabled endless aisles at its stores, Big Bazaar today offers home delivery at multiple locations and a partnership with Amazon, now allows customers to order online. Customers also have the option to pay through Mobikwik mobile wallets at all Big Bazaar stores and soon can avail instant credit for any purchase through a partnership with Bajaj Finserv.

Big Bazaar is well regarded for creating consumption days that have become the norm for the industry. While signature events like Sabse Saste Din and Mahabachat during the national holidays of January 26, and August 15, continue to grow, during the year, the Company strengthened another property, Public Holiday Sale. Held thrice around May 1, October 2, and December 25, the total eleven days of promotion brought in significant business as well as new customers.

Consumers remain at the heart of everything Big Bazaar attempts and for the fifth year, Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

INDIA'S 3RD
MOST TRUSTED
SERVICE BRAND

(Nielsen, Economic Times Survey)



320

STORES



49 MN

FOOTFALLS



0.7 MN.SQ.FT.

SPACE



The Company now has a strong network of small format, neighbourhood stores in the northern part of the country, specifically in Delhi and the National Capital Region, Punjab, Haryana and Western Uttar Pradesh. The 320 stores in this region attracted around 49 million customer footfalls during the year, serving customers closer to their home.

This comprises of the easyday network that was merged with the Company. The Company has also acquired the franchisee rights of the KB's store network and expects to scale these up to around 500 stores during the forthcoming year. The locations and presence in a large number of small towns across the northern part of the country, compliments very well with the Company's existing network of hypermarket stores.

During the year, the Company focused on seamlessly integrating the operations of these networks with that of the hypermarket business.

While it is led by an independent team, the small store network benefits from common terms of trade, relationships, and sourcing networks of the hypermarket chain. These have helped reduce operational costs, improved gross margins and brought in improvements in inventory management.

Simultaneously, the easyday network followed an aggressive, localized marketing strategy catering to the local catchment areas the stores are present in. The easyday brand enjoys a strong recall in the smaller towns that it is present in and leads the market in price, quality and assortment that it offers its customers.



51

STANDALONE
STORES



3 MN

WOMEN'S
DENIMS SOLD



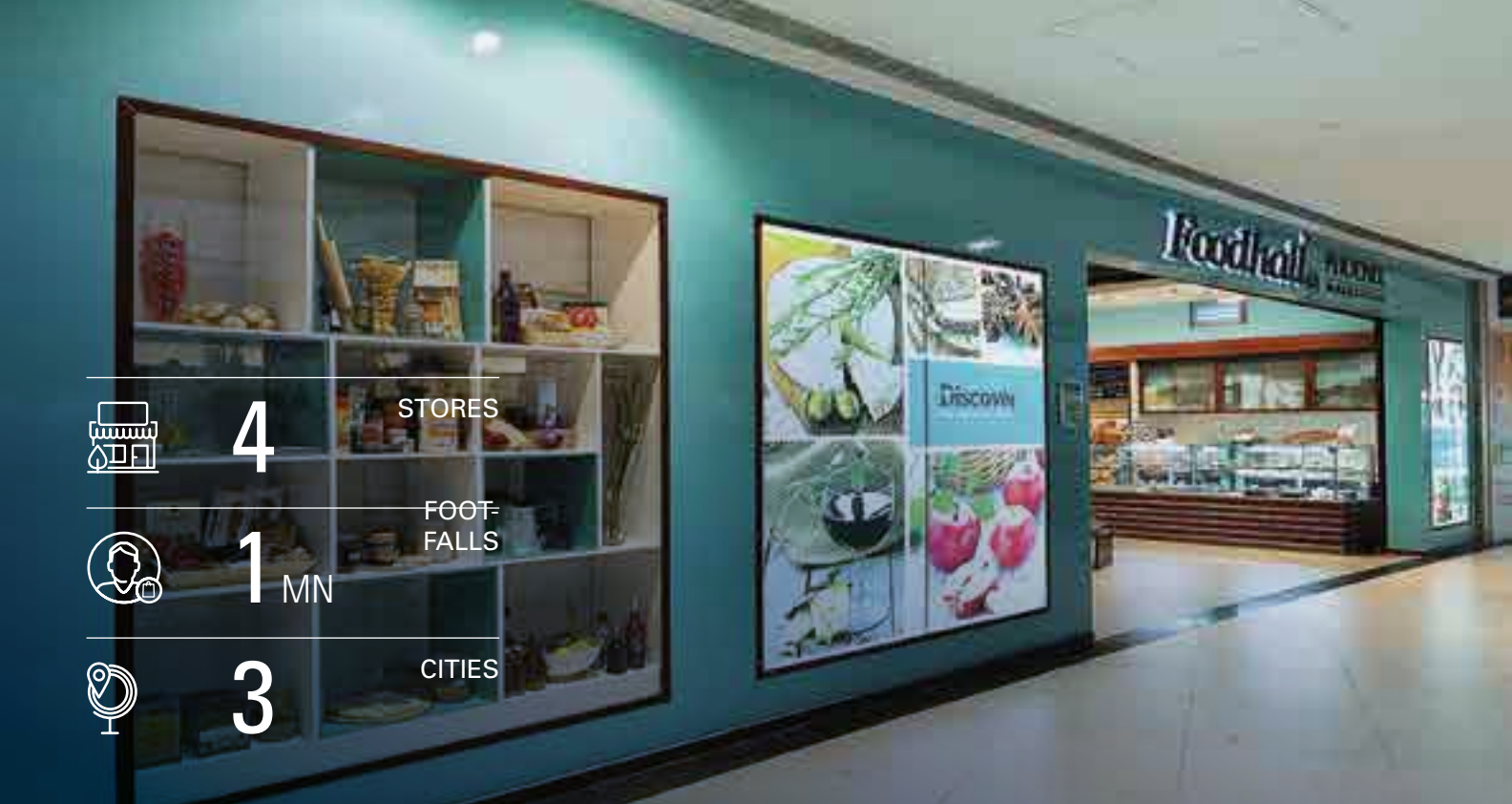
4 MN

CHURIDARS
SOLD

Within a span of a few years, fbb as a brand has emerged as the preeminent fashion destination, attracting a young consumer group within its standalone stores and at Big Bazaar. The brand added 5 new stores taking its total count to 51 stores, attracting over 7 million customers and around 3 million billings. In addition, fbb is present within every Big Bazaar store.

The brand has gained through smart associations with leading properties and celebrities and is set to create new records in sales during the forthcoming year. While an association with Asia's largest music festival, Sunburn has helped the brand gain traction with youngsters in metros, its engagement with the Miss India platform helps build the brand in smaller towns. This year, 21 new styles were introduced over 21 days through the three Miss India pageant winners. In addition, its association with Katrina Kaif and Varun Dhawan continues to build a strong mindshare across all demographics.

For the forthcoming year, fbb's growth is being catalyzed across four pillars. Build fbb as a favorite destination by introducing fresh and fashion-led merchandise in women's ethnic wear and mens and women's casual wear. Drive incremental footfalls through taking a leadership position in denims, men's chinos and through end of season sales. Establish price leadership in kids wear, women's sleepwear and in suits and blazers. And continuously build new categories like summer looks with dresses, shorts, footwear or introducing Athleisure as a fashion concept or a new products like linens or men's casual shorts.



4

STORES



1

MN

FOOT-FALLS



3

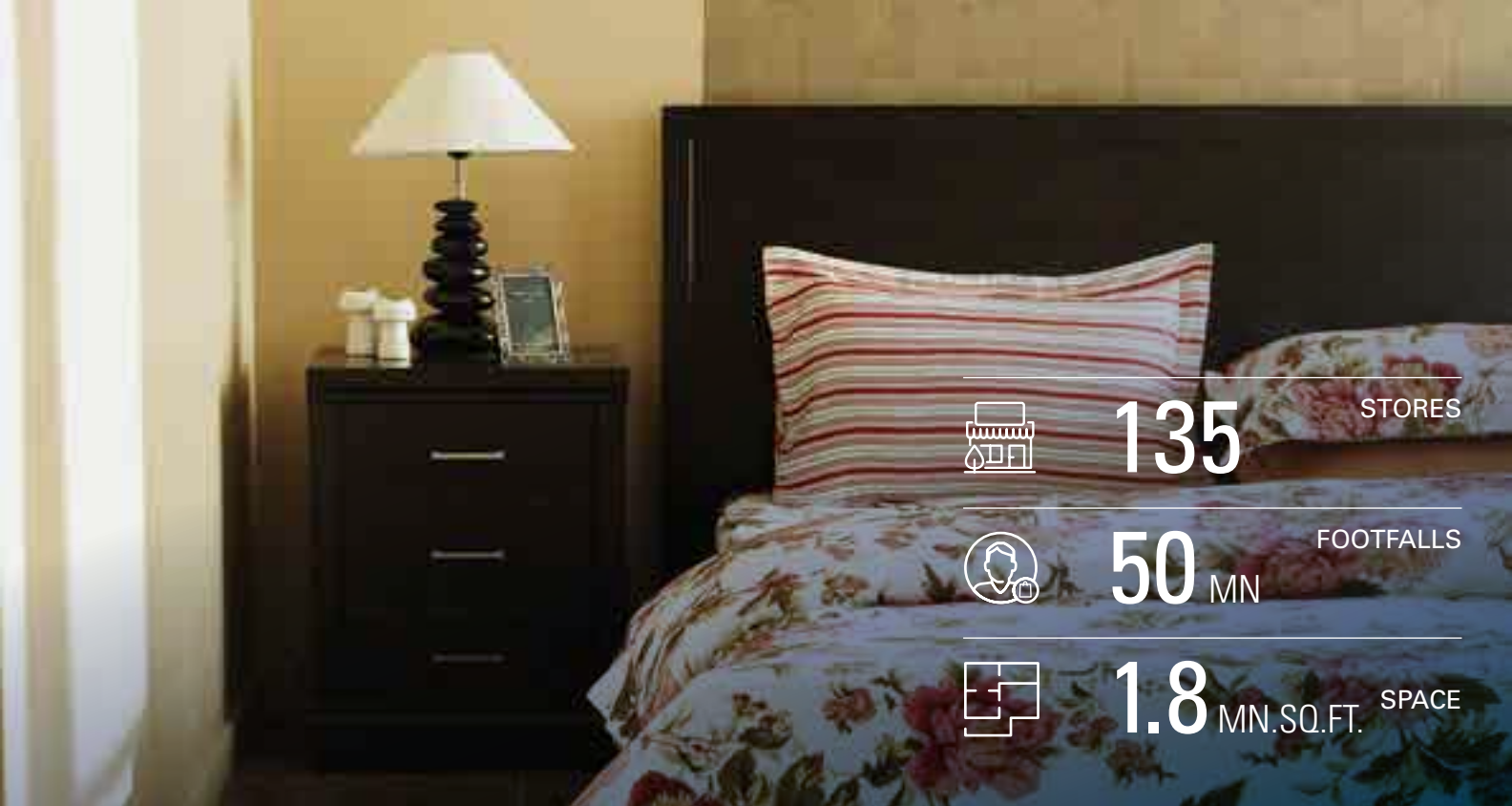
CITIES

Foodhall

The Company's gourmet food chain, Foodhall continued to lead the market in offering an exquisite assortment of food products that cater to evolved, globally-inspired food connoisseurs.

During the year, Foodhall introduced its own collection, 'House of Teas' that offers almost 70 varieties of teas from across the world, along with a number of accessories and accompaniments like short bread cookies. It revamped its offerings in spices with its own ARQA range. 'Traditions by Foodhall' is an exclusive range of rice, pulses and other staples that are now being offered by Foodhall. The brand's own gifting range, Blue Ribbon has gained immense popularity for festive, corporate and occasion-led gifting. The brand is also about to launch a compact format, Little Foodhall in CyberHub, Gurgaon, along with new stores at WorldMark, Aerocity, Delhi and at VR Bengaluru Mall during the forthcoming year.

Foodhall not just inspires the food buyer to select from the best that the world has to offer, but also brings a huge cache of insights, knowledge and know-how for the rest of the organization. It continuously experiments with new products, categories, assortments, brands and new ways to present them and retail them in a multi-sensory environment. It caters to customers who are often leading new trends in food consumption. Many of the trends, ideas and initiatives that are experimented within Foodhall have been translated later on within other food formats of the Company and met with immense success and a clear first mover advantage. Foodhall often sets the benchmarks for the organization to perfect the way food is retailed across the various formats of the group.



135

STORES



50 MN

FOOTFALLS



1.8 MN. SQ. FT.

SPACE

HomeTown[®]

ezone
smarter living

The Company's home retail format includes, Home Town and eZone. In addition, the Company sells a wide variety of homeware, kitchenware, home fashion merchandise through its Big Bazaar network.

Home Town caters to aspirational, trendy and knowledgeable new home buyers as well as replacement customers. Home Town added 16 new stores, including in 12 new cities, taking its store count to 43 and number of cities it is present in to 21. These stores have a total operational space of 1.3 Mn. Sq. Ft.. The entire Home Town range is now available on www.fabfurnish.com, that was acquired by a group Company, and is also available on a number of other online retailers.

For its stores Home Town follows a hub-and-spoke model with HT Express extending Home Town's reach and presence in new catchments and smaller towns and suburbs. Home Town has now been introduced in a number of Central stores with "HOMETOWN @ Central" Concept.

Furniture contributes around two-thirds of sales, while its exclusive range of Duracucine Modular Kitchens contribute almost a tenth of the business and the rest comes from homeware and home improvement products. Home Town also offers Design and Build service providing end-to-end services from interior decoration to execution and implementation.

eZone, the electronics format has a strong digital presence through its websites and apps that are available on all leading mobile operating systems. eZone now has 92 stores in 30 cities, attracting over 41 million customers and total operational space of 0.5 Mn. Sq. Ft.. Over the years, eZone has evolved into one of the few electronics retailer that is growing and profitable. Simultaneously, the brand has built its customer facing, 'Together Forever' strategy that offers a large number of services along with the product. This helps engage the customer throughout the product life cycle and builds a differentiated proposition.

My Kyo



28.5

LOYAL CUSTOMERS



3x

SPENDS ON EVERY BILL



10x

SPENDS OVER THE YEAR

CONNECTING CONSUMERS

Consumer data lies at the heart of modern retailing. The Company, as part of a larger Future Group initiative, had rolled out a few loyalty programs in the past couple of years. Each of them deliver a specific set of benefits and hence target different customer segments and expectations.

The Company's own, Big Bazaar Profit Club offers an additional free shopping value for customers who commit to pay ₹ 10,000 upfront and visit the stores atleast 12 times in a year. Payback is a coalition loyalty program run in partnership with American Express and offers a chance to earn and burn loyalty points. The T24 program, run in partnership with Tata DoCoMo offers free mobile talk time every time a customer shops at the store. Payback and T24 program is run across all Future Group companies having direct customer interaction.

Collectively, these loyalty programs have over 28.5 million members with an estimated 20 million being unique customers. The benefits of the loyalty program on shopping value are obvious. Customers on loyalty program spend on an average around 3 times more than non-members. Each of these loyalty programs focus on increasing frequency of visits. The annual spend of loyalty customers over the course of the year is almost 10 times of a non-member. The life time value of loyal customers can be tremendous.

Significant quantum of sales in Big Bazaar now come from loyalty program members. Loyalty program members have an average frequency of 3.8 visits through the year, led by Big Bazaar Profit Club members averaging 15 visits and T24 members averaging 5.4 visits.

The benefits go much beyond increased business. During the year, the Company set up a dedicated data war-room to constantly monitor and take real-time action on the shop floor. The group has also partnered with dunnhumby, a Tesco subsidiary and one of the world's leading consumer analytics firm, and Bangalore-based Manthan Systems to further analyze and act upon this data.

This consumer data now allows the brands to interact with customers on a one-on-one basis, offering customized promotions and incentives to shape behavior and interact in the customers' preferred language. An initiative purely focused on moving food buyers to also buy fashion merchandize, yielded extremely positive results with share of higher-margin fashion merchandize going up significantly. Tracking and incentivising customers who bought diapers yielded large sales across the entire infant segments, including general merchandize, baby foods and infant wear. Consumer data also allows for better merchandize planning based on consumer and community insights from the data, better inventory management through predictive analytics and customizing promotions and offers for different geographies.

The data war room is also focusing on building a stronger mechanism for smart markdowns or discounts, improved promotion effectiveness and tracking of detrimental incentives and wholesale sales.

Armed with the loyalty programs and data science, the next round of disruptions is being planned around payments. The Company already allows customers to pay by mobile wallet, Mobikwik at all Big Bazaar and fbb stores. The Company also introduced a co-branded fbb card with State Bank of India and has a partnership with HDFC Bank to provide additional incentives for its Wednesday Bazaar program. It is also exploring a partnership with Bajaj Finserv to provide instant credit for any purchase made at the store.

During the forthcoming year, the Company will use many of the learnings from these initiatives to offer a mobile based platform that will integrate the loyalty programs, mobile wallet, gift cards and even a specialized 'Price Match' service that will assure that loyal customers always get the lowest price whenever they shop at the Company's retail formats.

CONNECTING COLLEAGUES

For every organization, talent is an asset that can deliver disproportionate growth and long term, sustainable competitive advantage. Talent, combined with technology forms the driving force of all leading organizations across the world, and so it is with Future Retail Limited.

The Company is among the larger employers in the country and possibly the most diverse. Our team comes from not just diverse educational and professional backgrounds, but also, from diverse communities and socio-economic groups. A common culture plays the single biggest binding force in building such a diverse organization. Assessment and development plans for talent across the organization is built foremost on the core values that the organization stands for, coupled with five pillars of excellence and success factors, that include, entrepreneurship, design thinking, digital orientation, thinking big and speed and imagination.

The talent development strategy is based on four pillars: a) Ensuring constant and steady availability of potential talent to drive business growth, b) building a culture of being a performance driven organization which is operating with speed and leverages design thinking, c) evolving a technology-led people office team and providing universal access to HR services through technology and web based applications in 221 cities that the Company operates in d) continuously updating and aligning HR processes and policies to align to business needs.

During the year, people office at Future Group became the first HR function in India to receive ISO 9001-2015 certification. The office took multiple initiatives to address its diverse workforce. FutureNext was launched as an internal job postings portal that ensured 46% of new roles are filled through internal candidates. LEAP, a store

leadership pipeline development program is ensuring a steady stream of Store Kartas as new stores are added across the network. New initiatives such as Chairman's Club, a talent development and succession planning program and PRIDE, a total rewards and recognition platform to reward values and behavior were rolled out. Future Business Innovators (FBI) Lab acted as a year-long management trainee program for around 30 graduates who joined the Company from premier B Schools such as IIM Ahmedabad, Indian School of Business, SP Jain Institute, IIM Lucknow, IIM Indore, MICA, among others. The Company also launched FGecampus, a 24x7 gateway to learning resources that are in sync with the Company's competencies and Executive Development Program or EDP for leadership teams in domestic and foreign campuses. Around 71% of employees went through a structured development in the form of training programs and action learning projects.

While the average age of the team now is at around 27 years, the senior leadership team has an average age of 45 years and average tenure of 7 years, with attrition levels of less than 5%.

All key People Office initiatives are now also available on mobile application platforms to bring forth a technology forward culture across the organization. The iFuture app ecosystem now offers a direct communication channel for interaction with senior leadership, a YouTube channel for telecasts by industry experts, employee reward and recognition program, and a speedometer to rate colleagues and provides 360 feedback on speed of execution.



32,012

EMPLOYEES



27 YEARS

AVERAGE AGE



71%

WENT THROUGH STRUCTURED DEVELOPMENT PROGRAMS

FRL IN FIGURES

2015-2016

MANAGEMENT DISCUSSION AND ANALYSIS

The fiscal 2016 witnessed the consolidation of retail business of two large retail companies - Future Retail Ltd (now known as - **Future Enterprises Limited**) (FEL) and Bharti Retail Limited (now known as - **Future Retail Limited**) (FRL) creating a geographically synergetic retail network spread across 221 cities and towns in India. With this retail consolidation, FRL now in addition to having access to existing 16 compact hypermarket easyday stores and 208 supermarket easyday stores, will also have access to Big Bazaar, Food Bazaar, Foodhall, fbb, Home Town and ezone stores. The compact hypermarkets have been converted into Big Bazaar stores.

During the year, FRL also took franchise of retail operations of nearly 112 as on March 16 convenience stores operating under the KB's Fair Price / KB's Conveniently Your's. These stores were earlier managed by its sister company, Future Consumer Enterprise Ltd. With a view to consolidate food and general merchandise retail, these stores were brought under management and operations of FRL. These stores have a dominant presence in NCR & Mumbai. Along with 208 supermarket easyday stores, and these 112 as on March 16 convenience stores, FRL has created a significant presence in the small store format in North and West. All the small stores under management of FRL will be operated under the easyday umbrella driving economies of scale.

This consolidation of operations will drive synergies in operations and help in rationalising back end costs. It will also help the management to perform better and increase the profitability, which in turn will help to increase economic value of business and all stakeholders' return.

As part of retail consolidation, the subsidiaries continued to be part of FEL, other company in Future Group. However, the Company may have one or two subsidiaries in case of any business or strategic need for operation of any specialised retail category.

With the idea of creating a pure play and asset light Company, we undertook the below steps

- Food, Fashion, General Merchandise, Home Fashion and Electronic Retail operations of FEL, Food and General Merchandise retail operations were consolidated in Future Retail Limited (FRL), a pure play retail company
- Retail infrastructure operations of Bharti Group and Retail infrastructure operations of FEL together were consolidated in FEL, a retail infrastructure company. All the non-core investments and manufacturing operations were also retained into FEL.

As a part of the realignment / consolidation move, FEL continue to service its long term debt to and only working capital debt were transferred in FRL, leading to a much leaner balance sheet and significant reduction in interest expenses in the coming period as compared to interest expense as it was in FEL. On the operational side, there has been continuous improvement by integration of

certain business activities to achieve better economies as well as control cost of operations.

This realignment / consolidation move was completed as a Composite Scheme of Arrangement between FEL and FRL and its respective Shareholders and Creditors. We are happy to inform that we have given effect to this, on receipt of all the necessary regulatory approvals, by filing of certified copy of the order of Hon'ble High Court of Judicature at Bombay on May 01, 2016 with Registrar of Companies at Mumbai. The Scheme of Arrangement had been made effective from the Appointed Date as given in the Scheme, viz. October 31, 2015.

As per our strategy, we have followed a cautious approach for organic expansion and at the same time explored growth through opportunities through acquisitions / mergers achieving higher growth numbers. On one hand, the Company is striving to increase its velocity of sales and on the other hand it has also increased its overall retail space. The business teams have been striving towards increasing customer footfall, ticket size per customer and sale of higher margin products. We have been continuously monitoring various promotional schemes and events as well as product mix offered to the customers, in order to attract new customers and give an improved shopping experience to our existing customers.

Operational Overview

The creation of a consolidated retail entity across food, fashion and home will reap benefits from increased scale and optimization of cost structure. We plan to operate with a much leaner balance sheet resulting into higher ROCE and are expected to be a free cash flow company from our first full year of operation. With a leaner balance sheet, we can also look at potential to borrow at lower interest rates, reducing our overall borrowing costs. All these factors are expected to result in margin tailwinds.

During the year, the Company launched Big Bazaar GenNext stores at Mumbai and Noida. The Big Bazaar GenNext stores are designed to take customer experience to an altogether new level, with a special focus on experiential and smarter shopping through the use of technology, innovation in services, layouts and sections and digital interfaces. Big Bazaar GenNext stores have technology-led interfaces that ensure faster checkouts, experience zones for multi-sensorial food products, wider merchandize and assortments across all categories and a whole new store design. The stores are also equipped with enhanced features like smart trial rooms, sit-down lounges for checkouts, endless aisles, large digital screens and digital shelf talkers. As part of green initiative, these stores are completely lit with LED lights and energy saving technologies implemented that optimize air-conditioning, humidity and lighting within the store. All these features are taking the customer experience to a whole new level and are in line with our endeavour to always exceed our customer expectations.

With its efforts to optimise productivity per store basis, the management is reviewing the available retail space and product mix and striving to provide better productivity in terms of increased customer foot fall, higher ticket size and improved profitability, by reducing overall costs as well as increasing margins earned from upgraded products offering to customers.

In a bid to provide improved and upgraded product mix, the fashion products offered through fbb have witnessed high traction. The new offerings of food products in frozen food, dairy, bakery, snacks, personal care and beverages through brands like Tasty Treat, Veg Affaire, Nilgiris, KARA among others, gave a wider choice to customers resulting in higher ticket size. The hub and spoke approach for the electronics format, eZone, also resulted in increased productivity per store and better customer satisfaction in terms of product offerings and after sales service. In home segment, the revamped furniture and home furnishings saw better through put and increased turnover in home fashion stores.

The Group also entered into a modern trade alliance with Patanjali Ayurved, founded by Yoga Guru Ramdev Maharaj, which offers entire range of health-positive, ayurvedic FMCG products in categories like food, staples, nutrition, hair care, skin care, dental care and toiletries etc. Your Company has seen excellent traction in the initial period post launch. We expect such alliances will help us attract new customers to our stores at the same time enhancing our offerings to existing customers.

We expanded our high margin fashion business and increased sales of high margin food & FMCG products through this consolidated network of stores. With the increased scale, FRL stands to benefit via contract renegotiations with its suppliers. At the same time, distribution across country can be done in a much efficient manner.

With the rapid adoption of smart phones, mobile internet, and e-commerce services by users in India, mobile wallets are now used more than ever before. Big Bazaar has partnered with mobile payment provider Mobikwik, which is one of India's largest payments network with over 17 million wallet users and 50,000 merchants (retailers). Mobikwik has kicked off mobile payments at the Big Bazaar stores. With the tie-up, Mobikwik wallet users can pay through their mobile, at any Big Bazaar payment counter, by sharing their registered Mobikwik mobile number. This integration brings Big Bazaar closer to millions of consumers and is an integral part of its multi-channel payments strategy.

The Company has also undertaken various analytical studies of customer behaviour and spending pattern as well as improved technology platform at store level and back end, enabling to improve customer experience in terms of better and accessible store layouts, more payment options, faster check-outs etc. Uniform store layouts and resource planning enabled reduced time frame for opening of new stores.

Customer and Marketing Overview

During the year, the Company continued to carry out various activities and promotional events to engage with the customer across formats. Various promotional events include, Weekly Promotional Event, Wednesday Bazaar, Public Holiday Sale, Independence Sale, SabseSaste Din and other format specific promotional events. Further at Group Level, the Company was also part of Future Group Shopping Festival. Various promotional events, activities and initiatives resulted in higher footfalls during promotions as well as acquisition of new customers. Events like Future Group Shopping Festival ensured that customer visiting any of the Future Group shopping formats at least once in a month. Cross promotional events ensured that the customers of one format visit other format.

fbb remains an important strategic piece to enhance our sales productivity as well as improve our margin profile. We have taken calculated steps to establish fbb as a significant brand to drive our overall retail business. fbb's association with Sunburn Daman 2015, set up a great platform to reach out the youth and propagate fbb as a brand. The main highlight of the association was VJ Ramona and Raghu to get the digital content and amplify it on social media platforms. fbb's presence at the event was displayed through various activities, including print, electronic, radio and digital media. fbb launched a campaign called, 'Wear The Palazzos Miss Indians Are Wearing'. It featured Miss India World 2011 Kanishtha Dhanekar who created various looks with the collection.

Through fbb, the Company has created a new fashion wave, at affordable prices. Celebrity endorsements and association of fbb with Femina Miss India 2016, continued to highlight its latest fashion wear collection, and customer frequently patronise fbb for their fashion needs.

The Company also expanded the base of its loyalty programs through, Payback, T24 and Big Bazaar Profit Club. Further these programs ensured customer loyalty of existing customers and acquisition of a new set of customers. Big Bazaar Profit Club has proved to be a valuable loyalty program that brings back customers to stores at least twelve times in a year, resulting in higher frequency and cumulatively higher annual sales. These programs are further leveraged for driving promotions and direct communication with customers offering customized merchandise.

Awards & Recognition

The Company or its formats has been recognised for its operations in retail sector in following manner.

- In the year 2016, Company was awarded with Most Admired Food & Grocery Retailer of the Year from National Supermarket – Private Label Development (Coca Cola Golden Spoon Awards);
- In the year 2016, Big Bazaar won the Images Most Admired Food & Grocery Retailer of the Year in Food & Grocery category;

- In the year 2016, Company was awarded with IMAGES Most Admired Food & Grocery Retailer of the Year for Effective Technology Application and Increase in store count and retail space.
- Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

Competition

Your Company is pioneer in modern retail segment, has presence via various formats in all prominent consumption centres. Its presence across 221 cities, including the metro cities, prominent two tier cities, fast growing cities and new consumption centres, ensures that the Company is present in all consumption areas and has a appropriate shares of customer wallet.

The Company has witnessed reduced competitive activity, especially in the hypermarket space. While we strengthen our brand proposition, reach and presence, we are also investing judiciously in technology driven channels of commerce and looking at various organic and inorganic options to further strengthen its presence in the market. Consolidating our retail operations that with of Bharti Group, has also ensured further increase in Company's presence in number of cities, which will ensure better return in terms of the increased turnover. With increased presence and our capabilities including enhanced customer experience, sourcing strengthens, portfolio of private brands, the Company would be in stronger position to face competition.

Human Resource Initiatives

Human Resource is one of the key interfaces the Company has with its customers and hence it is very critical to ensure continuous learning and development of its people resources, to ensure improved shopping experience of the customers as well as give job satisfaction to its human interface with the shopping community at large. The Company imparts continuous training to its employees in various fields and at the same time also ensures individual development by imparting training for improvement of skills, knowledge and leadership abilities. The Company has attracted best talents from the industry as well as been successful in retaining its core team, which has rich experience of last 20 years in leading the Company's core retail business. Further, the Company is in process of implementing new ESOP program to give better retention benefits to its valued human assets.

Business Outlook

As per BCG Retail 2020 report, Indian retail market is projected to double from \$600 billion in 2015 to \$1 trillion by 2020. The report further attributes rapid growth in retail to income growth, urbanization, nuclearisation of families and attitudinal shifts towards higher consumption levels. During this period, modern trade is expected to grow from \$60 billion at present to \$180 billion by 2020 growing at twice the pace of the overall retail market. With a geographically balanced retail store portfolio of 738 stores, spread across various formats, FRL is poised

to benefit immensely from this retail growth wave. Further, the Company would be in better position to get maximum benefit by the increased consumer spending, due to its presence in areas of high consumption cities and strategic locations of its various formats.

With revised emphasis on reducing financing cost and curb overall debt equity ratio, the Company would be able to increase the value for its shareholders and with its approach for overall development will be able to satisfy its other stakeholders as well.

With improved debt equity ratio, due to increase in net worth of the Company and subsequent reduction of the debts, representation has been made to the Credit Analysis & Research Limited (CARE), to review its rating for Short Term borrowings of CARE A1+ [A One Plus] and Long Term borrowings as well as Long Term Non-Convertible Debentures to CARE AA- [Double A Minus] as of March 31, 2016, which was at present under watch due to realignment move. The Company expects that the CARE would at least continue to retain its rating of Short Term borrowings of CARE A1+ [A One Plus] for the Company and other rating for Long Term borrowing would be applicable to FEL and is expected to be retained as well.

In FY 2016-17, FRL will emerge as a core retail front end company with an enhanced distribution network and much leaner balance sheet. Revenue growth will be driven by store additions, increased productivity and efficiency and thereby increased per store and per square foot revenue. The management is working hard towards reducing overall cost as well as increase high margin product mix to improve profitability. Further exponential growth in overall revenue due to acquisitions of additional retail business, it will also be continue to lead the retail industry.

Risks and Threats

The state of external environment, including factors like interest rates, inflation, and growth in economic activity and job creation and consumer sentiment continues to be the biggest source of threat as well as opportunity for the Company. Any slowdown in the economic activity in the country, significant job losses or high rates of inflation can severely impact the consumption and therefore growth of the Company. Other external factors, including a steep rise in interest rates or drastic changes in the policy or regulatory environment can pose financial challenge for the Company. However, the continued steps taken by the Company to deleverage its balance sheet, reducing its reliance on the debt funds, improving its debt maturity profile and thereby reducing stress on its cash flow, improved business efficiency reducing overall operating cost and continuous efforts to increase customer ticket size and capturing new class of customers to increase overall higher spend in various formats of the Company, are aimed at mitigating each of the above discussed external threats. We shall also note that at this time, we do not anticipate any major adverse change in macroeconomic factors.

The set controls and defined responsibilities at each level of management require evaluation of the various existing risks and new expected risks at an early stage and immediate action plan to mitigate such risks. Further the authorities given at each management level ensures implementation and execution of such action plan with minimised risk. Further, use of information technology for implementation as well as regular review and evaluation of such risks and risk mitigation action plan by management ensures minimisation of such risks.

Internal controls and their adequacy

The Company had identified the key risks and control process to mitigate the same. Further the Company continues this process of Enterprise Risk Management as a continuing process, in order to identify the new risks and to define and establish the control process to mitigate the identified risks. Further the Internal Control Framework for financial reporting, organization structure, documented authorities & procedures and internal controls are being reviewed by internal audit team on continuous basis and any issues arising out of the said audit are addressed appropriately. The Company is continuously upgrading its internal control systems by measuring state of controls at various locations. Controls in SAP, an ERP system have been strengthened with help of review conducted by Ernst & Young.

The Audit Committee, comprising independent directors is involved in regular review of financial and risk management policies, significant audit findings, the adequacy of internal controls and compliance with the accounting standards.

Review of Financial Performance of the Company for the year under review.

We note that, the year under review, FY 15-16 is not comparable with the previous fiscal year FY 14-15. Fiscal year under review for your Company consists of,

- 12 month of retail operations from April 01, 2015 till March 31, 2016 of the Company;
- 5 month of retail operations from October 31, 2015 till March 31, 2016 of Future Enterprises Limited (formerly known as Future Retail Limited); and
- 7 month of retail infrastructure operations from April 01, 2015 till October 30, 2015 of the Company;

Sales: The Company's Sales and Other Operating Income has increased from ₹ 1779.42 Crore in previous year to ₹ 6844.96 Crore with YOY growth of 284.67% for the financial year ended March 31, 2016.

Profit Before Tax: Profit Before Tax of the Company for financial year ended March 31, 2016 stood at ₹ 14.55 Crore as compared to (₹ 379.21 Crore) during the previous year.

Interest: Interest & Financial charges outflow has increased from ₹ 20.23 Crore incurred in previous year of 2014-15 to ₹ 49.75 Crore for financial year ended March 31, 2016. The increase in interest and financial charges is on account of additional borrowings for funding the growth plans of the Company. The interest & financial charges cover for financial year ended March 31, 2016 under review is 2.03 times as compared to 15.57 times in the previous year.

Net Profit: Net Profit of the Company for financial year ended March 31, 2016 stood at ₹ 14.55 Crore as compared to (₹ 379.21 Crore) in the previous year with an increase of ₹ 393.76 Crore and with YOY increase of 1.04 times over the previous year.

Dividend: The Board of Directors has not recommended a dividend.

Capital Employed: The capital employed in the business is ₹ 2996.59 Crore as at March 31, 2016. Return on capital employed (EBIDTA / average capital employed) during 2015-16 is 6.52% as compared to (259.79%) during 2014-15.

Surplus Management: The Company generated a cash profit of ₹ 51.31 Crore for financial year ended March 31, 2016 as compared to cash loss of (₹ 335.11 Crore) in the previous year, registering the growth of 115.31%. The amount, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business as well as from additional funds borrowed and equity funds infused during the financial year.

Equity Share Capital: The equity share capital of the Company was increased from ₹ 1398.66 Crore to ₹ 1719.75 Crore and then was decreased to ₹ 8.70 (excluding ₹ 85.57 Crore worth of shares issued to shareholders of FEL, as per Composite Scheme of Arrangement) during the financial year under review.

Debt-Equity: Debt-Equity ratio of the Company has decreased due to increased net worth and repayment of borrowings of the Company. Debt-equity ratio has decreased from (1.35) in the previous year to 0.60 as at March 31, 2016.

Earnings Per Share (EPS): The Company's Basic EPS has increased from (₹ 107.24) in previous year to ₹ 0.66 per share for the current financial year ended March 31, 2016.

Cash Earnings Per Share (CEPS): The Company's Cash Earnings per Share (CEPS) has increased to ₹ 2.33 in current financial year in comparison to (₹ 94.77) in the preceding previous year.

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the Ninth Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

The financial performance of the Company is as follows:

(₹ in Crore)

Particulars	Financial Year 2015-16	Financial Year 2014-15
Revenue from Operations	6,844.96	1,779.42
Other Income	15.51	70.03
Total Revenue	6,860.47	1,849.45
Profit / (Loss) Before Depreciation and Amortization Expense & Tax Expense	51.31	(335.11)
Less: Depreciation and Amortization Expense	36.76	44.10
Profit / (Loss) Before Tax	14.55	(379.21)
Less: Tax Expense	--	--
Profit / (Loss) After Tax	14.55	(379.21)
Earnings Per Equity Share of Face Value of ₹ 2/- each		
Basic & Diluted (in ₹)	0.66	(107.24)

REVIEW OF PERFORMANCE

During the financial year, the Company had a total income of ₹ 6,860.47 Crore. The total expenditure during the year amounted to ₹ 6,845.92 Crore, thereby resulting profit before Tax of ₹ 14.55 Crore. There was no provision for tax and therefore the profit for the year amounted to ₹ 14.55 Crore.

Post considering effect of the Scheme, we have a pan India presence with 738 across 221 cities in India as of March 31, 2016 and total retail space of approximately 12.97 million sq. ft. Post Scheme, the various formats viz Big Bazaar, Food Bazaar, fbb, Foodhall, easyday, (including KB's Conveniently Yours & KB's Fairprice), Home Town and eZone are part our Company and as on March 31, 2016, we have 218 Big Bazaar stores, 10 Food Bazaar stores, 51 fbb stores, 4 Foodhall stores, 320 easyday (including "KB's Conveniently Yours" and KB's Fairprice) stores. 43 Home Town stores, 92 eZone stores. The early mover advantage has not only helped us develop a wide network of stores across India in various formats but also establish brand equity for our Company as well as for our various formats. Further, our retail format business is supported by various other businesses operated by group companies and through group companies investments in various ventures including branded fashion, food and FMCG, insurance, warehousing and logistics, media, textiles and online retailing.

Our retail formats primarily comprises of, value business and home business. In our value business, our formats include, (i) "Big Bazaar", a hypermarket format that combines the "see – touch – feel" of Indian bazaars with the choice and convenience of modern retail; (ii) "Food Bazaar", a supermarket which offers the convenience of pre-packed vegetables and fruits to the consumers and also retains the Indian's preference of "see – touch – feel" created by displaying the products, FMCG and daily use products; (iii) "fbb", an affordable fashion destination; (iv) "Foodhall", a premium supermarket and (v) "easyday" (including "KB's Conveniently Yours" & "KB's Fairprice"), convenient stores which offers the pre-packed vegetables and fruits to the consumers, FMCG and daily use products. In our home business, we operate (i) "Home Town", a one-shop destination for home improvement; and (ii) "eZone", a consumer durable and electronics chain

COMPOSITE SCHEME OF ARRANGEMENT

The Composite Scheme of Arrangement between Future Enterprises Limited (formerly known as - 'Future Retail Limited') and Future Retail Limited (formerly known as – 'Bharti Retail Limited') and their respective shareholders and creditors ("**the Scheme**") under the provisions of Sections 391-394 of the Companies Act, 1956. The Scheme, which provides for demerger of Retail Business

Undertaking of Future Enterprises Limited ("FEL") and vesting into the Company and demerger of Retail Infrastructure Business Undertaking of the Company and vesting into FEL with effect from Appointed Date of October 31, 2015, as defined in the Scheme, has been given effect on May 1, 2016, after filing of order issued by Hon'ble High Court of Original Judicature at Bombay with Registrar of Companies, Mumbai under Ministry of Corporate Affairs. Pursuant to the Scheme, all the assets and liabilities pertaining to the Retail Business Undertaking of FEL has been demerged and vested into the Company and all the assets and liabilities pertaining to Retail Infrastructure Business Undertaking of the Company has been demerged and vested into FEL.

EQUITY SHARE CAPITAL

• Issue of Equity Shares

During the year under review, the Company allotted following Equity Shares to Cedar Support Services Limited:

- ❖ 13,30,00,000 Equity Shares of ₹ 10/- each at par on April 27, 2015; and
- ❖ 18,80,90,000 Equity Shares of ₹ 10/- each at par on May 25, 2015.

• Capital Reduction

Pursuant to the provisions of Sections 100 to 104 of the Companies Act, 1956 and in pursuance of the Scheme approved by High Court at Bombay the issued, subscribed and paid-up equity share capital of the Company was reduced from ₹ 17,19,75,00,000/- comprising of 1,71,97,50,000 Equity Shares of ₹ 10/- each, fully paid up to ₹ 8,69,56,522/- divided into 4,34,78,261 Equity Shares of ₹ 2/- each, fully paid-up, as part of the Scheme, without any further act or deed and such reorganization of capital was carried out by reducing appropriately the face value of each equity share of ₹ 10/- each and consolidating the same into 4,34,78,261 Equity Shares of ₹ 2/- each, fully paid-up, without any further act or deed.

• Issue of Equity Shares to the shareholders of FEL

Pursuant to the said Scheme becoming Effective, the shareholders of FEL who were holding equity or Class B (Series-1) shares on Record Date i.e. May 12, 2016, were allotted Equity Shares of the Company in the ratio as mentioned in the Scheme (i.e. 1 Equity Share of ₹ 2 each for each equity share or Class B (Series-1) shares held in FEL).

Accordingly, on May 18, 2016, the Company allotted 42,78,60,296 Equity Shares to the existing shareholders of FEL as mentioned herein:

- ❖ 38,84,85,617 Equity Shares to the equity shareholders of FEL.
- ❖ 3,93,74,679 Equity Shares to the Class B Shares (Series-1) Shareholders of FEL.

The Company has initiated process for listing of its equity share capital on BSE Limited and National Stock Exchange of India Limited as required under the Scheme.

BUSINESS OUTLOOK

The Company has well recognised Retail formats like Big Bazaar, Food Bazaar, fbb, Foodhall, easyday (including KB's Conveniently Yours & KB's Fairprice), Home Town and eZone. Due to the recognition and acceptability of these formats, we have been able to develop pan India presence with a loyal consumer base, as of March 31, 2016, of approximately 12.03 million consumers across formats for Payback Loyalty Program. The Company has also able to add substantial number of consumers for other loyalty initiatives of the Company and Group. As our business is driven by consumer spending, we believe that our presence across India and wide consumer base ensure that we are well positioned to grow our business.

We intend to enhance our consumer base through increasing our presence in various cities in India and drive cross spending across various formats. We are specifically focusing to achieve a larger share of consumption spending in our existing markets. We intend to increase our share in the consumer spending in India by launching new formats or by adding categories to our existing product range to cater to consumers across Indian society in various consumption spaces. Pursuant to the same, we have launched Big Bazaar Direct to reach out to the consumers that are not catered by physical stores and book orders on customized tablets. We are also in the initial phases of developing omni channel retailing which will enable us to sell our products on every platform such as physical stores, online retailing, assisted e-commerce platforms, on television or outdoor medium, or on mobile platforms.

With the Scheme we have achieved our aim to simplify the corporate structure, achieve greater administrative efficiency, elimination of capital expenditure, consolidation of retail operations into one entity and consolidation of infrastructure operations into other entity. The Scheme helped us to create asset light model.

DIVIDEND

Due to accumulated losses in the previous financial years and with a view to preserve the current year profits for future prospects, the Board of Directors of the Company were unable to recommend any Dividend for the financial year 2015-16.

INVESTMENTS AND DIVESTMENTS

During the year under review, the Company has not made any strategic investment. As the Company do not hold investments there were no divestments during the year.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as at March 31, 2016.

CHANGE OF NAME

As provided in the Scheme, the name of the Company was changed from "Bharti Retail Limited" to "Future Retail Limited" and a Certificate of Incorporation

consequent to change of name was obtained from Registrar of Companies, Mumbai on May 25, 2016.

DEBENTURES

Pursuant to the Scheme, the Optionally Convertible Debentures as standing in the books of pre-demerged retail entity was splitted between the two companies as per the assets and liabilities transferred for the Retail Business Undertaking and Retail Infrastructure Business Undertaking. Accordingly, the Company issued 1,542, 10% Optionally Convertible Debentures of ₹ 10,00,000/- each (hereinafter referred to as "OCDs") aggregating to ₹ 154.20 Crore to Cedar Support Services Limited, not forming part of Promoter Group subject to the necessary approval of the regulatory authorities.

CORPORATE GOVERNANCE

As the Company is in process of getting its Equity Shares listed, it has tried to create its Board structure and various Committees in such a manner as would be compliant with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") in addition to applicable provisions of the Companies Act, 2013 and Rules related thereto. Accordingly, a report on Corporate Governance forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as required under Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") forms part of the Annual Report.

POLICIES & DISCLOSURE REQUIREMENTS

The Board of Directors of the Company at its meeting has approved the following policies & code of conduct:

- Details of programs for familiarization of Independent Directors with the Company are available on the website of the Company at the link http://www.futureretail.co.in/pdf/ID_Familiarization.pdf
- Policy for determining material subsidiaries of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Mat_Sub_Policy.pdf
- Policy for determining Materiality of Events of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Policy_for_Determining_Materiality_of_Events.pdf
- Policy for archival of documents of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Archival_Policy.pdf
- The code of conduct for the Board of Directors and senior management personnel of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Code_of_Conduct_for_Key_Manageial_Persons.pdf
- Policy on dealing with related party transactions is available on the website of the Company at the link http://www.futureretail.co.in/pdf/RPT_Policy.pdf

The Company has formulated and disseminated a Whistle Blower Policy to provide Vigil Mechanism for employees and Directors of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company. This Policy is in compliance with the provisions of the Companies Act, 2013 ("the Act") and Listing Regulations.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details of reconstituted Board, Post Scheme is as follows:

Mr. Kishore Biyani and Mr. Rakesh Biyani who were co-opted as Additional Directors of the Company on April 30, 2016 were subsequently, appointed as Managing Director and Joint Managing Director respectively with effect from May 02, 2016 for a period of 3 years.

In the Board Meeting held on May 25, 2016, Mr. Kishore Biyani was further appointed as the Chairman of the Board and he is currently designated as Chairman and Managing Director of the Company.

Further, following directors were co-opted on the Board effective April 30, 2016.

- ❖ Mr. Rajan Bharti Mittal : Non Executive Director;
- ❖ Mr. Ravindra Dhariwal : Independent Director;
- ❖ Mr. Shailendra Bhandari : Independent Director; and
- ❖ Ms. Gagan Singh : Independent Director.

The necessary resolutions proposing the appointment of all directors who were appointed as Additional Directors are being placed before the members for the approval.

Additional information on appointment of Directors as required under the Regulation 36 of the Listing Regulation is given in the notice convening the ensuing Annual General Meeting.

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Act that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of the Listing Regulations.

On Scheme becoming effective, the following Directors have resigned with effect from May 02, 2016

- ❖ Mr. Inderjit Walia;
- ❖ Mr. Devendra Khanna;
- ❖ Mr. Rajendra Chopra;
- ❖ Mr. Sridhar Natarajan;
- ❖ Ms. Veenu Mittal.

Further, Key Managerial Personnel (KMP) Mr. Anupam Goyal resigned as Chief Financial Officer, Mr. Manish Sabnis resigned as Key Managerial Personnel and Ms. Gurdeep Kaur as Company Secretary effective from May 02, 2016.

Further, Mr. C. P. Toshniwal was appointed as Chief Financial Officer (KMP) and Mr. Virendra Samani, was appointed as Dy. Company Secretary (KMP) and Compliance Officer respectively effective from May 02, 2016.

COMMITTEES

The details of various committees and their meetings held during the year under review is given as part of Corporate Governance Report which forms the part of Annual Report:

Post Scheme becoming Effective and reconstitution of the Board in the current year, the compositions of various Committees and their scope has been once again defined. The details of reconstitution of existing Committees and constitution of new committees is given here under.

1. Audit Committee

The Audit Committee has been reconstituted with effect from May 02, 2016. Presently, the Committee comprises of following members:

- ❖ Ms. Gagan Singh : Independent Director / Chairperson;
- ❖ Mr. Ravindra Dhariwal : Independent Director; and
- ❖ Mr. Rakesh Biyani : Joint Managing Director

There are no instances where the Board did not accept the recommendations of the Audit Committee. The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been reconstituted with effect from May 02, 2016. Presently, the Committee comprises of following members:

- ❖ Mr. Ravindra Dhariwal : Independent Director / Chairman;
- ❖ Mr. Shailendra Bhandari: Independent Director; and
- ❖ Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

3. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted on May 02, 2016. Presently, the Committee comprises of following members:

- ❖ Mr. Shailendra Bhandari : Independent Director / Chairman;
- ❖ Ms. Gagan Singh : Independent Director; and
- ❖ Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

4. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee has been reconstituted on May 02, 2016. Presently, the Committee comprises of following members:

- ❖ Mr. Kishore Biyani : Chairman;
- ❖ Ms. Gagan Singh : Independent Director; and
- ❖ Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

During the year under review, "Sone Ki Chidiya" Foundation Trust has been set up with an objective to consolidate and merge the CSR funds at Future Group level so that the combined corpus from all the group entities required to do CSR spent as per applicable provisions, would help in undertaking better and larger CSR initiatives.

With regard to the year under review, the Company was not required to spend any amount on CSR activities, since the average net profits of the Company made during the three immediately preceding financial years, as calculated under section 198 of the Act was negative.

The brief outline of the CSR Policy of the Company is given in **Annexure - I** which forms part of this Report.

5. Share Transfer Committee

The Share Transfer Committee has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Mr. Rakesh Biyani and Mr. Shailendra Bhandari.

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

6. Committee of Directors

The Committee of Directors has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman and Managing Director and Mr. Rakesh Biyani, Joint Managing Director as members of the Committee.

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

VIGIL MECHANISM

The Company has established a vigil mechanism to provide a framework to promote responsible and secure whistle blowing and to provide a channel to the employee(s) and Directors to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policy/ies of

the Company, as adopted / framed from time to time. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 10 (Ten) meetings of the Board were held, details of which are given in the Corporate Governance Report that forms part of the Annual Report.

SUBSIDIARY, JOINT VENTURE, HOLDING COMPANY AND ASSOCIATE COMPANIES

There is no subsidiary or joint venture or associate company of our Company during the year under review.

M/s Cedar Support Services Limited ("Cedar") was holding company of our Company as on March 31, 2016. Consequent, to allotment of Equity Shares pursuant to the Scheme on May 18, 2016, our Company ceased to be subsidiary of Cedar.

PERFORMANCE EVALUATION OF BOARD

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually.

At the meeting of the Board all the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board except the Independent Directors being evaluated. The performance evaluation of Non-Independent Directors was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act, has been disclosed in the Corporate Governance Report, which forms part of the Annual Report.

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Board has delegated responsibility to the Risk Management Committee which has been constituted on May 02, 2016 to monitor and review risk management, assessment and minimization procedures and to develop, implement and monitor the risk management plan and identify, review and mitigate all elements of risks which the Company may be exposed to. The Audit Committee and the Board also periodically reviews the risk management assessment and minimization procedures.

The Company has in place adequate internal financial controls with reference to financial statements. Key risks and threats to the Company and internal controls and their adequacy are analyzed in the Management Discussion and Analysis, which forms part of the Annual Report.

EMPLOYEES STOCK OPTIONS (ESOPs)

Subject to the approval of members in the general meeting, our Company is in process to implement Employees Stock Option Scheme, 2016. The Scheme is being introduced to ensure compliance with the provisions contained in the Composite Scheme of Arrangement, wherein it has been provided, that employees of Future Enterprises Limited, who had been granted stock options and transferred pursuant to the Scheme, would be granted option in our Company, ensuring protection of the option value as well as the period of exercise of various granted options.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in **Annexure-II** which forms part of this Annual Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company through various training, awareness and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not made any investment and guarantees during the period and has not granted any loan during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors of the Company confirms that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended March 31, 2016;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts for the financial year ended March 31, 2016 on a going concern basis;
- (v) the directors, further state that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s S.R. Batliboi & Co. LLP was appointed at last AGM for a period of three years subject to ratification by the members in every Annual General Meeting during the said term. However, as on April 30, 2016 they expressed their unwillingness to continue as the Statutory Auditors of the Company.

In view of above, the Board at its meeting held on May 02, 2016, appointed M/s. NGS & Co. LLP as a Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. S.R. Batliboi & Co. LLP. The approval of members for appointment of Statutory Auditors has been obtained at EGM held on May 03, 2016 and M/s NGS & Co. LLP shall hold the office till the conclusion of Ninth AGM.

Further, it has been proposed to appoint M/s. NGS & Co. LLP, as the Statutory Auditors of the Company for a term of 5 years, from the conclusion of the Ninth Annual General Meeting of the Company till the conclusion of the Fourteenth Annual General Meeting of the Company. However, their appointment shall be subject to ratification by the Members in every Annual General Meeting during the said term.

The Company has received a written confirmation from the Auditors for their appointment, if made, shall be in accordance with the criteria as provided under Section 141 of the Act.

Secretarial Auditor

M/s. K. Bindu & Associates, Practising Company Secretary (Membership No. 20066 / Certificate of Practice No. 7378) was appointed as Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2015-16, as required under Section 204 of the Act and Rules made thereunder.

The Secretarial Audit Report for the financial year 2015-16 is appended as **Annexure - III** which forms part of this Report. The said Secretarial Audit Report doesn't contain any qualifications, reservations or adverse remarks.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Act, an extract of annual return in the prescribed Form MGT-9 is appended as **Annexure - IV**, which forms part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all transactions entered into by the Company with related parties as defined under the Act, were in the ordinary course of business and on an arm's length basis.

There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to your Company.

Disclosure of transactions with related parties as required under the Accounting Standard (AS-18) has been made in the notes forming part of the financial statements.

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

The particulars as required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, are provided in **Annexure - V**, which forms part of this Report.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS

Except as disclosed in this report about the Scheme becoming effective on May 1, 2016 and thereby Retail Infrastructure Business Undertaking of the Company stands demerged and vested with FEL and Retail Business Undertaking stands demerged from FEL and vest with the Company with effect from October 31, 2015, the Appointed Date defined in the Scheme, there were no material changes have taken place that could have an impact on the financial position of the Company from the date of closure of financial year under review till the date of signing of Accounts.

AWARDS AND RECOGNITIONS

The Company or its formats received awards in categories like:

- In the year 2016, Company was awarded with Most Admired Food & Grocery Retailer of the Year from National Supermarket – Private Label Development (Coca Cola Golden Spoon Awards);
- In the year 2016, Big Bazaar won the Images Most Admired Food & Grocery Retailer of the Year in Food & Grocery category;
- In the year 2016, Company was awarded with IMAGES Most Admired Food & Grocery Retailer of the Year for Effective Technology Application and Increase in store count and retail space.
- Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

ACKNOWLEDGEMENT

The Board thanks all customers, bankers, investors, vendors and other stakeholders for the continued support and patronage during the year under review. The Board places on records its sincere appreciation to the employees of the Company whose efforts, hard work and dedication has enabled the Company to achieve the targets and recognitions.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai

Date : May 25, 2016

ANNEXURE - I

A brief outline of the Company's CSR Policy:

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>The CSR Policy of the Company inter-alia includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 ('the Act').</p> <p>During the year under review, "Sone Ki Chidiya" Foundation Trust has been set up with an objective to consolidate and merge the CSR funds at Future Group level so that the combined corpus from all the group entities required to do CSR spent as per applicable provisions of the Act, would help in undertaking better and larger CSR initiatives.</p> <p>CSR Policy of the Company is available on the website of the Company at the link: http://www.futureretail.co.in/pdf/CSR Policy.pdf</p>
2	The Composition of the CSR Committee.	<p>The CSR Committee as on May 25, 2016 comprises of:</p> <ol style="list-style-type: none"> 1. Mr. Kishore Biyani – Chairman 2. Mr. Rajan Bharti Mittal – Member 3. Ms. Gagan Singh – Member
3	Average net profit of the Company for last three financial years / periods.	Loss of ₹ 410.64 Crore
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	N. A.
5	<p>Details of CSR spent during the financial year 2015-16:</p> <p>a) Total amount to be spent for the financial year 2015 -16;</p> <p>b) Amount un spent, if any;</p> <p>c) Manner in which the amount spent during the financial year 2015-16 is detailed below:</p>	N. A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified.	Sector in which the project is covered.	<p>Projects or programs</p> <p>1) Local area or other</p> <p>2) Specify the State and district where projects or programs were undertaken.</p>	Amount outlay (budget) project or programs wise.	<p>Amount spent on the projects or programs</p> <p>Sub-heads:</p> <p>1) Direct expenditure on projects or programs</p> <p>2) Overheads:</p>	Cumulative Expenditure upto the reporting period.	Amount spent direct or through implementing agency.
N.A.							

ANNEXURE – II

Information as required pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the of the Director’s Report for the year ended March 31, 2016

Sl. No., Employee Name, Designation, Age, Date of Joining, Experience (in Yrs), Qualification, Remuneration received (in ₹), Last Employment;

1. *Rajan Malhotra, President - Strategy & Convergence, 47, October 31, 2015, 23, MBA, 1,15,31,828, Future Enterprises LTD.; 2. *Manish Agarwal, Vice President, 46, October 31, 2015, 24, CA, 26,10,867, Future Enterprises LTD.; 3. *Sadashiv Nayak, CEO - Big Bazaar, 46, October 31, 2015, 20, BE Electronics & Communications, 1,12,01,036, Future Enterprises LTD.; 4. *Venkateshwar Kumar M, Vice President - South, 48, October 31, 2015, 25, PG Diploma, 37,76,383, Future Enterprises LTD.; 5. *Devendra Chawla, Group President - Food FMCG, 44, October 31, 2015, 18, BE Production, 91,05,715, Future Enterprises LTD.; 6. *Hasmukh Patel, Head - Loss Prevention & Control, 53, October 31, 2015, 30, BCom Accounts & Economics, 32,40,581, Future Enterprises LTD.; 7. *Mahesh Jhaverchand Shah, CEO - Home Town, 48, October 31, 2015, 21, MMS, 59,46,160, Future Enterprises LTD.; 8. *Sandeep Sharma, Head, 47, October 31, 2015, 26, BE Electronics, 27,32,355, Future Enterprises LTD.; 9. *Nivedita Nanda, Head - People Office, 44, October 31, 2015, 17, MBA, 28,59,644, Future Enterprises LTD.; 10. *Ajay Chablani, Head, 43, October 31, 2015, 21, Btech, 35,27,665, Future Enterprises LTD.; 11. *Behram Adi Kabrajee, Head, 56, September 05, 2015, 29, Bcom, 36,28,550, Ambattur Clothing Ltd.; 12. *Vineet Jain, Vice President, 41, October 31, 2015, 20, CA, 35,37,479, Future Enterprises LTD.; 13. *Dhananjay Sengupta, Vice President, 52, October 31, 2015, 28, MBA, 30,15,307, Future Enterprises LTD.; 14. *Craig Wadsworth Wimsatt , UC, 55, August 07, 2014, 30, Aluminus, 6,45,03,835, Fortune I Global Retail Company; 15. Manish Sabnis, Chief, 47, February 01, 2013, 26, MBA, 1,67,79,370, Nokia India Pvt. Limited; 16. Anupam Goyal , Senior Vice President, 55, November 01, 2014, 29, CA, 1,18,12,071, DLF - Laingo'Rourke India Ltd.; 17. *Shammi Sawhney, Vice President , 59, August 01, 2015, 32, Post Graduation, 38,51,036, Odyssey India Limited - Chennai; 18. *Sandeep Kumar, General Manager , 38, January 01, 2014, 12, CA, 66,72,787, Bharti Wal-Mart Pvt. Ltd.; 19. *Atul Mahajan, Vice President , 43, January 01, 2014, 22, MBA, 36,86,962, Wal-Mart India; 20. *Hardeep Singh, Senior Vice President , 47, January 01, 2014, 21, Masters, 1,55,92,358, Bharti Wal-Mart Pvt. Ltd.; 21. *Veneeth Purushotaman, Vice President , 47, May 26, 2014, 24, Diploma, 61,63,235, Hypercity Retail India Ltd.;

“*”denotes employed part of the year and also include employees transferred pursuant to the Scheme from Future Enterprises Limited.

Notes:

1. Nature of employment is permanent and terminable by Notice on either side.
2. The above employees are not related to any other Director of the Company.
3. No employee holds by himself/herself or along with spouse and dependent children 2% or more of the equity shares of the Company.
4. Terms and conditions of employment are as per Company’s Rules.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai

Date : May 25, 2016

ANNEXURE – III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
Future Retail Limited
(Formerly known as Bharti Retail Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Future Retail Limited (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- (Not applicable to the Company during the Audit Period);

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. The changes in the composition of the Board of Directors / Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act;
- Based on the representation given by the Management of the Company and as verified by us, it is observed that there are no such laws which are specifically applicable to the industry in which the Company operates;
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and no dissenting views were carried out.
- There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further Report that during the audit period of the Company:

- (a) There were instances of:
 1. Demerger/ Restructuring/ Scheme of Arrangement
- (b) There were no instances of:
 1. Redemption/ Buy-Back of Securities
 2. Foreign Technical Collaborations
 3. Public issue of shares

This report is to be read with our letter of date which is annexed as Annexure-I and forms an integral part of this Report.

Annexure I to Secretarial Audit Report

To,
The Members,
Future Retail Limited
(Formerly known as Bharti Retail Limited)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, We followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, we obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of the corporate and other applicable laws, rules, regulations and norms is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **K Bindu & Associates**
Company Secretaries

K. Bindu
Proprietor

Membership No. 20066
Certificate of Practice: 7378

Place: Mumbai
Date : May 25, 2016

ANNEXURE – IV

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016
(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management & Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U51909MH2007PLC268269
ii	Registration Date	February 07, 2007
iii	Name of the Company	Future Retail Limited (formerly known as Bharti Retail Limited)
iv	Category / Sub-Category of the Company	Public Company / Limited by shares
v	Address of the Registered office and contact details	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060. Tel No.: +91 22 6644 2200 Fax No.: +91 22 6644 2201 Email: investorrelations@futureretail.in Website: www.futureretail.co.in
vi	Whether listed company Yes / No	No [The Company is in process of listing its Equity Shares on BSE Limited and National Stock Exchange of India Limited]
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. Tel No.: +91 22 2594 6970 Fax No.: +91 22 2594 6969 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

SI. No	Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
1	Multi Brand Retail Trade	47 (Retail Trade, except of motor vehicles and motorcycles)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Cedar Support Services Limited (#) Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi 110070, India	U52599DL2007PLC159150	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding;

Category code	Category of Shareholders	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoters and Promoter Group									
(1)	Indian									
(a)	Individuals/ Hindu Undivided Family / Nominee of Promoter	-	-	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate (#)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-
(2)	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other Individuals	-	-	-	-	-	-	-	-	-
(c)	Body Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-

Category code	Category of Shareholders	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
(b)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-
(2)	Non-Institutions									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	-	-	-	-	-	-	-	-	-
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	-	-	-	-	-	-
(c)	Any Other									
	1. N R I	-	-	-	-	-	-	-	-	-
	2. Directors & Relatives	-	-	-	-	-	-	-	-	-
	3. Clearing Member	-	-	-	-	-	-	-	-	-
	4. Trust	-	-	-	-	-	-	-	-	-
	5. Foreign Nationals	-	-	-	-	-	-	-	-	-
	6. Hindu Undivided Family	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B)=(B) (1)+(B)(2)	-	-	-	-	-	-	-	-	-
	TOTAL (A)+(B)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-
(C)	Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Cedar Support Services Limited (#)	1,39,86,60,000	100	Nil	4,34,78,261	100	Nil	-
Total		1,39,86,60,000	100	Nil	4,34,78,261	100	Nil	-

(iii) Change in Promoters and Promoter Group Shareholding (please specify, if there is no change)

Equity Shares

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Equity Shares	% of total shares of the Company	No. of Equity Shares	% of total shares of the Company
	At the beginning of the year (#)	1,39,86,60,000	100.00	1,39,86,60,000	100.00
1	April 27, 2015 – Right Issue	13,30,00,000	8.68	1,53,16,60,000	100.00
2	May 25, 2015 – Right Issue	18,80,90,000	10.94	1,71,97,50,000	100.00
	At the end of the year			1,71,97,50,000	100.00

Reduction of capital and consolidation in nominal value of shares from ₹ 10 each to ₹ 2 each (Pursuant to the Scheme of Arrangement)

1	As on Appointed Date	4,34,78,261	100.00	4,34,78,261	100.00
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(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For Each of the Top 10 Shareholders				

NIL

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Equity Shares	% of total Equity Shares of the Company	No. of Equity Shares	% of total Equity Shares of the Company
	For Each of the Directors and KMP				
	At the beginning of the year.	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg. allotment / transfer)	-	-	-	-
	At the end of the year	-	-	-	-

Notes for point no. III and IV

- Pursuant to the provisions of Scheme the issued, subscribed and paid-up equity share capital of the Company was reduced from ₹ 17,19,75,00,000 comprising of 1,71,97,50,000 equity shares of ₹ 10 each, fully paid up to ₹ 8,69,56,522 divided into 4,34,78,261 equity shares of ₹ 2 each.
- Pre-Scheme, Cedar Support Services Limited was promoter/holding company of our Company and post giving effect to the Scheme, now our Company is part of Future Group.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	294.00	96.40	0.00	390.40
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.06	0.85	0.00	0.91
Total (i+ii+iii)	294.06	97.25	0.00	391.31
Change in Indebtedness during the financial year				
i) Addition	963.00	300.01	0.00	1,263.01
ii) Reduction*	-338.86	193.05	0.00	-531.91
Net Change	624.14	106.96	0.00	731.10
Indebtedness at the end of the financial year				
i) Principal Amount	918.20	204.20	0.00	1,122.40
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.01	0.00	0.01
Total (i+ii+iii)	918.20	204.21	0.00	1,122.41

* Note-Include transferred from Future Enterprises Limited, as per the Composite Scheme of Arrangement.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/ or Manager

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager*		Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others - Contribution to Funds	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	In view of loss, the ceiling is applicable as per Schedule V and other applicable provisions of the Companies Act, 2013 with related Rules thereto.		

* There was no Managing Director, WTD, or Manager for the financial year ended March 31, 2016.

B. Remuneration to other directors:

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Sridhar Natarajan	Ms. Veenu Mittal	
1.	Independent Directors			
	• Fee for attending board / committee meetings	0.006	0.006	0.012
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (1)	0.006	0.006	0.012
2.	Other Non-Executive Directors			
	• Fee for attending board committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (2)			
	Total (B) = (1 + 2)	0.006	0.006	0.012
	Total Managerial Remuneration	0.006	0.006	0.012
	Overall Ceiling as per the Act	Sitting Fees paid is within the limits specified under the Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		Chief Financial Officer	Chief Executive Officer		Company Secretary		
		Mr. Anupam Goyal	Mr. Craig Wadsworth Wimsatt	Mr. Manish Sabnis	Mr. Sandeep Kumar	Ms. Gurdeep Kaur	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.14	1.52	0.61	0.04	-	3.31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961#	0.00	0.00	0.00	0.00	-	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00	-	0.00
2	Stock Option	0.00	0.00	0.00	0.00	-	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	-	0.00
4	Commission						
	- as % of profit	0.00	0.00	0.00	0.00	-	0.00
	- others, specify	0.00	0.00	0.00	0.00	-	0.00
5	Others, please specify						
	Contributions	0.04	0.04	0.03	0.00	-	0.11
	Total	1.18	1.56	0.64	0.04	-	3.42

Notes:

Rounded off to ₹ in Crore

- Mr. Anupam Goyal resigned as the Chief Financial Officer w.e.f. May 02, 2016;
- Mr. Craig Wadsworth Wimsatt resigned w.e.f. July 31, 2015 however continued employment upto September 30, 2015. Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;
- Mr. Sandeep Kumar resigned as Company Secretary w.e.f. May 21, 2015 however continued employment upto January 31, 2016. Ms. Gurdeep Kaur was appointed as the Company Secretary of the Company w.e.f. May 22, 2015 without any remuneration and she resigned w.e.f. May 02, 2016.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

ANNEXURE - V

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo under section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy :	
(i) the steps taken or impact on : conservation of energy	The operations of your Company are not energy intensive, however adequate measures have been taken to reduce energy consumption.
(ii) the steps taken by the company for utilising alternate sources of energy	All efforts are made to use more natural lights in offices/ store premises to optimize the consumption of energy.
(iii) the capital investment on energy conservation equipments;	NIL
(B) Technology absorption :	
(i) the efforts made towards technology absorption	N.A.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	N.A.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N.A.
(a) the details of technology imported;	
(b) the year of import;	
(c) whether the technology been fully absorbed;	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	
(iv) the expenditure incurred on Research and Development.	Nil
(C) Foreign exchange earnings and Outgo :	
	The Foreign Exchange outgo and foreign exchange earned by the Company during the year are detailed in Note No. 39, 40 and 47 of other Notes to the Financial Statements.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai
Date : May 25, 2016

CORPORATE GOVERNANCE REPORT

Your Company consistently followed the principles of good corporate governance and strives to enhance the stakeholders' relationship, e-governance initiatives, while upholding the core values of integrity, transparency, fairness, responsibility and accountability.

Your Company, in line with the above has taken various initiatives to further strengthen the corporate governance practices and adopted various codes / policies pursuant to the Companies Act, 2013 ('the Act'), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations'), in view of its application to Stock Exchanges to get its Equity Shares listed.

CODE OF CONDUCT

The Company has laid down a Code of Conduct ("Code") for the Board Members and Senior Management Personnel of the Company. The Company has also adopted code of conduct for Independent Directors as prescribed under Schedule IV of the Act.

The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with this Code. This Code has also been posted on the Company's website www.futureretail.co.in.

ESTABLISHMENT OF WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has established a whistle blower policy/vigil mechanism. This policy aims to provide an avenue for Directors and employees to raise genuine concerns of any violations of legal or regulatory requirements, actual or suspected fraud or violation of the Company's code of conduct and ethical business practices. This Policy inter-alia provides a direct access to a Whistle Blower to the Chairperson of Audit Committee.

COMPOSITION OF THE BOARD

The information on composition of the Board, Category and their Directorships/Committee Membership across all the Companies in which they were Directors, as on March 31, 2016 is as under:

Name of Director	Category	No. of Directorships*		**No. of Memberships / Chairmanships of Committees in public companies	
		Public	Private / Non profit	Memberships	Chairmanships
Mr. Inderjit Walia	Non-Executive Director	6	1	1	-
Mr. Devendra Khanna	Non-Executive Director	8	3	5	2
Mr. Rajendra Chopra	Non-Executive Director	2	3	1	1
Mr. Sridhar Natarajan	Independent Director	5	-	5	2
Ms. Veenu Mittal	Independent Director	6	-	6	4

* No. of Directorships held by the Directors do not include directorships in foreign companies.

** In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies have been considered.

The Board has been reconstituted post Scheme of Arrangement becoming Effective on May 1, 2016.

The composition of the reconstituted Board of Directors ('the Board') is in conformity with the requirement of the Act and Regulation 17 of the Listing Regulations. Presently, the Board of the Company comprises of 6 (Six) Directors including One Woman Director. None of the Directors on the Board are serving as an Independent Director in more than 7 (Seven) / 3 (Three) Listed entities, as the case may be, as specified in Regulation 25 of the Listing Regulations. The reconstituted Board and Committees thereof also comply with all applicable regulations.

None of the Directors on the Board is a Member of more than 10 Committees and/or Chairperson of more than 5 Committees (as specified in Regulation 26 of Listing Regulations), across all the public companies in which he/she is a Director.

Further, the maximum tenures of Independent Directors are in line with provisions of Section 149 (10) and (11) of the Act and Rules made thereunder.

The information on composition of the Board, Category and their Directorships/Committee Membership across all the Companies in which they are Directors, as on May 25, 2016 is as under:

Name of Director	Category	No. of Directorships*		**No. of Memberships / Chairmanships of Committees in public companies	
		Public	Private / Non profit	Memberships	Chairmanships
Mr. Kishore Biyani	Chairman and Managing Director (Promoter Group)	9	1	3	1
Mr. Rakesh Biyani	Joint Managing Director (Promoter Group)	6	5	3	-
Mr. Rajan Bharti Mittal	Non Executive Director	6	8	4	2
Mr. Ravindra Dhariwal	Independent Director	9	5	10	2
Mr. Shailendra Bhandari	Independent Director	1	-	1	1
Ms. Gagan Singh	Independent Director	2	1	4	2

* No. of Directorships held by the Directors do not include directorships in foreign companies.

** In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies have been considered.

The details of shares held by the present Directors in the Company as on March 31, 2016 and May 25, 2016 are as follows:

Sr. No.	Name of Director	Number of Equity Shares held	
		March 31, 2016	May 25, 2016
1	Mr. Kishore Biyani	N.A.	2,121
2	Mr. Rakesh Biyani	N.A.	2,121
3	Mr. Rajan Bharti Mittal	N.A.	NIL
4	Mr. Ravindra Dhariwal	N.A.	NIL
5	Mr. Shailendra Bhandari	N.A.	NIL
6	Ms. Gagan Singh	N.A.	NIL

BOARD MEETINGS AND LAST AGM

During the year under review, total Ten Board Meetings were held on April 27, 2015, May 04, 2015, May 21, 2015, May 25, 2015, June 20, 2015, August 05, 2015, August 18, 2015, November 17, 2015, January 06, 2016 and March 28, 2016.

The gap between two meetings did not exceed one hundred and twenty days as prescribed in the Listing Regulations.

The Eighth Annual General Meeting (AGM) of the Company was held on August 10, 2015.

The attendance of Directors at the above Board Meetings and AGM is as under:

Name of Director	No. of Board Meetings		08th AGM (August 10, 2015)
	Held	Attended	
Mr. Inderjit Walia	10	10	Yes
Mr. Devendra Khanna	10	10	Yes
Mr. Rajendra Chopra	10	10	No
Mr. Sridhar Natarajan	10	3	No
Ms. Veenu Mittal	10	4	No

AUDIT COMMITTEE

As on March 31, 2016 the Audit Committee of the Company comprised of three Directors viz Mr. Sridhar Natarajan, Mr. Devendra Khanna, Ms. Veenu Mittal and majority of them were Independent Directors. Mr. Sridhar Natarajan was Chairman of the Committee. All the Members of the Committee were having accounting and financial management expertise.

During the year under review, total Four meetings of the Audit Committee were held on June 20, 2015, August 05, 2015, November 17, 2015 and March 28, 2016.

The attendance details of the Members at the above Committee meetings is as under:

Name of Director / Member	Designation	No. of Meetings	
		Held	Attended
Mr. Sridhar Natarajan	Chairman	4	4
Mr. Devendra Khanna	Member	4	4
Ms. Veenu Mittal	Member	4	4

Post Scheme becoming Effective, the Audit Committee has been reconstituted with effect from May 02, 2016. Presently, the Audit Committee comprises of following members:

- Ms. Gagan Singh : Independent Director / Chairperson;
- Mr. Ravindra Dhariwal : Independent Director; and
- Mr. Rakesh Biyani : Joint Managing Director

The Company Secretary functions as Secretary to the Committee.

The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part C of Schedule II of the Listing Regulations and the provisions of Section 177 of the Act.

The Audit Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

A. Role of the Committee, inter-alia, include the following

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. Review of the following information

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of Listing Regulations.

NOMINATION AND REMUNERATION COMMITTEE

As on March 31, 2016 the Nomination and Remuneration Committee of the Company comprised of three Non-Executive Directors viz Mr. Rajendra Chopra, Mr. Sridhar Natarajan and Ms. Veenu Mittal, majority of them were Independent Directors. Mr. Rajendra Chopra was Chairman of the Committee.

During the year under review, total Two meetings of the Nomination and Remuneration Committee were held on May 21, 2015 and August 05, 2015.

The attendance details of the Members at the above Committee meetings is as under:

Name of Director / Member	Designation	No. of meetings	
		Held	Attended
Mr. Rajendra Chopra	Chairman	2	2
Mr. Sridhar Natarajan	Member	2	2
Ms. Veenu Mittal	Member	2	2

Post Scheme becoming Effective, the Nomination and Remuneration Committee has been reconstituted with effect from May 02, 2016. Presently, the Nomination and Remuneration Committee comprises of following members:

- Mr. Ravindra Dhariwal : Independent Director / Chairman;
- Mr. Shailendra Bhandari : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations and the provisions of Section 178 of the Act and Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

Role of the Committee, inter-alia, include the following

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- (2) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- (3) devising a policy on diversity of Board of Directors;
- (4) identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- (6) establishing and from time to time review the policy for ESOP, ESOS and recommend the grants to be made of options under ESOP / ESOS; and
- (7) reviewing Company's remuneration and human resources policy.

Remuneration Policy

The Company believes that human resource is the key for the continuous growth and development of the Company. The Company's remuneration policy is designed to attract, retain and motivate employees by offering appropriate remuneration packages and retiral benefits and also rewarding performance of key employees by offering employee stock options to contribute and participate in the overall corporate growth, profitability and financial success of the organization. The remuneration policy is in consonance with the existing industry practice.

Remuneration policy for Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission or performance bonus (variable component) to its Managing Director / Joint Managing Director or the Executive Director, as approved by the Board and the Members of the Company. In determining the remuneration package of the Executive Directors, the Nomination and Remuneration Committee (NRC) evaluates the remuneration paid by comparable organisation and thereafter makes its recommendation to the Board. Annual increments are decided by the NRC within the scale of remuneration approved by the Members of the Company. NRC also reviews and decides on the quantum of commission or performance bonus payable to the Managing Director / Joint Managing Director or the Executive Director as per terms of appointment and based on the performance of the individual as well as the Company. Performance criteria for Managing Director / Joint Managing Director and Executive Director, entitled for commission or performance bonus are determined by NRC.

Criteria of making payments to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending any meeting of the Board and Committee of the Board including meeting of Independent Directors, as decided from time to time by the Board. The members of Corporate Social Responsibility Committee have voluntarily waived the acceptance of sitting fees for attending the meeting of the Committee. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Further, the Company has also devised a process for performance evaluation of Independent Directors, the Board, Committees and other individual Directors.

Remuneration to Directors

Remuneration to Managing Director / Executive Director / CEO

The remuneration paid to the Managing Director / Executive Director / CEO for the year ended March 31, 2016 is as under:

Name of Managing Director / Executive Director / CEO	Salary	Performance Bonus / Commission	Company's Contribution to Funds	Perquisites and allowance	₹ in Crore)		Total Contract Period	Notice period in months	Stock Options granted
						Total			
Mr. Craig Wadsworth Wimsatt	0.68	0.84	0.04	0.00		1.56	-	3 Months	-
Mr. Manish Sabnis	0.61	0.00	0.03	0.00		0.64	-	3 Months	-

Notes: Mr. Craig Wadsworth Wimsatt resigned w.e.f. July 31, 2015 however continued employment upto September 30, 2015. Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;

Remuneration to Non-Executive Directors

The sitting fees paid to Non-Executive Directors during the year under review is as under:

Name of Director	Sitting Fees paid (₹ in Crore)	Commission paid
Mr. Sridhar Natarajan	0.006	Nil
Ms. Veenu Mittal	0.006	Nil

Apart from reimbursement of expenses incurred in the discharge of their duties and the payment of sitting fees for identified Non-Executive Directors as entitled under the Act, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, which in their judgment would affect their independence. None of the Directors of the Company is inter-se related to each other.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

As on March 31, 2016, there was no requirement of constitution of Stakeholders' Relationship Committee.

Post Scheme becoming Effective, the Stakeholder Relationship Committee has been constituted on May 02, 2016. Presently, the Stakeholder Relationship Committee comprises of following members:

- Mr. Shailendra Bhandari : Independent Director / Chairman;
- Ms. Gagan Singh : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations and the provisions of Section 178 of the Act.

Role of the Committee, inter-alia, include the following

- To determine on behalf of the Board the Company's policy on serving the stakeholders in line with best corporate governance norms;
- To periodically review stakeholders' grievance mechanism of the Company;
- To review and redress stakeholders' grievances regarding allotment of securities, transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and other allied matters;
- The Committee is also authorised to:
 - i. Investigate any activity within its terms of reference;
 - ii. Seek any information from any employee of the Company;
 - iii. Obtain outside legal or independent professional advice. Such advisors may attend meetings if necessary; and
 - iv. Incur such reasonable expenditure, as it deems necessary.

With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Shailendra Bhandari, Mr. Kishore Biyani and Mr. Rakesh Biyani as Members of the Committee. The Share Transfer Committee meets as and when required to consider the transfer proposals and attend to Investors' grievances, transmission of shares, split, consolidation, issue of duplicate share certificate, dematerialisation and rematerialisation of shares.

Investors' Grievance Redressal

During the year under review, no complaint was received from the Shareholders.

Compliance Officer

Mr. Virendra Samani, Dy. Company Secretary of the Company is the Compliance Officer of the Company.

Code of Conduct for Prevention of Insider Trading

The Company's Code of Conduct for Prevention of Insider Trading as approved by the Board of Directors, inter-alia, prohibits dealing in the securities of the Company by Directors and certain employees while in possession of unpublished price sensitive information in relation to the Company. The same is available on the Company's website.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the meeting of Independent Directors was held on November 17, 2015.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on March 31, 2016 the Corporate Social Responsibility Committee of the Company comprised of members viz Mr. Devendra Khanna, Mr. Sridhar Natarajan and Ms. Veenu Mittal. Further, Mr. Devendra Khanna was Chairman of the Committee.

Post Scheme becoming Effective, the Corporate Social Responsibility Committee has been reconstituted on May 02, 2016. Presently, the Committee comprises of following members:

- Mr. Kishore Biyani : Member / Chairman;
- Ms. Gagan Singh : Member / Independent Director; and
- Mr. Rajan Bharti Mittal : Director

The Committee functions in accordance with the terms of reference as specified under the Act, and as may be specified by the Board from time to time, which inter-alia includes:

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

COMMITTEE OF DIRECTORS

The Committee of Directors has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman and Managing Director and Mr. Rakesh Biyani, Joint Managing Director as a members of the Committee. The main function of Committee is to handle day to day operations and activities of the Company and to ensure smooth functioning and for regular day to day operations. The Committee is further authorised to delegate some of its powers to employees / executives of the Company as authorised therein.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Kishore Biyani, Mr. Rakesh Biyani and Mr. C. P. Toshniwal.

The Committee functions in accordance with the terms of reference as specified by the Board from time to time, which inter-alia includes implementing and monitoring of risk management plan and policy of the Company.

RISK MANAGEMENT

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Audit Committee / Board of Directors periodically reviews the risk assessment and minimization procedures and ensures that executive management controls risk through means of a properly defined framework.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis forming part of the Annual Report.

DISCLOSURES

Related Party Transactions

All related party transactions were reviewed / approved by the Audit Committee and were entered into in the ordinary course of business and at arm's length basis. During the financial year under review, there were no materially significant transactions entered into between the Company and related parties that may have potential conflict with the interests of the Company at large.

The details of related party transactions are presented in Note No. 27 in Notes forming part of the financial statements for the year ended March 31, 2016. Policy on dealing with related party transactions is available on the website of the Company at the link http://www.futureretail.co.in/pdf/RPT_Policy.pdf

Disclosure of Accounting Treatment

During the year under review, the Company followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006, in the preparation of its financial statements.

Management

A Management Discussion and Analysis (MDA) forms part of the Annual Report.

All members of the Senior Management have confirmed to the Board that there are no material, financial and/or commercial transactions between them and the Company, which could have any potential conflict of interest with the Company at large.

CEO/CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements for the year ended March 31, 2016.

GENERAL BODY MEETINGS

Annual General Meeting

Last Three Annual General Meetings (AGM) of the Company were held as under:

Year/Period ended	No. of AGM	Day, Date & Time of AGM	Venue
March, 2015	8	Monday, August 10, 2015 at 11:00 am	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.
March, 2014	7	Friday, September 26, 2014 at 11:00 am	
December, 2012	6	Friday, June 28, 2013 at 10:30 am	

Special Resolutions passed in the last Three Annual General Meetings are as follows:

AGM No.	AGM Date	Special Resolutions Passed
8	August 10, 2015	None
7	September 26, 2014	<ul style="list-style-type: none"> Re-appointment of Mr. Raj Kumar Jain as a Managing Director; Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing power upto ₹ 2,000 Crore; Approval under Section 180(1)(a) of the Companies Act, 2013 for creation of charge, mortgage etc on assets of the Company upto ₹ 2,000 Crore; Approval under Section 185, 186 of the Companies Act, 2013 for loan to employees upto ₹ 10 Crore.
6	June 28, 2013	None

Extraordinary General Meeting

During the year under review, total Four Extraordinary General Meetings (EGM) were held and the details are as follows:

Sr. No.	Day, Date & Time of EGM	Venue
1.	Monday, May 04, 2015 at 4:00 pm	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.
2.	Thursday, May 21, 2015 at 4:00 pm	
3.	Wednesday, November 18, 2015 at 11:00 am	
4.	Thursday, February 18, 2016 at 11:00 am	

Special Resolutions passed in the Extraordinary General Meetings are as follows:

Sr. No.	EGM Date	Special Resolutions passed
1.	May 04, 2015	Shifting of the Registered Office of the Company from NCT of Delhi to State of Maharashtra
2.	May 21, 2015	Issue Optionally Convertible Debentures
3.	November 18, 2015	<ul style="list-style-type: none">Reduction of Capital as part of the SchemeChange of Name pursuant to the Scheme
4.	February 18, 2016	Reduction of Capital as part of the Scheme

Court Convening Meeting

During the year under review, the Company entered into Composite Scheme of Arrangement between Future Enterprises Limited and the Company and respective Shareholders and Creditors. In this connection, the consent of Equity Shareholders were obtained whereby they consented to the Scheme and also for dispensation for holding of meeting of shareholders, as approved by the Hon'ble High Court of Judicature at Bombay

Postal Ballot

The Company has not passed any Special Resolution through postal ballot during the financial year 2015-16 under review.

MEANS OF COMMUNICATION

The Annual Report and Shareholding Pattern of the Company are also posted on website of the Company.

As the Company had single shareholder (with its nominees) and unlisted during the year under review, there was no need of publication of quarterly/annual financial results. The Company proposes to initiate the process of publication of quarterly/annual financial result for the Financial Year 2016-17, as the Company is in process of listing its Equity Shares.

GENERAL SHAREHOLDERS INFORMATION

Date, Time and Venue of the 9th Annual General Meeting

Monday, August 29, 2016 at 9.30 a.m. at Rangswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai - 400021.

Financial Year

The financial year covers the period from April 1 of every year to March 31 of the next year.

Financial Reporting for

Quarter	Release Date (tentative & subject to change)
Quarter ending June 30, 2016	Second week of August, 2016
Quarter/half year ending September 30, 2016	Second week of November, 2016
Quarter ending December 31, 2016	Second week of February, 2017
Year ending March 31, 2017	End of May, 2017

Note: The above dates are indicative.

Record Date/ Book Closure

The Company has fixed August 22, 2016 as the Record Date for the purpose of Ninth Annual General Meeting and matters related thereto.

Dividend

The Board of Directors of the Company has not recommended any dividend for the year ended March 31, 2016 in view of accumulated losses.

Listing on Stock Exchanges and ISIN Number

- ISIN No. of Equity Shares : INE752P01024
- The Equity Shares of the Company proposed to be listed on the following Stock Exchanges:
 - ❖ BSE Limited ('BSE')
 - ❖ National Stock Exchange of India Limited ('NSE')

Debt Securities

Cedar Support Services Limited holds 1,542 Optionally Convertible Debentures ("OCDs") of ₹ 10 lakh each aggregating to ₹ 154.20 Crore in our Company consequent to the effect of the Scheme. These OCDs are convertible into Equity Shares of our Company at the option of issuer, at the price to be calculated as per applicable provisions under SEBI Regulations for Preferential Issue of securities on the date of conversion.

Listing Fees

Listing Fees, as prescribed, is being paid to both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed.

Corporate Identification Number (CIN)

The Company's CIN as allotted by the Ministry of Corporate Affairs is U51909MH2007PLC268269.

Share Transfer System

The Company has made necessary application for listing of its Equity Shares on BSE and NSE. Equity Shares sent for transfer in physical form will be registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee and Stakeholders' Relationship Committee meet as and when required to consider the transfer proposals and attend to Investors' grievances.

Dematerialisation of shares

Total 99.76% of the Equity Shares of the Company have been dematerialised as on May 18, 2016. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialise their shares with either of the Depositories. Entire shareholding of Promoters and Promoter Group is in dematerialised form. Status of Dematerialisation of Equity Shares as on May 18, 2016 is as under:

Particulars	No. of Shares	% of Capital
National Securities Depository Limited (NSDL)	3,506,66,015	74.40
Central Depository Services (India) Limited (CDSL)	1,195,61,411	25.36
Total Dematerialised	47,02,27,426	99.76
Physical	11,11,131	0.24
Total	47,13,38,557	100.00

Distribution of Shareholding of Equity Shares as on May 18, 2016

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	39,692	87.19	33,78,505	0.72
501-1000	3,788	8.32	25,41,713	0.54
1001-2000	956	2.10	13,95,819	0.30
2001-3000	321	0.71	8,08,953	0.17
3001-4000	138	0.30	4,84,152	0.10
4001-5000	98	0.22	4,56,028	0.10
5001-10000	192	0.42	14,04,615	0.30
10001 and above	336	0.74	46,08,68,772	97.77
Total	45,521	100.00	47,13,38,557	100.00

Shareholding Pattern as on May 18, 2016

Category	No. of Equity Shares	% holding
Promoters and Promoter Group	23,01,15,436	48.82
Mutual Funds	1,05,33,454	2.23
Banks, Financial Institutions	54,57,047	1.16
Venture Capital Funds	0	0.00
Insurance Companies	26,39,583	0.56
Foreign Portfolio Investor	8,68,69,299	18.43
Non Resident Indians	4,18,311	0.09
Bodies Companies	11,44,79,170	24.29
Indian Public (Individual)	1,73,73,059	3.69
Directors & their Relatives	0	0.00
Clearing Members	10,57,650	0.22
Trust	200	0.00
Hindu Undivided Family	23,95,348	0.51
Foreign Nationals	0	0.00
Total	47,13,38,557	100.00

Outstanding GDR /ADR /Warrants or any convertible instruments, conversion date and impact on equity.

Total 1,542 Optionally Convertible Debentures ("OCDs") of ₹ 10 lakh each aggregating to ₹ 154.20 Crore issued in our Company consequent to the effect of the Scheme. These OCDs are convertible into Equity Shares of our Company at the option of issuer, at the price to be calculated as per applicable provisions under SEBI Regulations for Preferential Issue of securities on the date of conversion.

The Company has not issued any GDRs / ADRs / Warrants, during the year under review.

Plant Locations

In view of the nature of the Company's business i.e. multi brand retail, the Company operates from various stores in India.

Registered Office

"Knowledge House",
Shyam Nagar, Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060.

Address for Correspondence**Investor Correspondence for securities held in physical form****Registrar and Transfer Agents**

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078
Tel No.: +91 22 2594 6970,
Fax No.: +91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in,
Website: www.linkintime.co.in

For securities held in demat form

Investors' concerned Depository Participant(s) and/ or Link Intime India Private Limited

For any query on the Annual Report

Mr. Virendra Samani
Dy. Company Secretary
Future Retail Limited
Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai 400 060
Tel No: +91 22 6644 2200,
Fax No: +91 22 6644 2201
Email: investorrelations@futereretail.in,
Website: www.futereretail.co.in

DISCRETIONARY REQUIREMENTS

Not Applicable - as the Company was not listed entity during the year under review.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Future Retail Limited
(Formerly known as Bharti Retail Limited)

We have examined the compliance of conditions of Corporate Governance by Future Retail Limited (formerly known as Bharti Retail Limited) for the financial year ended March 31, 2016, relevant records and documents maintained by the Company and the report of Corporate Governance as approved by the Board of Directors, have been furnished to us.

The Company, is not a listed company as on March 31, 2016, however, in a pursuit to ensure compliance of a good corporate governance, they have approached us to conduct examination of various records and papers maintained by the Company.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance such as:

1. Proper composition of the Board of Directors with the right mixture of Executive, Non-executive and Independent Directors
2. Composition of various Committees of the Board
3. Number of meetings of the Board and its Committees
4. Approvals obtained for Related Party Transactions.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For K Bindu & Associates
Company Secretaries

K. Bindu
Proprietor

Membership No. 20066
Certificate of Practice: 7378

Place: Mumbai
Date : May 25, 2016

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Future Retail Limited
(formerly known as **Bharti Retail Limited**)

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **FUTURE RETAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, 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 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 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 Companies Act, 2013, 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 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 provision 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 disclosures in the financial statements. 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. 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 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 financial statements.

Opinion

In our opinion and to the best of information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of company as at March 31, 2016, its profit and its cash flow 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 "A" a statement on the matters specified in 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 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, 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 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 Act.

- f. With respect to the adequacy of Internal financial controls over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in "Annexure B" 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 explanation 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 NGS & Co. LLP
Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi
Partner

Place: Mumbai
Date : May 25, 2016

Membership No. 042472

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the **FUTURE RETAIL LIMITED** on the standalone financial statements for the year ended March 31, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, 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 therefore, the requirements under paragraph clause 3 (i)(c) of the order is not applicable.
- (ii) (a) As explained to us, management has conducted physical verification of inventory at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on 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. Therefore, the provision of clause 3(iii) (a), (b) and (c) of the Order are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, 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 prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product of the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service-Tax, Custom Duty Value Added Tax, Cess and Other Material Statutory dues, as applicable, have been regularly deposited during the year by the company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Service-Tax, Cess and Other Material Statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of Income-Tax, Sales-Tax, VAT, Service-Tax which have not been deposited with the appropriate authorities on account of any dispute.

However, according to information and explanations given to us, added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
The Indian Stamp Act, 1899	Stamp Duty	4.04	FY : 2008-09	Chief Controlling Revenue Authority, Ghaziabad, U.P
The Income Tax Act, 1961	Income Tax	0.70	FY : 2011-12	Commissioner of Income Tax (Appeal)
Central Sales Tax Act and Local Sales Tax Act	Central Sales Tax and Local Sales Tax (including Value Added Tax)	10.61	FY: 2007-08, 2008-09; 2009-10, 2010-11; 2012-13	Additional Commissioner Grade 2, Kanpur; Directorate of Commercial Taxes; Dy. Commissioner of Sales Tax; Special Commissioner of VAT; Additional Commissioner (Appeals)

(viii) Based on our audit procedures and on the basis of information and explanation given by the management, we are of the opinion that the company does not defaulted in repayment of loans or borrowings from any financial institution, banks, government and debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, clause 3 (ix) of the Order is not applicable.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations give to us and based on our examination of the records

of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of optionally convertible debentures during the year in compliance with requirements of section 42 of the Act and the amount raised have been used for the purpose for which the funds were raised.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For NGS & Co. LLP
Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date : May 25, 2016

Annexure - B to the Auditors' Report

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 **FUTURE 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 ('ICAI'). 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 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.

Auditors' 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, issued by ICAI and deemed to be prescribed 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 judgment, 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 Company's 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 **NGS & Co. LLP**

Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi

Partner

Place: Mumbai
Date : May 25, 2016

Membership No. 042472

BALANCE SHEET AS AT MARCH 31, 2016

(₹ in Crore)

	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	8.70	1,398.66
Share Capital Suspense	2A	85.57	-
Reserves and Surplus	3	1,779.92	(1,820.26)
		1,874.19	(421.60)
Share Application Money Pending Allotment		-	133.00
Optionally Convertible Debentures	4	154.20	-
Non-Current Liabilities			
Long-Term Borrowings	5	-	54.00
Other Long-Term Liabilities	6	134.20	111.73
Long-Term Provisions	7	31.94	8.42
		166.14	174.15
Current Liabilities			
Short-Term Borrowings	8	968.20	336.40
Trade Payables	9	2,208.72	166.09
Other Current Liabilities	10	207.54	42.50
Short-Term Provisions	11	6.68	27.76
		3,391.14	572.74
TOTAL		5,585.67	458.29
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		-	108.56
Intangible Assets		260.93	25.98
Capital Work-in-Progress		-	43.40
Long-Term Loans and Advances	13	255.43	29.14
		516.36	207.08
Current Assets			
Inventories	14	3,297.24	216.15
Trade Receivables	15	127.48	0.44
Cash and Bank Balances	16	91.36	9.80
Short-Term Loans and Advances	17	1,548.21	24.72
Other Current Assets	18	5.02	0.10
		5,069.31	251.21
TOTAL		5,585.67	458.29
The accompanying notes are an integral part of these financial statements.	1-48		

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Crore)

	Note	Year Ended March 31, 2016	Year Ended March 31, 2015
INCOME			
Revenue from Operations	19	6,844.96	1,779.42
Other Income	20	15.51	70.03
Total Revenue		6,860.47	1,849.45
EXPENSES			
Purchases of Stock-in-Trade		5,254.86	1,562.80
Changes in Inventories of Stock-in-Trade	21	(189.74)	8.09
Employee Benefits Expense	22	329.28	161.53
Finance Costs	23	49.75	20.23
Depreciation and Amortization Expense	12	36.76	44.10
Other Expenses	24	1,365.01	431.91
Total Expenses		6,845.92	2,228.66
Profit / (Loss) Before Tax For The Year		14.55	(379.21)
Tax Expense		-	-
Profit / (Loss) After Tax For The Year		14.55	(379.21)
Earnings Per Equity Share of Face Value of ₹ 2/- each	29		
Basic & Diluted		0.66	(107.24)
The accompanying notes are an integral part of these financial statements.	1-48		

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 25, 2016

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing
Director

Shailendra Bhandari
Director

Rakesh Biyani
Joint Managing Director

C. P. Toshniwal
Chief Financial Officer

Gagan Singh
Director

Virendra Samani
Dy. Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Future Retail Limited (formerly known as Bharti Retail Limited) ('the Company') is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956 on February 7, 2007. The Company is a wholly owned subsidiary of Cedar Support Services Limited and engaged in the business of retailing a variety of household and consumer products through departmental store facilities under various formats.

1.1 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.

1.2 Summary of Significant Accounting Policies

A. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in differences between the actual results and estimates which are recognised in future period.

B. Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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. The life of the assets is based on technical assessment by the management which is either same or lower than the life indicated in Schedule II of the Companies Act, 2013. The life of assets is given below:

Assets	Life as per Management	Life as per Schedule II
Plant and Machinery	5 years	15 years
Office Equipments		
- Mobiles	2 years	5 years
- Others	5 years	5 years
Furniture and Fixtures	7 to 10 years	10 years
Computers		
- Servers and networks	5 years	6 years
- End user devices, such as, desktops, laptops, etc.	3 years	3 years
Leasehold improvements		
- Electrical Installations and Equipment	10 years	10 years
- Leasehold improvements	lease term or 15 years, whichever is lower	lease term or 15 years, whichever is lower

- i. Assets individually costing ₹ 5,000 or less are fully depreciated over a period of 12 months from the date put to use.
- ii. Wherever the life is different from as indicated in Schedule II, the same is based on technical assessment done by technical people.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C. Intangible Assets and Amortisation

Intangible assets are stated at acquisition cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on straight line basis over their estimated useful economic life not exceeding ten years.

D. Leases

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as operating leases and lease rental thereof are charged to the Statement of Profit and Loss as per the terms of agreement on straight line basis.

E. Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use, are capitalized as part of the cost of the respective asset. All other borrowing costs are charged in the period they occur in the Statement of Profit and Loss.

F. Investments

Current investments are carried at lower of cost and fair value computed on individual investment basis. Long-term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in value.

G. Inventories

Inventories of traded goods are valued at lower of cost or net realizable value. Finished Goods and Work-in-Progress include cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are computed on weighted average basis.

H. Foreign Currency Transaction

Transactions in foreign currencies are recorded at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the balance sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the statement of Profit and Loss. Exchange differences on forward contracts entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes. Premium/Discount on foreign exchange contracts are recognised as an expense/income over the life of the contract.

I. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Sales are recognised when significant risk and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of trade discounts VAT and Sales Tax. Revenue from services are recognised as they are rendered based on agreements/arrangements with the concerned parties and recognised net of service tax (If applicable). Interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate. Dividend income is recognised when right to receive is established.

J. Retirement and Other Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the period in which the related service is rendered.

Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. The expense is recognised at the present of the amounts payable determined using actuarial valuation techniques. Actuarial gain and loss in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

K. Income Taxes

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual/ reasonable certainty that the asset will be realised in future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

I. Earnings / (Loss) Per Share

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

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

M. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

N. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. Share Capital

	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)
Authorised				
Equity Shares of ₹ 2/- each (2015: ₹ 10/- each)*	12,50,00,00,000	2,500.00	2,50,00,00,000	2,500.00
	12,50,00,00,000	2,500.00	2,50,00,00,000	2,500.00
Issued Subscribed and Paid up				
Equity Shares of ₹ 2/- each (2015: ₹ 10/- each)*	4,34,78,261	8.70	1,39,86,60,000	1,398.66
	4,34,78,261	8.70	1,39,86,60,000	1,398.66

*As per the Composite Scheme of Arrangement the number of shares from 1,71,97,50,000 to 4,34,78,261 and Face value of an equity share is to be reduced from ₹ 10/- to ₹ 2/- w.e.f. October 31, 2015.

(i) Reconciliation of Number of Shares

Equity Shares of ₹ 2/- each (2015 : ₹ 10/- each)

Particulars	As at March 31, 2016	As at March 31, 2015
	Number of Shares	Number of Shares
Opening Balance (Equity Shares of ₹ 10/- each)	1,39,86,60,000	1,39,86,60,000
Add : Shares Issued (Equity Shares of ₹ 10/- each)	32,10,90,000	-
Less : Shares reduced due to reduction and re-organisation*	1,67,62,71,739	-
Add : Shares to be issued pursuant to Composite Scheme of Arrangement (Refer Note No. 44)	42,78,60,296	-
Closing Balance (Equity Shares of ₹ 2/- (2015: ₹ 10/-) each)	47,13,38,557	1,39,86,60,000

* Current year numbers have been adjusted for reduction & re-organisation of share capital pursuant to Composite Scheme of Arrangement.

(ii) Terms/Rights Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2/- each (2015: ₹ 10/- each) at the Balance Sheet Date. Each holder is entitled to one vote per share in case of voting by show of hands and one vote per Shares held in case of voting by poll/ballot. Each holder of Equity Share is also entitled to normal dividend (including interim dividend, if any) as may declared by the company. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

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

(iii) Shares Held by Holding/Ultimate Holding Company

Out of the equity shares issued by the company, shares held by holding/ultimate holding Company are as below :

Name of Shareholder	As at March 31, 2016 [#]	As at March 31, 2015 [#]
Cedar Support Services Limited, the holding Company * Equity shares of ₹ 2/- each (2015: ₹ 10/- each) fully paid up	4,34,78,261	1,39,86,60,000

*100% subsidiary of Bharti Enterprises Limited

[#] Includes Shares held through nominees

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- (iv) Shares in the Company held by each shareholder holding more than 5 percent shares and number of Shares held are as under:

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held [#]	% of Holding	No. of Shares held [#]	% of Holding
Equity Shares				
Cedar Support Services Limited	4,34,78,261	100.00	1,39,86,60,000	100.00

[#] Includes Shares held through nominees

2A. Equity Share Suspense Account

	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)
42,78,60,296 Equity Shares of ₹ 2/- each, fully paid-up, to be issued pursuant to the Scheme of arrangement with Future Enterprises Limited (formerly known as Future Retail Limited) (Refer Note No. 44) [#]	42,78,60,296	85.57	-	-
	42,78,60,296	85.57	-	-

[#] Pursuant to the provisions of the Companies Act, 2013, the issues of 1,04,371 equity shares are kept in abeyance corresponding to their status in Future Enterprises Limited.

		(₹ in Crore)	
		As at March 31, 2016	As at March 31, 2015
3.	Reserve and Surplus		
	Capital Reserve		
	Opening Balance	396.00	396.00
	Add: On Composite Scheme of Arrangement (Refer Note No. 44)	1,874.58	-
		2,270.58	396.00
	Surplus		
	Opening Balance	(2,216.26)	(1,837.05)
	Add : Profit for the Year	14.55	(379.21)
	Add : Arising on Reduction & Re-organisation of Share Capital Pursuant to Composite Scheme of Arrangement (Refer Note No. 44)	1,711.05	-
		(490.66)	(2,216.26)
		1,779.92	(1,820.26)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
4. Optionally Convertible Debentures			
	1542 Optionally Convertible Debentures having face value of ₹ 10,00,000 each (Refer Note No. 45)	154.20	-
		154.20	-
5. Long-Term Borrowings			
	Secured (Refer Note No. 41)		
	Term Loan from Bank	-	54.00
		-	54.00
6. Other Long-Term Liabilities			
	Lease Equalisation Account	134.20	111.73
		134.20	111.73
7. Long-Term Provisions			
	Provision for Employee Benefits	31.94	8.42
		31.94	8.42
8. Short-Term Borrowings			
	Secured (Refer Note No. 42)		
	Working Capital Loans from Banks	918.20	240.00
		918.20	240.00
	Unsecured (Refer Note No. 43)		
	Short-Term Loan from Bank	50.00	-
	Working Capital Loan from Bank	-	96.40
		50.00	96.40
		968.20	336.40
9. Trade Payables			
	Trade Payables (Refer Note No. 30)	2,208.72	166.09
		2,208.72	166.09
10. Other Current Liabilities			
	Interest Accrued but Not Due on Borrowings	0.01	0.91
	Lease Equalisation Account	0.91	0.43
	Other Payables #	206.62	41.16
		207.54	42.50
	# Includes Statutory Dues, Security Deposits, Advance from Customers, Bank Overdraft etc.		
11. Short-Term Provisions			
	Provision for Employee Benefits	6.68	12.66
	Provision for Probable Store Closure	-	15.10
		6.68	27.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Fixed Assets

(₹ in Crore)

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
	As at April 01, 2015	Additions#	Deductions#	As at March 31, 2016	Up to March 31, 2015	Deduction/ Adjustment#	For the Year Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
(A) Tangible Asset									
Leasehold Improvement	57.10	2.39	59.49	-	15.10	18.11	3.01	-	42.00
Plant & Equipments	84.27	2.66	86.93	-	60.56	68.03	7.47	-	23.71
Office Equipment	1.28	0.04	1.32	-	1.02	1.10	0.08	-	0.26
Computers	53.79	2.04	55.83	-	40.99	43.90	2.91	-	12.80
Furniture & Fittings	60.18	0.94	61.12	-	30.39	35.54	5.15	-	29.79
Total	256.62	8.07	264.69	-	148.06	166.68	18.62	-	108.56
(B) Intangible Asset									
Computer Software #	29.82	253.09	-	282.91	3.84	-	18.14	21.98	25.98
Total	29.82	253.09	-	282.91	3.84	-	18.14	21.98	25.98
Grand Total	286.44	261.16	264.69	282.91	151.90	166.68	36.76	21.98	134.54
Previous Year	267.48	51.87	32.91	286.44	123.99	16.20	44.10	151.89	143.48

includes impact of Composite Scheme of Arrangement (Refer Note No. 44)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2016	As at March 31, 2015
13. Long-Term Loans and Advances		
Capital Advances		
Unsecured, Considered Good	-	4.60
Doubtful	-	0.15
	-	4.75
Less: Provision for Doubtful Capital Advances	-	0.15
	-	4.60
Security Deposits		
Unsecured, Considered Good	243.47	19.93
	243.47	19.93
Other Loans and Advances		
Others Unsecured, Considered Good*	11.96	4.60
Doubtful	0.60	0.60
	12.56	5.20
Less: Provision for Doubtful Other Loans & Advances	0.60	0.60
	11.96	4.60
	255.43	29.14
* Includes Deduction/Payment of Income Tax (Net of Provisions etc.)		
14. Inventories		
Stock-in-Trade [Goods-in-Transit of ₹ 91.27 Crore (2015: ₹ 0.62 Crore)]	3,294.07	214.88
Packing Materials & Others	3.17	1.27
	3,297.24	216.15
15. Trade Receivables		
Outstanding for a period more than six months from the date they are due for payment		
Unsecured, Considered Good	5.86	0.00
Doubtful	0.16	0.16
	6.02	0.16
Less: Provision for Doubtful Receivables	0.16	0.16
	5.86	0.00
Other Receivables		
Unsecured, Considered Good	121.62	0.44
Doubtful	0.06	0.06
	121.68	0.50
Less: Provision for Doubtful Receivables	0.06	0.06
	121.62	0.44
	127.48	0.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2016	As at March 31, 2015
16. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks in Current Accounts	66.34	4.38
Cheques on Hand	0.84	-
Cash on Hand	22.31	3.95
Other Bank Balances		
Earmarked Balances with Banks*	1.87	1.47
	91.36	9.80
*Include deposits of ₹ 1.87 Crore (2015: ₹ 1.47 Crore) with maturity of more than 12 months .		
17. Short-Term Loans and Advances		
Security Deposits		
Unsecured, Considered Good	1,014.06	5.68
Doubtful	-	1.19
	1,014.06	6.88
Less: Provision for Doubtful Security Deposits	-	1.19
	1,014.06	5.68
Other Loans and Advances*		
Unsecured, Considered Good	534.15	19.04
Doubtful	0.75	1.49
	534.90	20.53
Less: Provision for Doubtful Loans and Advances	0.75	1.49
	534.15	19.04
	1,548.21	24.72
*Includes balances with government authorities, advance to suppliers, prepaid expenses etc.		
18. Other Current Assets		
Insurance Claim Receivables	5.02	-
Other Receivables	-	0.10
	5.02	0.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	Year Ended March 31, 2016	Year Ended March 31, 2015
19. Revenue from Operations		
Sale of Products	7,138.80	1,886.43
Less: Vat, Sales Tax	422.62	110.96
Less: Excise Duty	0.17	-
Other Operating Revenue	128.95	3.95
	6,844.96	1,779.42
20. Other Income		
Interest Income	0.28	0.12
Net Gain on Sale of Non-Current Investments	-	0.05
Reversal of Lease Equalisation	-	49.14
Excess Provisions/Liabilities Written Back	11.67	15.02
Miscellaneous Income	3.56	5.70
	15.51	70.03
21. Changes in Inventories of Stock-in-Trade		
Opening Inventories		
Stock-in-Trade	214.87	222.96
Add: On Composite Scheme of Arrangement (Refer Note No. 44)	2,889.46	-
Closing Inventories		
Stock-in-Trade	3,294.07	214.87
	(189.74)	8.09
22. Employee Benefits Expense		
Salaries, Wages and Bonus	293.27	145.21
Contribution to Provident and Other Funds	23.42	9.16
Staff Welfare Expenses	12.59	7.15
	329.28	161.53
23. Finance Costs		
Interest Expense	49.36	19.93
Other Borrowing Costs	0.39	0.30
	49.75	20.23
24. Other Expenses		
Consumable Stores	5.69	13.61
Power and Fuel	111.36	39.63
Repairs and Maintenance		
Machinery	1.82	-
Others	32.78	70.47
Insurance	6.12	0.89
Rates and Taxes	8.45	2.44
Rent Including Lease Rentals	601.36	103.51
Advertisement and Marketing	137.13	17.37
Loss on Disposal/Discard of Fixed Assets (Net)	0.01	16.50
Bad Debts Written Off	3.64	-
Provision for Doubtful Debts	-	0.38
Provision for Capital Advance/Store Closure	-	2.12
Exchange Fluctuation Loss (Net)	1.41	0.00
Miscellaneous Expenses	455.24	164.99
	1,365.01	431.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

25. As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

A. Change in Present Value of Obligation

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present Value of the Obligation at the Beginning of Year	-	-	8.30	6.74	5.08	3.86
Liabilities Transfer	-	-	0.25	0.19	0.14	-
Pursuant to the scheme of arrangement	4.26	-	9.53	-	8.15	-
Interest Cost	-	-	1.79	0.59	1.07	0.34
Current Service Cost	-	-	8.23	2.99	5.62	2.39
Benefits Paid	-	-	(5.61)	(1.71)	(4.21)	(1.39)
Actuarial (Gain)/Loss on Obligations	-	-	0.43	(0.50)	(0.15)	(0.12)
Return on Plan Assets	0.36	-	-	-	-	-
Present Value of the Obligation at the Year end	4.62	-	22.92	8.30	15.70	5.08
Fair Value of Plan Assets	4.62	-	-	-	-	-
Un-Funded Liability	-	-	22.92	8.30	15.70	5.08

B. Amount Recognised in the Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present Value of the Obligation	4.62	-	22.92	8.30	15.70	5.08
Fair Value of Plan Assets	4.62	-	-	-	-	-
Un-Funded Liability	-	-	22.92	8.30	15.70	5.08
Un-Funded Liability Recognised in Balance Sheet	-	-	22.92	8.30	15.70	5.08

C. Amount Recognised in the Profit and Loss Account

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Interest Cost	-	-	1.79	0.59	1.07	0.34
Current Service Cost	-	-	8.23	2.99	5.62	2.39
Actuarial (Gain) / Loss on Obligations	-	-	0.79	(0.50)	(0.15)	(0.12)
Actual Return (Gain)/Loss on Plan Assets	(0.36)	-	-	-	-	-
Total Expense Recognised in the Profit and Loss Account	(0.36)	-	10.81	3.08	6.54	2.61

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

D. Reconciliation of Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present Value of the Obligation at the Beginning of Year	-	-	8.30	6.74	5.08	3.86
Acquisitions	4.26	-	9.78	0.19	8.29	-
Total Expense Recognised in the Profit and Loss Account	(0.36)	-	10.81	3.08	6.54	2.61
Contribution Paid	-	-	-	-	-	(1.39)
Benefit Paid During the Year	-	-	(5.61)	(1.71)	(4.21)	-
Fair Value of Plan Assets	4.62	-	-	-	-	-
Present Value of the Obligation at the Year end	-	-	22.92	8.30	15.70	5.08

E. Experience Adjustments

(₹ in Crore)

Gratuity	December 31, 2011	December 31, 2012	March 31, 2014	March 31, 2015	March 31, 2016
Defined Benefit Obligation	4.22	5.46	6.74	8.30	27.54
Plan Assets	-	-	-	-	4.62
Deficit	(4.22)	(5.46)	(6.74)	(8.30)	(22.92)
Experience Adjustments on Plan Liabilities	0.45	0.29	(0.09)	0.73	(0.79)
Experience on Plan Assets	-	-	-	-	0.02
Actuarial gain/(loss) due to change on assumption	0.22	0.21	(0.01)	(0.24)	-

F. The Assumptions Used to Determine the Benefit Obligations are as follows:

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00 % per annum	8.00 % per annum
Expected Rate of Increase in Compensation Levels	5.00 % per annum	5.00 % per annum
Expected Rate of Return on Plan Assets	8.44 % per annum	-

The estimate of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the market. The above information is certified by the actuary.

26. Leases

The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets and Lease term for which the company intend to occupy the premises is the Lease Rent payable not later than one year is ₹ 863.00 Crore (2015: ₹ 73.52 Crore), payable later than one year but not later than five year is ₹ 2,761.33 Crore (2015: ₹ 303.28 Crore) and payable later than five years is ₹ 1,457.26 Crore (2015: ₹ 1,378.52 Crore).

27. Related Party Disclosures

Disclosure as required by Accounting Standard 18 "Related Party Disclosures" are given below:

A. List of Related Parties

1. Ultimate Holding Company

- i. Bharti Enterprises (Holding) Private Limited
- ii. Bharti Enterprises Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. Holding Company
 - i. Cedar Support Services Limited
3. Enterprises over which Key Management Personnel are able to exercise significant influence
 - i. Bharti Airtel Limited (up to March 31, 2015)
 - ii. Bharti Airtel Services Limited (up to March 31, 2015)
 - iii. Bharti Reality Holdings Limited (up to March 31, 2015)
 - iv. Airtel M Commerce Services Limited (up to March 31, 2015)
 - v. Field Fresh Foods Private Limited (up to March 31, 2015)
 - vi. Nxtra Data Limited (up to March 31, 2015)
 - vii. Nile Tech Limited (up to March 31, 2015)
 - viii. Centum Learning Limited (up to March 31, 2015)
 - ix. Bharti AXA General Insurance Company Limited (up to March 31, 2015)
4. Key Management Personnel
 - i. Raj Kumar Jain- CEO (April 1, 2014 to November 30, 2014)
 - ii. Craig Wadsworth Wimsatt- CEO (December 1, 2014 to July 31, 2015)
 - iii. Manish Sabnis- CEO (w.e.f. August 01, 2015)

B. Transactions with Related Parties

(₹ in Crore)

Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Management Personnel Exercise Significant Influence	Key Management Personnel/ Relatives
Sale of Goods and Services	0.01 (-)	- (-)	- (-)	- (0.29)	- (-)
Purchases of Goods and Services	- (11.17)	4.22 (18.95)	- (-)	- (16.98)	- (-)
Purchases of Fixed Assets	- (-)	- (-)	- (-)	- (0.18)	- (-)
Repayment of Unsecured Loan	- (-)	- (-)	- (133.00)	- (-)	- (-)
Equity Share Capital	- (-)	188.09 (-)	- (-)	- (-)	- (-)
Share Application Money Received	- (-)	- (133.00)	- (-)	- (-)	- (-)
Optionally Convertible Debentures	- (-)	250.00 (-)	- (-)	- (-)	- (-)
Refund of Security Deposit	- (-)	- (-)	- (-)	- (0.53)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	2.20 (3.25)
Outstanding Balances as on March 31, 2016	- (-)	0.75 (-)	- (-)	- (1.25)	- (-)
Payable	- (5.44)	154.20 (1.72)	- (-)	- (5.24)	- (-)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C. Significant Related Party Transactions

- i. Sale of Goods and Services includes Bharti Enterprises Limited ₹ 0.01 Crore (2015: ₹ Nil), Bharti AXA General Insurance Company Limited ₹ Nil (2015: ₹ 0.10 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 0.19 Crore).
- ii. Purchases of Goods and Services includes Bharti Enterprises (Holding) Private Limited ₹ Nil (2015: ₹ 10.62 Crore), Bharti Enterprises Limited ₹ Nil (2015: ₹ 0.55 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 6.12 Crore), Nile Tech Limited ₹ Nil (2015: ₹ 4.61 Crore), Bharti Reality Holding Limited ₹ Nil (2015: ₹ 1.16 Crore), Bharti Airtel Services Limited ₹ Nil (2015: ₹ 0.11 Crore), Bharti AXA General Insurance Company Limited ₹ Nil (2015: ₹ 0.88 Crore), Airtel M Commerce Services Limited ₹ Nil (2015: ₹ 0.00 Crore), Nxtra Data Limited ₹ Nil (2015: ₹ 1.94 Crore), Field Fresh Foods Private Limited ₹ Nil (2015: ₹ 2.16 Crore).
- iii. Purchase of Fixed Assets includes Nxtra Data Limited ₹ Nil (2015: ₹ 0.17 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 0.00 Crore).
- iv. Repayment of Unsecured Loan includes Bharti Ventures Limited ₹ Nil (2015: ₹ 133.00 Crore).
- v. Refund of Security Deposit Bharti Airtel Limited ₹ Nil (2015: ₹ 0.53 Crore),
- vi. Managerial Remuneration includes Mr. Craig Wadsworth Wimsatt ₹ 1.56 Crore (2015: ₹ 0.73 Crore), Mr. Raj Kumar Jain ₹ Nil (2015: ₹ 2.52 Crore), Mr. Manish Sabnis ₹ 0.64 Crore (2015: ₹ Nil).

28. Payment to Auditors (Inclusive of Service Tax)

(₹ in Crore)

Particulars	2015-16	2014-15
Statutory Audit Fees	0.86	0.61
Tax Audit Fees	-	0.06
Other Expenses	0.03	0.03
Total	0.89	0.70

29. Earnings Per Share

The calculation of Earnings per Share (EPS) as disclosed in the Balance Sheet Abstract has been made in accordance with Accounting Standard (AS-20) on Earning per Share issued by the Institute of Chartered Accountants of India. A statement on calculation of Basic and Diluted EPS is as under:

Particulars	Units	2015-16	2014-15
Profit/ (Loss) after tax	₹ in Crore	14.55	(379.21)
The Weighted average number of Equity Shares for Basic EPS	No. in Crore	22.02	3.54
The Weighted average number of Equity Shares for Diluted EPS	No. in Crore	22.02	3.54
The Nominal Value per Share Equity	₹	2	2
Earnings Per Equity Share (Basic)	₹	0.66	(107.24)
Earnings Per Equity Share (Diluted)	₹	0.66	(107.24)

30. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(₹ in Crore)

	March 31, 2016	March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	8.25	0.12
- Interest due on above	0.17	0.01
	8.42	0.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	March 31, 2016	March 31, 2015
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	0.46	0.23
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.63	0.23
The amount of further interest remaining due and payable even in the succeeding years, 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 of the MSMED Act 2006	0.86	0.23

31. Value of Imports on CIF Basis

(₹ in Crore)

Particulars	2015-2016	2014-2015
Traded Goods*	84.06	1.05
Capital Goods	-	2.68
Consumables	-	0.21

* Includes in transit ₹ Nil (March 31, 2015: ₹ 0.14 Crore)

32. Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ Nil Crore (2015: ₹ 23.70 Crore).

33. Deferred Tax

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The significant component of deferred tax includes timing difference on account of unabsorbed depreciation and losses. In view of virtual certainty as laid down by the Standard, the Company has not recognised deferred tax assets (net) in its books as on the balance sheet date.

34. Contingent Liabilities

(₹ in Crore)

Particulars	2015-16	2014-15
Claims Against the Company Not Acknowledged as Debts		
i) Value Added Tax Act/Income Tax	14.89	3.76
ii) Others	48.90	1.24

There are various labour, legal metrology, food adulteration and cases under other miscellaneous acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liability devolving on the Company.

35. Pursuant to the levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007 by the Finance Act, 2010, the company based on legal advice, challenged the levy through Retailers Association of India and its retrospective application. The Hon'ble Supreme Court had passed an interim order dated October 14, 2011. In compliance of this order company has made an aggregate deposit of ₹ 39.60 Crore in respect of the liability for such service tax for the period from June 1, 2007 up to September 30, 2011. From October 1, 2011, the company is accounting and paying for such service tax regularly as per directives of the Supreme Court. Accordingly the company has not made provision of ₹ 79.20 Crore for the period June 1, 2007 to September 30, 2011 which would be appropriately recognised on final determination.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. Segment Reporting

The Company is primarily engaged in the business of Retail Trade, which in terms of Accounting Standard 17 "Segment Reporting" constitutes a single reporting segment.

37. Details of Purchases of Stock-In-Trade

(₹ in Crore)

Particulars	2015-2016	2014-2015
Apparel	1,030.81	43.13
Non-Apparel	4,224.05	1,519.67
Total	5,254.86	1,562.80

38. Details of Sales Value of Goods

(₹ in Crore)

Particulars	2015-2016	2014-2015
Apparel	1,782.07	79.59
Non-Apparel	4,933.93	1,692.82
Total	6,716.01	1,772.41

39. Expenditure in Foreign Currency (Accrual Basis)

(₹ in Crore)

Particulars	2015-2016	2014-2015
Traveling Expenses	0.91	0.22
Professional Fees	1.77	0.67
Royalty	0.08	1.42
Interest	0.55	-
Others	0.84	0.20

40. Earnings in Foreign Currency (On Accrual Basis)

(₹ in Crore)

Particulars	2015-2016	2014-2015
Sales of Products (On FOB Basis)*	31.15	-

*Indirect foreign exchange earnings during the year through credit cards, as certified by the bankers.

41. Security clause in respect to Secured Long Term Borrowings includes Term Loans from Banks

₹ Nil (2015: ₹ 54.00 Crore) are secured by First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders), carries coupon rate of 10.90% per annum.

42. Security clause in respect to Secured Short Term Borrowings includes Working Capital Loans from Banks

- i) ₹ 918.20 Crore (2015: ₹ Nil) is transferred as part of the Retail Business Undertaking and is proposed to be secured by (a) First Pari-Passu Charge on Current Assets (excluding credit/debit card receivables) (b) Second Pari-Passu charge on Credit / Debit Card Receivables of all the Stores. Currently the borrowings are secured by the second charge on Fixed Assets of Future Enterprises Limited as assets are acquired subject to prior charge.
- ii) ₹ Nil (2015: ₹ 240.00 Crore) are secured by first Pari-Passu charge on current assets. Further secured by corporate guarantee from erstwhile parent company, Bharti Ventures Limited and carries an interest rate of 10.30%.

43. Unsecured Short Term Loans from Bank ₹ 50.00 Crore (2015: ₹ 96.40 Crore) carries interest rate 9.80% (2015-10.35%).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

44. Composite Scheme of Arrangement

The Composite Scheme of Arrangement between the Company and erstwhile Future Retail Limited (now known as Future Enterprises Limited) ("FEL") and their respective shareholders and creditors under the Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 ('the Scheme'), for Demerger of Retail Business Undertaking of FEL into the Company and Demerger of the Retail Infrastructure Business Undertaking of the Company into FRL with effect from Appointment Date of October 31, 2015 (as defined in the Scheme) has been given effect on May 01, 2016 (Effective Date).

Pursuant to the Scheme, the paid up equity share capital has been reduced and reorganized to 4,34,78,261 Equity shares of ₹ 2/- each. Further, all the assets and liabilities pertaining to Retail Business Undertaking of FEL has been transferred to and vested in the Company. Accordingly, on May 18, 2016 the Company issued 42,78,60,296 Equity Shares to the shareholders holding shares on May 12, 2016 in FEL as per the Scheme. Further, all the assets and liabilities pertaining to Retail Infrastructure Business Undertaking of the Company has been transferred to and vested in FEL and accordingly, on May 18, 2016 FEL issued 4,34,78,261 equity shares to the shareholders holding shares on May 12, 2016 in the Company as provided in the Scheme.

45. As per the provisions of the Scheme, the Company issued new Optionally Convertible Debentures having coupon rate of 10% p.a. as on Effective Date of Scheme, convertible at the option of the Company within a period of 18 months from the date of allotment at a price which shall be determined in accordance with Preferential issue guidelines under SEBI (ICDR) Regulations.
46. The Shareholders and OCD holders of Bharti Group have agreed to share with the respective companies (i.e. Company & FEL) an upside on the realization out of the shares of the two companies, subject to certain broad terms and conditions.
47. a. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading and speculative purposes. Forward contracts (In USD & EURO) outstanding as at March 31, 2016 are ₹ 60.09 Crore (2015: ₹ Nil).
- b. As of balance sheet date, the company has net foreign currency exposures (In USD & EURO) that are not hedged by derivative instruments or otherwise amounting to ₹ 59.00 Crore (2015: ₹ 0.90 Crore).
48. Figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary without any restatement on account of demerged business and merger effect given in the current year, figures are not comparable with the previous year.

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Crore)

	Year Ended March 31, 2016	Year Ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) Before Tax	14.55	(379.21)
Adjusted for:		
Depreciation and Amortization Expense	36.76	44.10
Finance Costs	49.75	19.93
Profit on Sale of Investments	-	(0.05)
Loss on Disposal/Discard of Fixed Assets (Net)	0.01	16.50
Excess Provisions Written Back	-	(9.55)
Reversal of Lease Equalisation Reserve	-	(49.14)
Interest Income	(0.28)	(0.12)
Operating Profit/(Loss) Before Working Capital Changes	100.79	(357.55)
Adjusted for:		
Trade Receivable	(127.03)	(0.00)
Loans and Advances and Other Assets	(1,750.46)	23.52
Inventories	(3,081.09)	7.37
Trade Payables, Other Liabilities and Provisions	2,232.58	43.81
Cash Generated From Operations	(2,625.21)	(282.85)
Taxes Paid (Net)	(4.62)	(1.45)
Net Cash From Operating Activities	(2,629.83)	(284.30)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(217.79)	(51.37)
Sale of Fixed Assets	98.01	0.91
Purchase of Non Trade Current Investment Mutual Funds	-	(19.25)
Proceed From Sale of Non Trade Current Investment In Mutual Funds	-	19.30
Deposits (with maturity more than three months)	-	(0.09)
Interest Received	0.28	0.22
Net Cash Used In Investing Activities	(119.50)	(50.27)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	188.09	-
Proceeds from Share Application Money	-	133.00
Proceeds from Optionally Convertible Debentures	154.20	-
Proceeds from Borrowings	577.80	207.40
Interest Paid	(49.75)	(19.99)
Net Cash Provided By Financing Activities	870.34	320.41
On Composite Scheme of Arrangement	1,960.16	-
Net (Decrease)/Increase In Cash and Cash Equivalents	81.16	(14.16)
Net (Decrease)/Increase In Cash and Cash Equivalents	81.16	(14.16)
Cash and Cash Equivalents (Opening Balance)	8.33	22.49
Cash and Cash Equivalents (Closing Balance)	89.49	8.33

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Independent Auditors' Report

To the Members of **Bluerock E-Services Private Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s Bluerock E-Services Private Limited ("the Company")** which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 with respect to the financial statements. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014; and
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.



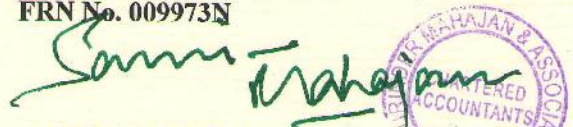
OFFICE

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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 and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Date: 02/09/2014
Place: New Delhi

For SURINDER MAHAJAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN No. 009973N


SAMI MAHAJAN
PARTNER.



OFFICE

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Statement referred to in our report of even date to the members of M/s Bluerock E-Services Private Limited ("the Company") on the financial statements for the year ended 31st March 2014.

We report that:

- i. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management at the year end. The discrepancies noticed on such verification are not material.

(c) There was no substantial disposal of Fixed Assets during the year.
- ii. (a) The inventory except goods in transit and stocks lying with the third parties has been physically verified by management during the year. In our opinion, the frequency of such physical verification is reasonable.

(b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt with the books of account.
- iii. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (b), (c) and (d) of paragraph 4(iii) of the Order are not applicable to the Company.

(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses (f) and (g) of paragraph 4(iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for providing services. We have not observed any major weakness in the internal control system during the course of the audit.
- v. (a) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of contracts and arrangements the particulars of which need to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956. Accordingly clause (v) (b) of paragraph 4 of the Order is not applicable to the Company.
- vi. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under apply.
- vii. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.



OFFICE

Surinder Mahajan & Associates
Chartered Accountants

- viii. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the activities of the company. Therefore, the provisions of clause 4(viii) of the Order are not applicable to the company.
- ix. (a) According to the information and explanation given to us and the records of the company examined by us, in our opinion, undisputed statutory dues including provident fund, employees state insurance, custom duty, excise duty, VAT, Service Tax, and Income Tax have generally been deposited regularly with the appropriate authorities. According to the information and explanations given to us there were no undisputed statutory dues as on 31st of March, 2014 outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records of the company examined by us, there are no dues of VAT, income tax, provident fund, employee state insurance, custom duty, excise, service tax, or any other statutory dues which have not been deposited on account of any dispute as at 31st March, 2014.
- x. As company's existence is less than 5 years from the date of registration till the last day of financial year, therefore provisions of clause 4(x) of the Order are not applicable.
- xi. In our opinion and according to the information and explanations given to us, the company has no amount due to any Financial institutions, Bank or by way of debentures. Therefore, the provisions of Para 4 (xi) of the order are not applicable.
- xii. In our opinion and according to the information and explanation given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, and accordingly, the maintenance of records in this regard is not relevant for the year under consideration.
- xiii. In our opinion and according to the information and explanation given to us and based on the documents and records produced to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/societies.
- xiv. In our opinion and according to the information and explanation given to us, the company is not dealing in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the company has not given any corporate guarantee during the year under consideration, for loans taken by others from Banks or financial institutions.
- xvi. Based on the information and explanations given to us by the management, no term loans were raised or utilised during the year.
- xvii. In our opinion and according to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- xviii. During the year, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act.



OFFICE

Surinder Mahajan & Associates
Chartered Accountants

- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not issued any shares to the public till date.
- xxi. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the Management.

For SURINDER MAHAJAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN No. 009973N

Samir Mahajan
SAMIR MAHAJAN
(PARTNER).



Date: 02/09/2014
Place: New Delhi

OFFICE

Bluerock eServices Private Limited

Balance Sheet as at March 31, 2014

(All amounts are in Indian Rupees)

	Note	As at 31 March 2014	As at 31 March 2013
EQUITIES AND LIABILITIES			
Shareholders' funds			
Share Capital	2	64,812,150	28,666,440
Reserves and surplus	3	(16,855,311)	32,687,855
		47,956,839	61,354,295
Share application money	4	204,247,950	57,801,800
Non Current Liabilities			
Long Term Provisions	5	4,099,618	1,463,413
Deferred Tax Liabilities		-	-
		4,099,618	1,463,413
Current Liabilities :			
Trade Payables	6	147,633,360	54,659,649
Other Current Liabilities	7	29,849,679	14,816,810
Short Term Provisions	8	58,777	27,569
		177,541,816	69,504,029
TOTAL		433,846,223	190,123,537
ASSETS			
Non Current Assets			
Fixed assets			
Tangible Assets	9	18,254,930	14,606,880
Intangible Assets		3,047,783	3,938,813
Advance - Trademark Authority		112,000	112,000
		21,414,713	18,657,694
Deferred Tax Assets		-	-
Long Term Loans & Advances	10	9,314,334	2,949,105
		9,314,334	2,949,105
Current Assets			
Inventories	11	214,699,881	44,435,442
Trade Receivables	12	85,025,465	47,689,206
Cash & Cash Equivalents	13	67,900,410	63,044,973
Short Term Loans & Advances	14	35,491,420	13,347,117
Other Current Assets		-	-
		403,117,176	168,516,738
TOTAL		433,846,223	190,123,537
Significant accounting policies	1		

The accompanying notes form an integral part of financial statements

As per our attached report of even date

For Surinder Mahajan & Associates

Chartered Accountants

Firm Registration No. 009973N

Samir Mahajan

Partner

Membership No. : 507414

Date : 2nd Sept 2014

Place : New Delhi

For and on behalf of the Board of Directors



Manoj Agrawal

Managing Director

DIN: 05341082

Date : 2nd Sept 2014

Place : Gurgaon



Vikram Rajesh Chopra

Director

DIN: 05221419

Date : 2nd Sept 2014

Place : Gurgaon



Garima Tunkral

Company Secretary

Membership No. 28968

Date : 2nd Sept 2014

Place : Gurgaon

Bluerock eServices Private Limited

Statement of Profit and Loss for the period ended March 31, 2014

(All amounts are in Indian Rupees)

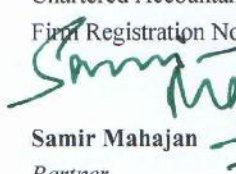
	Note	For the Year March 31, 2014	For the Year March 31, 2013
INCOME			
Revenue From Operations	15	472,192,591	115,071,482
Other Income	16	4,751,134	2,139,240
TOTAL REVENUE		476,943,724	117,210,722
Expenses:			
Purchase of Stock in Trade	17	574,683,569	132,082,931
Changes in Inventory of Stock in Trade		(170,264,439)	(41,577,692)
Employee remuneration and benefits	18	107,821,452	99,595,643
Depreciation and amortization	9	7,452,876	4,123,181
Finance Charges	19	581,860	327,410
Audit Fees	20	353,653	141,428
Administration & Other Expenses	21	326,411,285	138,875,151
TOTAL		847,040,255	333,568,052
Loss before prior period expenses and taxes		(370,096,531)	(216,357,330)
Prior Period Expenses		4,758,125	1,890,862
Loss before taxation		(374,854,656)	(218,248,192)
Tax Expenses			
Current Tax		-	-
Deferred Tax		-	(186,736)
Loss after taxation		(374,854,656)	(218,061,457)
Balance deficit carried to Balance Sheet		(374,854,656)	(218,061,457)
EARNINGS PER SHARE			
Basic earnings per share		(220.85)	(457.64)
Nominal value per share		10.00	10.00
Significant accounting policies	1		

The accompanying notes form an integral part of financial statements
As per our attached report of even date

For Surinder Mahajan & Associates

Chartered Accountants

Firm Registration No. 009973N


Samir Mahajan
Partner

Membership No. : 507414

Date : 2nd Sept 2014

Place : New Delhi


Mehul Agrawal
Managing Director

DIN: 05341082

Date : 2nd Sept 2014

Place : Gurgaon

For and on behalf of the Board of Directors


Vikram Rajesh Chopra
Director

DIN: 05221419

Date : 2nd Sept 2014

Place : Gurgaon


Garima Thakral
Company Secretary

Membership No. 28968

Date : 2nd Sept 2014

Place : Gurgaon

1. SIGNIFICANT ACCOUNTING POLICIES

BACKGROUND AND NATURE OF BUSINESS

Bluerock E-Services Private Limited ('BESPL' or 'the Company') is a subsidiary of VRB GMBH, Germany.

The Company is primarily engaged in the business of:

- Wholesale trading of furniture and Decor items

BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in accordance with the applicable Accounting Standards ('AS') notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and presentational requirements of the Companies Act 1956 and/or the Companies Act, 2013 as appropriate.

CURRENT AND NON-CURRENT CLASSIFICATION

All assets and liabilities are classified into current and non-current.

ASSETS

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

LIABILITIES

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

OPERATING CYCLE

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period within 12 months for the purposes of classification of assets and liabilities as current and non-current.

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 the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Differences between the actual results and estimates are recognised in the year in which the results are known/ materialised.

Any revision to accounting estimates is recognised prospectively in current and future periods.

TANGIBLE FIXED ASSETS AND CAPITAL WORK-IN-PROGRESS

Fixed assets are stated at cost less accumulated depreciation and impairment reserve. The cost of fixed assets includes inward freight, duties, taxes and incidental expenses related to acquisition and installation incurred


R. MAHAJAN & ASSOCIATES
CHARTERED ACCOUNTANTS


Bluerock E-Services Pvt. Ltd.
Plot No. 521
3rd Floor
Vidya Vihar
Phase-3
Gurgaon-122016


Bluerock E-Services Pvt. Ltd.
Plot No. 521
3rd Floor
Vidya Vihar
Phase-3
Gurgaon-122016


Bluerock E-Services Pvt. Ltd.
Plot No. 521
3rd Floor
Vidya Vihar
Phase-3
Gurgaon-122016

Bluerock E-Services Private Limited

Notes forming part of financial statements for the year ended 31 March 2014

(All amounts are in Indian Rupees)

upto the date of commissioning of the assets. Assets held for disposal are stated at their estimated residual values as at the balance sheet date.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding development cost, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

DEPRECIATION

Depreciation is provided under the written down method at rates stated in Schedule XIV of the Companies Act, 1956.

	Rates (WDV)
Office equipments	13.91%
Computer	40.00%
Furniture and fixtures	18.10%
Website	10 Years
Business Model Development	10 Years
Patent / Trademark & Design	10 Years
Software	5 Years

INVENTORIES

Inventories are valued at lower of cost and net realisable value. Costs include all expenses incurred in bringing inventories to their present location and condition.

Net realizable value is estimated considering the purpose for which inventory is held. The net realizable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. For inventory held against which there is no corresponding sales contract, the net realizable value is based on general selling price.

As at the year end, the management has carried out an exercise whereby value of various items of stock have been written down to reflect their Net Realisable Value.

REVENUE RECOGNITION

- (i) Revenue from the sale of goods is recognized upon passage of title of goods to customers, which generally coincides with the delivery and acceptance of such goods. Sales are accounted exclusive of sales tax, trade discount and are net of sales returns.
- (ii) Fee for Other services (Management Consulting fee) & license fee is recognized on accrual basis in accordance with the terms of the agreement.
- (iii) Interest is recognized on a time proportionate basis.

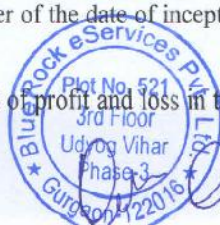
FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. All exchange differences are recognised in the Profit and Loss Account.

The premium or discount that arises on entering into a forward exchange contract for hedging underlying assets and liabilities is measured by the difference between the exchange rate at the date of the inception of the forward exchange contract and the forward rate specified in the contract and is amortised as expense or income over the life of the contract. Exchange difference on a forward exchange contract is the difference between:

- (a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and;
- (b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

These exchange differences are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.



PROVISIONS AND CONTINGENCIES

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which is reliably estimable, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

Provision for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

EARNINGS PER SHARE

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year.

EMPLOYEE BENEFITS

a) **Short term employee benefits**

All employee benefits payable /available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the profit and loss account in the period in which the employee renders the related service.

b) **Post employment benefits**

Defined contribution plan

Contribution to provident and other funds

The Company's defined contribution plans are provident fund scheme and part of the pension fund scheme for eligible employees. The company's contribution to defined contribution plans are recognised in the profit and loss account in the financial year to which they relate.

Defined benefit plans

Gratuity

The present value of the obligation under such funded defined benefit plan is determined based on actuarial valuation carried at the year end using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the profit and loss account.

c) **Other long term employee benefits**

Benefits under leave/ compensated absences constitute other long-term employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

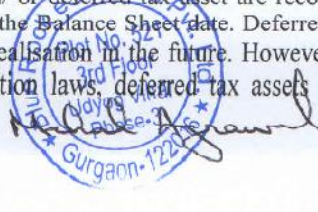
LEASES

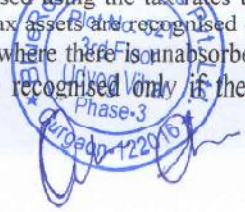
Leased payments under operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

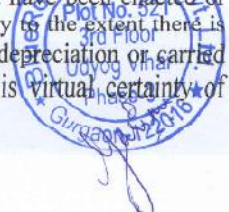
TAXES (Current and deferred tax)

Income tax expense comprises current tax (that is amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liability and/ or deferred tax asset are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in the future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of









Bluerock E-Services Private Limited
Notes forming part of financial statements for the year ended 31 March 2014
(All amounts are in Indian Rupees)

realisation of such assets. Deferred tax assets are reviewed as at the Balance Sheet date and are written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

MINIMUM ALTERNATE TAX

The credits arising from minimum alternate tax (MAT) paid are recognized as receivable only if there is convincing evidence that the company will have sufficient taxable income in future years in order to utilize such credits.



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31st March 2014.

(All amounts are in Indian Rupees)

2. Share Capital

Particulars	As at 31st March 2014	As at 31st March 2013
Authorized capital		
	70,000,000	30,000,000
	70,000,000	30,000,000
Issued, subscribed and paid up capital		
64,81,215 (previous Year 10,000) equity shares of Rs.10.00 each	64,812,150	28,666,440
	64,812,150	28,666,440

Particulars	As at 31st March, 2014	As at 31st March, 2013
	Number of shares	Number of shares
(a) Authorised		
Equity shares of Rs 10/-each with voting rights	7,000,000	3,000,000
(b) Issued		
Equity shares of Rs 10/- each with voting rights	6,481,215	2,866,644
(c) Subscribed and fully paid up		
Equity shares of Rs 10/-each with voting rights	6,481,215	2,866,644
Total Subscribed and Fully paid up	6,481,215	2,866,644

Footnotes:

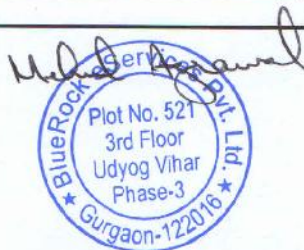
2.1 The company has one class of equity shares having a par value of 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

2.2 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2014	As at 31 March, 2013
Equity Shares with voting rights	Number of shares	Number of shares
As at the Beginning of the year	2,866,644	10,000
Issued During the year	3,614,571	2,856,644
As at the end of the year	6,481,215.00	2,866,644.00

2.3 Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March, 2014	As at 31 March, 2013
Class of shares / Name of shareholder	Number of shares held	Number of shares
Equity Shares with voting rights		
VRB GmbH & Co. B-181KG	5,921,905	2,297,334
Jade 1289. GmbH	559,300	559,300



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31st March 2014.

(All amounts are in Indian Rupees)

3. Reserves & Surplus

Particulars	As at 31st March 2014	As at 31st March 2013
Security Premium		
Opening Balance	257,098,010	-
Add: Premium of Issuance of Equity Share	325,311,490	257,098,010
Closing Balance	582,409,500	257,098,010
Surplus/ (deficit) in the statement of profit and loss		
Opening Balance	(224,410,155)	(6,348,698)
Add: Profit / (loss) for the year	(374,854,656)	(218,061,457)
Net Surplus in the statement of profit and loss	(599,264,811)	(224,410,155)
Total reserves and surplus	(16,855,311)	32,687,855

4. Share Application Money Pending Allotment

Particulars	As at 31st March 2014	As at 31 March 2013
Share Application Money Pending Allotment	204,247,950	57,801,800
	204,247,950	57,801,800

During the current year the company has allotted 3,614,571 equity shares to VRB GMBH out of share application money Rs. 507,903,350.00 received during the year and Rs. 57,801,800 outstanding as on March 31, 2013. The equity shares with a par value of Rs.10.00 each have been issued at a premium of Rs.90.00 per share. Security premium amounting to Rs. 325,311,490.00 transferred to securities premium account.

5. Long term Provisions

Particulars	As at 31st March 2014	As at 31 March 2013
Provision for employee benefits		
- Gratuity	1,612,477	668,800
- Compensated absences	1,577,560	794,613
Provision for Lease Equalisation	909,581	-
	4,099,618	1,463,413

6. Trade payables

Particulars	As at 31st March 2014	As at 31 March 2013
Trade Payables		
Others*	147,633,360	54,659,649
	147,633,360	54,659,649

*Refer Note 23 of Notes to Accounts

7. Other current liabilities

Particulars	As at 31st March 2014	As at 31 March 2013
Statutory Dues payable	10,800,332	7,858,614
Audit fees payable	280,900	20,400
Advance from customers	-	20,937
Payable to Employees	-	35,810
Other Expenses payable	18,768,446	6,755,045
	29,849,679	14,816,810



Blurock eServices Private Limited
Notes forming part of financial statements for the year ended 31st March 2014.
(All amounts are in Indian Rupees)

9. Fixed assets

Particulars	Gross block (at cost)					Accumulated Depreciation				Net block	
	As at 1 April 2013	Additions during the year	Sales/ Adjustments during the year	As at 31 March 2014	As at 1 April 2013	Charge for the year	Sales/ Adjustments during the year	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013	
Tangible assets:											
Computers	22,226,933 13,944,518	8,282,415	(344,964)	21,881,969	3,293,718	5,665,651	(167,044)	8,792,325	13,089,645	10,650,800	
Office equipments	1,524,386	1,476,439	-	3,000,825	60,183	282,159	-	342,342	2,658,483	1,464,202	
Furniture and fixtures	2,621,956	320,150	-	2,942,106	130,078	465,364	-	593,472	2,348,634	2,491,878	
Plant & Machinery	18,090,860	167,460	(344,964)	17,913,356	3,483,980	6,420,494	(167,044)	9,291	18,254,930	14,606,880	
Intangible Assets											
Website	473,227	-	-	473,227	51,267	47,323	-	98,589	374,638	421,960	
Brand name and Logo	177,178	-	-	177,178	19,194	17,718	-	36,912	140,266	157,984	
Business Model Development	1,686,025	-	-	1,686,025	182,653	168,603	-	351,255	1,334,770	1,503,373	
Software	2,204,610	141,352	-	2,345,962	349,114	798,735	-	1,147,853	1,198,109	1,855,495	
Total	45,41,040 22,631,900	141,352 10,387,816	- (344,964)	45,82,192 32,674,752	602,227 4,086,207	1,032,382 7,452,876	- (167,044)	11,372,039	30,47,783 21,302,713	3,938,813 18,545,693	
Capital Work in Progress	112,000	-	-	112,000	-	-	-	-	112,000	-	
Intangible assets under development											
Total	22,743,900	10,387,816	(344,964)	32,786,752	4,086,207	7,452,876	(167,044)	11,372,039	21,414,713	18,657,693	



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31st March 2014.

(All amounts are in Indian Rupees)

8. Short Term Provision

Particulars	As at 31st March 2014	As at 31 March 2013
Provision for employee benefits		
- Gratuity	4,440	2,171
- Compensated absences	54,337	25,398
	<u>58,777</u>	<u>27,569</u>

10. Long term loans and advances

Particulars	As at 31st March 2014	As at 31 March 2013
Unsecured, considered good		
Security Deposits	9,314,334	2,949,105
	<u>9,314,334</u>	<u>2,949,105</u>

11. Inventories(Valued at Cost or NRV whichever is less)

Particulars	As at 31st March 2014	As at 31 March 2013
Stock-in-trade*	214,699,881	44,435,442
	<u>214,699,881</u>	<u>44,435,442</u>

*As valued and certified by the management. As at the year end, the management has carried out an exercise whereby value of various items of stock have been written down to reflect their Net Realisable Value.

12. Trade receivables

Particulars	As at 31st March 2014	As at 31 March 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good unless otherwise stated	21,712,037	47,689,206
Other receivables		
Unsecured, considered good unless otherwise stated	63,313,427	
Less: Provision for sales returns		
	<u>85,025,465</u>	<u>47,689,206</u>

13. Cash and bank balances

Particulars	As at 31st March 2014	As at 31 March 2013
Cash and cash equivalents		
Balances with banks		
- on current account	20,007,564	34,081,605
- on deposits with original maturity of less than 3 months		
Cash on hand	6,916	4,616
	<u>20,014,480</u>	<u>34,086,221</u>
Other bank balances		
Banks deposits with original maturity for more than 3 months but less than 12 months	28,247,852	28,858,752
Banks deposits with original maturity for more than 12 months	19,638,078	100,000
	<u>47,885,930</u>	<u>28,958,752</u>
	<u>67,900,410</u>	<u>63,044,973</u>



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31st March 2014.

(All amounts are in Indian Rupees)

14. Short-term loans and advances

Particulars	As at 31st March 2014	As at 31 March 2013
Others - Unsecured, considered good		
Prepaid expenses	1,230,136	-
Security Deposit	-	50,000
Loans and advances to employees	935,172	633,539
Advances to suppliers	20,527,841	10,987,012
Interest accrued but not due	820,362	286,207
Balance with Custom authorities	-	912,704
TDS recoverable		
2012-2013	334,323	334,323
2013-2014	2,399,528	-
Input Vat	2,536,535	143,332
Sad Refundable	6,470,433	-
Vat Refundable	237,090	-
	35,491,420	13,347,117



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31st March 2014.

(All amounts are in Indian Rupees)

15. Revenue from operations

Particulars	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
Sale of Products - Traded Goods	457,308,908	110,092,295
Services - Licence Fees	11,226,203	2,720,124
Services - Management Consultancy Fees	3,657,480	2,259,063
	<u>472,192,591</u>	<u>115,071,482</u>

16. Other Income

Particulars	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
Miscellaneous Income	2,071,801	19,200
Interest on Fixed Deposit	2,679,333	2,059,470
Profit On Sale of asset	-	60,570
	<u>4,751,134</u>	<u>2,139,240</u>

17. Purchase of Stock in Trade

Particulars	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
Purchase	531,173,094	125,299,672
Direct Cost	43,510,475	6,783,259
	<u>574,683,569</u>	<u>132,082,931</u>

18. Employee remuneration and benefits

Particulars	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
Salary	44,006,408	49,313,787
Allowance	53,349,079	44,411,591
Contribution to welfare funds	1,762,618	1,644,638
Relocation Expenses	-	1,035,877
Stipend	523,367	93,613
Staff Welfare	6,340,234	1,605,155
Retirement Benefit	1,839,746	1,490,982
	<u>107,821,452</u>	<u>99,595,643</u>

19. Finance Charges

Particulars	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
Bank Charges	581,860	327,410
	<u>581,860</u>	<u>327,410</u>

20. Payment to Auditors

For Statutory Audit	252,810	141,428
For Tax Audit	28,090	-
For other Tax related services	72,753	-
	<u>353,653</u>	<u>141,428</u>



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31st March 2014.

(All amounts are in Indian Rupees)

21 Administration & Other Expenses

Particulars	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
Consumables and Packing Material	36,407,805	4,228,293
Contract Manpower Expenses	41,647,146	7,879,150
Forex Gain / (loss)	448,822	146,442
Insurance	474,945	201,308
IT & Software Charges	12,762,856	3,850,634
Marketing and Sales Promotion Expenses	135,466,320	54,511,682
Power & Fuel	4,098,587	2,271,890
Printing & stationery	991,529	995,408
Professional & Management Consultancy	17,169,229	13,033,249
Rent	41,331,365	29,176,240
Repair & Maintenance	6,942,869	1,263,531
Security & Housekeeping Charges	6,887,675	4,857,162
Telecommunication expenses	4,983,355	3,383,960
Travelling and Conveyance	15,258,660	10,723,538
Miscellaneous Expenses	1,540,121	2,352,662
	326,411,285	138,875,151



Handwritten signature: Mihir Agrawal



Bluerock E-Services Private Limited
Notes forming part of financial statements for the year ending 31 March 2014
(All amounts are in Indian Rupees)

	For the year ended 31 March 2014	For the year ended 31 March 2013
22. Expenditure in foreign currency		
Advertisement Expenses	16,118,529	8,123,814
Expenses for Quality Check	38,763	1,079,265
Purchases of finished goods	115,165,889	16,718,289
Travelling Expenses	2,025,649	2,217,833
Lodging & Boarding Expense	895,833	363,825

	For the year ended 31 March 2014	For the year ended 31 March 2013
Earnings in foreign exchange		
Management Consultancy Fee	-	2,259,063

23. Dues to micro and small enterprises

The Company is in the process of compiling information from the suppliers regarding their status as Micro/Small Enterprises, so as to disclose the information as required by MSMED Act. In absence of the confirmed information about the suppliers, it is practically not feasible to state the amounts payable to them as on 31st March 2014.

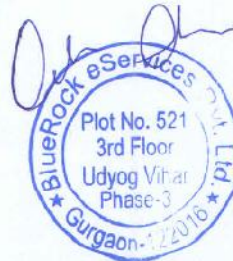
24. Deferred taxes

The Company has substantial unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961. The deferred tax assets relating to such unabsorbed depreciation and other items is significantly higher than deferred tax liabilities arising on account of timing differences. On conservative approach, the Company has recognized deferred tax assets on unabsorbed depreciation only to the extent of its deferred tax liabilities.

25. Earnings per share

The computation of basic/diluted earnings per share is set out below:

	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit/(loss) after tax attributable to equity shareholders (Rs.)	(374,854,656)	(218,061,457)
Weighted average number of equity shares outstanding during the year	16,97,327	476,488
Nominal value per share (Rs.)	10	10
Basic earnings per share (Rs.)	(220.85)	(457.64)



Bluerock E-Services Private Limited
Notes forming part of financial statements for the year ending 31 March 2014
(All amounts are in Indian Rupees)

26. Leases

The Company is obligated under cancellable lease for office premises and warehouses which is renewable on a periodic basis at the option of both the lessor and the lessee. Total rental expense under cancellable operating lease during the year amounted to Rs 41,331,365 (previous year Rs 29,176,240) disclosed as rent. Future payments under non-cancellable operating leases as of 31 March 2014 are as follows:

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Payable within one year	24,057,474	7,786,314
Payable between one and five years	102,203,345	35,236,937
Payable later than five years	-	-

27. Employee benefits

- a) Disclosure with respect to Accounting Standard 15(revised) "Employee Benefits".

Contribution to Provident fund (defined contribution)

The Company's provident fund scheme (including pension fund scheme for eligible employees) is a defined contribution plan. The expense is charged to the Statement of profit and loss under the head Contribution to Provident and other funds.

Gratuity (Defined benefit)

Every employee is entitled to the benefit equivalent to 15 days of total gross salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act.

Compensated absences- other long term employee benefits:

The Company carries forward unutilized balance of leaves (a maximum of 16 leaves) for each employee every year except for eligible employees (for whom all earned leaves are carried forward). No leaves are encashed during the year except for at the time of separation/ termination.

- b) The amount recognized as an expense for defined contribution plans is Rs. 1,839,726 (previous year Rs 1,490,982)
- c) The following table sets forth the amounts recognized in the Balance Sheet and Statement of profit and loss.

Particulars	As at 31 March 2014	As at 31 March 2013
Amount recognized in the balance sheet		
Projected benefit obligation at the beginning of year	14,90,982	-
Present Value of Obligations	17,57,832	1,490,982
Fair Value of Plan Assets	-	-
Net Asset / (Liability) recognized in Balance Sheet as provision	(1,839,726)	(1,490,982)



Bluerock E-Services Private Limited
Notes forming part of financial statements for the year ending 31 March 2014
(All amounts are in Indian Rupees)

d) Actuarial assumptions

Financial assumptions:

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation and the estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions

Particulars	As at 31 March 2014	As at 31 March 2013
Discount rate	8.50%	8.50%
Expected rate of increase in compensation level	6.00%	6.00%
Mortality rate	ILAM (2006-08)	ILAM (2006-08)
Retirement age	60 years	60 years

28. Related party disclosures

a) Related party and nature of related party relationships where control exists

Holding company VRB GMBH, Germany

b) Related party and nature of related party relationships with whom transactions have taken place during the year

Fellow subsidiaries -

Key management personnel

Name	Designation
Vikram Chopra	Director
Vaibhav Aggarwal	Director
Mehul Agrawal	Managing Director

c) Description of related party transactions

	Holding Company 2013-14 (Previous Year)	Key managerial personnel 2013-14 (Previous Year)	Total 2013-14 (Previous Year)
Managerial remuneration	-	18,847,925 (14,098,756)	18,847,925 (14,098,756)
Equity Shares issued during the year (including securities premium)	361,457,100 (285,664,400)	-	361,457,100 (285,664,400)
Share application money pending allotment	204,247,950 (57,801,800)	-	204,247,950 (57,801,800)



Bluerock E-Services Private Limited

Notes forming part of financial statements for the year ending 31 March 2014

(All amounts are in Indian Rupees)

29. Confirmation from trade payables, vendors for goods and services and advance to suppliers were not received in most of the cases and as such their balances are reflected in the Balance Sheet as appearing in the books, pending reconciliation, the net effect is unascertainable.

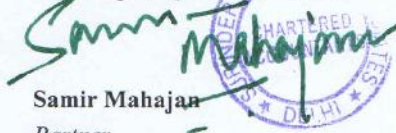
30. All the amounts in Fixed Deposits are reconciled with the bank. However, an amount of Rs. 565,938 included in "Interest accrued but not due" is still to be confirmed by the bank.

31. The previous year figures have been regrouped/ reclassified, wherever necessary, to conform to the current year's classification/ presentation.

For Surinder Mahajan & Associates

Chartered Accountants

Firm Registration No. 009973N


Samir Mahajan
Partner

Membership No. : 507414

Date : 2nd Sept 2014

Place : New Delhi

For and on behalf of the Board of Directors


Mehul Agrawal
Managing Director

DIN: 05341082

Date : 2nd Sept 2014

Place : Gurgaon


Vikram Rajesh Chopra
Director

DIN: 05221419

Date : 2nd Sept 2014

Place : Gurgaon


Garima Thakral
Company Secretary

Membership No. 28968

Date : 2nd Sept 2014

Place : Gurgaon

Surinder Mahajan & Associates Chartered Accountants

Independent Auditors' Report

To the Members of

Bluerock eServices Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s **Bluerock eServices Private Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss 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 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 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 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 financial statements.



OFFICE

Delhi: A - 134, Defence Colony, New Delhi - 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com

Surinder Mahajan & Associates

Chartered Accountants

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015; and
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.

Emphasis of Matter

Without qualifying our report, we draw your attention to note no 30 of the financial statements which is reproduced below.

“Note No. 28

Trade receivables from Alix Retail Private Limited as per the Books of accounts of the company amounts to Rs. 98,097,461. However, the Trade Payables to the Company as per the confirmation received from Alix Retail Private Limited amounts to Rs 86,152,893. The management of the company firmly believes and confirms that the difference in the aforesaid balances may be due to some timing difference in recording of transactions, which is pending reconciliation.

Furthermore, confirmations from trade payables, vendors for goods and services and advance to suppliers were not received in some of the cases and as such their balances are reflected in the Balance Sheet as appearing in the books, pending reconciliation, the net effect is unascertainable.”

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor’s Report) Order, 2015 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



OFFICE

Delhi: A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com

Surinder Mahajan & Associates

Chartered Accountants

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 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 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 written representations received from the directors, as at 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) 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 did not have any pending litigation at the end of the year.
 - (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 Surinder Mahajan & Associates
Chartered Accountants
(Firm's Registration No. 009973N)



Samir Mahajan
Partner
(Membership No.507414)

Place: *New Delhi*
Date: *September 1, 2015*

OFFICE

Delhi: A - 134, Defence Colony, New Delhi - 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com

Surinder Mahajan & Associates

Chartered Accountants

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) (a) Inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. According to the information and the explanations provided to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Accordingly, clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section (1) of Section 148 of the Companies Act, 2013, for the business activity of the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including customs duty, excise duty, provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, value added tax, cess and any other material statutory dues, as applicable, have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Customs duty, Excise duty, Value added tax, Cess and other material statutory dues that were in arrear as at 31 March 2015 for a period of more than six months from the date they became payable.



OFFICE

Delhi: A - 134, Defence Colony, New Delhi - 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com

Surinder Mahajan & Associates

Chartered Accountants

- (b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, customs duty, service tax and excise duty that have not been deposited with the appropriate authorities on account of any dispute.
- (c) As mentioned in sub-clause (iii) of para (f) of "Report on Other Legal and Regulatory Requirements" paragraph of our main report, there were no amounts which were required to be transferred to investor education and protection fund.
- (viii) As company's existence is less than 5 years from the date of registration till the last day of financial year, therefore provisions of clause 4(viii) of the Order are not applicable.
- (ix) In our opinion and according to the information and explanations given to us, the company has no amount due to any financial institutions, Bank or by way of debentures. Therefore, the provisions of Para 4 (ix) of the order are not applicable.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xi) The Company has not obtained any term loans during the year.
- (xii) 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 or reported during the year.

For **Surinder Mahajan & Associates**
Chartered Accountants
(Firm's Registration No. 009973N)




Samir Mahajan
Partner
(Membership No.507414)

Place: *New Delhi*
Date: *September 1, 2015*

OFFICE

Delhi: A - 134, Defence Colony, New Delhi - 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com

Bluerock eServices Pvt Ltd**Cash flow statement for the period ended March 31, 2015**

Particulars	For the period ended March 31st, 2015	For the period ended March 31st, 2014
Cash flows from operating activities		
Profit / (Loss) before tax	(727,676,960)	(374,854,656)
Adjustments		
Depreciation and amortization	11,936,079	7,452,876
Interest (income)	(4,104,278)	(2,679,333)
Operating profit/(loss) before working capital changes	(719,845,159)	(370,081,112)
Movements in working capital :		
Increase/(Decrease) in trade payables	114,831,283	92,973,711
Increase/(Decrease) in other current liabilities and provisions	5,192,938	17,669,073
Increase/(Decrease) in short term provisions	3,167,609	31,208
(Increase)/Decrease in trade receivables	(14,234,394)	(37,336,258)
(Increase)/Decrease in inventories	(6,330,394)	(170,264,439)
(Increase)/Decrease in loans and advances	(51,727,191)	(22,144,303)
Cash generated (used) in operations	(668,945,308)	(489,152,120)
Tax paid	-	-
Net cash flow (used) in operating activities (A)	(668,945,308)	(489,152,120)
Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(8,935,238)	(10,209,896)
Security Deposit	2,465,163	(6,365,229)
Interest received	4,104,278	2,679,333
Net cash flow (used) in investing activities (B)	(2,365,796)	(13,895,792)
Cash from financing activities		
Proceeds from issuance of equity share capital	875,350,400	361,457,200
Decrease in Share application money pending allotment	(115,593,350)	146,446,150
Net cash flow from in financing activities (C)	759,757,050	507,903,350
Net increase in cash and cash equivalents (A+B+C)	88,445,945	4,855,438
Cash and cash equivalents at the beginning of the year	67,900,410	63,044,973
Cash and cash equivalents at the end of the year	156,346,355	67,900,410
Components of cash and cash equivalents		
Cash on hand	29,653	6,916
With banks - on current accounts	105,495,290	20,007,564
-on deposit accounts	50,821,412	47,885,930
Total cash and cash equivalents	156,346,355	67,900,410

For Surinder Mahajan & Associates

Chartered Accountants

Firm Registration No. 009973N

For and on behalf of the Board of Directors



Samir Mahajan
Partner
Membership No. : 507414
Date : 1st Sept 2015
Place:- New Delhi



Mehul Agrawal
Managing Director
DIN: 05341082
Date : 1st Sept 2015
Place : Gurgaon



Vikram Rajesh Chopra
Director
DIN: 05271419
Date : 1st Sept 2015
Place : Gurgaon



Garima Thudra
Company Secretary
Membership No. 28968
Date : 1st Sept 2015
Place : Gurgaon

Bluerock eServices Private Limited
Balance Sheet as at March 31st, 2015
(All amounts are in Indian Rupees)

	Note	As at 31 March 2015 Rupees	As at 31 March 2014 Rupees
EQUITIES AND LIABILITIES			
Shareholders' funds			
Share Capital	2	152,347,190	64,812,150
Reserves and surplus	3	43,283,090	(16,855,310)
		<u>195,630,280</u>	<u>47,956,840</u>
Share application money	4	88,654,600	204,247,950
Non Current Liabilities			
Long Term Provisions	5	7,234,192	4,099,618
Deffered Tax Liabilities		-	-
		<u>7,234,192</u>	<u>4,099,618</u>
Current Liabilities :			
Trade Payables	6	262,464,644	147,633,360
Other Current Liabilities	7	13,815,851	11,757,487
Short Term Provisions	8	21,318,578	18,150,969
		<u>297,599,073</u>	<u>177,541,816</u>
TOTAL		<u>589,118,144</u>	<u>433,846,224</u>
ASSETS			
Non Current Assets			
Fixed assets			
Tangible Assets	9	9,181,499	18,254,930
Intangible Assets		9,120,372	3,047,783
Advance - Trademark Authority		112,000	112,000
		<u>18,413,871</u>	<u>21,414,713</u>
Long Term Loans & Advances	10	6,849,171	9,314,334
		<u>6,849,171</u>	<u>9,314,334</u>
Current Assets			
Inventories	11	221,030,276	214,699,882
Trade Receivables	12	99,259,859	85,025,465
Cash & Cash Equivalents	13	156,346,355	67,900,410
Short Term Loans & Advances	14	87,218,612	35,491,420
		<u>563,855,101</u>	<u>403,117,177</u>
TOTAL		<u>589,118,144</u>	<u>433,846,224</u>

Significant accounting policies 1
The accompanying notes form an integral part of financial statements
As per our attached report of even date

For Surinder Mahajan & Associates
Chartered Accountants
Firm Registration No. 009973N

Samir Mahajan

Samir Mahajan
Partner
Membership No. : 507414
Date : 1st Sep 2015
Place:- New Delhi

For and on behalf of the Board of Directors

Mehul Agrawal
Mehul Agrawal
Managing Director
DIN: 05341082
Date : 1st Sep 2015
Place : Gurgaon

Vikram Rajesh Chopra
Vikram Rajesh Chopra
Director
DIN: 052211193-3
Date : 1st Sep 2015
Place : Gurgaon

Garima Thukral
Garima Thukral
Company Secretary
Membership No. 28968
Date : 1st Sep 2015
Place : Gurgaon

Bluerock eServices Private Limited
Statement of Profit and Loss for the period ended March 31st, 2015
 (All amounts are in Indian Rupees)

	Note	Period Ended March 31, 2015	Period Ended March 31, 2014
INCOME			
Revenue From Operations	15	789,280,803	472,265,847
Other Income	16	8,785,452	4,677,878
TOTAL REVENUE		798,066,255	476,943,725
Expenses:			
Purchase of Stock in Trade	17	796,951,656	574,683,569
Changes in Inventory of Stock in Trade		(6,330,396)	(170,264,439)
Employee Benefits Expense	18	132,593,707	107,821,452
Depreciation and Amortization Expense		11,936,079	7,452,876
Finance Costs	19	594,338	658,399
Other Expenses	20	589,997,832	331,446,524
TOTAL		1,525,743,216	851,798,380
Loss before prior period expenses and taxes		(727,676,960)	(374,854,655)
Loss before taxation		(727,676,960)	(374,854,655)
Tax Expenses		-	-
Current Tax		-	-
Deferred Tax		-	-
Loss after taxation		(727,676,960)	(374,854,655)
Balance deficit brought forward		-	-
Balance deficit carried to Balance Sheet		(727,676,960)	(374,854,655)
EARNINGS PER SHARE			
Basic earning per share		(168.22)	(220.85)
Diluted earning per share		(168.22)	(220.85)
Nominal value per share		10	10

(Refer Note No. 24 to the Notes to Accounts)

Significant accounting policies

1

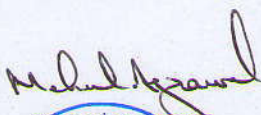

The accompanying notes form an integral part of financial statements
 As per our attached report of even date

For **Surinder Mahajan & Associates**
 Chartered Accountants
 Firm Registration No. 009973N

For and on behalf of the Board of Directors




Samir Mahajan
 Partner
 Membership No. : 507414
 Date : 1st Sep 2015
 Place : New Delhi



Mehul Agrawal
 Managing Director
 DIN: 05341082
 Date: 1st Sep 2015
 Place: Gurgaon



Vikram Rajesh Chopra
 Director
 DIN: 05221419
 Date: 1st Sep 2015
 Place: Gurgaon



Garima Thukral
 Company Secretary
 Membership No. 328968
 Date: 1st Sep 2015
 Place: Gurgaon

1. SIGNIFICANT ACCOUNTING POLICIES

BACKGROUND AND NATURE OF BUSINESS

Bluerock E-Services Private Limited ('BESPL' or 'the Company') is a subsidiary of VRB GMBH, Germany.

The Company is primarily engaged in the business of:

- Wholesale trading of furniture and Decor items

BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on a going concern basis under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, as adopted consistently by the company.

CURRENT AND NON-CURRENT CLASSIFICATION

All assets and liabilities are classified into current and non-current.

ASSETS

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

LIABILITIES

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

OPERATING CYCLE

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period within 12 months for the purposes of classification of assets and liabilities as current and non-current.

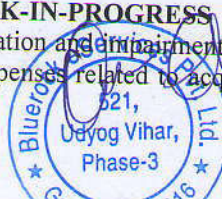
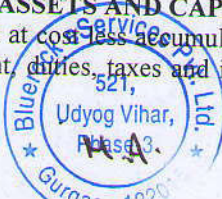
USE OF ESTIMATES

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 the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Differences between the actual results and estimates are recognised in the year in which the results are known/ materialized.

Any revision to accounting estimates is recognised prospectively in current and future periods.

TANGIBLE FIXED ASSETS AND CAPITAL WORK-IN-PROGRESS

Fixed assets are stated at cost less accumulated depreciation and impairment reserve. The cost of fixed assets includes inward freight, duties, taxes and incidental expenses related to acquisition and installation incurred.



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31 March 2015

(All amounts are in Indian Rupees)

upto the date of commissioning of the assets. Assets held for disposal are stated at their estimated residual values as at the balance sheet date.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding development cost, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

DEPRECIATION AND AMORTISATION

Depreciation is provided on "Written Down Value" method in respect of Plant and Machinery, Office Equipment's and other assets as per the useful life prescribed Schedule II to the Companies Act 2013.

Intangible assets are amortized on Straight Line Method over the estimated useful life of ten years.

The stated lives are as below:

Category of assets	Useful Life of Assets
Tangible assets	
Computers	3 years
Office equipment's	5 years
Furniture and fixtures	10 years
Plant & Machinery	15 years
Intangible assets	
Website	10 years
Brand Name and Logo	10 years
Business Model Development	10 years
Software	10 years

INVENTORIES

Inventories are valued at lower of cost and net realizable value. Costs include all expenses incurred in bringing inventories to their present location and condition.

Net realizable value is estimated considering the purpose for which inventory is held. The net realizable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. For inventory held against which there is no corresponding sales contract, the net realizable value is based on general selling price.

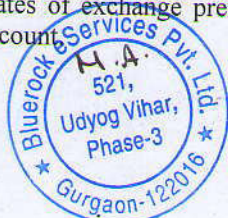
As at the year end, the management has carried out an exercise whereby value of various items of stock have been valued at cost or NRV, whichever is less.

REVENUE RECOGNITION

- (i) Revenue from the sale of goods is recognized upon passage of title of goods to customers, which generally coincides with the delivery and acceptance of such goods. Sales are accounted exclusive of sales tax, trade discount and are net of sales returns.
- (ii) Fee for Other services (Management Consulting fee) & license fee is recognized on accrual basis in accordance with the terms of the agreement.
- (iii) Interest is recognized on a time proportionate basis.
- (iv) Scrap Items are sold to Business concern dealing in such absolute/damage products (B2B Sales).

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. All exchange differences are recognised in the Profit and Loss Account.



The premium or discount that arises on entering into a forward exchange contract for hedging underlying assets and liabilities is measured by the difference between the exchange rate at the date of the inception of the forward exchange contract and the forward rate specified in the contract and is amortized as expense or income over the life of the contract. Exchange difference on a forward exchange contract is the difference between:

- (a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and;
- (b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

These exchange differences are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.

PROVISIONS AND CONTINGENCIES

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which is reliably estimable, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

Provision for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

EARNINGS PER SHARE.

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year.

EMPLOYEE BENEFITS

a) Short term employee benefits

All employee benefits payable /available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the profit and loss account in the period in which the employee renders the related service.

b) Post employment benefits

Defined contribution plan

Contribution to provident and other funds

The Company's defined contribution plans are provident fund scheme and part of the pension fund scheme for eligible employees. The company's contribution to defined contribution plans are recognised in the profit and loss account in the financial year to which they relate.

Defined benefit plans

Gratuity

The present value of the obligation under such funded defined benefit plan is determined based on actuarial valuation carried at the year end using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the profit and loss account.

c) Other long term employee benefits



Bluerock eServices Private Limited
Notes forming part of financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees)

Benefits under leave/ compensated absences constitute other long-term employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

LEASES

Leased payments under operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

TAXES (Current and deferred tax)

Income tax expense comprises current tax (that is amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liability and/ or deferred tax asset are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in the future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at the Balance Sheet date and are written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

MINIMUM ALTERNATE TAX

The credits arising from minimum alternate tax (MAT) paid are recognized as receivable only if there is convincing evidence that the company will have sufficient taxable income in future years in order to utilize such credits.



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31st March 2015.
(All amounts are in Indian Rupees)

2. Share Capital Particulars	As at 31st March 2015	As at 31st March 2014
Authorized capital		
	300,000,000	70,000,000
	300,000,000	70,000,000
Issued, subscribed and paid up capital		
15,234,719 (previous Year 6,481,215) equity shares of Rs.10.00 each	152,347,190	64,812,150
	152,347,190	64,812,150

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Number of shares	Number of shares
(a) Authorised		
Equity shares of Rs 10/-each with voting rights	30,000,000	7,000,000
(b) Issued		
Equity shares of Rs 10/- each with voting rights	15,234,719	6,481,215
(c) Subscribed and fully paid up		
Equity shares of Rs 10/-each with voting rights	15,234,719	6,481,215
Total Subscribed and Fully paid fully paid up	15,234,719	6,481,215

Footnotes:

2.1 The company has one class of equity shares having a par value of 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

2.2 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number of shares	Amount	Number of shares	Amount
Equity Shares with voting rights				
As at the Beginning of the year	6,481,215	64,812,150	2,866,644	28,666,440
Issued During the year	8,753,504	87,535,040	3,614,571	36,145,710
As at the end of the year	15,234,719	1,52,347,190	6,481,215	64,812,150

2.3 Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Equity Shares with voting rights				
VRB GmbH & Co. B-181KG	14,675,409	96.33%	5,921,905	91.37%
Jade 1289. GmbH	5,59,300	3.67%	559,300	8.63%

3. Reserves & Surplus

Particulars	As at 31st March 2015	As at 31st March 2014
Security Premium		
Opening Balance	582,409,500	257,098,010
Add: Premium of Issuance of Equity Share	787,815,360	325,311,490
Closing Balance	1,370,224,860	582,409,500
Surplus/ (deficit) in the statement of profit and loss		
Opening Balance	(599,264,810)	(224,410,155)
Add: Profit / (loss) for the year	(727,676,960)	(374,854,655)
Net Surplus in the statement of profit and loss	(1,326,941,770)	(599,264,810)
Total reserves and surplus	43,283,090	(16,855,310)

4. Share Application Money Pending Allotment

Particulars	As at 31st March 2015	As at 31st March 2014
Share Application Money Pending Allotment	88,654,600	204,247,950
	88,654,600	204,247,950

5. Long term Provisions

Particulars	As at 31st March 2015	As at 31st March 2014
Provision for employee benefits		
- Gratuity	2,457,534	1,612,477
- Compensated absences	1,446,832	1,577,560
Lease Equalisation Reserve	3,329,826	909,581
	7,234,192	4,099,618



Bluerock eServices Private Limited
Notes forming part of financial statements for the year ended 31st March 2015.
(All amounts are in Indian Rupees)

6. Trade payables

Particulars	As at 31st March 2015	As at 31st March 2014
Trade Payables	262,464,644	147,633,360
	<u>262,464,644</u>	<u>147,633,360</u>

*Refer Note 22 of Notes to Accounts

7. Other current liabilities

Particulars	As at 31st March 2015	As at 31st March 2014
Statutory Dues payable	12,834,077	10,800,332
Payable to Employees	981,774	957,154
	<u>13,815,851</u>	<u>11,757,487</u>

8. Short Term Provision

Particulars	As at 31st March 2015	As at 31st March 2014
Provision for employee benefits		
- Gratuity	5,978	4,440
- Compensated absences	49,779	54,337
Provision for Expenses	20,863,821	17,080,143
Provision for Audit Fees	399,000	280,900
Provision for Loss on Margins	-	731,149
	<u>21,318,578</u>	<u>18,150,969</u>

10. Long term loans and advances

Particulars	As at 31st March 2015	As at 31st March 2014
Unsecured, considered good		
Security Deposits	6,849,171	9,314,334
	<u>6,849,171</u>	<u>9,314,334</u>

11. Inventories(Valued at Cost or NRV whichever is less).

Particulars	As at 31st March 2015	As at 31st March 2014
Stock-in-trade	221,030,277	214,699,881
	<u>221,030,277</u>	<u>214,699,881</u>

*As valued and certified by the management. As at the year end, the management has carried out an exercise whereby value of various items of stock have been written down to reflect their value Cost or Net Realisable Value whichever is less.

12. Trade receivables

Particulars	As at 31st March 2015	As at 31st March 2014
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good unless otherwise stated	667,338	21,712,037
Other receivables		
Unsecured, considered good unless otherwise stated	98,592,521	63,313,427
	<u>99,259,859</u>	<u>85,025,465</u>

13. Cash and bank balances

Particulars	As at 31st March 2015	As at 31st March 2014
Cash and cash equivalents		
Balances with banks		
- on current account	105,495,290	20,007,564
Cash on hand	29,653	6,916
	<u>105,524,943</u>	<u>20,014,480</u>
Other bank balances		
Banks deposits with maturity for more than 3 months but less than 12 months	50,821,412	47,885,930
	<u>156,346,355</u>	<u>67,900,410</u>



Bluerock eServices Private Limited
Notes forming part of financial statements for the year ended 31st March 2015.
(All amounts are in Indian Rupees)

14. Short-term loans and advances

Particulars	As at 31st March 2015	As at 31st March 2014
Others - Unsecured, considered good		
Prepaid expenses	1,819,756	1,230,136
Loans and advances to employees	91,201	935,172
Advances to suppliers	56,950,830	18,902,004
Balances with custom Authorities	17,364,534	8,333,360
Interest accrued but not due	896,254	820,362
TDS recoverable		
2012-2013	334,323	334,323
2013-2014	2,399,528	2,399,528
2014-2015	2,723,413	-
Input Vat	4,638,772	2,536,535
	87,218,612	35,491,420



Blurock eServices Private Limited
Notes forming part of financial statements for the year ended 31st March 2015.
(All amounts are in Indian Rupees)

Schedule 9 Fixed assets

Particulars	Gross block (at cost)			Accumulated Depreciation			Net block		
	As at 1st April 2014	Additions during the year	Sales/ Adjustments during the year	As at 31st March 2015	As at 1st April 2014	Charge for the year	Sales/ Adjustments during the year	As at 31st March 2015	As at 31st March 2014
Tangible assets:									
Computers	21,881,969	6,273,894	7,588,647	20,567,216	8,792,325	7,447,295	1,714	16,221,906	4,345,310
Office equipments	3,000,825	1,755,947	-	4,756,771	342,342	1,699,967	-	2,042,309	2,714,463
Furniture and fixtures	2,942,106	230,863	-	3,172,969	593,472	644,731	-	1,238,203	1,934,766
Plant & Machinery	167,460	67,095	-	234,555	9,291	38,304	-	47,595	186,960
	27,992,360	8,327,798	7,588,647	28,731,511	9,737,430	9,830,296	17,714	19,550,012	9,181,499
	(18,090,860)	(10,246,464)	(344,964)	(27,992,360)	(3,483,980)	(6,420,494)	(167,044)	(9,737,430)	(14,606,880)
Intangible Assets									
Website	473,227	-	-	473,227	98,589	109,425	-	208,015	374,638
Brand name and Logo	177,178	-	-	177,178	36,912	40,955	-	77,866	140,266
Business Model Development	1,686,025	-	-	1,686,025	351,255	389,709	-	740,964	1,334,770
Software	2,345,962	8,178,373	-	10,524,335	1,147,853	1,565,694	-	2,713,547	1,198,109
	4,682,392	8,178,373	-	12,860,765	1,634,609	2,105,783	-	3,740,393	9,120,372
	(4,541,040)	(141,352)	-	(4,682,392)	(602,227)	(1,032,382)	-	(1,634,609)	(3,047,783)
Total	32,674,752	16,506,171	7,588,647	41,593,276	11,372,039	11,936,079	17,714	23,290,405	18,301,871
Capital Work in Progress									
Intangible assets under development	112,000	-	-	112,000	-	-	-	-	112,000
Total	32,786,752	16,506,171	7,588,647	41,704,276	11,372,039	11,936,079	17,714	23,290,405	18,413,871

*Previous year's figures are shown in brackets.



Bluerock eServices Private Limited

Notes forming part of financial statements for the year ended 31st March 2015.

(All amounts are in Indian Rupees)

15. Revenue from operations

Particulars	During the period ended	During the period ended
	March 31, 2015	March 31, 2014
Sales of Products		
Appliances	295,897	187,322
Bed&Bath	72,581,139	56,841,661
Decor	144,320,615	77,212,328
Furniture	430,554,306	242,732,695
Kids&Baby	2,737,364	1,467,631
Kitchen	104,380,945	73,403,272
Lighting	13,105,280	5,464,000
	<u>767,975,546</u>	<u>457,308,908</u>
Sale of Services		
Services - Licence Fees	20,327,585	11,226,203
Services - Management Consultancy Fees	507,485	3,657,480
	<u>20,835,070</u>	<u>14,883,683</u>
Other Operating Revenues		
Sale of Scrap	470,188	73,256
	<u>470,188</u>	<u>73,256</u>
	<u>789,280,803</u>	<u>472,265,847</u>

16. Other Income

Particulars	During the period ended	During the period ended
	March 31, 2015	March 31, 2014
Other Non Operating Income		
Rental Income	2,024,400	1,565,290
Miscellaneous Income	911,400	433,255
Foreign Exchange Gain	1,745,373	-
Interest Income		
Interest on Fixed Deposit	4,104,278	2,679,333
	<u>4,104,278</u>	<u>2,679,333</u>
	<u>8,785,452</u>	<u>4,677,878</u>

17. Purchase of Stock in Trade

Particulars	During the period ended	During the period ended
	March 31, 2015	March 31, 2014
Purchase		
Furniture	441,668,106	336,021,506
Others	302,956,017	195,151,588
	<u>744,624,123</u>	<u>531,173,094</u>
Direct Cost	52,327,533	43,510,475
	<u>52,327,533</u>	<u>43,510,475</u>
	<u>796,951,656</u>	<u>574,683,569</u>

18. Employee Benefit Expense

Particulars	During the period ended	During the period ended
	March 31, 2015	March 31, 2014
Salary and Wages	119,921,812	97,355,487
Contribution to Provident and other funds	4,506,813	4,125,731
Staff Welfare	8,165,082	6,340,234
	<u>132,593,707</u>	<u>107,821,452</u>

19. Finance Costs

Particulars	During the period ended	During the period ended
	March 31, 2015	March 31, 2014
Bank Charges	566,535	581,860
Interest Expense	27,803	76,539
	<u>594,338</u>	<u>658,399</u>



Bluerock eServices Private Limited
Notes forming part of financial statements for the year ended 31st March 2015.
(All amounts are in Indian Rupees)

20. Other Expenses

Particulars	During the period ended March 31, 2015	During the period ended March 31, 2014
Consumables and Packing Material	51,019,237	36,407,805
Contract Manpower Expenses	56,332,621	41,647,146
Forex Loss	-	448,822
Insurance	1,096,431	474,945
IT & Software Charges	22,411,568	12,762,856
Marketing and Sales Promotion Expenses	294,416,087	135,466,320
Power & Fuel	6,746,473	4,098,587
Printing & stationery	1,216,857	991,529
Professional & Management Consultancy	26,892,870	17,169,229
Rent	73,205,814	41,331,365
Repair & Maintenance	10,019,142	6,942,869
Security & Housekeeping Charges	13,895,462	6,887,675
Telecommunication expenses	6,706,421	4,983,355
Travelling and Conveyance	17,357,567	15,258,660
Miscellaneous Expenses	8,064,274	1,451,397
Rates and Taxes	236,349	12,185
Payments to Auditors		
For Statutory Audit	300,000	252,810
For Tax Audit	50,000	28,090
Others	30,660	72,753
Prior Period Expense	-	4,758,125
	589,997,832	331,446,524



Bluerock E-Services Private Limited
Notes forming part of financial statements for the year ending 31 March 2015
(All amounts are in Indian Rupees)

21. Details of Expenditures in Foreign Currency

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Advertisement Expenses	11,858,903	16,118,529
Expenses for Quality Check	-	38,763
Purchases of finished goods	67,846,532	115,165,889
Travelling Expenses	1,985,687	2,025,649
Lodging & Boarding Expense	704,390	895,833
IT Support Expense	49,85,880	15,05,856
Business Development Expenses	1,743,997	-

22. Dues to micro and small enterprises

The Company is in the process of compiling information from the suppliers regarding their status as Micro/Small Enterprises, so as to disclose the information as required by MSMED Act. In absence of the confirmed information about the suppliers, it is practically not feasible to state the amounts payable to them as on 31st March 2015.

23. Deferred taxes

The Company has substantial unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961. The deferred tax assets relating to such unabsorbed depreciation and other items is significantly higher than deferred tax liabilities arising on account of timing differences. On conservative approach, the Company has recognized deferred tax assets on unabsorbed depreciation only to the extent of its deferred tax liabilities.

24. Earnings per share

The computation of basic/diluted earnings per share is set out below:

	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit/(loss) after tax attributable to equity shareholders (Rs.)	(727,676,960)	(374,854,655)
Weighted average number of equity shares outstanding during the year	43,25,679	16,97,327
Nominal value per share (Rs.)	10	10
Basic earnings per share (Rs.)	(168.22)	(220.85)
Diluted earnings per share (Rs.)	(168.22)	(220.85)



25. Employee benefits

Disclosure with respect to Accounting Standard 15(revised) "Employee Benefits".

Contribution to Provident fund (defined contribution)

The Company's provident fund scheme (including pension fund scheme for eligible employees) is a defined contribution plan. The expense is charged to the Statement of profit and loss under the head Contribution to Provident and other funds.

The amount recognized as an expense for defined contribution plans is Rs. 989,708 (previous year Rs 1,839,726).

Gratuity (Defined benefit)

Every employee is entitled to the benefit equivalent to 15 days of total gross salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act.

Compensated absences- other long term employee benefits:

The Company carries forward unutilized balance of leaves (a maximum of 16 leaves) for each employee every year except for eligible employees (for whom all earned leaves are carried forward). No leaves are encashed during the year except for at the time of separation/ termination.

Being company is a small and medium sized company, disclosure requirements laid down in paragraphs 119 to 123 of the Accounting Standard 15 in respect of accounting for defined benefit plans are not required. However, the company has disclosed the requirement as per paragraph 120(l) of the Standard.

Financial assumptions:

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation and the estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Actuarial assumptions

Particulars	As at 31 March 2015	As at 31 March 2014
Discount rate	8.50%	8.50%
Expected rate of increase in compensation level	5.50%	6.00%
Mortality rate	ILAM (2006-08)	ILAM (2006-08)
Retirement age	60 years	60 years
Ages (Withdrawal rate %)		
Upto 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%



26. Related party disclosures

a) Related party and nature of related party relationships where control exists

Holding company VRB GMBH, Germany

b) Related party and nature of related party relationships with whom transactions have taken place during the year

Fellow subsidiaries -

Key management personnel

Name	Designation
Vikram Chopra	Director
Mehul Agrawal	Managing Director

c) Description of related party transactions

	Holding Company	Key managerial personnel	Total
	2014-15 (Previous Year)	2014-15 (Previous Year)	2014-15 (Previous Year)
Managerial remuneration	-	18,847,463 (18,847,925)	18,847,463 (18,847,925)
Equity Shares issued during the year (including securities premium)	875,350,400 (361,457,100)	-	875,350,400 (361,457,100)
Share application money pending allotment	88,654,600 (204,247,950)	-	88,654,600 (204,247,950)
Reimbursement of Expenses	17,43,997		17,43,997

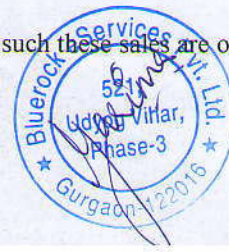
* Previous year's figures are shown in brackets

27. The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rule 2014. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company

28. Trade receivables from Alix Retail Private Limited as per the Books of accounts of the company amounts to Rs. 98,097,461. However, the Trade Payables to the Company as per the confirmation received from Alix Retail Private Limited amounts to Rs. 86,152,893. The management of the company firmly believes and confirms that the difference in the aforesaid balances may be due to some timing difference in recording of transactions, which is pending reconciliation.

Furthermore, confirmations from trade payables, vendors for goods and services and advance to suppliers were not received in some of the cases and as such their balances are reflected in the Balance Sheet as appearing in the books, pending reconciliation, the net effect is unascertainable.

29. Scrap Items are sold to Business concerns dealing in such absolute/damage products and as such these sales are on Business to Business basis.



Bluerock E-Services Private Limited
Notes forming part of financial statements for the year ending 31 March 2015
(All amounts are in Indian Rupees)

30. As at the year end, the management has carried out an exercise whereby value of various items of stock have been valued at cost or NRV, whichever is less.
31. During the year under consideration company has paid incentive amount of Rs 4,60,29,166/- (2,72,26,065/- in FY 2013-14) to Alix Retail Private Limited for bolstering the sales of the company.
32. During the current year, the Company has incurred loss of Rs 727,676,960 (previous year Rs 374,854,655) resulting in accumulated losses of Rs 1,326,941,770 (previous year Rs 599,264,810) against paid up capital of Rs 152,347,190 (previous year Rs 64,812,150). The company is in startup stage and losses are expected in the initial few years. During the year, its shareholders have increased their subscription in equity capital and are also committed to provide continuous financials support to the company, which will generate positive cash flows and improve the net worth.

In view of this, the financial statements have been continued to be prepared on a going concern basis and accordingly, no adjustments have been made to these financial statements.

33. The previous year figures have been regrouped/ reclassified, wherever necessary, to conform to the current year's classification/ presentation.

For Surinder Mahajan & Associates

Chartered Accountants

Firm Registration No. 009973N



Samir Mahajan

Partner

Membership No. : 507414

Date : 1st Sept 2015

Place : New Delhi



For and on behalf of the Board of Directors



Mehul Agrawal
Managing Director
DIN: 05341082

Date : 1st Sept 2015

Place : Gurgaon



Vikram Rajesh Chopra
Director
DIN: 05221419

Date : 1st Sept 2015

Place : Gurgaon



Garima Thakral
Company Secretary
Membership No. 28968

Date : 1st Sept 2015

Place : Gurgaon

Surinder Mahajan & Associates
Chartered Accountants

Independent Auditor's Report

To the Members of

Bluerock eServices Private Limited

Report of Financial Statements

We have audited the accompanying financial statements of **M/s. Bluerock eServices Private Limited ("the Company")** which comprise the Balance Sheet as at March 31, 2016 and Statement of Profit and Loss and Cash flows 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 of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies 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 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.

AUDITORS' RESPONSIBILITY

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

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

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

OFFICE

A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
Delhi | Jalandhar | Jammu



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error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) In the case of the Statement of Profit and Loss, of the **Loss** of the Company for the year ended on that date; and
- (c) In the case of Cash Flow Statement, cash flows of the company for the year ended on that date.

Emphasis of Matter

Without qualifying our report, we draw your attention to Note No.29 of the financial statements which is reproduced below:

“Note No.29

Trade Receivables from Alix Retail private Limited as per Books of accounts of the company amount to Rs.21,19,18,371/-. However, the trade payables to company as per the confirmation received from Alix Retail Private Limited amount to Rs.20,07,99,896/-. The management of the company firmly believes and confirms that the difference in the aforesaid balances may be due to some reconciliation errors, working for which is pending. To that extent, effect is unascertainable.

Furthermore, confirmations from trade payables, vendors for goods and services and advance to supplier were not received in some of the cases and as such their balances are reflecting in the Balance Sheet as appearing in the books, pending reconciliation, net effect is unascertainable”.

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A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
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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 Section 143(II) of the Act 2013, we give in the Annexure 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, the Statement of Profit and Loss and cash flows statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with 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 March 31, 2016, 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 Act.
 - f. 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 B"; and
 - g. With respect to the other matter to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. As informed by the management the company does not have any pending litigations which would impact its financial position.
 - ii. As informed by the management the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has not been any amount which is, required to be transferred, to the investor education and protection fund by the company



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A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
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Surinder Mahajan & Associates
Chartered Accountants

For SURINDER MAHAJAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN 009973N


Surinder Mahajan

(PARTNER)

Place: New Delhi

Date: 22/07/2016

OFFICE

A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
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Annexure to the Audit Report

(Referred to in paragraph 1 under "Report on other legal and regulatory requirements section of our report of even date)

- i). a) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records showing full particulars including quantitative details & situation of Fixed Assets.
- b) The fixed assets have been physically verified by the management at reasonable intervals. The discrepancies noticed on such verification are not material.
- c) According to information provided to us, the company does not own any immovable property.
- ii) On the basis of information & explanations obtained, the stocks of finished goods, stores, spares parts and raw materials have been physically verified by the management at reasonable intervals during/at the end of the year.
- iii) The Company has not granted any loans secured or unsecured, to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) to (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, the company has not given any loans or made any investment, guarantee or security to its director or in any other company. The provisions of section 185 and 186 of the Companies Act, 2013 are not applicable on the company, hence clause iv para 3 of Caro is not applicable.
- v) The Company has not accepted deposit from the public during the year. Accordingly, the provisions of clause V of para 3 of the Order are not applicable to the Company and hence not commented upon
- vi) The Company is not required to maintain cost accounting records under sub-section (1) of section 148 of the Companies Act, 2013.
- vii) a) According to the records of the company, Company is regular in depositing undisputed statutory dues.
- b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident fund, ESI, Income-Tax, Wealth Tax, Sales-Tax, Customs Duty and Excise Duty, value added tax cess and other statutory dues outstanding for a period of more than six months as at 31st March, 2016 from the date they became payable.

OFFICE

A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
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- viii) On the basis of the verification of records and information and explanation given by the management, the company has not obtained loan from the financial institutions and banks. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable to the Company and hence not commented upon.
- ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) The provisions of section 197(Managerial remuneration) read with Schedule V to the Companies Act 2013; are not applicable to the company since it is a private company. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable to the Company and hence not commented upon.
- xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv) Based upon the audit procedures performed and 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. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.



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A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
Delhi | Jalandhar | Jammu

Surinder Mahajan & Associates
Chartered Accountants

For SURINDER MAHAJAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN 009973N



(PARTNER)

Place: New Delhi

Date: 22/07/2016

OFFICE

A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
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Annexure - B to the Auditors' Report

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 **M/s Bluerock eServices Private Limited** as of 31 March 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 ('ICAI'). 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 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.

Auditors' 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, issued by ICAI and deemed to be prescribed 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

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A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
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risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's 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 31 March 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.



OFFICE

A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
Delhi | Jalandhar | Jammu

Surinder Mahajan & Associates
Chartered Accountants

For SURINDER MAHAJAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN 009973N

Sanita



(PARTNER)

Place: New Delhi

Date: 22/07/2016

OFFICE

A - 134, Defence Colony, New Delhi – 110024, India
Phone: +91-11-46536729, Email: info@surindermahajan.com
Delhi | Jalandhar | Jammu

Bluerock eServices Private Limited
Balance Sheet as at 31st March, 2016

(Amount in rupees)

	Notes	March 31, 2016	March 31, 2015
EQUITIES AND LIABILITIES			
Shareholders' funds			
Share Capital	3	22,45,20,990	15,23,47,190
Reserves and surplus	4	6,10,78,941	4,32,83,090
		28,55,99,931	19,56,30,280
Share application money	5	-	8,86,54,600
Non Current Liabilities			
Long Term Provisions	7	23,71,022	39,04,366
		23,71,022	39,04,366
Current Liabilities			
Trade Payables	6	3,10,70,015	26,24,64,644
Other Current Liabilities	6	75,78,651	1,75,44,677
Short Term Provisions	7	76,75,609	2,09,19,578
		4,63,24,275	30,09,28,899
TOTAL		33,42,95,228	58,91,18,145
ASSETS			
Non Current Assets			
Fixed assets			
Tangible Assets	8	62,74,626	91,81,499
Intangible Assets		54,74,049	91,20,372
Advance - Trademark Authority		1,12,000	1,12,000
		1,18,60,675	1,84,13,871
Long Term Loans & Advances	9	37,72,911	68,49,171
		37,72,911	68,49,171
Current Assets			
Inventories	10	4,77,24,917	22,10,30,277
Trade Receivables	11	21,19,32,412	9,92,59,859
Cash & Cash Equivalents	12	4,26,23,946	15,63,46,356
Short Term Loans & Advances	9	1,63,80,367	8,72,18,611
		31,86,61,642	56,38,55,103
TOTAL		33,42,95,228	58,91,18,145

Summary of significant accounting policies 2.1

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

As per our report of even date

For Surinder Mahajan & Associates

Chartered Accountants

F R No. 009973



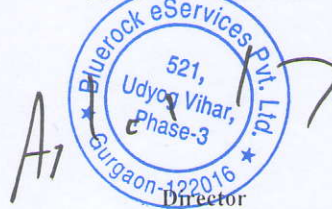
Partner

Membership No: 524404

Place: New Delhi

Date: 22-07-2016

For and on behalf of the Board of Directors of Bluerock eServices Private Limited



Ashish Garg

DIN No.-07328221



Ankita Dabas

DIN No.-07327711

Bluerock eServices Private Limited

Statement of profit & loss for the year ended 31 March 2016

(Amount in rupees)

	Notes	March 31, 2016	March 31, 2015
INCOME			
Revenue From Operations	13	41,01,22,173	78,92,80,803
Other Income	14	66,68,640	87,85,452
TOTAL		41,67,90,813	79,80,66,255
EXPENSES			
Purchase of Stock in Trade	15	38,27,00,475	79,69,51,656
Changes in Inventory of Stock in Trade		17,33,05,360	(63,30,396)
Employee benefit expense	16	13,46,73,515	13,25,93,707
Depreciation and amortization	17	80,90,649	1,19,36,079
Finance Charges	18	2,89,110	5,66,535
Administration & Other Expenses	19	34,95,00,053	59,00,25,634
TOTAL		1,04,85,59,161	1,52,57,43,215
Profit/(loss) before tax		(63,17,68,348)	(72,76,76,960)
Tax expenses			
Current Tax		-	-
Deferred Tax		-	-
Total tax expense		-	-
Profit/(loss) for the year		(63,17,68,348)	(72,76,76,960)
Earnings per equity share [nominal value of share Rs. 10 (previous year 31 March 2015 : Rs. 10)]	20	(32.28)	(74.97)
Summary of significant accounting policies	2.1		

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

As per our report of even date

For Surinder Mahajan & Associates

Chartered Accountants

F R No. 009973N



Partner

Membership No: 524404

Place: New Delhi

Date: 22-07-2016

For and on behalf of the Board of Directors of
Bluerock eServices Private Limited



Director

Ashish Garg

DIN No.-07328221



Director

Ankita Dabas

DIN No.-07327711

Bluerock eServices Private Limited
Cash Flow Statement for year ended March 31 2016

(Amount in rupees)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Cash flow from operating activities		
(Loss) before tax	(63,17,68,348)	(72,76,76,960)
Adjustments for :		
Depreciation	80,90,649	1,19,36,079
Gain on sale of assets	(3,54,479)	-
Interest income	(42,01,068)	(41,04,278)
Operating (loss) before working capital changes	(62,82,33,246)	(71,98,45,159)
Movement in working capital:		
Increase/ (Decrease) in trade payables	(23,13,94,629)	11,48,31,283
Increase/ (Decrease) in other current liabilities and provisions	(1,14,99,370)	51,92,938
Increase/ (Decrease) in Short term provisions	(1,32,43,969)	31,67,609
(Increase)/Decrease in trade receivables	(11,26,72,553)	(1,42,34,394)
(Increase)/Decrease in inventories	17,33,05,360	(63,30,394)
(Increase)/Decrease in loans and advances	7,08,38,244	(5,17,27,191)
Cash generated from/ (used in) operations	(75,29,00,162)	(66,89,45,308)
Direct taxes paid	-	-
Net cash from/ (used in) operating activities	(75,29,00,162)	(66,89,45,308)
B Cash flow from/(used in) investing activities		
Purchase of fixed assets, including CWIP and capital advances	(19,90,704)	(89,35,238)
Security Deposit	30,76,260	24,65,163
Sales of fixed assets	4,53,252	-
Gain on sale of Assets	3,54,479	-
Interest income	42,01,068	41,04,278
Net cash from/(used in) investing activities	60,94,354	(23,65,797)
C Cash flow from/(used in) financing activities		
Proceeds from issuance of equity share capital	72,17,38,000	87,53,50,400
Decrease in Share Application money pending allotment	(8,86,54,600)	(11,55,93,350)
Net cash from/(used in) financing activities	63,30,83,400	75,97,57,050
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(11,37,22,409)	8,84,45,945
Cash and cash equivalents at the beginning of the year	15,63,46,355	6,79,00,410
Cash and cash equivalents at the end of the year	4,26,23,946	15,63,46,355
Components of cash and cash equivalents:		
Cash on hand	25,312	29,653
Balance with scheduled banks :		
With banks - on current account	2,32,75,355	10,54,95,290
With banks - on deposit account	1,93,23,280	5,08,21,412
Cash & Bank balances as per schedule VI	4,26,23,946	15,63,46,355

Notes:

- The Cash Flow Statement has been prepared under the Indirect Method "as set out in Accounting Standard 3 on Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.
- Previous year figures have been regrouped, where necessary to conform to current year's classification

As per our report of even date.

For Surinder Mahajan & Associates
Chartered Accountants
F R No. 0000000000



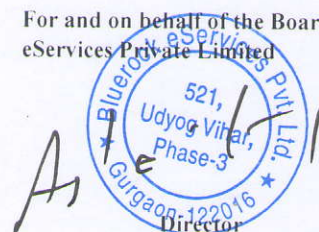
Partner

Membership No: 524404

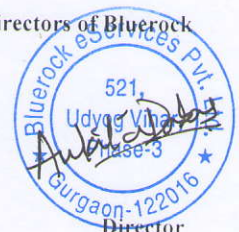
Place: New Delhi

Date: 22-07-2016

For and on behalf of the Board of Directors of Bluerock eServices Private Limited



Ashish Garg
DIN No.-07328221



Ankita Dabas
DIN No.-07327711

1 **Corporate information**
Bluerock E-Services Private Limited ('BESPL' or 'the Company') is a subsidiary of Fabfurnish UG(haftungsschrankt) & Co. KG, Germany was incorporated on Januray 17, 2012.
The Company is primarily engaged in the business of:
- Wholesale trading of furniture and Decor items.

2 **Basis of preparation**
The financial statements are prepared on a going concern basis under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, as adopted consistently by the company.
The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

Current & Non - Current Classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realized within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

2.1 **Summary of 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 the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Differences between the actual results and estimates are recognised in the year in which the results are known/ materialized.

Any revision to accounting estimates is recognised prospectively in current and future periods.

b. **Tangible Fixed Assets**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit & loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.



Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and costs of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding development cost, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

d. Depreciation

Depreciation is provided on "Written Down Value" method in respect of Plant and Machinery, Office Equipment's and other assets as per the useful life prescribed Schedule II to the Companies Act 2013.

Intangible assets are amortized on Straight Line Method over the estimated useful life of ten years.

The stated lives are as below:

Category of Assets	Useful lives of assets
Tangible Assets	
Computer	3 years
Office Equipment	5 years
Furniture & Fixtures	10 years
Planet & Machinery	15 years

e. Inventories

Inventory is valued at lower of cost and net realizable value. Cost is determined on Weighted Average Cost basis and includes all costs incurred to bringing the inventory to its location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- Revenue from the sale of goods is recognized upon passage of title of goods to customers, which generally coincides with the delivery and acceptance of such goods. Sales are accounted exclusive of sales tax, trade discount and are net of sales returns.
- Fee for Other services (Management Consulting fee) & license fee is recognized on accrual basis in accordance with the terms of the agreement.
- Interest is recognized on a time proportionate basis.
- Scrap Items are sold to Business concern dealing in such absolute/damage products.

g. Foreign currency translations

Foreign currency transactions and balances

(i) Initial Recognition

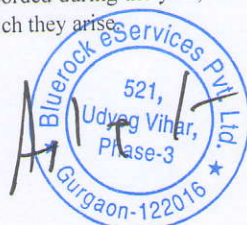
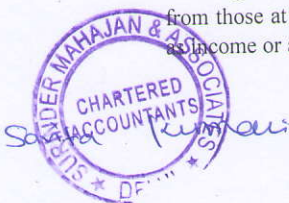
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency as at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. 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. Non-monetary items which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.



h. Provisions and Contingences

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which is reliably estimable, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

Provision for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

i. Earnings Per Share

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

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

j. Retirement and other employee benefits

(i) Retirement benefits in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(ii) Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iii) Short term and Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

k. Leases

Leased payments under operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

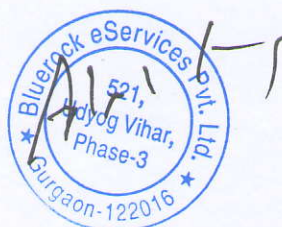
l. Income Taxes

Income tax expense comprises current tax (that is amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liability and/ or deferred tax asset are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in the future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at the Balance Sheet date and are written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

3

Share Capital

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Authorised capital		
3,00,00,000 equity shares of Rs.10 each.	<u>30,00,00,000</u>	<u>30,00,00,000</u>
Issued, Subscribed & fully paid-up capital		
2,24,52,099 (previous Year 15,234,719) equity shares of Rs.10 each.	22,45,20,990	15,23,47,190
Total	<u>22,45,20,990</u>	<u>15,23,47,190</u>



a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year		March 31, 2016		March 31, 2015	
Equity Shares		No.		No.	
	At the beginning of the year		1,52,34,719		64,81,215
	Issued during the year		72,17,380		87,53,504
	Bought back during the year		-		-
	Outstanding at the end of the year		2,24,52,099		1,52,34,719
b. Details of shareholders holding more than 5% shares in the company					
		March 31, 2016		March 31, 2015	
		No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid					
FabFurnish UG (haftungsschrankt) & Co. KG		2,18,92,789	97.51%	1,46,75,409	96.33%
c. Shares held by the holding company					
		March 31, 2016		March 31, 2015	
FabFurnish UG (haftungsschrankt) & Co. KG		2,18,92,789		1,46,75,409	
d. The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.					
4	Reserves & Surplus	March 31, 2016		March 31, 2015	
	Security Premium				
	Opening Balance	1,37,02,24,860		58,24,09,500	
	Add: Premium of Issuance of Equity Share	64,95,64,200		78,78,15,360	
	Closing Balance	2,01,97,89,060		1,37,02,24,860	
	Surplus/ (deficit) in the statement of profit and loss				
	Opening Balance	(1,32,69,41,770)		(59,92,64,810)	
	Add: Profit / (loss) for the year	(63,17,68,348)		(72,76,76,960)	
	Net Surplus in the statement of profit and loss	(1,95,87,10,119)		(1,32,69,41,770)	
	Total reserves and surplus	6,10,78,941		4,32,83,090	
5	Share Application Money Pending Allotment	March 31, 2016		March 31, 2015	
	Share Application Money Pending Allotment	-		8,86,54,600	
		-		8,86,54,600	
6	Other current liabilities	March 31, 2016		March 31, 2015	
	Trade Payables	3,10,70,015		26,24,64,644	
	Other liabilities				
	Others	75,78,651		1,75,44,677	
		75,78,651		1,75,44,677	
		3,86,48,666		28,00,09,321	
7	Provisions	Long-term		Short-term	
		March 31, 2016		March 31, 2015	
	Provision for employee benefits				
	Provision for gratuity	15,22,825	24,57,534	16,011	5,978
	Provision for leave benefits	8,48,197	14,46,832	28,185	49,779
	Provision for Expenses	-	-	76,31,413	2,08,63,821
		23,71,022	39,04,366	76,75,609	2,09,19,578



Blurock eServices Private Limited
8. Fixed assets

Particulars	Gross block (at cost)				Accumulated Depreciation			Net block	
	As at 1 April 2015	Additions during the year	Sales/ Adjustments during the year	As at 31st March 2016	As at 1 April 2015	Charge for the year	Sales/ Adjustments during the year	As at 31st March 2016	As at 31 March 2015
Tangible assets:									
Computers	20,386,179	835,553	1,449,076	19,772,656	13,717,726	4,596,386	1,240,896	17,073,216	6,668,453
Office equipments	4,756,771	1,065,297	475,030	5,347,039	2,042,309	1,619,927	296,367	3,365,869	2,714,463
Furniture and fixtures	3,172,969	89,854	-	3,262,823	1,238,203	536,395	-	1,774,598	1,934,766
Plant & Machinery	234,555	-	67,095	167,460	47,595	34,520	20,446	61,669	186,960
	28,550,474	1,990,704	1,991,201	28,549,977	17,045,832	6,787,228	1,557,709	22,275,351	11,504,642
Intangible Assets									
Website	473,227	-	-	473,227	208,015	47,323	-	255,338	265,212
Brand name and Logo	177,178	-	-	177,178	77,866	17,718	-	95,584	81,594
Business Model Development	1,686,025	-	-	1,686,025	740,964	168,603	-	909,567	945,061
Software	10,705,371	-	77,600	10,627,771	5,217,728	1,069,777	57,842	6,229,663	5,487,643
	13,041,801	-	77,600	12,964,201	6,244,574	1,303,421	57,842	7,490,152	6,797,227
Total	41,592,275	1,990,704	2,068,801	41,514,178	23,290,406	8,090,649	1,615,551	29,765,503	18,201,869
Intangible assets under development	112,000	-	-	112,000	-	-	-	-	112,000
Total	41,704,275	1,990,704	2,068,801	41,626,178	23,290,406	8,090,649	1,615,551	29,765,503	18,413,869

Santosh
CHARTERED
ACCOUNTANTS
SURINDER MAHAJAN & ASSOCIATES



9	Loans and advances	Non - current		Current	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Security Deposit				
	Unsecured, considered good	37,72,911	68,49,171	-	-
	[A]	37,72,911	68,49,171	-	-
	Other loans and advances				
	Advance income tax (net of provision for taxation)	-	-	46,53,247	1,00,96,036
	Prepaid expenses	-	-	16,10,204	18,19,756
	Loan to employees	-	-	-	91,201
	Advance to suppliers	-	-	2,91,31,365	5,69,50,830
	Interest accrued but not due	-	-	1,72,535	8,96,254
	Balances with statutory/ government authorities	-	-	1,62,47,831	1,73,64,534
				5,18,15,183	8,72,18,611
	Provision for Input Vat Reversal	-	-	(65,61,938)	-
	Provision for Doubtful Advances	-	-	(2,88,72,878)	-
	[B]	-	-	1,63,80,367	8,72,18,611
	Total [A+B]	37,72,911	68,49,171	1,63,80,367	8,72,18,611
10	Inventories (at lower of cost and net realizable value)				
			March 31, 2016		March 31, 2015
	Traded goods		4,77,24,917		22,10,30,277
			4,77,24,917		22,10,30,277
11	Trade receivables				
11.1	Trade receivables				
			Non - current		Current
			March 31, 2016		March 31, 2015
	Unsecured, considered good unless stated otherwise				
	Outstanding for a period exceeding six months from the date they are due for payment		-		6,67,338
	Unsecured, considered good		-		6,67,338
	[A]		-		-
11.2	Other receivables				
	Unsecured, considered good		-	21,19,32,412	9,85,92,521
	[B]		-	21,19,32,412	9,85,92,521
	Total [A+B]		-	21,19,32,412	9,92,59,859
12	Cash and cash equivalents				
			Non - current		Current
			March 31, 2016		March 31, 2015
	Cash and cash equivalents				
	Balances with banks:				
	On current accounts		-	2,32,75,355	10,54,95,290
	Cash on hand		-	25,312	29,653
			-	2,33,00,666	10,55,24,943
	Other bank balances				
	Fixed Deposits		-	1,93,23,280	5,08,21,412
			-	1,93,23,280	5,08,21,412
			-	4,26,23,946	15,63,46,355



13	Revenue from operations	March 31, 2016	March 31, 2015
	Sale of Products		
	Sale of Traded goods	39,93,29,918	76,79,75,545
	Sale of Services		
	Services - Licence Fees	1,07,78,470	2,03,27,585
	Services - Management Consultancy Fees	-	5,07,485
	Other operating revenue		
	Sale of Scrap	13,785	4,70,188
		<u>41,01,22,173</u>	<u>78,92,80,803</u>
14	Other income	March 31, 2016	March 31, 2015
	Interest Income on		
	- Bank Deposits	40,57,322	41,04,278
	- Income tax refund	1,43,746	-
	Rental Income	11,88,418	20,24,400
	Miscellaneous Income		9,05,359
	Gain on sales of fixed assets	3,54,479	6,041
	Foreign exchange differences (net)	-	17,45,373
	Gratuity written back	9,24,676	-
		<u>66,68,640</u>	<u>87,85,452</u>
15	Purchase of Stock in Trade	March 31, 2016	March 31, 2015
	Purchase		
	Furniture	35,55,01,522	44,16,68,106
	Others	-	30,29,56,017
		<u>35,55,01,522</u>	<u>74,46,24,123</u>
	Direct Cost	2,71,98,953	5,23,27,533
		<u>38,27,00,475</u>	<u>79,69,51,656</u>
16	Employee benefit expense	March 31, 2016	March 31, 2015
	Salaries and bonus	12,50,91,412	11,99,21,812
	Contribution to provident fund and other funds	37,71,674	45,06,813
	Staff welfare expenses	58,10,429	81,65,082
		<u>13,46,73,515</u>	<u>13,25,93,707</u>
17	Depreciation and amortization expense	March 31, 2016	March 31, 2015
	Depreciation on tangible assets	67,87,228	98,30,296
	Amortization on intangible assets	13,03,421	21,05,783
		<u>80,90,649</u>	<u>1,19,36,079</u>
18	Finance costs	March 31, 2016	March 31, 2015
	Bank Charges	2,89,110	5,66,535
		<u>2,89,110</u>	<u>5,66,535</u>



19	Other expenses	March 31, 2016	March 31, 2015
	Consumables and Packing Material	1,71,34,671	5,10,19,237
	Contract Manpower Expenses	2,91,64,233	5,63,32,621
	Foreign exchange differences (net)	9,71,447	-
	Insurance	9,16,382	10,96,431
	IT & Software Charges	2,70,40,595	2,24,11,568
	Marketing and Sales Promotion Expenses	11,02,28,053	29,44,16,087
	Power & Fuel	54,56,108	67,46,473
	Printing & stationery	8,02,953	12,16,857
	Legal & professional	1,43,60,843	2,68,92,870
	Provision for Advance/Expense Account	3,54,34,816	-
	Payment to auditor (refer details below)	3,45,000	3,80,660
	Rent	7,66,07,861	7,32,05,814
	Repair & Maintenance	49,30,540	1,00,19,142
	Security & Housekeeping Charges	87,98,429	1,38,95,462
	Telecommunication expenses	52,53,708	67,06,421
	Travelling and Conveyance	89,17,713	1,73,57,567
	Interest on TDS	-	26,516
	Interest on Service Tax	-	1,287
	Miscellaneous Expenses	6,95,309	80,64,273
	Rates and Taxes	24,41,393	2,36,349
		<u>34,95,00,053</u>	<u>59,00,25,634</u>

Payment to auditor

	March 31, 2016	March 31, 2015
As auditor:		
Audit fee	3,00,000	3,00,000
Tax audit fee	45,000	50,000
In other capacity:		
Taxation matters	-	-
Management services	-	30,660
	<u>3,45,000</u>	<u>3,80,660</u>

20 Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	March 31, 2016	March 31, 2015
Net profit/(loss) after tax	(63,17,68,348)	(72,76,76,960)
Weighted average number of equity shares for calculating basic and diluted EPS	1,95,70,656	97,06,112
Nominal Value per share	10	10
Basic and diluted EPS	(32.28)	(74.97)



21

Related Party Disclosures

**A Names of related parties and related party relationship:
Related parties**

Holding Company

FabFurnish UG (haftungsschrankt) & Co. KG

Key Management Personnel

Mr. Vikram Chopra - Director (Till 07.11.2015)
Mr. Mehul Agarwal - Managing Director (Till 07.11.2015)
Mr. Ashish Garg - Additional Director (w.e.f. 07.11.2015)
Ms. Ankita Dabas - Additional Director (w.e.f. 07.11.2015)

B Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transactions	Holding company	Key Management Personnel	Total
Managerial Remuneration	-	2,84,07,329	2,84,07,329
Equity Shares issued during the year (including securities premium)	7,21,73,800	-	7,21,73,800
Share application money pending allotment	-	-	-
Reimbursement of Expenses	-	-	-

Previous year details are as under:

**A Names of related parties and related party relationship:
Related parties**

Holding Company

VRB GMBH, Germany

Key Management Personnel

Mr. Vikram Chopra - Director
Mr. Mehul Agarwal - Managing Director

B Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transactions	Holding company	Key Management Personnel	Total
Managerial Remuneration	-	1,88,47,463	1,88,47,463
Equity Shares issued during the year (including securities premium)	87,53,50,400	-	87,53,50,400
Share application money pending allotment	8,86,54,600	-	8,86,54,600
Reimbursement of Expenses	17,43,997	-	17,43,997



22

Employee benefits

Disclosure with respect to Accounting Standard 15(revised) "Employee Benefits".

Contribution to Provident fund (defined contribution)

The Company's provident fund scheme (including pension fund scheme for eligible employees) is a defined contribution plan. The expense is charged to the Statement of profit and loss under the head Contribution to Provident and other funds.

Gratuity (Defined benefit)

Every employee is entitled to the benefit equivalent to 15 days of total gross salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Current service cost	6,85,298	12,04,741
Interest cost on benefit obligation	1,97,081	1,37,438
Expected return on plan assets	-	-
Net actuarial(gain) / loss recognized in the period	(18,07,055)	(4,95,584)
Past service cost	-	-
Net benefit expense	<u><u>(9,24,676)</u></u>	<u><u>8,46,595</u></u>

Balance sheet

Details of Provision for Gratuity

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Defined benefit obligation	15,38,836	24,63,512
Fair value of plan assets	-	-
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	<u><u>15,38,836</u></u>	<u><u>24,63,512</u></u>

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

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Opening defined benefit obligation	24,63,512	16,16,917
Interest cost	1,97,081	1,37,438
Current service cost	6,85,298	12,04,741
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(18,07,055)	(4,95,584)
Closing defined benefit obligation	<u><u>15,38,836</u></u>	<u><u>24,63,512</u></u>

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Discount rate	8.00%	8.00%
Expected rate of return on assets	N.A.	N.A.
Employee turnover	1	1

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.

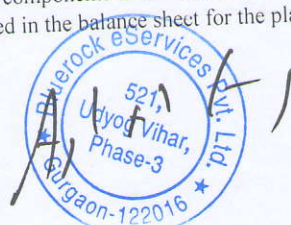
Note:

The Gratuity benefits are not funded and hence disclosures with respect to fair value of plan assets as at March 31, 2016 & March 31, 2015 are not applicable.

Leave Encashment

The Company carries forward unutilized balance of leave for each employee every year except for eligible employees (for whom all earned leaves are carried forward). No leaves are encashed during the year except for at the time of separation/ termination.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plans.



Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Current service cost	4,93,247	7,30,867
Interest cost on benefit obligation	1,19,729	1,38,711
Expected return on plan assets	-	-
Net actuarial(gain) / loss recognized in the period	22,10,451	12,16,502
Past service cost	-	-
Net benefit expense	<u><u>28,23,427</u></u>	<u><u>20,86,080</u></u>

Balance sheet

Details of Provision for Leave encashment

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Defined benefit obligation	8,76,382	14,96,511
Fair value of plan assets	-	-
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	<u><u>8,76,382</u></u>	<u><u>14,96,511</u></u>

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

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Opening defined benefit obligation	14,96,611	16,31,397
Interest cost	1,19,729	1,38,711
Current service cost	4,93,247	7,30,867
Benefits paid	(34,43,655)	(22,21,366)
Actuarial (gains) / losses on obligation	22,10,451	12,16,502
Closing defined benefit obligation	<u><u>8,76,382</u></u>	<u><u>14,96,611</u></u>

The principal assumptions used in determining leave encashment obligations for the Company's plans are shown below:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Discount rate	8.00%	8.00%
Expected rate of return on assets	N.A.	N.A.
Employee turnover	1	1

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors on long term basis.

- 23 **Capital Commitments**
Estimated amount of Contracts remaining to executed on capital account (net of advances) and not provided for Rs. Nil [Previous year Rs. Nil]
- 24 **Contingent liabilities not provided for**
Outstanding guarantees given by the banks on behalf of the Company aggregate Rs. NIL (Previous year Rs. NIL).
- 25 Pursuant to the amendment of Schedule VI of the Companies Act, 1956, regarding disclosure of amount due to creditors which are Micro, Medium and Small Enterprises (MSME), the Company has not received any intimation regarding the MSME status from the creditors hence, disclosures, if any, relating to amounts unpaid as at the period-end alongwith the interest paid / payable as required under the said Act have not been given. The Company generally makes payment to all its suppliers within the agreed credit period (generally less than 45 days) and thus the Management is confident that the liability of interest under this act, if any, would not be material.

26 **Expenditure in Foreign Currency (accrual basis)**

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Particulars		
Traveling and Conveyance	1,01,786	26,90,377
Advertisement Expenses	43,11,726	1,18,58,903
Expenses for Quality Check	-	-
Purchases of finished goods	4,93,64,946	6,78,45,532
IT Support Expense	21,46,152	49,85,380
Business Development Expenses	-	17,43,997
Total	<u><u>5,59,24,610</u></u>	<u><u>8,91,25,389</u></u>



- 27 **Deferred Tax Assets/Liabilities**
The Company has not provided for deferred tax assets in the books in the absence of virtual certainty of sufficient future taxable profits in the near future.
- 28 **Dues to micro and small enterprises**
The Company is a Non Small and Medium Sized Company (Non- SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rule 2014. Accordingly, the Company has complied with the Accounting Standards as applicable to a Non Small and Medium Sized Company. In the previous year the company was a Small and Medium Sized Company (SMC) and it availed all the exemptions or relaxations available to an SMC.
- 29 Trade Receivables from Alix Retail private Limited as per Books of accounts of the company amount to Rs.21,19,18,371/- However, the trade payables to company as per the confirmation received from Alix Retail Private Limited amount to Rs.20,07,99,896/-. The management of the company firmly believes and confirms that the difference in the aforesaid balances may be due to some reconciliation errors, working for which is pending. To that extent, effect is unascertainable.
- Furthermore, confirmations from trade payables, vendors for goods and services and advance to supplier were not received in some of the cases and as such their balances are reflecting in the Balance Sheet as appearing in the books, pending reconciliation, net effect is unascertainable.
- 30 **Prior Period Comparatives**
Previous period's figures have been regrouped or rearranged to the current period where necessary to make them comparable to the current period's figures.

As per our report of even date
For Surinder Mahajan & Associates
Chartered Accountants
F R No. 0099



Partner
Membership No: 524404
Place: New Delhi
Date: 22-07-2016

For and on behalf of the Board of Directors of
Bluerock eServices Private Limited



Director
Ashish Garg
DIN No.-07328221



Director
Ankita Dabas
DIN No.-07327711

0

G R N ENERGY PVT. LTD.

**3rd
ANNUAL REPORT
2013 – 2014**

G R N ENERGY PRIVATE LIMITED

CIN : U40300MH2011PTC212866

32-D, Khotachi Wadi, Ideal Wafer House Compound, Girgaum, Mumbai 400 004.

NOTICE

Notice is hereby given that the Third Annual General Meeting of the Members of G R N ENERGY PRIVATE LIMITED will be held at 32-D, Khotachi Wadi, Ideal Wafer House Compound, Girgaum, Mumbai 400 004 on Tuesday, 30th September 2014 at 12.30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint M/s Rajen Damani & Associates, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of 50 Crores (Rupees Fifty crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and are hereby authorized to take all such actions and to give all such directions as may be necessary, desirable or expedient in connection therewith."

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification thereof for the time being in force) and the Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors of the Company to invest/acquire from time to time by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, Debentures (whether convertible or non-convertible) or any other financial instruments of one or more bodies corporate which may or may not be subsidiary(ies) of the Company, to make/give from time to time any loan or loans to any body/bodies corporate, which may or may not be subsidiary(ies) of the Company and give from time to time any guarantee(s) and/or provide any security, in connection with any loan(s) made, by any other person(s) to, or to any other person(s) by, any body/ies corporate, which may or may not be subsidiary/ies of the Company as the Board may think fit, for the amount not exceeding Rs. 50 Crore (Rupees Fifty Crore Only) over and above the limit prescribed under Section 186 of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and are hereby authorized to take all such actions and to give all such directions as may be necessary, desirable or expedient in connection therewith."

NOTE :

1. A Member entitled to attend and vote at the meeting is entitled to appoint proxy, to attend and vote instead of himself and the proxy need not be a member.

By Order of the Board



Girdhar Pathak
Director

Place : Mumbai

Dated : 28TH June 2014

Registered Office:

32-D, Khotachi Wadi,
Ideal Wafer House Compound,
Girgaum, Mumbai 400 004

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out all material facts relating to special business:

Item No. 3

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 3 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 50 Crores (Rupees Fifty crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

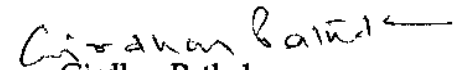
Item No.4.

Pursuant to Section 186 of Companies Act 2013 the Board of Directors shall not give any loan to any person or other body corporate, give any guarantee or provide security in connection with a loan to any other body corporate or person and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate; in excess of sixty percent of the company's paid up share capital, free reserves and securities premium or hundred percent of its free reserves and securities premium account, which ever more except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 186, as set out at Item No. 4 of the Notice, to enable the Board of Directors to give any loan to any person or other body corporate, give any guarantee or provide security in connection with a loan to any other body corporate or person and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate upto Rs. Rs. 50 Crores (Rupees Fifty crores) being excess of the limit prescribed under Section 186 of the Companies Act, 2013.

None of the Directors of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

By Order of the Board


Girdhar Pathak
Director

Place : Mumbai

Dated : 28TH June 2014

Registered Office:

32-D, Khotachi Wadi,
Ideal Wafer House Compound,
Girgaum, Mumbai 400 004

DIRECTORS REPORT

To,
The Members of
G R N Energy Private Limited
Mumbai.

Dear Shareholders,

Your Directors have pleasure in submitting the Third Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2014.

Financial Results:

	(Amount in Rs.)	
	For F.Y. 2013-14	For F. Y. 2012-13
Profit/(Loss) before Taxation	(6,702)	(9,618)
Less : Provision for Taxation		
Current	NIL	NIL
Profit / (Loss) After Taxation	(6,702)	(9,618)
Surplus/(Deficit) brought forward from previous year	(1,96,357)	(1,86,739)
Balance Carried to Balance Sheet	(2,03,059)	(1,96,357)

DIVIDEND

In view of losses made during the current financial year, your Directors have not recommended any dividend.

REVIEW OF OPERATIONS :

Your Company has incurred a net loss of Rs.6,702/- during the year.

STATUTORY INFORMATION:

- 1) The Company has no employee drawing remuneration as stipulated under section 217(2A)(a) of Companies Act, 1956.
- 2) The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of Energy and Technology Absorption are not applicable to the Company. The company has neither earned nor spends any foreign exchange.

DEPOSITS:

The Company has not accepted any deposits from the public as contemplated under section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the required under section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i. In the preparation of the accounts, the applicable accounting standards have been followed and that there is no material departure from the same.
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable so as to give a true and fair view of the state of affairs of the Company as 31st March 2014 and Loss of the company for the year ended on that date.
- iii. That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the Annual accounts of the company on a going concern basis.

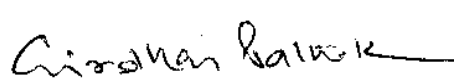

AUDITORS:

M/s. Rajen Damani & Associates, the auditors of the company will retire from the office of the auditor and being eligible offer themselves for re-appointment. Rajen Damani & Associates, Chartered Accountants have submitted the certificate that their Re-appointment if made at the Annual General Meeting would be within the specified limit of 141(3)(g) of the Companies Act, 2013

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation and gratitude for all the co-operation extended by Bankers, Business Associates and staff for their valuable contribution in the growth of the Company

For and on behalf of the Board of Directors

Mr. Girdhar Pathak
(Director)

Mr. Rajendranath Chaturvedi
(Director)

Place : Mumbai

Date : 28th June 2014

Registered Office :

32-D, Khotachi Wadi,
Ideal Wafer House Compound,
Girgaum, Mumbai 400 004



CA R. J. Damani B.Com., (Hons) L.L.B. (Gen.), F.C.A.
CA V. N. Mehta B.Com., F.C.A.
CA B. L. Thakker B.Com., (Hons.) F.C.A.
CA H. M. Desai B.Com., A.C.A.

89/A, Mittal Chambers, 228, Nariman Point,
Mumbai - 400 021.
Tel. : 2202 9071, 2282 4753 3028 4754 / 55
Fax : 91-22-2282 0446
E-mail : rda@rdaca.com
Website : www.rdaca.com

INDEPENDENT AUDITORS' REPORT

To
The Members of,
G R N ENERGY PRIVATE LIMITED

Report on the Financial Statement

We have audited the accompanying financial statement of **G R N ENERGY PRIVATE LIMITED** ("the company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit & Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management that give a true and fair view of the financial position and financial performance of the company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 issued by Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation 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 financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

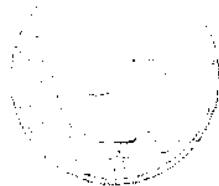
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- ii) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and


Report on Other Legal and Regulatory Requirements

1. As the Company is a Private Limited Company with a paid up Capital and Reserves not more than rupees fifty lakhs and has not accepted any public deposits and does not have outstanding loan exceeding rupees twenty five lakhs or more from any Bank or financial institution and does not have turnover exceeding rupees five crores, the Companies (Auditor's Report) Order 2003 is not applicable.
2. Further to our comments in the Annexure referred to in paragraph (1) above, as required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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 and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet and the Statement of Profit and Loss dealt with by this report are in compliance with the mandatory Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Act, notified under the Act, read with the General Circular 15/2013 dated September 13, 2013 issued by Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the Directors as at 31st March, 2014 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

Place: Mumbai
Dated: 28th June, 2014



For **Rajen Damani & Associates**
Chartered Accountants
(Registration No. 116762W)


CA Vikas N. Mehta
(Partner)
Membership No: 043754

G R N ENERGY PVT LTD

Balance Sheet as at 31st March, 2014

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	1	1,00,000	1,00,000
(b) Reserves and Surplus	2	(2,03,059)	(1,96,357)
		(1,03,059)	(96,357)
Current Liabilities			
(a) Short term borrowings	3	1,05,211	89,711
(b) Other current liabilities	4	5,618	11,236
		1,10,829	1,00,947
TOTAL		7,770	4,590
ASSETS			
Current assets			
(a) Cash and Cash Equivalents	5	7,770	4,590
		7,770	4,590
TOTAL		7,770	4,590
Significant Accounting Policies	A TO G		
Notes on Accounts	1 to 12		

As per our report of even date

For RAJEN DAMANI & ASSOCIATES

Chartered Accountants



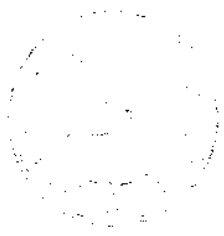
CA Vikas N. Mehta

Partner

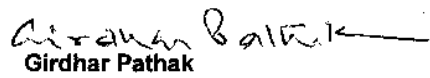
M No. 043754

Place : Mumbai

Date : 28th June, 2014



For and on behalf of the Board of Directors



Girdhar Pathak

Director



Rajendranath Chaturvedi

Director

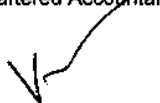
G R N ENERGY PVT LTD

Statement of Profit and Loss for the year Ended 31st March, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Income			
Revenue from operations (gross)		-	-
Other income		-	-
Total Revenue		-	-
Expenses			
(a) Other expenses	6	6,702	9,618
Total Expenses		6,702	9,618
Profit / (Loss) before exceptional and extraordinary items and tax		(6,702)	(9,618)
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		(6,702)	(9,618)
Extraordinary items		-	-
Profit / (Loss) before tax		(6,702)	(9,618)
Tax expense:			
(a) Current Tax		-	-
(b) Deferred Tax		-	-
		-	-
Profit / (Loss) for the year		(6,702)	(9,618)
Earnings per equity share of face value of Rs. 10/- each :	7		
(a) Basic		(0.67)	(0.96)
(b) Diluted		(0.67)	(0.96)
Significant Accounting Policies	A TO G		
Notes on Accounts	1 to 12		

As per our report of even date
For RAJEN DAMANI & ASSOCIATES
 Chartered Accountants


CA Vikas N. Mehta
 Partner
 M No. 043754

Place : Mumbai
 Date : 28th June, 2014

For and on behalf of the Board of Directors


Girdhar Pathak
 Director


Rajendranath Chaturvedi
 Director

G R N ENERGY PVT. LIMITED

Significant Accounting Policies:

(A) Basis of preparation of Financial Statements:

- i) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act 1956, as adopted consistently by the Company.
- ii) All items of income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

(B) Use of Estimates:

The presentation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting year. The difference between the actual results and estimates are recognised in the year in which the results are known or materialised.

(C) Revenue Recognition:

Revenue is recognised on accrual basis as per AS 9 issued by ICAI.

(D) Miscellaneous Expenditures:

Preliminary expenses and deferred revenue expenditure are written off in the first year of incorporation of the Company.

(E) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities, if material, are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(F) Provision for Current and Deferred Tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.

(G) Employee Benefits:

Short term Employee benefits are accounted on cash basis .

GRN ENERGY PVT. LTD.
Notes forming part of the Financial Statement

Note 1 - Share Capital

(Amount in ₹)

	Particulars	As at 31st March, 2014	As at 31st March, 2013		
(A)	SHARE CAPITAL:				
	<u>AUTHORISED SHARE CAPITAL</u> 10,00,000 Equity Shares of Rs. 10 each	1,00,00,000	1,00,00,000		
		1,00,00,000	1,00,00,000		
	<u>ISSUED, SUBSCRIBED & PAID UP</u> 10,000 Equity Shares of Rs. 10 each	1,00,000	1,00,000		
		1,00,000	1,00,000		
(B)	The reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the year				
	Particulars	2013-14	2012-13		
	No. of Shares outstanding at the beginning of the year	10,000	10,000		
	No. of Shares issued during the year	Nil	Nil		
	No. of Shares outstanding at the end of the year	10,000	10,000		
(C)	Par value per share: The par value of Equity Share is Rs.10/-.				
(D)	The details of Shareholders holding more than 5% shares :				
Sr. No.	Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
(i)	GRN Finsec Pvt Ltd(Alongwith Nominee)	10,000	100	10,000	100

Note 2 - Reserves & Surplus

(Amount in ₹)

	Particulars	As at 31st March,2014	As at 31st March,2013
(a)	Surplus / (Deficit) in the statement of profit and loss Account		
	Balance as per the last financial statement	(1,96,357)	(1,86,739)
	Add : Profit/(Loss) for the year	(6,702)	(9,618)
	Amount available for Appropriations	(2,03,059)	(1,96,357)
	Total	(2,03,059)	(1,96,357)

Note 3 - Short Term Borrowings

(Amount in ₹)

	Particulars	As at 31st March,2014	As at 31st March,2013
a)	Advance from Holding Co.	1,05,211	89,711
	Total	1,05,211	89,711

Note 4 - Other Current Liabilities

(Amount in ₹)

	Particulars	As at 31st March,2014	As at 31st March,2013
a)	Sundry Payable	5,618	11,236
	Total	5,618	11,236

Note 5 - Cash and Cash Equivalents

(Amount in ₹)

	Particulars	As at 31st March,2014	As at 31st March,2013
(a)	Cash on Hand	10	10
(b)	Balances with Banks		
	- in Current account	7,760	4,580
	Total	7,770	4,590

Note 6 Other Expenses

(Amount in ₹)

	Particulars	For the year Ended 31st March, 2014	For the year Ended 31st March, 2013
(A)	Payment to Auditors		
(a)	Audit Fees	5,000	5,000
(b)	Service Tax	618	618
(B)	Operating / Administrative and General Expenses		
(a)	Printing & Stationary	84	-
(b)	Fees & Subscription	1,000	4,000
	TOTAL	6,702	9,618

Note 7 Earnings Per Equity share

	Particulars	For the year Ended 31st March, 2014	For the year Ended 31st March, 2013
(A)	Net Profit/(Loss) After Tax before extra-ordinary items (Net of Tax) Attributable to Equity Shareholders for Basic EPS and Diluted EPS (Amount in Rs.)	(6,702)	(9,618)
	Add : Extra-ordinary Items (Net of Tax)	-	
	Net Profit/(Loss) After Tax Attributable to Equity Shareholders for Basic EPS and Diluted EPS (Amount in Rs.)	(6,702)	(9,618)
(B)	Weighted Average Number of Equity Shares Outstanding During the Year for Basic EPS and Diluted EPS (in Nos.)	10,000	10,000
(C)	Basic and Diluted Earning per share of Rs. 10 each (in Rs.)		
	Before Extra-ordinary items	(0.67)	(0.96)
	After Extra-ordinary items	(0.67)	(0.96)
(D)	Face Value per Equity Share (in Rs.)	10.00	10.00

Note 8

In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business. The provisions of all known liabilities are adequate and neither in excess of or nor short of the amounts reasonably necessary.

Note 9

Related Party Disclosures:

List of related parties with whom transactions have taken place during the year:

- i) *Holding Company* :
GRN Finsec Private Limited

The Closing credit balance of Rs. 105,211/- payable to holding company GRN Finsec Private Limited as on 31st March, 2014 (PY Rs. 89,711/-).

Note 10

In the opinion of the management, the Company is mainly engaged in the business of Energy Sector Activities and all other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.

Note 11

Contingent Liabilities:

There is no contingent liability for the year ended on 31st March 2014.


Note 12

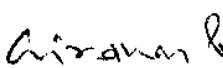
The Previous year figures have been re-grouped/re-classified wherever necessary to conform to the current year presentation.

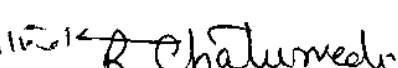
As per our report of even date

For RAJEN DAMANI & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS


C A Vikas N Mehta
Partner
Membership No. 043754


Girdhar Pathak
(Director)


Rajendrnath Chaturvedi
(Director)

Place: Mumbai
Dated 28th June, 2014

**G R N ENERGY
PVT. LTD.**

**4th
ANNUAL REPORT
2014 – 2015**

G R N ENERGY PRIVATE LIMITED

CIN : U40300MH2011PTC212866

32-D, Khotachi Wadi, Ideal Wafer House Compound, Girgaum, Mumbai 400 004.

NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the Members of G R N ENERGY PRIVATE LIMITED will be held at 32-D, Khotachi Wadi, Ideal Wafer House Compound, Girgaum, Mumbai 400 004 on Wednesday, 30th September 2015 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March 2015 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint M/s Rajen Damani & Associates, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Ninth Annual General Meeting to be held, subject to ratification at every Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company.

By Order of the Board

Girdhar Pathak

Girdhar Pathak
Director

Place : Mumbai

Dated: 29TH June 2015

Registered Office:

32-D, Khotachi Wadi,
Ideal Wafer House Compound,
Girgaum, Mumbai 400 004

DIRECTORS REPORT

To,
The Members of
G R N Energy Private Limited
Mumbai.

Dear Shareholders,

Your Directors have pleasure in submitting the Fourth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2015.

Financial Results:

(Amount in Rs.)

	For F.Y. 2014-15	For F.Y. 2013-14
Profit/(Loss) before Taxation	(8,700)	(6,702)
Less : Provision for Taxation		
Current	NIL	NIL
Profit / (Loss) After Taxation	(8,700)	(6,702)
Surplus/ (Deficit) brought forward from previous year	(2,03,059)	(1,96,357)
Balance Carried to Balance Sheet	(2,11,759)	(2,03,059)

Dividend:

In view of losses incurred during the current financial year, your Directors have not recommended any dividend.

Review of operations :

Your Company has incurred a net loss of Rs. 8,700/- during the year.

Directors:

As per provisions of the Articles of Association, the directors of the Company are not liable to retire by rotation.

Number of Meetings of the Board and attendance by each director:

During the year four Meetings of the Board of Directors were held on 28th June 2014, 10th September 2014, 22nd December 2014 and 5th March 2015.

Details of number of Meetings attended by each Director:

Sr. No.	Name of the Director	No. of meeting attended
1	Girdhar Pathak	4
2	Rajendranath R Chaturvedi	4

Directors' Responsibility Statement: -

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the loss of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Extract of Annual Return:

The details forming part of the extract of the Annual Return in form MGT-9 as required under section 92 of the Companies Act 2013, is included in this Report as Annexure -I and forms as integral part of this Report.

Deposits:

The Company has not accepted any deposits from the public. Hence no information is required to be appended to this report.

Particulars of loans, guarantees or investments by the Company -

Details of Loans, guarantees or investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

Related Party Transactions:

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

Statutory Auditors and Auditors' Report: -

The Company's Auditors, M/s Rajen Damani & Associates., Chartered Accountants, hold office upto the conclusion of the ensuing Annual General Meeting and eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The notes to the Financial Statement referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

Statutory Information:

i. Personnel:

None of the employees are paid remuneration above the limit stipulated in Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ii. Conservation of Energy, Technology Absorption and foreign Exchange earnings and outgo

- (i) Provisions pertaining to conservation of Energy and Technology Absorption are not applicable or not relevant to the working of Company. The Directors keep themselves acquainted with ongoing seminars and research papers.
- (ii) The Company has neither earned nor spent any amount by way of Foreign Exchange.

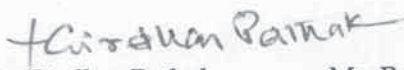
Subsidiaries, Joint Ventures and Associate Companies:

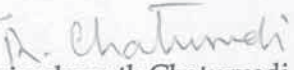
The Company does not have any Subsidiary, Joint venture or Associate Company.

Acknowledgement :-

Your Directors would like to express their appreciation of the co-operation and assistance received from the bankers and business constituents during the year under review.

For and on behalf of the Board of Directors


Mr. Girdhar Pathak
(Director)


Mr. Rajendranath Chaturvedi
(Director)

Place : Mumbai

Date : 29th June 2015

Registered Office :

32-D, Khotachi Wadi,
Ideal Wafer House Compound,
Girgaum, Mumbai 400 004

Annexure -I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U40300MH2011PTC212866
ii)	Registration Date	31/01/2011
iii)	Name of the Company	G R N ENERGY PRIVATE LIMITED
iv)	Category / Sub-Category of the Company	Company limited by shares/ Indian non-government company.
v)	Address of the Registered office and contact details	32-D, Khotachi Wadi, Ideal Wafer House Compound, Girgaum, Mumbai - 400004
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
	Nil	Nil	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	G R N Finsec Private Limited 5 -C, 5th Floor, Court Chambers, 35, New Marine Lines, Mumbai - 400020	U65993MH2007PTC174016	Holding Company	100	Section 2 (46)

b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	10000	10000	100	-	10000	10000	100	No Change

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Girdhar Pathak	1	0.01	Nil	1	0.01	Nil	No Change
2	GRN Finsec Pvt Ltd	9999	99.99	Nil	9999	99.99	Nil	No Change
	Total	10000	100	Nil	10000	100	Nil	No Change

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	108,211	-	108,211
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		108,211		108,211
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	108,211	-	108,211
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	108,211	-	108,211

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

- A. Remuneration To Managing Director, Whole-Time Directors And/Or Manager: NIL
- B. Remuneration To Other Directors (Amount in Rs.) : NIL
- C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD : NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences to the Company, director and other officers of the Company during the year ended March 31, 2015



CA R. J. Damani B.Com., (Hons) L.L.B. (Gen.), F.C.A.
CA V. N. Mehta B.Com., F.C.A.
CA B. L. Thakker B.Com., (Hons.) F.C.A.
CA H. M. Desai B.Com., A.C.A.

89/A, Mittal Chambers, 228, Nariman Point,
Mumbai - 400 021.
Tel. : 2202 9071, 2282 4753, 3028 4754 / 55
Fax : 91-22-2282 0446
E-mail : rda@rdaca.com
Website : www.rdaca.com

Independent Auditor's Report

To
The Members of
GRN ENERGY PVT.LTD

Report on the Financial Statements

We have audited the accompanying financial statements of **GRN Energy Pvt. Ltd.** which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss 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 of the Company 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 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 Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of 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 financial statements give the information required by the Act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.

Report on Other Legal and Regulatory Requirements


1. As the Company is a private limited company and falls within the exemptions specified under paragraph 2(v) of the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), issued by the Central Government, the matters specified in paragraphs 3 & 4 of the Order are not enclosed.
2. As required by sub-section (3) of section 227 of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;

- c) The Balance Sheet and the Statement of Profit and Loss 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 applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
- e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to 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 no pending litigations on its financial position in its financial statement;
- ii) The company did not have any long- term contracts including derivatives 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.



Place: Mumbai
Date: 4th September, 2015

For RAJEN DAMANI & ASSOCIATES
Chartered Accountants
(Registration No.116762W)


CA Vikas N. Mehta
(Partner)
M. No. 043754

G R N ENERGY PVT LTD

Balance Sheet as at 31st March, 2015

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2015	As at 31st March, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	1	1,00,000	1,00,000
(b) Reserves and Surplus	2	(2,11,759)	(2,03,059)
		(1,11,759)	(1,03,059)
Current Liabilities			
(a) Short term borrowings	3	1,08,211	1,05,211
(b) Other current liabilities	4	11,318	5,618
		1,19,529	1,10,829
TOTAL		7,770	7,770
ASSETS			
Current assets			
(a) Cash and Cash Equivalents	5	7,770	7,770
		7,770	7,770
TOTAL		7,770	7,770
Significant Accounting Policies	A TO G		
Notes on Accounts	1 to 12		

As per our report of even date

For RAJEN DAMANI & ASSOCIATES

Chartered Accountants

(Firm Regn. No.116762W)


 CA Vikas N. Mehta

Partner

M No. 043754

Place : Mumbai


Date : 29th June, 2015



For and on behalf of the Board of Directors


 Girdhar Pathak

Girdhar Pathak
Director


 Rajendranath Chaturvedi
 Director

G R N ENERGY PVT LTD

Statement of Profit and Loss for the year Ended 31st March, 2015

(Amount in ₹)

Particulars	Note No.	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Income			
Revenue from operations (gross)		-	-
Other income		-	-
Total Revenue		-	-
Expenses			
(a) Other expenses	6	8,700	6,702
Total Expenses		8,700	6,702
Profit / (Loss) before exceptional and extraordinary items and tax		(8,700)	(6,702)
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		(8,700)	(6,702)
Extraordinary items		-	-
Profit / (Loss) before tax		(8,700)	(6,702)
Tax expense:			
(a) Current Tax		-	-
(b) Deferred Tax		-	-
		-	-
Profit / (Loss) for the year		(8,700)	(6,702)
Earnings per equity share of face value of Rs. 10/- each :			
(a) Basic	7	(0.87)	(0.67)
(b) Diluted		(0.87)	(0.67)
Significant Accounting Policies	A TO G		
Notes on Accounts	1 to 12		

As per our report of even date

For RAJEN DAMANI & ASSOCIATES

Chartered Accountants
(Firm Regn. No. 116762W)

CA Vikas N. Mehta

Partner

M No. 043754

Place : Mumbai

Date : 29th June, 2015



For and on behalf of the Board of Directors

Girdhar Pathak

Girdhar Pathak

Director

R Chaturvedi

Rajendranath Chaturvedi

Director

GRN ENERGY PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	(Rs. In Lacs)	
	As at 31st March 2015	As at 31st March 2014
A Cash flow from operating Activities		
Net Profit before tax, Extraordinary and prior period items	(8,700)	(6,702)
Adjustment for :		
Non cash items		
Operating profit before working capital changes	(8,700)	(6,702)
Adjustment for:		
Trade Payable	5,700	(5,618)
	<u>5,700</u>	<u>(5,618)</u>
Cash (used) in/ generated from operations	<u>(3,000)</u>	<u>(12,320)</u>
Direct Taxes paid	-	-
Cash inflow/(outflow) before extraordinary and prior period items	<u>(3,000)</u>	<u>(12,320)</u>
extraordinary and prior period items	-	-
Net Cash from/(Used) in operation activities	<u><u>(3,000)</u></u>	<u><u>(12,320)</u></u>
B Cash flow from investment activities		
Loan & Advances(Short Term)	3,000	15,500
Net Cash (used) in investment activities	<u><u>3,000</u></u>	<u><u>15,500</u></u>
C Cash flow from financial activities		
Net cash from /(used) in financial activities	<u><u>-</u></u>	<u><u>-</u></u>
Net increase / (decrease) in cash and cash equivalents	-	3,180
Cash and cash equivalents as at 1st April 2014	7,770	4,590
Cash and cash equivalents as at 31st March 2015	7,770	7,770

As per our report of even date
For RAJEN DAMANI & ASSOCIATES
Chartered Accountants
Firm Regn no.:116762W

CA Vikas N. Mehta
Partner
M No. 043754
Place : Mumbai
Date : 29th June, 2015



For and on behalf of the Board of Directors

Girdhar Pathak

Girdhar Pathak

Director

Rajendranath Chaturvedi

Rajendranath Chaturvedi

Director

G R N ENERGY PVT. LIMITED

Significant Accounting Policies:

(A) **Basis of preparation of Financial Statements:**

- i) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act 1956, as adopted consistently by the Company.
- ii) All items of income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

(B) **Use of Estimates:**

The presentation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting year. The difference between the actual results and estimates are recognised in the year in which the results are known or materialised.

(C) **Revenue Recognition:**

Revenue is recognised on accrual basis as per AS 9 issued by ICAI.

(D) **Miscellaneous Expenditures:**

Preliminary expenses and deferred revenue expenditure are written off in the first year of incorporation of the Company.

(E) **Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities, if material, are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(F) **Provision for Current and Deferred Tax:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.

(G) **Employee Benefits:**

Short term Employee benefits are accounted on cash basis .

GRN ENERGY PVT. LTD.
Notes forming part of the Financial Statement

Note 1 - Share Capital

		(Amount in ₹)			
Particulars		As at 31st March, 2015	As at 31st March, 2014		
(A)	SHARE CAPITAL: <u>AUTHORISED SHARE CAPITAL</u> 10,00,000 Equity Shares of Rs. 10 each	1,00,00,000	1,00,00,000		
		1,00,00,000	1,00,00,000		
	<u>ISSUED, SUBSCRIBED & PAID UP</u> 10,000 Equity Shares of Rs. 10 each	1,00,000	1,00,000		
		1,00,000	1,00,000		
(B)	The reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the year				
	Particulars	2014-15	2013-14		
	No. of Shares outstanding at the beginning of the year	10,000	10,000		
	No. of Shares issued during the year	Nil	Nil		
	No. of Shares outstanding at the end of the year	10,000	10,000		
(C)	Par value per share: The par value of Equity Share is Rs. 10/-.				
(D)	The details of Shareholders holding more than 5% shares :				
Sr. No.	Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
(i)	GRN Finsec Pvt Ltd(Alongwith Nominee)	10,000	100	10,000	100

Note 2 - Reserves & Surplus

(Amount in ₹)

Particulars		As at 31st March,2015	As at 31st March,2014
(a)	Surplus / (Deficit) in the statement of profit and loss Account		
	Balance as per the last financial statement	(2,03,059)	(1,96,357)
	Add : Profi/(Loss) for the year	(8,700)	(6,702)
	Amount available for Appropriations	(2,11,759)	(2,03,059)
	Total	(2,11,759)	(2,03,059)

Note 3 - Short Term Borrowings

(Amount in ₹)

Particulars		As at 31st March,2015	As at 31st March,2014
a)	Advance from Holding Co.	1,08,211	1,05,211
	Total	1,08,211	1,05,211

Note 4 - Other Current Liabilities

(Amount in ₹)

Particulars		As at 31st March,2015	As at 31st March,2014
a)	Sundry Payable	11,318	5,618
	Total	11,318	5,618

Note 5 - Cash and Cash Equivalents

(Amount in ₹)

Particulars		As at 31st March,2015	As at 31st March,2014
(a)	Cash on Hand	10	10
(b)	Balances with Banks		
	- in Current account	7,760	7,760
	Total	7,770	7,770

Note 6 Other Expenses

(Amount in ₹)

	Particulars	For the year Ended 31st March, 2015	For the year Ended 31st March, 2014
(A)	Payment to Auditors		
(a)	Audit Fees	5,000	5,000
(b)	Service Tax	700	618
(B)	Operating / Administrative and General Expenses		
(a)	Printing & Stationary	-	84
(b)	Fees & Subscription	3,000	1,000
	Total	8,700	6,702

Note 7 Earnings Per Equity share

	Particulars	For the year Ended 31st March, 2015	For the year Ended 31st March, 2014
(A)	Net Profit/(Loss) After Tax before extra-ordinary items (Net of Tax) Attributable to Equity Shareholders for Basic EPS and Diluted EPS (Amount in Rs.)	(8,700)	(6,702)
	Add : Extra-ordinary Items (Net of Tax)	-	-
	Net Profit/(Loss) After Tax Attributable to Equity Shareholders for Basic EPS and Diluted EPS (Amount in Rs.)	(8,700)	(6,702)
(B)	Weighted Average Number of Equity Shares Outstanding During the Year for Basic EPS and Diluted EPS (in Nos.)	10,000	10,000
(C)	Basic and Diluted Earning per share of Rs. 10 each (in Rs.)		
	Before Extra-ordinary items	(0.87)	(0.67)
	After Extra-ordinary items	(0.87)	(0.67)
(D)	Face Value per Equity Share (in Rs.)	10.00	10.00

Note 8

In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business. The provisions of all known liabilities are adequate and neither in excess of or nor short of the amounts reasonably necessary.

Note 9

Related Party Disclosures:

List of related parties with whom transactions have taken place during the year:

- i) *Holding Company :*
GRN Finsec Private Limited

The Closing credit balance of Rs. 108,211/- payable to holding company GRN Finsec Private Limited as on 31st March, 2015 (PY Rs. 105,211/-).

Note 10

In the opinion of the management, the Company is mainly engaged in the business of Energy Sector Activities and all other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.

Note 11

Contingent Liabilities:

There is no contingent liability for the year ended on 31st March 2015.

Note 12

The Previous year figures have been re-grouped/re-classified wherever necessary to conform to the current year presentation.

As per our report of even date

For RAJEN DAMANI & ASSOCIATES

Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

C A Vikas N Mehta

Partner

Membership No. 043754



Girdhar Pathak
(Director)

Rajendrnath Chaturvedi
(Director)

Place: Mumbai

Dated 29th June, 2015

DIRECTORS REPORT

To,
The Members of
G R N Energy Private Limited
Mumbai.

Dear Shareholders,

Your Directors have pleasure in submitting the Fifth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2016.

Financial Results:

(Amount in Rs.)

	For F.Y. 2015-16	For F.Y. 2014-15
Profit/(Loss) before Taxation	(7,550)	(8,700)
Less : Provision for Taxation		
Current	NIL	NIL
Profit /(Loss)After Taxation	(7,550)	(8,700)
Surplus/(Deficit) brought forward from previous year	(2,11,759)	(2,03,059)
Balance Carried to Balance Sheet	(2,19,309)	(2,11,759)

Dividend:

In view of losses incurred during the current financial year, your Directors have not recommended any dividend.

Review of operations:

Your Company has incurred a net loss of Rs. 7,550/- during the year as against the net loss of Rs. 8,700/- in the previous year.

Directors:

As per provisions of the Articles of Association, the directors of the Company are not liable to retire by rotation.

Number of Meetings of the Board and attendance by each director:

During the year four Meetings of the Board of Directors were held on 29th June 2015, 3rd September 2015, 28th December 2015 and 10th March 2016.

Details of number of Meetings attended by each Director:

Sr. No.	Name of the Director	No. of meeting attended
1	Girdhar Pathak	4
2	Rajendranath R Chaturvedi	4

Directors' Responsibility Statement: -

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the loss of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Extract of Annual Return:

The details forming part of the extract of the Annual Return in form MGT-9 as required under section 92 of the Companies Act 2013, is included in this Report as Annexure -I and forms as integral part of this Report.

Deposits:

The Company has not accepted any deposits from the public. Hence no information is required to be appended to this report.

Particulars of loans, guarantees or investments by the Company -

Details of Loans, guarantees or investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

Related Party Transactions:

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

Statutory Auditors and Auditors' Report: -

Rajen Damani & Associates, Chartered Accountants, were appointed as Statutory Auditor of the company in Annual General Meeting held on 30.09.2015, for a period of 5 years until the conclusion of Ninth Annual General Meeting to be held in a year 2020, subject to ratification at every Annual General Meeting in terms of Section 139 of the Companies Act 2013. They have confirmed their eligibility and willingness for the next term from the conclusion of ensuing annual general meeting to the conclusion of next annual general meeting. The Board of Directors, therefore, recommends ratification of

appointment for F.Y. 2016-17 of M/S Rajen Damani & Associates, Chartered Accountants, as statutory auditors of the company for the approval of Shareholders.

The notes to the Financial Statement referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

Statutory Information:

i. Personnel:

None of the employees are paid remuneration above the limit stipulated in Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ii. Conservation of Energy, Technology Absorption and foreign Exchange earnings and outgo

- (i) Provisions pertaining to conservation of Energy and Technology Absorption are not applicable or not relevant to the working of Company. The Directors keep themselves acquainted with ongoing seminars and research papers.
- (ii) The Company has neither earned nor spent any amount by way of Foreign Exchange.

Subsidiaries, Joint Ventures and Associate Companies:

The Company does not have any Subsidiary, Joint venture or Associate Company.

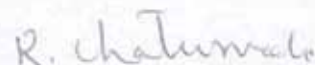
Acknowledgement:-

Your Directors would like to express their appreciation of the co-operation and assistance received from the bankers and business constituents during the year under review.

For and on behalf of the Board of Directors



Mr. Girdhar Pathak
Director
DIN : 01058526



Mr. Rajendranath Chaturvedi
Director
DIN : 01140882

Place: Mumbai

Date: 30th June 2016

Registered Office:

32-D, Khotachi Wadi,
Ideal Wafer House Compound,
Girgaum, Mumbai 400 004

Annexure -I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U40300MH2011PTC212866
ii)	Registration Date	31/01/2011
iii)	Name of the Company	G R N ENERGY PRIVATE LIMITED
iv)	Category / Sub-Category of the Company	Company limited by shares/ Indian non-government company.
v)	Address of the Registered office and contact details	32-D, Khotachi Wadi, Ideal Wafer House Compound, Girgaum, Mumbai - 400004
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
	Nil	Nil	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	G R N Finsec Private Limited 5 -C, 5th Floor, Court Chambers, 35, New Marine Lines, Mumbai - 400020	U65993MH2007PTC174016	Holding Company	100	Section 2 (46)

ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	10000	10000	100	-	10000	10000	100	No Change

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Girdhar Pathak	1	0.01	Nil	1	0.01	Nil	No Change
2	GRN Finsec Pvt Ltd	9999	99.99	Nil	9999	99.99	Nil	No Change
	Total	10000	100	Nil	10000	100	Nil	No Change

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	108,211	-	108,211
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		108,211		108,211
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	108,211	-	108,211
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	108,211	-	108,211

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

- A. Remuneration To Managing Director, Whole-Time Directors And/Or Manager: NIL
- B. Remuneration To Other Directors (Amount in Rs.) : NIL
- C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD : NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences to the Company, director and other officers of the Company during the year ended March 31, 2016.



CA R. J. Damani B.Com., (Hons) L.L.B. (Gen.), F.C.A.
CA V. N. Mehta B.Com., F.C.A.
CA B. L. Thakker B.Com., (Hons.) F.C.A.
CA H. M. Desai B.Com., A.C.A.

89/A, Mittal Chambers, 228, Nariman Point,
Mumbai - 400 021.
Tel. : 2202 9071, 2282 4753, 3028 4754 / 55
Fax : 91-22-2282 0448
E-mail : rda@rdaca.com
Website : www.rdaca.com

Independent Auditor's Report

To
The Members of
GRN ENERGY PVT.LTD

Report on the Financial Statements

We have audited the accompanying financial statements of **GRN Energy Pvt. Ltd.** which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors of the Company 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 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 Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of 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 financial statements give the information required by the Act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

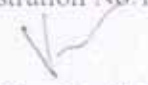
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (ii) in the case of the Statement of Profit and Loss, of the **loss** for the year ended on that date.
- (iii) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As the company is a private limited company and falls within the exemptions specified under paragraph 2(v) of the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub section (11) of section 143 of the Act (the "Order"), issued by the Central Government, the matters specified in paragraphs 3 & 4 of the Order are not enclosed.

2. As required by sub-section (3) of section 227 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 and Statement of Profit and Loss and Cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014; except for retirement benefits which are accounted on Cash basis.
 - e) 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 are disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) 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 A'; and
 - g) With respect to 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 on its financial position which is required to be disclosed in its financial statements,
 - ii. The Company has made provision, as required under the applicable law or accounting standards, or material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
 - iii. There is no unclaimed dividend so question of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company does not arise.

For RAJEN DAMANI & ASSOCIATES
Chartered Accountants
(Registration No. 116762W)


CA Vikas N. Mehta
(Partner)
M. No. 043754

Place: Mumbai
Date: 30th June, 2016

Annexure A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **GRN Energy Pvt. Ltd.** (the Company) as of 31st March, 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 (ICAI). 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 of 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 preparations of reliable financial information, as required under the Companies Act, 2013.

Auditors' 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 Control over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 were 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 auditors' judgment, 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 company's 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 the generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with the authorizations of the Management and directors of the Company.
- Provide reasonable assurance regarding prevention or timely detection of unauthorized 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

Due to the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluations of the internal financial controls over financial reporting to future periods are subject to the risk that 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 systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 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 of Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants Of India.

For Rajen Damani & Associates
Chartered Accountants
Firm Registration No.116762W

CA Vikas Mehta
Partner
Membership No. : 043754
Place: Mumbai
Date : 30th June, 2016

G R N ENERGY PVT LTD

Balance Sheet as at 31st March, 2016

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	1	1,00,000	1,00,000
(b) Reserves and Surplus	2	(2,19,309)	(2,11,759)
		(1,19,309)	(1,11,759)
Current Liabilities			
(a) Short term borrowings	3	1,08,211	1,08,211
(b) Other current liabilities	4	17,068	11,318
		1,25,279	1,19,529
TOTAL		5,970	7,770
ASSETS			
Current assets			
(a) Cash and Cash Equivalents	5	5,970	7,770
		5,970	7,770
TOTAL		5,970	7,770
Significant Accounting Policies Notes on Accounts	A TO G 1 to 12		

As per our report of even date
For RAJEN DAMANI & ASSOCIATES
 Chartered Accountants
 (Firm Regn. No.116762W)

CA Vikas N. Mehta
 Partner
 M No. 043754

Place : Mumbai
 Date : 30th June, 2016

For and on behalf of the Board of Directors



Girdhar Pathak
 Director

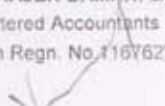

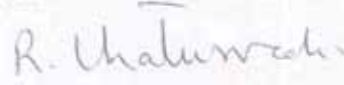


Rajendranath Chaturvedi
 Director

G R N ENERGY PVT LTD

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

(Amount in ₹)

Particulars	Note No.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Income			
Revenue from operations (gross)		-	-
Other income		-	-
Total Revenue		-	-
Expenses			
(a) Other expenses	6	7,550	8,700
Total Expenses		7,550	8,700
Profit / (Loss) before exceptional and extraordinary items and tax		(7,550)	(8,700)
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		(7,550)	(8,700)
Extraordinary items		-	-
Profit / (Loss) before tax		(7,550)	(8,700)
Tax expense:			
(a) Current Tax		-	-
(b) Deferred Tax		-	-
		-	-
Profit / (Loss) for the year		(7,550)	(8,700)
Earnings per equity share of face value of Rs. 10/- each :	7		
(a) Basic		(0.76)	(0.87)
(b) Diluted		(0.76)	(0.87)
Significant Accounting Policies	A TO G		
Notes on Accounts	1 to 12		
As per our report of even date For RAJEN DAMANI & ASSOCIATES Chartered Accountants (Firm Regn. No. 116762W)		For and on behalf of the Board of Directors	
 CA Vikas N. Mehita Partner M No. 043754 Place Mumbai Date - 30th June, 2016		 Girdhar Pathak Director	
		 Rajendranath Chaturvedi Director	

G R N ENERGY PVT. LIMITED

Significant Accounting Policies:

- (A) **Basis of preparation of Financial Statements:**
- i) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act 1956, as adopted consistently by the Company.
 - ii) All items of income and expenditure having a material bearing on the financial statements are recognised on accrual basis.
- (B) **Use of Estimates:**
The presentation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting year. The difference between the actual results and estimates are recognised in the year in which the results are known or materialised.
- (C) **Revenue Recognition:**
Revenue is recognised on accrual basis as per AS 9 issued by ICAI.
- (D) **Miscellaneous Expenditures:**
Preliminary expenses and deferred revenue expenditure are written off in the first year of incorporation of the Company.
- (E) **Provisions, Contingent Liabilities and Contingent Assets:**
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities, if material, are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.
- (F) **Provision for Current and Deferred Tax:**
Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.
- (G) **Employee Benefits:**
Short term Employee benefits are accounted on cash basis.

GRN ENERGY PVT. LTD.
Notes forming part of the Financial Statements

Note 1 - Share Capital

(Amount in ₹)

	Particulars	As at 31st March, 2016	As at 31st March, 2015		
(A)	SHARE CAPITAL:				
	<u>AUTHORISED SHARE CAPITAL</u> 10,00,000 Equity Shares of Rs. 10 each	1,00,00,000	1,00,00,000		
		1,00,00,000	1,00,00,000		
	<u>ISSUED, SUBSCRIBED & PAID UP</u> 10,000 Equity Shares of Rs. 10 each	1,00,000	1,00,000		
		1,00,000	1,00,000		
(B)	The reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting year				
	Particulars	2015-16	2014-15		
	No. of Shares outstanding at the beginning of the year	10,000	10,000		
	No. of Shares issued during the year	Nil	Nil		
	No. of Shares outstanding at the end of the year	10,000	10,000		
(C)	Par value per share: The par value of Equity Share is Rs. 10/-.				
(D)	The details of Shareholders holding more than 5% shares :				
Sr. No.	Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
(i)	GRN Finsec Pvt Ltd(Alongwith Nominee)	10,000	100	10,000	100

Note 2 - Reserves & Surplus

Particulars		(Amount in ₹)	
		As at 31st March, 2016	As at 31st March, 2015
(a)	Surplus / (Deficit) in the statement of profit and loss Account		
	Balance as per the last financial statement	(2,11,759)	(2,03,059)
	Add : Profit/(Loss) for the year	(7,550)	(8,700)
	Amount available for Appropriations	(2,19,309)	(2,11,759)
	Total	<u>(2,19,309)</u>	<u>(2,11,759)</u>

Note 3 - Short Term Borrowings

Particulars		(Amount in ₹)	
		As at 31st March, 2016	As at 31st March, 2015
a)	Advance from Holding Co.	1,08,211	1,08,211
	Total	<u>1,08,211</u>	<u>1,08,211</u>

Note 4 - Other Current Liabilities

Particulars		(Amount in ₹)	
		As at 31st March, 2016	As at 31st March, 2015
a)	Sundry Payable	17,068	11,318
	Total	<u>17,068</u>	<u>11,318</u>

Note 5 - Cash and Cash Equivalents

Particulars		(Amount in ₹)	
		As at 31st March, 2016	As at 31st March, 2015
(a)	Cash on Hand	10	10
(b)	Balances with Banks - in Current account	5,960	7,760
	Total	<u>5,970</u>	<u>7,770</u>

Note 6 Other Expenses

		(Amount in ₹)	
	Particulars	For the year Ended 31st March, 2016	For the year Ended 31st March, 2015
(A)	Payment to Auditors		
(a)	Audit Fees	5,000	5,000
(B)	Operating / Administrative and General Expenses		
(a)	Fees & Subscription	1,800	3,000
(b)	Service Tax	750	700
	Total	7,550	8,700

Note 7 Earnings Per Equity share

	Particulars	For the year Ended 31st March, 2016	For the year Ended 31st March, 2015
(A)	Net Profit/(Loss) After Tax before extra-ordinary items (Net of Tax) Attributable to Equity Shareholders for Basic EPS and Diluted EPS (Amount in Rs.)	(7,550)	(8,700)
	Add : Extra-ordinary Items (Net of Tax)	-	-
	Net Profit/(Loss) After Tax Attributable to Equity Shareholders for Basic EPS and Diluted EPS (Amount in Rs.)	(7,550)	(8,700)
(B)	Weighted Average Number of Equity Shares Outstanding During the Year for Basic EPS and Diluted EPS (in Nos.)	10,000	10,000
(C)	Basic and Diluted Earning per share of Rs. 10 each (in Rs.)		
	Before Extra-ordinary items	(0.76)	(0.87)
	After Extra-ordinary items	(0.76)	(0.87)
(D)	Face Value per Equity Share (in Rs.)	10.00	10.00

Note 8

In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business. The provisions of all known liabilities are adequate and neither in excess of or nor short of the amounts reasonably necessary.

Note 9

Related Party Disclosures:

List of related parties with whom transactions have taken place during the year:

- i) *Holding Company:*
GRN Finsec Private Limited

The Closing credit balance of Rs. 1,08,211/- payable to holding company GRN Finsec Private Limited as on 31st March, 2016 (PY Rs. 108,211/-).

Note 10

In the opinion of the management, the Company is mainly engaged in the business of Energy Sector Activities and all other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.

Note 11

Contingent Liabilities:


There is no contingent liability for the year ended on 31st March 2016.

Note 12

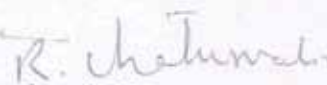
The Previous year figures have been re-grouped/re-classified wherever necessary to conform to the current year presentation.

As per our report of even date
For RAJEN DAMANI & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS


CAVikas N Mehta
Partner
Membership No. 043754


Girdhar Pathak
(Director)


Rajendrnath Chaturvedi
(Director)

Place: Mumbai
Dated 30th June, 2016

GRN ENERGY PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016	(Rs. In Lacs) As at 31st March 2015
A Cash flow from operating Activities		
Net Profit before tax, Extraordinary and prior period items	(7,550)	(8,700)
Adjustment for:		
Non cash items	-	-
Operating profit before working capital changes	(7,550)	(8,700)
Adjustment for:		
Sundry Payable	5,750	5,700
	<u>5,750</u>	<u>5,700</u>
Cash (used) in/ generated from operations	(1,800)	(3,000)
Direct Taxes paid	-	-
Cash inflow/(outflow) before extraordinary and prior period items extraordinary and prior period items	(1,800)	(3,000)
Net Cash from/(Used) in operation activities	<u>(1,800)</u>	<u>(3,000)</u>
B Cash flow from investment activities		
Loan & Advances(Short Term)		
Net Cash (used) in investment activities	<u>-</u>	<u>3,000</u>
		<u>3,000</u>
C Cash flow from financial activities		
Net cash from/(used) in financial activities	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	(1,800)	-
Cash and cash equivalents as at 1st April 2015	7,770	7,770
Cash and cash equivalents as at 31st March 2016	<u>5,970</u>	<u>7,770</u>

As per our report of even date
For RAJEN DAMANI & ASSOCIATES
Chartered Accountants
Firm Regn no.: 118762W

CA Vikas N. Mehta
Partner
M No. 043754
Place : Mumbai
Date : 30th June, 2016

For and on behalf of the Board of Directors

Girdhar Pathak
Girdhar Pathak Director

R. Chaturvedi
Rajendranath Chaturvedi Director