**Information Memorandum**
**Dated: January 18, 2019**
**(Private & Confidential)**

Makes fine living affordable

# SPENCER'S RETAIL LIMITED
# (FORMERLY RP-SG RETAIL LIMITED)

Spencer's Retail Limited ("**our Company**" or "**the Company**") was incorporated as RP-SG Retail Limited as a public limited company under the Companies Act, 2013 in Kolkata, West Bengal, India, pursuant to a certificate of incorporation dated February 8, 2017 issued by the Registrar of Companies, Kolkata, West Bengal ("**RoC**").The name of our Company was subsequently changed to Spencer's Retail Limited and a certificate of incorporation pursuant to change of name was issued by the RoC on December 13, 2018. Our registered office is as mentioned below and there has been no change in our registered office since incorporation.

**Corporate Identity Number:** U74999WB2017PLC219355
**Registered Office:** CESC House, Chowringhee Square, Kolkata – 700 001, West Bengal, India;
**Corporate Office:** 31, Netaji Subhas Road, 1st Floor, Duncan House, Kolkata – 700001, West Bengal, India;
**Contact Person**: Navin Kumar Rathi, Company Secretary and Compliance Officer; **Tel:** +91 33 6625 7600
**E-mail**: spencers.secretarial@rp-sg.in; **Website**: www.spencersretail.com

**NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM. OUR PROMOTERS: SANJIV GOENKA AND RAINBOW INVESTMENTS LIMITED**

Information Memorandum for listing of 7,95,34,226 equity shares of Rs. 5 each of our Company.

## GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Equity Shares of our Company unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Equity Shares of our Company. For taking an investment decision, investors must rely on their own examination of our Company, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does the SEBI guarantee the accuracy or adequacy of the contents of this Information Memorandum. **Specific attention of the investors is invited to "*Risk Factors*" on page 16**.

## OUR COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to our Company, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

## LISTING

The Equity Shares are proposed to be listed on the BSE Limited ("**BSE**"), the Calcutta Stock Exchange Limited ("**CSE**") and the National Stock Exchange of India Limited ("**NSE**"), (hereinafter collectively , referred to as the "**Stock Exchanges**"). For the purposes of listing of our Equity Shares pursuant to the Scheme, NSE is the Designated Stock Exchange. Our Company has received in-principle approval for listing from BSE, CSE and NSE on December 26, 2018, January 4, 2019 and December 17, 2018 respectively.
Our Company has submitted this Information Memorandum to BSE, CSE and NSE and the Information Memorandum shall be made available on our Company's website at www.spencersretail.com. The Information Memorandum would also be made available on the respective website of the Stock Exchanges at www.bseindia.com, www.cse-india.com and www.nseindia.com.

## REGISTRAR TO THE COMPANY

| | |
|---|---|
| LINK Intime | **Link Intime India Private Limited**<br>C 101, 1st Floor, 247 Park,<br>L B S Marg, Vikhroli West,<br>Mumbai – 400083<br>Tel: +91 22 49186000 \| Extn: 2375<br>Email: priya.agarwal@linkintime.co.in<br>Website: www.linkintime.co.in<br>Contact Person:  Priya Agarwal<br>SEBI Registration No:  INR000004058 |

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## SECTION I - GENERAL

## DEFINITIONS AND ABBREVIATIONS

*This Information Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meanings ascribed to such terms herein, and references to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification will include any amendments or re-enactments thereto, from time to time.*

*Notwithstanding the foregoing, terms in* "*Main Provisions of the Articles of Association*", "*Statement of Tax Benefits*", "*Industry Overview*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Risk Factors*", "*Financial Statements*", "*Outstanding Litigation and Other Material Developments*" and "*Scheme of Arrangement*", shall have the meaning ascribed to such terms in those respective sections.

**Company and Scheme Related Terms**

| Term | Description |
|---|---|
| "the Company", "our Company", and "Resulting Company" | Spencer's Retail Limited, a company incorporated in India under the Companies Act, 2013, with its Registered Office situated at CESC House, Chowringhee Square, Kolkata – 700 001, West Bengal, India |
| "we", "us" and "our" | Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiary on a consolidated basis |
| AoA/Articles of Association/Articles | The articles of association of our Company, as amended from time to time |
| Appointed Date for Demerger | Opening of business hours on October 1, 2017 |
| Audit Committee | The audit committee of our Company, constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013, as described in "*Our Management*" on page 92 |
| Auditor/Statutory Auditor | The statutory auditor of our Company, being M/s. Batliboi, Purohit & Darbari |
| Board/Board of Directors | The board of directors of our Company, or a duly constituted committee thereof |
| Corporate Office | The corporate office of our Company is situated at 31, Netaji Subhas Road, 1st Floor, Duncan House, Kolkata – 700001, West Bengal, India |
| Corporate Social Responsibility Committee | The corporate social responsibility committee of our Company, constituted in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as described in "*Our Management*" on page 92 |
| Demerged Company/CESC | CESC Limited |
| Demerged Undertakings/Retail Undertakings | The Retail Undertaking 1 and the Retail Undertaking 2, collectively. |
| Retail Undertaking 1 | Means and includes all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and where so ever situated, of the Demerged Company, in relation to and pertaining to the retail business on a going concern basis, as on the Appointed Date, together with all its assets and liabilities |
| Retail Undertaking 2 | Means and includes all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and where so ever situated, of erstwhile Spencer's Retail Limited, in relation to and pertaining to the retail business on a going concern basis, as on the Appointed Date, together with all its assets and liabilities |
| Draft Information Memorandum/DIM | The draft information memorandum dated November 30, 2018 filed with the Stock Exchanges issued in accordance with the applicable laws as prescribed by SEBI |
| Director(s) | The director(s) on our Board |
| Effective Date | October 12, 2018 |
| Eligible Shareholder (s) | Shall mean eligible holder(s) of the equity shares of CESC Limited as on the Record Date |
| Equity Shares | The equity shares of our Company of face value of Rs. 5 each |

| Term | Description |
|---|---|
| erstwhile Spencer's Retail Limited | The erstwhile company named Spencer's Retail Limited, incorporated in India under the Companies Act, 1956 on November 22, 2000, bearing corporate identification number U51229WB2000PLC154278 |
| Financial Statements | Audited financial statements of the Company since incorporation till the period ended March 31, 2018 and the audited financial statements for the stub period of half year ended September 30, 2018 |
| Fiscal 2018 | With respect to the Financial Statements of our Company, Fiscal 2018 refers to the period from incorporation i.e. February 8, 2017 to March 31, 2018 |
| Group Companies | The companies (other than promoters and subsidiaries) with which our Company had related party transactions, during the period for which financial information is disclosed in this Information Memorandum, as covered under the applicable accounting standards. For further details, see "*Our Promoters, Promoter Group and Group Companies*" on page 104 |
| Independent Director(s) | The Independent Directors of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013 |
| Information Memorandum/IM | The information memorandum dated January 18, 2019 to be filed with the Stock Exchanges |
| Key Management Personnel/ KMP | Key management personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, together with the key managerial personnel of our Company in terms of Section 2(51) of the Companies Act, 2013 and as described in "*Our Management*" on page 92 |
| Materiality Policy | The policy adopted by our Board on November 14, 2018, for identification of material Group Companies, outstanding material litigation, outstanding material dues to creditors, pursuant to the requirements under the SEBI ICDR Regulations for the purpose of the disclosure in this Information Memorandum |
| MoA/Memorandum of Association | The memorandum of association of our Company, as amended from time to time |
| NCLT | The National Company Law Tribunal, Kolkata Bench |
| Net Worth | On a standalone basis, net worth has been arrived at the aggregate value of the share suspense account, preference share suspense account (pending allotment as on March 31, 2018 and September 30, 2018 respectively), and other equity as per the Financial Statements as on March 31, 2018 and September 30, 2018 respectively. Other equity includes balances of (i) capital reserve pursuant to the Scheme and (ii) retained earnings as on March 31, 2018 and September 30, 2018 respectively.<br><br>On a consolidated basis, net worth has been arrived at the aggregate value of the share suspense account, preference share suspense account (pending allotment as on March 31, 2018 and September 30, 2018 respectively), and other equity as per the Financial Statements as on March 31, 2018 and September 30, 2018 respectively. Other equity includes balances of (i) capital reserve pursuant to the Scheme; (ii) retained earnings and OCI as on March 31, 2018 and September 30, 2018 respectively. |
| Nomination and Remuneration Committee/NRC | The nomination and remuneration committee of our Company, constituted in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013, as described in "*Our Management*" on page 92 |
| Promoters | The promoters of our Company, being Sanjiv Goenka and Rainbow Investments Limited. For further details, see "*Our Promoters, Promoter Group and Group Companies*" on page 104 |
| Promoter Group | Persons and entities constituting the promoter group of our Company in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations. |
| Record Date | October 31, 2018 |
| Registered Office | The registered office of our Company, situated at CESC House, Chowringhee Square, Kolkata – 700 001, West Bengal |
| Registrar of Companies/RoC | The Registrar of Companies, West Bengal situated at Kolkata |
| Registrar and Transfer Agent | Link Intime India Private Limited |
| RIL | Rainbow Investments Limited |
| Scheme/Composite Scheme | Composite Scheme of Arrangement under Sections 230 to 232 and other |

| Term | Description |
|---|---|
| of Arrangement/Scheme of Arrangement | applicable provisions of the Companies Act, 2013 amongst CESC Infrastructure Limited, erstwhile Spencer's Retail Limited, Music World Retail Limited, Spen Liq Private Limited, New Rising Promoters Private Limited, CESC Limited, Haldia Energy Limited, CESC Ventures Limited (formely known as RP-SG Business Process Services Limited), Crescent Power Limited and our Company, and their respective shareholders, sanctioned by the National Company Law Tribunal, Kolkata bench on March 28, 2018 |
| Share Certificate | The certificate in respect of the Equity Shares allotted to a folio |
| Shareholders | Shareholders holding Equity Shares of our Company, from time to time |
| Stakeholders Relationship Committee | The stakeholders relationship committee of our Company, constituted in accordance with Regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013, as described in "*Our Management*" on page 92 |
| Subsidiary/ORIPL | Omnipresent Retail India Private Limited |

**Conventional and General Terms and Abbreviations**

| Term | Description |
|---|---|
| AGM | Annual general meeting |
| AIF(s) | Alternative Investment Funds |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| CCI | Competition Commission of India |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identity Number |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CGST Act, 2017 | Central Goods and Services Tax Act, 2017, as amended |
| CPC/ Code of Civil Procedure | Code of Civil Procedure, 1908, as amended |
| CSE | Calcutta Stock Exchange |
| Companies Act/ Companies Act, 2013 | Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder |
| Competition Act | Competition Act, 2002, as amended |
| CSR | Corporate Social Responsibility |
| Demat | Dematerialised |
| Depository | A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended |
| Depositories Act | The Depositories Act, 1996, as amended |
| Designated Stock Exchange | The National Stock Exchange of India Limited |
| DIPP | Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI |
| DP ID | Depository Participant's Identity number |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation |
| EGM | Extra-ordinary general meeting |
| EPS | Earnings per share |
| FCNR Account | Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA |
| FDI | Foreign direct investment |
| FDI Policy | The consolidated FDI Policy, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time |

| Term | Description |
|---|---|
| FEMA | The Foreign Exchange Management Act, 1999 read with rules, regulations, notifications, circulars and directions thereunder |
| FEMA Regulations | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 |
| Financial Year/Fiscal/Fiscal Year/FY | The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year |
| FPIs | Foreign Portfolio Investors, as defined under SEBI FPI Regulations |
| FVCI | Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI |
| GAAR | General Anti-Avoidance Rules |
| GDP | Gross Domestic Product |
| GoI/Central Government/Government | The Government of India |
| GST | Goods and services tax |
| HUF(s) | Hindu Undivided Family(ies) |
| ICAI | Institute of Chartered Accountants of India |
| IGST Act, 2017 | Integrated Goods and Services Tax Act, 2017, as amended |
| Income Tax Act | Income Tax Act, 1961, as amended |
| Ind AS | Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Rule 3 of Companies (Indian Accounting Standard) Rules, 2015 |
| Indian GAAP/IGAAP | In accordance with the accounting principles generally accepted in India, including the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 |
| INR/Rupee/₹/Rs. | Indian Rupee, the official currency of the Republic of India |
| IT | Information Technology |
| IT Act | The Income Tax Act, 1961, as amended |
| LLP | Limited Liability Partnership |
| M&A | Mergers and acquisitions |
| MCA | Ministry of Corporate Affairs, GoI |
| Mutual Funds | Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended |
| Notified Sections | Sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect |
| NR/Non-resident | A person resident outside India, as defined under the FEMA and includes an NRI |
| NRI | Non-Resident Indian as defined under the FEMA Regulations |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent account number |
| PAT | Profit after tax |
| RBI | Reserve Bank of India |
| SCRA | Securities Contract (Regulation) Act, 1956, as amended |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended |
| SEBI | Securities and Exchange Board of India, constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended |
| SEBI Circular | Circular No. CFD/DIL3/CIR/2017/21 issued by SEBI dated March 10, 2017 on schemes of arrangement, as amended |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended |

| Term | Description |
|---|---|
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended |
| SGST Act, 2017 | State Goods and Services Tax Act, 2017, as enacted by various state governments |
| STT | Securities Transaction Tax |
| Stock Exchanges | BSE, CSE and NSE |
| Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| VAT | Value Added Tax |
| VCFs | Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be |

**Industry Related Terms**

| Term | Description |
|---|---|
| ARS | Auto Replenishment System |
| CRM | Customer Relationship Management |
| DC | Distribution Centre |
| DCRC | Distibution Centre and Packing Centre |
| EDI | Electronic Data Interchange |
| OTB | Open To Buy |
| SEC | Socio Economic Class |
| SKU | Stock Keeping Unit |
| WMS | Warehouse Management System |
| YVM | Your Views Matter |

## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION CERTAIN CONVENTIONS

All references in this Information Memorandum to “India” are to the Republic of India.

Unless stated otherwise, all references to page numbers in this Information Memorandum are to the page numbers of this Information Memorandum.

**Financial Data**

Unless stated otherwise, the financial data in this Information Memorandum is derived from our Financial Statements. Our Company publishes its Financial Statements in Indian Rupees. Our Financial Statements, including the report issued by the Statutory Auditor, included in this Information Memorandum, have been prepared in accordance with Ind AS and the Companies Act, 2013. Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular Financial Year or Fiscal are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Information Memorandum are to a calendar year and references to a Fiscal/ Fiscal Year are to the year ended on March 31, of that calendar year.

Certain figures contained in this Information Memorandum, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

**Industry and Market Data**

Unless stated otherwise, industry and market data used in this Information Memorandum has been obtained or derived from publicly available information as well as industry publications and sources.

Information has been included in this Information Memorandum based on a report published by CRISIL Research, as well as publicly available documents and information, including, but not restricted to materials issued or commissioned by the Government of India and certain of its ministries, trade, and industry specific publications, and other relevant third-party sources. For details of risks in relation to the CRISIL Report, see “*Risk Factors*” on page 16.

The CRISIL Research reports contain the following disclaimer:

“CRISIL Research, a division of CRISIL Limited (“CRISIL”) has taken due care and caution in preparing this report titled “Industry Report on Retailing - October 2018” (the “Report”) based on the information obtained by CRISIL from sources which it considers reliable (the “Data”). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data or the Report and is not responsible for any errors or omissions or for the results obtained from the use of the Data or the Report. The Report is not a recommendation to invest or disinvest in any entity covered in the Report and no part of the Report should be construed as an expert advice or investment advice or any form of investment banking activity (within the meaning of any law or regulation). CRISIL especially states that it has no liability whatsoever to the subscribers, users, transmitters or distributors of the Report. Without limiting the generality of the foregoing, nothing in the Report will be construed as CRISIL providing, or intending to provide, any services in jurisdictions where CRISIL does not have the necessary permission or registration to carry out its business activities in this regard. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research, a division of CRISIL, operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division or CRISIL Risk and Infrastructure Solutions Ltd (“CRIS”), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Report are that of CRISIL Research and not of CRISIL’s Ratings Division or CRIS. No part of the Report may be published or reproduced in any form without CRISIL’s prior written approval.”

Although we believe that the industry and market data used in this Information Memorandum is reliable, it has not been independently verified by us and our affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 16. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Information Memorandum is meaningful depends on the reader's familiarity with, and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

**Currency and Units of Presentation**

All references to "*Rupees*" or *"₹"* or "*Rs.*" or "*INR*" are to Indian Rupees, the official currency of the Republic of India. In this Information Memorandum, our Company has presented certain numerical information. All figures have been expressed in Indian lakhs except where mentioned otherwise. However where any figures that may have been sourced from third-party industry sources are expressed in denominations other than crores, such figures appear in this Information Memorandum expressed in such denominations as provided in their respective sources.

## FORWARD LOOKING STATEMENTS

This Information Memorandum contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue", or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements.

All forward-looking statements are based on our current plans, estimates, presumptions and expectations, and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Further, actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in its industry and incidents of any natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- suppliers increasing prices of products for reasons beyond our control;
- inability to enter into new leasehold/rental agreements for expansion of our stores or renewal of such agreements;
- inability to maintain optimum levels of inventory in our stores;
- disruption in third party logistics and transportation services;
- developments impairing the success and viability of our stores; and
- inability to understand prevailing global trends or to forecast changes well in time.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" on pages 16, 76, and 177, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Although we believe that the assumptions on which such forward-looking statements are based are reasonable, we cannot assure that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Information Memorandum and are not a guarantee of future performance. These statements are based on the management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Promoters, our Directors, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## SECTION II – INFORMATION MEMORANDUM SUMMARY

*This section is a summary of specific disclosures included in this Information Memorandum and is not exhaustive nor does it purport to contain a summary of all disclosures or details relevant to prospective investors. For additional information and further details with respect to any of the information summarised below, please refer to the relevant sections of this Information Memorandum. Unless otherwise stated, the financial information in this section is derived from the Financial Statements.*

**Summary of the Industry**

Retailing is a distribution channel through which goods are sold in small quantities to the final consumer. Retailing is both organized and unorganized. According to CRISIL Research, organised retail typically means large-scale chain stores which are corporatised, apply modern management techniques and relatively higher level of self-service in nature. E-retail is a part of organised retail while traditional retail includes only brick-and-mortar (B&M). Increased aggression shown by online players and increasing investments by organised retailers led to growth in fiscal 2018. Further, GST also led to growth for organised players, as the cost of doing business increased for unorganised players.

**Summary of our Business**

We operate retail stores (primarily in food and grocery) across various formats, selling products in various categories including food, fashion, general merchandise, homeware, consumer durables and electricals. Pursuant to our philosophy, "Makes Fine Living Affordable", we cater to aspirational segments of the Indian population across various socio-economic classes ("SEC") by providing them with a wide range of quality merchandise at competitive prices. The key tenet of our merchandising strategy is to offer differentiated products in food and non-food categories at fair-market prices. We make global products locally available and local products conveniently available.

**Our Promoters**

The Promoters of our Company are Sanjiv Goenka and Rainbow Investments Limited.

**Shareholding of Our Promoters and Members of our Promoter Group**

As on the date of this Information Memorandum, the shareholding of the Promoters and the members of our Promoter Group are detailed below:

| Name of person | Category | No. of Equity Shares held | Percentage of the paid-up Equity Share capital (in %) |
|---|---|---|---|
| Rainbow Investments Limited | Promoter | 3,52,77,979 | 44.36 |
| Sanjiv Goenka | Promoter | 80,876 | 0.10 |
| Sanjiv Goenka HUF | Member of Promoter Group | 7,377 | 0.01 |
| Shashwat Goenka | Member of Promoter Group | 66,844 | 0.08 |
| Preeti Goenka | Member of Promoter Group | 15,133 | 0.02 |
| Avarna Goenka | Member of Promoter Group | 300 | 0.00 |
| Stel Holdings Limited | Member of Promoter Group | 14,96,082 | 1.88 |
| Phillips Carbon Black Limited | Member of Promoter Group | 10,11,718 | 1.27 |
| Saregama India Limited | Member of Promoter Group | 7,55,992 | 0.95 |
| Integrated Coal Mining Limited | Member of Promoter Group | 6,45,218 | 0.81 |
| Kolkata Metro Networks Limited | Member of Promoter Group | 1,71,000 | 0.22 |
| Castor Investments Limited | Member of Promoter Group | 1,50,000 | 0.19 |
| Dotex Merchandise Private Limited | Member of Promoter Group | 24,801 | 0.03 |
| **Total** | | 3,97,03,320 | 49.92 |

**Financial Information**

The following information has been derived from the Standalone Financial Statements:

*(in Rs. lakh, except per share data)*

| Particulars | During Fiscal 2018/ As on March 31, 2018 (as applicable) | For six months ended September 30, 2018/ As on September 30, 2018 (as applicable) |
|---|---|---|
| Share capital | - | - |
| Share suspense account | 3,976.71 | 3,976.71 |
| Preference share suspense account | 78.04 | 81.75 |
| Net worth* | 59,077.06 | 59,387.67 |
| Total Revenue | 1,05,180.93 | 110,334.63 |
| EBITDA## | 937.91 | 2,101.72 |
| Profit after tax | (910.15) | 367.90 |
| Earnings per Equity Share (basic and diluted)** | (2.62) | 0.46 |
| Net asset value# (per Equity Share**) | 74.28 | 74.67 |
| Total borrowings (as per our balance sheet) | - | - |

**If the capital reserve pursuant to the Scheme were deducted from the above, the net worth would have been Rs. 3,111.83 lakhs on March 31, 2018 and Rs. 3,422.44 lakhs on September 30, 2018 on a standalone basis*
***Considering the allotment of 7,95,34,226 Equity Shares on November 14, 2018, which was pending allotment as on September 30, 2018 and was accordingly reflected in the share suspense account as on September 30, 2018*
*#Our net asset value (per equity share), would have been Rs. 3.91 as on March 31, 2018 and Rs. 4.30 as on September 30, 2018, if the net worth were calculated after deducting the capital reserve pursuant to the Scheme*
*## EBITDA = Profit Before Tax + Depreciation and Amortisation Expenses + Finance Costs*

The following information has been derived from the Consolidated Financial Statements:

*(in Rs. lakh, except per share data)*

| Particulars | During Fiscal 2018/ As on March 31, 2018 (as applicable) | For six months ended September 30, 2018/ As on September 30, 2018 (as applicable) |
|---|---|---|
| Share capital | - | - |
| Share suspense account | 3,976.71 | 3,976.71 |
| Preference share suspense account | 78.04 | 81.75 |
| Net worth* | 54,790.23 | 54,804.15 |
| Revenue | 1,05,188.31 | 110,360.71 |
| EBITDA## | 455.84 | 1,844.05 |
| Profit after tax | (1,412.69) | 67.34 |
| Earnings per Equity Share (basic and diluted) | (4.07) | 0.08 |
| Net asset value# (per Equity Share)** | 68.89 | 68.91 |
| Total borrowings (as per our balance sheet) | - | - |

** If capital reserve pursuant to the Scheme were deducted from the above, our net worth would have been Rs. -1,175.00 lakhs on March 31, 2018 and Rs. -1,161.08 lakhs on September 30, 2018 on a consolidated basis*
***Considering the allotment of 7,95,34,226 Equity Shares on November 14, 2018, which was pending allotment as on September 30, 2018 and was accordingly reflected in the share suspense account as on September 30, 2018*
*#Our net asset value (per equity share) on a consolidated basis, would have been Rs. -1.48 as on March 31, 2018 and Rs. -1.46 as on September 30, 2018, if our net worth were calculated after deducting capital reserve pursuant to the Scheme*
*## EBITDA = Profit Before Tax + Depreciation and Amortisation Expenses + Finance Costs*

For further details, see "*Financial Statements*" at page 117.

**Auditor Qualifications or Adverse Remarks**

There have been no qualifications or adverse remarks by our Auditors in the Financial Statements.

**Outstanding Litigation**

A summary of pending criminal proceedings, taxation proceedings, actions taken by statutory or regulatory authorities and other material litigation proceedings involving us, our Directors, our Subsidiary and our Promoters, as applicable, on the date of this Information Memorandum is set out below:

*Litigation against our Company*

| Type of proceeding | Number of cases | **Amount involved, to the extent quantifiable** ***(Rs. lakh)*** |
|---|---|---|
| Material civil proceedings | 1 | 2852.32 |
| Criminal proceedings | 91 | - |
| Regulatory/ statutory proceedings | 3 | 131.43 |
| Taxation proceedings | 31 | 1,599 |

*Litigation by our Company*

| Type of proceeding | Number of cases | **Amount involved, to the extent quantifiable** ***(Rs. lakh)*** |
|---|---|---|
| Material civil proceedings | - | - |
| Criminal proceedings | 5 | - |

*Tax proceedings against our Company*

*(in Rs. lakh)*

| Nature of tax involved | Number of cases outstanding | Amount involved in such proceedings |
|---|---|---|
| ***Direct Tax (A)*** | | |
| Income Tax | Nil | Nil |
| ***Indirect Tax (B)*** | | |
| Sales Tax and VAT (1) | 28 | 1045 |
| Service Tax (2) | 3 | 554 |
| *Total (1+2)* | 31 | 1599 |
| **Total (A+B)** | **31** | **1599** |

**To the extent quantifiable*

*Litigation involving our Subsidiary*

There are no litigation proceedings involving our Subsidiary on the date of this Information Memorandum.

*Litigation against our Directors*

| Type of proceeding | Number of cases | **Amount involved, to the extent quantifiable** ***(Rs. lakh)*** |
|---|---|---|
| Material civil proceedings | 1 | 2,852.32 |
| Regulatory/ statutory action | - | - |
| Criminal proceedings | - | - |
| Taxation proceedings | - | - |

*Litigation by our Directors*

| Type of proceeding | Number of cases | **Amount involved, to the extent quantifiable** ***(Rs. lakh)*** |
|---|---|---|
| Civil proceedings | - | - |
| Criminal proceedings | - | - |

*Litigation against our Promoters*

| Type of proceeding | Number of cases | Amount involved, to the extent quantifiable *(Rs. lakh)* |
|---|---|---|
| Material civil proceedings | 1 | 2,852.32 |
| Regulatory/ statutory action | - | - |
| Criminal proceedings | - | - |
| Taxation proceedings | - | - |

*Litigation by our Promoters*

| Type of proceeding | Number of cases | Amount involved, to the extent quantifiable *(Rs. lakh)* |
|---|---|---|
| Civil proceedings | - | - |
| Criminal proceedings | - | - |

While, there are certain pending litigation proceedings involving our Group Companies, there is no pending proceeding involving our Group Companies which could have a material impact on our Company.

For further details, see "*Outstanding Litigation and Other Material Developments*" at page 197.

**Risk Factors**

For details of the risks associated with our Company, see the section "*Risk Factors*" beginning on page 16.

**Contingent Liabilities**

A summary of our contingent liabilities as on March 31, 2018 and September 30, 2018 are as set out below:

***(In Rs. lakh)***

| Particulars | As at March 31, 2018 (Rs. in lakhs) | As at September 30, 2018 (Rs. in lakhs) |
|---|---|---|
| Sales Tax and VAT | 951.20 | 1,046.27 |
| Service Tax matters | 553.89 | 553.89 |
| Other matters | 4,397.26 | 4,601.95 |

For further details, see "*Financial Statements*" at page 117.

**Related party transactions**

A summary of the related party transactions entered into by our Company in Fiscal 2018 and the six months ended September 30, 2018 is detailed below:

| Particulars | Related Party | Fiscal 2018 (in lakh) | Six months ended September 30, 2018 (in lakh) |
|---|---|---|---|
| Income from Sale of Goods | Companies Under Common Control | 51.68 | 29.91 |
| Purchase of Goods | Companies Under Common Control | 106.21 | 167.86 |
| Rendering of Services | Companies Under Common Control | 67.25 | 430.99 |
| Purchase of Property and other Assets | Companies Under Common Control | 4.68 | - |
| Expenses Recoverable | Companies Under Common Control | 1,615.59 | 1,618.69 |
| Expense Incurred | Companies Under Common Control | 390.04 | 376.39 |
| Security Deposit Receivable | Companies Under Common | - | 3.45 |

| | | | |
|---|---|---|---|
| | Control | | |
| Security Deposit Payable | Companies Under Common Control | 63.60 | 1.93 |
| Sales Collection Received | Companies Under Common Control | 1,290.60 | 1,219.59 |

For further details of such related party transactions, see "*Financial Statements*" at page 117.

**Average cost of acquisition**

The average cost of acquisition of our Promoters is as mentioned below: Not applicable

**Split or consolidation**

Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Information Memorandum.

**Confirmations**

- There are/have been no financing arrangements whereby any member of our Promoter Group and/or the directors of RIL and/or our Directors and their relatives have financed the purchase by any other person of securities of our Company from the date of approval of the Scheme by the NCLT on March 28, 2018 till the date of submission of this Information Memorandum.

- Except pursuant to the Scheme, our Promoters have not acquired any Equity Shares in the one year preceding the date of this Information Memorandum.

- Other than pursuant to the Scheme, our Company has not issued any Equity Shares in the one year preceding the date of this Information Memorandum for consideration other than cash.

## SECTION III - RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in the Equity Shares of our Company.*

*If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our Company's business, results of operations and financial condition could suffer, the price of the Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated our Company is not in a position to specify or quantify the financial or other risks mentioned herein.*

*Wherever used in this section the terms "we", "us" "our" shall mean Spencer's Retail Limited, unless otherwise stated.*

### INTERNAL RISK FACTORS

***1. If we are unable to continue to as per our brand promise "Makes fine living affordable" and offer products and prices pursuant to our brand strategy, we risk losing our distinct advantage and a substantial portion of our customers which will adversely affect our business, financial condition and results of operations. Further, our suppliers may increase prices of products for reasons beyond our control, such as shortages, due to which we may lose our competitive advantage*.**

One of our key strengths has been our ability to offer our customers affordable fine living and consequently greater savings. This has been possible in part due to our strong supplier and vendor relationships and our pricing strategies. However, there have been instances, when we have faced supply and pricing challenges. While we try to reduce our margins in such instances, there are commercial limitations to this approach and we may not always be able to offer our products at price points which represent value for money, a key attraction for a majority of our target customer base.

Moreover, our competitors may have a significant pricing or locational advantage in specific markets owing to various factors including differing scales of operations and the sizes of their distribution centres. They may also have diversified their presence in more geographical areas and may therefore be in a better position to consolidate their market share.

There can be no assurance that shortages and price hikes will not take place in the future. If we are unable to maintain our pricing competitiveness and are not able to effectively respond to competition from existing retailers and prospective entrants and consequent pricing pressures, it will adversely affect our business, financial condition and results of operations.

Further, in relation to the product offerings, we do not have fixed terms of trade with the majority of our distributors or suppliers. Accordingly, we may not have access to additional discounts and special schemes offered by such distributors and suppliers.

***2. If we are unable to enter into new leasehold or rental agreements for locations suitable for expansion of our stores or distribution centres, or we may be unable to renew our existing leasehold or rental agreements for our current stores and distribution centres, it may adversely affect our expansion and growth plans.***

As we expand our store network, we will be exposed to various challenges, including those relating to identification of potential markets and suitable locations for our new stores, obtaining leases for such stores, competition, different cultures and customer preferences, regulatory regimes, business practices and customs.

As a new store location should satisfy various parameters to make an attractive commercial proposition, finalisation of location and property acquisition for our new stores is an evolving process which may not progress at the same pace as in the past or at the expected pace.

If we are unable to identify and obtain suitable locations for our expansion on terms commercially beneficial to us, it may adversely affect our expansion and growth plans.

We do not own any of the premises in which our stores and office premises and these are operated on a leasehold basis. Such leasehold arrangements may require renewal or escalations in rentals from time to time during the lease period. If we are unable to renew the relevant lease agreements, or if such agreements are renewed on unfavourable terms and conditions, we may be required to relocate operations and incur additional costs in such relocation. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, financial condition, results of operations and cash flows in respect of such defaulting premises.

***3. In case we are not able to maintain optimum levels of inventory in our stores, it may impact our operations adversely.***

We estimate our sales based on the forecast, demand and requirements for the forthcoming season. In general, the orders are placed well in advance before the actual delivery of products in the stores. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a full range of products at our stores. We currently function on inventory levels *akin* to the market standard.

Natural disasters such as earthquakes, floods or droughts, or natural conditions such as crop disease, pests or soil erosion, may adversely impact the supply of fresh products and local transportation leading to temporary disruption in the business. For example, in 2016, the cyclone Vardha had impacted our business operations in Chennai. Should our supply of products be disrupted, we may not be able to procure an alternate source of supply of products in time to meet the demands of our customers, or we may not be able to procure products of equal quality or on equally competitive terms, or at all. Such disruption to supply would materially and adversely affect our business, profitability and reputation. In addition, disruptions to the delivery of products to our distribution centres and stores may occur for reasons such as poor handling, transportation bottlenecks, or labour strikes, which could lead to delayed or lost deliveries or damaged products and disrupt supply of these products. Further, for some of our merchandise and apparel, we have limited distribution centres for supply to our stores. If operations at such distribution centres are affected for any reason, our supply chain for all our stores in respect of such merchandise will be adversely affected.

To improve our line capability, we try to stock our inventory in our distribution centres due to limitations of space in our stores. Ensuring shelf availability of our products requires prompt turnaround time and a high level of coordination across suppliers, distribution centres or stores and staff.

In addition, even if we are able to arrange for sale of all our stock, we cannot ensure that products are not consumed by consumers subsequent to the expiry of the shelf life, which may lead to health hazards. While we display the shelf life in the packing of our products, we may face claims for damages or other litigation in the event our products are sold and consumed subsequent to expiry of their shelf life. Any or all of these factors could adversely affect our reputation, and consequently our business, prospects and financial performance.

Although there are checks to avoid under-stocking and over-stocking, our estimates and forecasts are not always accurate. If we over-stock inventory, our capital requirements will increase and we will incur additional financing costs. If we under-stock inventory, our ability to meet customer demand and our operating results may be adversely affected. Any mismatch between our planning and actual consumer consumption could lead to potential excess inventory or out-of-stock situations, either of which could have an adverse effect on our business, financial condition and results of operation.

***4. We depend on third parties for our logistics and transportation needs. Any disruptions in the same may adversely affect our operations, business and financial condition.***

We do not have an in-house transportation facility and we rely on third party transportation and other logistic facilities at every stage of our business activity including for procurement of products from our vendors and for transportation from our distribution centres to various stores. We have entered into agreements with third party transport service providers and depend on them for supply of goods. The cost of our goods carried by such third party transporters is typically much higher than the consideration paid for transportation, due to which it may be difficult for us to recover compensation for damaged, delayed or lost goods.

Our operations and profitability are dependent upon the availability of transportation and other logistic facilities in a time and cost efficient manner. Accordingly, our business is vulnerable to increased transportation and fuel costs, transportation strikes, shortage of labour, delays and disruption of transportation services because of weather related problems, strikes, lock-outs, accidents, inadequacies in road infrastructure or other events. Further, the goods movement also encounters additional risks such as accidents, pilferage, shrinkage and our inability to claim insurance may adversely affect our financial condition.

Although we have experienced few disruptions in the past, any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or non-supply or may require us to look for alternative sources which may be cost inefficient, thereby adversely affecting our operations, profitability, reputation and market position.

***5. The strategic location of our stores is one of the means of attracting customers. Any development impairing the success and viability of our stores could adversely affect our business, financial condition and results of operations.***

Our stores are typically located in densely populated residential areas and neighbourhoods, keeping in mind accessibility and potential for future development. Sales are derived, in part, from the volume of footfalls in these locations. Store locations may become unsuitable and our sales volume and customer traffic may be adversely affected by various factors such as, changes in primary occupancy in a particular area from residential to commercial, competition from nearby retailers and unorganised kirana shops, changing customer demographics, fast changing lifestyle of customers, change in choices of customers in a particular market and the popularity of other businesses located near our stores.

Continued popularity of particular locations, changes in areas around our store locations that result in reductions in customer footfalls or otherwise render the locations unsuitable could result in reduced sales volume, which could materially and adversely affect our business, financial condition and results of operations.

***6. If we are unable to effectively manage the growth associated with the expansion and setting up of new stores, our business and profitability may be adversely affected.***

Our business and operations have grown in recent years. We expanded our retail network from 124 stores in April 1, 2017 to 128 stores as of March 31, 2018 and we plan to open more stores in the future as part of our strategy. As of March 31, 2018, we also have 9 distribution centres.

As we expand our store network, we will be exposed to various challenges, including those relating to identification of potential markets, different cultures and customer preferences, regulatory regimes and business practices.

We will also be required to obtain certain approvals to carry on business in new locations and there can be no assurance that we will be successful in obtaining such approvals. Further, we expect our expansion plans to place significant demands on our managerial, operational and financial resources, and our expanded operations will require further training and management of our employees and the training and induction of new employees. There can also be no assurance that our increased distribution centre capacity will be sufficient to meet the increased requirements of our expanded retail network. In addition, as we enter new markets, we face competition from both organised and unorganised retailers, who may have an established local presence, and may be more familiar with local customers' preferences and needs.

Successful operation of our new stores depends on a number of factors, including:

- our ability to position our new stores to successfully establish a foothold in new markets and to execute our business strategy in new markets;
- our ability to successfully integrate the new stores with our existing operations and achieve related synergies;
- our ability to introduce an optimal mix of merchandise which successfully meets local

customer preferences at attractive prices;

- our ability to negotiate and obtain favourable terms from our suppliers;
- the effectiveness of our marketing campaigns;
- our ability to hire, train and retain skilled personnel;
- the competition that we face from incumbent and new retailers in the region; and
- any government development or construction plans around our planned sites which could have an impact on the external traffic flow to our stores and the timely implementation of such changes.

While we have closed some of our stores due to commercial considerations in the past, if any of our new stores do not break even or achieve the expected level of profitability within our expected timeframe, or at all, our expansion plans and our results of operations, financial condition and profitability may be materially and adversely affected and we may decide to close some of our stores. Finally, if we are forced to close any of our stores, we may not be able to realise our investment cost since our stores are custom-built for our business.

Furthermore, setting up of new stores, can also be subject to schedule overrun beyond our control, which can both lead to additional costs and lost time.

Our historic growth rates or results of operations are not indicative of or reliable indicators of our future performance. While we intend to continue to expand our operations, we may not be able to sustain historic growth levels, and may not be able to leverage our experience in our existing markets in order to grow our business in new markets. An inability to effectively manage our expanded operations or pursue our growth strategy may lead to operational and financial inefficiencies, which could have a material adverse effect on our business prospects, financial condition and results of operations.

***7. Our inability to understand prevailing global trends or to forecast changes well in time or to identify and respond to such emerging trends in consumer preferences, may adversely affect our business.***

We offer a wide variety of products within our broad product categories, namely, foods, non-foods and general merchandise, electricals and electronics and apparel to our customers. The markets for some of our products such as home and personal care and apparel are characterised by frequent changes, particularly customer preferences, new products and product variant introductions. We plan our products based on the forecast of customer buying patterns as well as on forecasted trends and customer preferences in the forthcoming seasons. Any mismatch between our forecasts, our planning and the actual purchase by customers can impact us adversely, leading to excess inventory or under-stocking, impacting us adversely.

Customer preferences in the markets we operate in are difficult to predict and changes in those preferences or the introduction of new products by our competitors could put our products at a competitive disadvantage.

In relation to several of our products such as apparel, we depend substantially on our ability to carry new products or those in line with recent trends, to expand our operations and market share. Before we can introduce a new product, we must successfully execute a number of steps, including market research, obtaining registrations for our private labels and merchandising, customer acceptance of our new products, while scaling our vendor and infrastructure networks to increase or change the nature of our inventory. We likewise depend on the successful introduction of new production and manufacturing processes by our vendor partners to create innovative products, achieve operational efficiencies and adapt to technological advances in, or obsolescence of their technology while ensuring that such products continue to remain affordable.

Our continued success depends on our ability to timely anticipate, gauge and react to changes in customer tastes for our products, as well as to where and how customers shop for those products. We must continually work to stock and retail new products, maintain and enhance the recognition of our brands, achieve a favourable mix of products, and refine our approach as to how and where we market and sell our products. While we try to introduce new products or variants, we recognise that customer tastes cannot be predicted with certainty, and that there is no certainty that these will be commercially viable or accepted by our customers. If we are unable to foresee or respond effectively to the changes in market conditions, there may be a decline in the demand for our products, thereby reducing our market share, which could adversely affect our business and results of operations.

8. ***If we are unable to maintain and enhance the "Spencer's" brand or our brand reputation falls, our sales may suffer which may adversely affect our business, results of operations and financial condition.***

We believe that the brand we have developed, has over the years, significantly contributed to the success of our business. We depend to a significant extent, upon brand recognition and the goodwill associated with our brand. "Spencer's. The trademark and brand name are key assets of our Company and maintaining their reputation is critical. Substantial erosion in the value of our Company's brand name due to product recalls, customer complaints, adverse publicity, legal action or other factors could have a material adverse effect on our Company's business, operating results and financial condition. There can be no assurance that our Company's strategy and its implementation will maintain the value of these brands.

India generally offers a lower level of intellectual property rights enforcement than countries in Europe and North America. Our Company believes that it has taken appropriate steps to protect our Company's trademark and other intellectual property rights (including those that are pending) but cannot be certain that such steps will be sufficient or that third parties will not infringe or challenge such rights. If our Company is unable to protect such intellectual property rights against infringement, such infringement could have a material adverse effect on our Company's business, operating results and financial condition.

Maintaining and enhancing our brand and private labels may require us to make substantial investments in areas such as outlet operations, employee training, marketing and advertising, and these investments may not be successful. If our marketing and advertising campaigns are poorly executed, or customers lose confidence in our brand for any reason, it could harm our ability to attract and retain customers.

We anticipate that as our business expands into new markets and as our markets become increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Since we have various brands which span different price points, we may not be able to focus or have the resources to market all our brands. Additionally, our presence across various price points would require us to expend efforts and make investments on marketing multiple brands thereby increasing our costs. If we are unable to enhance the visibility of our brands, it would have an adverse effect on our business, and our financial condition.

9. ***We are subject to risks associated with expansion into new geographic regions.***

Expansion into new geographic regions, including different states in India, subjects us to various challenges, including those relating to our lack of familiarity with the culture, legal regulations and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. For instance, we intend to set up new stores in certain parts of northern India. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets.

We could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- uncertainties with new local business partners;
- ability to understand consumer preferences and local trends in such new regions;
- exposure to expropriation or other government actions; and
- political, economic and social instability.

By expanding into new geographical regions, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected.

10. ***We have significant power requirements for continuous running of our operations and business. Any disruption to our operations on account of interruption in power supply or any irregular or significant hike in power tariffs may have an adverse effect on our business, results of operations***

***and financial condition.***

Our stores and distribution centres have significant electricity requirements and any interruption in power supply to our stores or distribution centres may disrupt our operations. Our business and financial results may be adversely affected by any disruption of operations.

We depend on third parties for our power requirements. Further, we have limited options in relation to maintenance of power back-ups such as diesel generator sets and any increase in diesel prices will increase our operating expenses which may adversely impact our business margins.

Since we have significant power consumption, any unexpected or significant increase in its tariff can increase the operating cost of our stores and distribution centres. In majority of the markets we operate in, there are limited number of electricity providers due to which in case of a price hike we may not be able to find a cost-effective substitute, which may negatively affect our business, financial condition and results of operations.

***11. We do not have definitive agreements or fixed terms of trade with most of our suppliers. Failure to successfully leverage our supplier relationships and network or to identify new suppliers could adversely affect us.***

One of the prime reasons we are able to offer affordable retailing to our customers is our strong relationships with our suppliers. Our growth as a business depends on our ability to attract and retain high quality and cost efficient suppliers to our network.

In order to maintain flexibility in procurement options, we do not have any long-term supply arrangements with most of our suppliers and we procure our products on a purchase order basis. If we are unable to continue to procure supplies at competitive prices, our business will be adversely affected.

Furthermore, the success of our supplier relationships depends significantly on satisfactory performance by our suppliers and their fulfilment of their obligations. If any of our suppliers fails for any reason to deliver the products in a timely manner or at all, it may affect our ability to manage our inventory levels, which in turn, may result in unavailability of the product thereby adversely affecting our customer shopping experience and our reputation.

While we intend to continue to enter into new supplier relationships as a part of our business strategy, we may not be able to identify or conclude appropriate or viable arrangements in a timely manner or at all. Further, there can be no assurance that our relationships with new suppliers in the future will necessarily contribute to a better experience for our customers or to our profitability. If we fail to successfully leverage our existing and new relationships with suppliers, our business and financial performance could be adversely affected.

***12. Revenue generated from the foods category including FMCG and staples constitutes a majority of our sales revenue. Any sudden fall in the revenues from this category may adversely affect our financial condition and profitability***.

Revenue generated from the sale of our foods product category including FMCG and staples groceries, fruits and vegetables, snacks and processed foods, dairy and frozen products, beverages and confectionery constituted around 80% of the revenue from sales of our Company for the financial year ended March 31, 2018.

We believe that we have been successful in this category due to our deep knowledge of product assortment, pricing dynamics and strong supplier relationships. Due to a change in customer preferences or any other factors, whether within or beyond our control, our revenue and profitability from this category may decrease and this may result in an adverse effect on the financial condition of our Company.

***13. Seasonal variations result and could continue to result in fluctuations in our results of operations***.

Seasonal variations, including due to increased consumption patterns of some products or derivatives in the summer and/or monsoon seasons in India or during run up to religious festivals could cause significant changes in our performance throughout the year.

Because of these seasonal fluctuations, our sales and results of operations may vary by fiscal quarter, and the sales and results of operations of any given fiscal quarter may not be relied upon as indicators of the sales or results of operations of other fiscal quarters or of our future performance.

***14. We are subject to risks associated with product warranty, recall and product liability due to defects in our products, which could generate substantial claims, negative publicity or adversely affect our business, results of operations or financial condition.***

Defects, if any, in our products could require us to undertake service actions or product recalls. These actions could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products. Repeated warranty claims could adversely affect our results of operations. Management resources could also be diverted from our business towards defending such claims. As a result, our business, result of operations and financial condition could suffer. We cannot assure you that the limitations of liability set forth in our contracts will be enforceable in all instances or will otherwise protect us from liability for damages.

***15. There have been instances in the past of litigation due to perceived deficiency in the products we sell, and we may face potential liabilities in the future from lawsuits or claims from third parties, should they perceive any deficiency in our products, which may adversely impact our business and financial condition.***

We believe in providing quality products and due care is taken to mitigate the associated risks which may happen due to factors beyond our control. We may face the risk of legal proceedings and claims being brought against us by customers on account of sale of any defective product. Further, we could also face liabilities should our customers face any loss or damage due to any unforeseen incident or accident, in our stores, which could cause financial and other damage to them. This may result in lawsuits and /or claims against our Company, which may materially and adversely affect the results of our operations and may also result in loss of business and reputation. We have had litigation under both the Prevention of Food Adulteration Act and the Food Standards and Safety Act with respect to some of our private labels and the other food products that we sell. There have been criminal complaints filed in the respective magistrate's courts against us alleging that the samples of fruits, vegetables, pulses, sugar, etc., were either substandard or misbranded or unsafe for human consumption.

Although we have not been subject to any material product liability claims, we cannot assure you that we will not be subject to such claims in the future. Further, even if we successfully defend ourselves against a claim, or successfully claim back compensation from others, we may need to spend a substantial amount of money and time in defending such a claim and in seeking compensation.

Any claims against us initiated by our customers may have an adverse effect on our reputation, brand image and our financial condition.

***16. Real or perceived quality or health issues with the products offered at our stores could have a material and adverse effect on our results of operations.***

Concerns regarding the safety of products offered at our stores or the safety and quality of our supply chain could cause shoppers to avoid purchasing certain products from us, or to seek alternative sources, even if the basis for the concern is outside of our control. Adverse publicity about these concerns, whether or not ultimately based on fact, could discourage customers from buying our product and have a material and adverse effect on our turnover and results of operations. In addition, we cannot guarantee that our operational controls and employee training will be effective in preventing food-borne illnesses, food tampering and other food safety issues that may affect our operations.

We cannot assure you that there will not be incidents of contaminated products or ingredients in the future which may result in product liability claims, product recall and negative publicity and materially and adversely affect our reputation, business, financial condition and results of operations. Any such claims and allegations may also distract our management from their day to day management responsibilities and may therefore have a material adverse effect on our business, financial condition and results of operations.

***17. We are dependent on third parties for the manufacturing and production of all the products we sell. Any failure of such third parties to adhere to the relevant standards may have a negative effect on our reputation, business and financial condition.***

We are engaged in the retail business and do not manufacture any of the products we sell. We are exposed to the risk of our service providers and vendors failing to adhere to the standards set for them by us and statutory bodies in respect of quality, quantum of production, safety and distribution which in turn could adversely affect our net sales and revenues.

In addition, certain of our service providers and vendors are retained on a non-exclusive basis and may engage in other businesses that may even compete with ours or supply their products to our competitors.

Further, any lost confidence on the part of our customers due to failure of our suppliers to adhere to statutory standards would adversely affect our financial performance. Any delay or failure on the part of the third party manufacturers to deliver the products in a timely manner or to meet our quality standards by such third party manufacturers, or any litigation involving such third parties may cause a material adverse effect on our business, profitability and reputation.

***18. Our Company depends on the knowledge and experience of our Directors and Key Management Personnel for our growth. The loss of their services may have a material adverse effect on our business, financial condition and results of operations.***

Our Company depends on the management skills and guidance of our Directors for development of business strategies, monitoring its successful implementation and meeting future challenges. Our Key Management Personnel and our senior managerial personnel complement the vision of our Directors and perform a crucial role in conducting our day-to-day operations and execution of our strategies. Our Key Management Personnel and our senior managerial personnel collectively have several years of experience and are difficult to replace. Competition for senior management in the industry in which we operate is intense, and we may not be able to recruit and retain suitable replacements in a timely manner or at all. In the event we are unable to attract and retain managerial personnel or our Key Management Personnel and our senior managerial personnel join our competitors or form competing companies, our ability to conduct efficient business operations may be impaired. The loss of the services of such personnel and our inability to hire and retain additional qualified personnel may have an adverse effect on our business, financial condition and results of operations.

***19. Our Company has in the past entered into related party transactions and may continue to do so in the future.***

We have entered into and may in the course of our business continue to enter into transactions specified in the Financial Information contained in this Information Memorandum with related parties. While we believe that all such transactions have been conducted on an arm‘s length basis and in the ordinary course of business, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our financial condition and results of operations.

***20. We face significant competition in the retail industry and any increase in competition may adversely affect our business and financial condition.***

The Indian retail industry is highly competitive. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability and availability of retail space.

Our Company faces competition from existing retailers, both organized and un-organised, and potential entrants to the retail industry that may adversely affect our competitive position and our profitability. Given the liberalisation of foreign direct investment laws in the multi-brand retail sector in India and

100% FDI in food retail sector under the approval route, some of our competitors may have access to significantly greater resources, including the ability to spend more on advertising and marketing and hence the ability to compete more effectively.

We face competition across our business activities from varied peers. In relation to Foods category including groceries and staples, we face competition from other organized retail supermarket chains including D-Mart, Big Bazaar, Reliance Retail, More, Spar, HyperCity, and Star Bazaar on one hand and unorganised retail kirana shops on the other. In relation to non-food products and other products, we face competition from organised retail chains. Further, although e-tailing is not currently a major competitor in the product categories and the markets we operate, we may face increased competition from e-tailing in the future.

We cannot assure you that we can continue to compete effectively with our competitors. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability.

***21. We have contingent liabilities on our balance sheet, as at March 31, 2018 and September 30, 2018. Further, our Company may be subject to certain penalty proceedings in respect of ongoing tax litigations. If any of these actually occur, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition.***

The following are the contingent liabilities on our balance sheet, as at Fiscal 2018. If any of these actually occur, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition:

| Particulars | As at March 31, 2018 (Rs. in lakhs) | As at September 30, 2018 (Rs. in lakhs) |
|---|---|---|
| Sales Tax and VAT | 951.20 | 1,046.27 |
| Service Tax matters | 553.89 | 553.89 |
| Other matters | 4,397.26 | 4,601.95 |

Further, liabilities may arise in the future as our Company is party to certain income tax litigations pending before various appellate forums. Our Company may be subject to imposition of demands, if any, in case of adverse orders by the Income Tax Department in relation to such litigations which may have a material adverse effect on our results of operations and financial condition.

***22. Our online business platform www.spencers.in is not doing as well as expected. If we are unable to improve our online operations, our business and financial condition may be adversely affected.***

Our subsidiary, Omnipresent Retail India Private Limited ("ORIPL") has developed and owns the e-commerce platform which is deployed by us for our customers to order online and get their food and grocery products delivered at their doorstep. Our Company has expanded its online services in Hyderabad, Chennai and Visakhapatnam apart from the existing clusters in Kolkata, Delhi, Gurgaon, Noida and Ghaziabad. The e-commerce platform has over 15,000 articles listed and is available to customers through web and mobile app platforms. ORIPL handles execution of the orders from the Company's stores through their own fulfilment team. Presently the online retail business of our Company is incurring losses due to various reasons beyond our control. If the Company continues to make such losses in future, it will impact the consolidated profitability of our Company.

***23. Our insurance cover may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage.***

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our stores and distribution centres or in the regions/areas where our stores and distribution centres are located. Although we maintain insurance coverage in relation to property, stock, money, third party liability and fidelity for our stores/ employees, there are possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us.

Further, while there has been no past instance of inadequate insurance coverage for any loss, we cannot assure that we will continue to accurately ascertain and maintain adequate insurance for losses that may be incurred in the future. Our Company does not maintain D&O, cybercrime, general liablity insurance. We also do not maintain key-man insurance for any of our key personnel and loss of the services of such key personnel may have an adverse effect on our business, financial condition and results of operations.

***24. If we are unable to establish and maintain an effective system of internal controls and compliances our business and reputation could be adversely affected.***

We manage regulatory compliance by monitoring and evaluating our internal controls, and ensuring that we are in compliance with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no other instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

***25. Our Company has not paid any dividends in the past and we may not be able to pay dividends in the future***

Our Company has not declared dividends for any financial year in the past and our Company may not be able to declare dividends in the future. The declaration, payment and amount of any future dividends are subject to the discretion of the Board and will depend upon a number of factors, including our Company's results of operations, future earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian law restrictions and other factors considered relevant by our Board.

***26. We have not independently verified certain data in this Information Memorandum, which might have certain limitations.***

We have not independently verified data from the "Industry Report on Retailing - October 2018" prepared by CRISIL Research contained in this Information Memorandum and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

***27. Our registered office is not owned by our Company.***

Our registered office is situated at CESC House, Chowringhee Square, Kolkata 700 071, West Bengal, India. The premises are owned by CESC Limited, our Group Company. Pursuant to the letter dated January 25, 2017, CESC has conveyed its no-objection towards our Company using the said premises as its registered office. However, there can be no assurance that we will continue to have the right to use such premises, our failure to have such right may impair our operations and adversely affect our financial conditions.

***28. Our Company, Directors and Promoter are involved in certain legal proceedings and potential litigations. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.***

Our Company, Directors and Promoter are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to criminal matters, tax matters and actions by regulatory/

statutory authorities against our Company, Directors and Promoter have been set out below. Further, the summary of the outstanding matters also include outstanding matters pending which exceed the applicable materiality threshold as determined by our Board.

*Litigation against our Company*

| Type of proceeding | Number of cases | Amount involved, to the extent quantifiable *(Rs. lakh)* |
|---|---|---|
| Material civil proceedings | 1 | 2,852.32 |
| Criminal proceedings | 91 | - |
| Regulatory/ statutory proceedings | 3 | 131.43 |
| Taxation proceedings | 31 | 1,599 |

*Litigation against our Directors*

| Type of proceeding | Number of cases | Amount involved, to the extent quantifiable *(Rs. lakh)* |
|---|---|---|
| Material civil proceedings | 1 | 2,852.32 |
| Regulatory/ statutory action | - | - |
| Criminal proceedings | - | - |
| Taxation proceedings | - | - |

*Litigation against our Promoters*

| Type of proceeding | Number of cases | Amount involved, to the extent quantifiable *(Rs. lakh)* |
|---|---|---|
| Material civil proceedings | 1 | 2,852.32 |
| Regulatory/ statutory action | - | - |
| Criminal proceedings | - | - |
| Taxation proceedings | - | - |

*Tax proceedings against our Company*

*(in Rs. lakh)*

| Nature of tax involved | Number of cases outstanding | Amount involved in such proceedings |
|---|---|---|
| ***Direct Tax (A)*** | | |
| Income Tax | Nil | Nil |
| ***Indirect Tax (B)*** | | |
| Sales Tax and VAT (1) | 28 | 1045 |
| Service Tax (2) | 3 | 554 |
| *Total (1+2)* | 31 | 1599 |
| **Total (A+B)** | **31** | **1599** |

**To the extent quantifiable*

While, there are certain pending litigation proceedings involving our Group Company, there is no pending proceeding involving our Group Company which could have a material impact on our Company.

For further details, see *Outstanding Litigation and Material Developments* beginning on page 197.

If the courts or tribunals rule against our Company or our Directors, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. Decisions in any of the aforesaid proceedings would not however, have a material adverse effect on our Company.

***29. Our business is manpower intensive and a high proportion of our total staff comprises of employees on contract. Our business may be adversely affected if we are unable to obtain employees on contract or at commercially attractive costs.***

Our success depends on our ability to attract, hire, train and retain skilled customer and sales personnel. In the retail industry, the level and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel could adversely impact our reputation, business prospects and results of operations.

Our business is manpower intensive and our continued growth depends in part on our ability to recruit and retain suitable staff. As we expand our network, we will need experienced manpower that has knowledge of the local market and the retail industry to operate our stores. Typically, the retail industry suffers from high attrition rates especially at the store level. We have faced increasing competition for management and skilled personnel with significant knowledge and experience in the retail sector in India. There can be no assurance that attrition rates for our employees, particularly our sales personnel, will not increase. A significant increase in our employee attrition rate could also result in decreased operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in recruitment and training costs, thereby materially and adversely affecting our business, results of operations and financial condition. We cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate our retail stores in our existing markets or new markets that we are entering into. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted, financial condition and results of operations may be adversely affected.

Additionally, we have seen an increasing trend in manpower costs in India, which has had a direct impact on our employee costs and consequently, on our margins. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states in which we currently operate or are planning to expand to. We may need to increase compensation and other benefits in order to attract and retain key personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase.

***30. Inability to manage losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.***

Our business and the industry we operate in are vulnerable to the problem of product shrinkage. Shrinkage at our stores or our distribution centres may occur through a combination of shoplifting by customer, pilferage by employee, damage, obsolescence and expiry and error in documents and transactions that go un-noticed. The retail industry also typically encounters some inventory loss on account of employee theft, shoplifting, vendor fraud, credit card fraud and general administrative error.

An increase in product shrinkage levels at our existing and future stores or our distribution centres may force us to install additional security and surveillance equipment, which will increase our operational costs and may have an adverse impact on our profitability. Further, we cannot assure you whether these measures will successfully prevent product shrinkage. Furthermore, although we have cash management procedures and controls in place, there are inherent risks in cash management including, theft and robbery, employee fraud and the risks involved in transferring cash from our stores to banks. Finally, there have been instances of employee dishonesty in the past and we cannot assure you that we will able to completely prevent such incidents in the future.

Additionally, in case of losses due to theft, fire, breakage or damage caused by other casualties, there can be no assurance that we will be able to recover from our insurer the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

***31. Some of our investments in debt instruments are unsecured or carry interest rate lower than the market rate.***

Some of our unsecured investments include investments in interest/ dividend bearing liquid debt instruments including investments in debt mutual funds and other financial products, such as principal protected funds, listed debt instruments, rated debentures or deposits with banks/ other entities. Some of our unsecured investments carry interest rate which is lower than the prevailing market. Market interest rates in India fluctuate on a regular basis. Consequently, some of our investments may continue to carry interest rate lower than the market rate in the future.

***32. We, through our Subsidiary Company, Omnipresent Retail India Private Limited, have ventured into the e-tailing business. In the event that there is increased competition from e-tailing, it may have a material adverse effect or may have a negative impact on our financial performance.***

The e-tailing business is highly competitive with companies having a wide variety of products at different price points. Further, many of our competitors have longer operating histories and greater financial resources than us and have more experience in managing internet based businesses. Further, e-commerce has witnessed intense competition in India with deep discounts and regular promotions offered by several e-tailers. We may be unsuccessful in competing against present and future competitors, ranging from large and established companies to emerging start-ups, both Indian and large, multi-national, e-commerce companies operating in India.

Our markets for products are characterized by rapidly changing customer preferences, and new product introductions. Our results of operations are dependent on our ability to discern such changes in customer preferences and providing new products in line with changes customer preferences. In the event that we are unable to identify prevalent trends and carry products that are well received by our customers, could have a material adverse effect on our business.

***33. Our business relies on the performance of our information technology systems and any interruption in the future may have an adverse impact on our business operations and profitability.***

Our Company has Enterprise Resource Planning (ERP) software which integrates and collates data of, inter alia, purchase, sales, reporting, accounting and inventory, distribution centre management, project system and human resource management from all the 137 stores and 9 distribution centres. Our Company utilises its information technology systems to monitor all aspects of its businesses and relies to a significant extent on such systems for the efficient operation of its business, including, the monitoring of inventory levels, the allocation of products to our stores and budget planning, supplemental front-end billing software connected in a batch. Our sales across different stores are reconciled on a daily basis after close of business.

Our Company's information technology systems may not always operate without interruption and may encounter temporary abnormality or become obsolete, which may affect its ability to maintain connectivity with our stores and distribution centres. We cannot assure that we will be successful in developing, installing, running and migrating to new software systems or systems as required for its overall operations. Even if we are successful in this regard, significant capital expenditures may be required, and it may not be able to benefit from the investment immediately. All of these may have a material adverse impact on our operations and profitability.

In addition, we cannot guarantee that the level of information security it presently maintains is adequate or that its systems can withstand intrusions from or prevent improper usage by third parties. Our failure to continue its operations without interruption due to any of these reasons may adversely affect our business, financial condition and results of operations.

***34. Our operations require adequate working capital. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital, could adversely affect our operations, financial condition and profitability.***

Our operations require adequate amount of working capital. We are required to obtain and/or maintain adequate cash flows and funding facilities, from time to time, in order to, inter-alia, finance the purchase of raw materials, products and components, upgrade and maintain our manufacturing facilities. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital, could adversely affect our operations, financial condition and profitability.

***35. Change in Bank Charges (if any) / usage of EDC Machine Charges or change in any other policies by Bank.***

Our operations require usage of EDC Machine in all our stores for collecting payments from the customers which comes at a cost as well as a yearly charge by the banks. The change in bank charges rates as well as in any other policy of the banks will impact our business and may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

***36. Our Company requires significant amount of capital for continued growth. Our inability to meet our capital requirements may have an adverse effect on our results of operations.***

Our business is capital intensive and requires a significant amount of capital for leasehold improvement/fitment of stores and maintenance of inventory levels.

We intend to continue growing by setting up additional stores. We may need to obtain additional financing in the normal course of business from time to time as we expand our operations. We may not be successful in obtaining additional funds in a timely manner and/or on favourable terms including rate of interest, primary security cover, collateral security, terms of repayment, or at all. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our plans or growth strategies or reduce capital expenditures and the size of our operations.

Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital, could adversely affect our financial condition and result of our operations.

***37. Our Company is under the control of the RP-Sanjiv Goenka Group.***

As of the date of this Information Memorandum, the RP-Sanjiv Goenka Group beneficially owns 49.92% of the Company's existing Equity Shares. Accordingly, the Group has, and will continue to have, the ability to influence the Company's business. We cannot assure you that we will continue to receive the same degree of support from the RP-Sanjiv Goenka Group in the future. There can be no assurance that the RP-Sanjiv Goenka Group will not take positions with which our Company or the holders of the Equity Shares do not agree, and such positions could have an adverse effect on our Company or the holders of the Equity Shares. Moreover, the RP-Sanjiv Goenka Group may exercise its control to approve actions and to reject certain corporate opportunities which may not be in the best interests of the holders of the Equity Shares. Any unexpected diminution in our relationship with the RP – Sanjiv Goenka Group may adversely affect our business.

***38. There may be a potential conflict of interest if our Promoters or Directors are involved with one or more ventures which may be in the same line of activity or business as that of the Company.***

Our Company is a part of the RP-Sanjiv Goenka Group, which is controlled by the Sanjiv Goenka (our Promoter) and his family. The RP-Sanjiv Goenka Group or our Directors may consider operating retail stores and setting up businesses catering to retail customers, not necessarily through our Company. There can be no assurance that these potential retail undertakings will not directly or indirectly compete with our Company's business or limit future opportunities for our Company to grow its business. It is possible that the RP-Sanjiv Goenka Group may undertake additional projects or ventures that could compete directly or indirectly with businesses in which the Company and our Subsidiary is engaged. Furthermore, in the event the RP-Sanjiv Goenka Group undertakes expansion in business lines that are unrelated to those in which the Company operates, such expansion could divert management time and attention, and consume financial resources, in each case, that may not be invested in or in relation to the Company.

***39. We require certain regulatory approvals in the ordinary course of business, and the failure to obtain them in a timely manner or at all may adversely affect our operations***

Our Company requires regulatory approvals, licenses, registrations and permissions to operate our businesses. These approvals, licenses, registrations and permissions are required from a range of Central and State Governments, local authorities and their respective agencies. In addition, some of the regulatory approvals, licenses, registrations and permissions required for operating our businesses expire from time to time. We generally apply for renewals of such regulatory approvals, licenses, registrations and permissions prior to or upon their expiry. However, we cannot assure you that we will obtain all regulatory approvals, licenses, registrations and permissions, or receive renewals of existing or future approvals, licenses, registrations and permissions in the time frames required for our operations or at all, which could adversely affect our business.

***40. The sale of food products exposes our Company to the risk of product liability claims and adverse publicity.***

The packaging, marketing, distribution and sale of food products entail an inherent risk of contamination or deterioration, which could potentially lead to product liability, product recall and resultant adverse publicity. Such products may contain contaminants that could, in certain cases, cause illness, injury or death to consumers. Since our Company is not involved in manufacturing, it does not have control over the actual packaging of the products it sells, even in relation to third party re-packers. While there are specific defenses available to retailers, like our Company, under the Food Safety and Standards Act 2006 and its regulations (i.e., that invoices/ bills from suppliers are deemed to be warranties over the products supplied), retailers are still directly liable in case of improper storage of and selling of products not properly labelled. Even an inadvertent shipment of contaminated products may lead to an increased risk of exposure to product liability claims. As such, there can be no assurance that product liability claims will not be asserted against our Company in the future, or that our Company will be able to avail itself of specific defenses under the Food Safety and Standards Act 2006 and its regulations or that our Company will not be obligated to undertake significant product recalls. If a material product liability claim is successful, our Company's insurance may not be adequate to cover all liabilities it may incur, and our Company may not be able to continue to maintain such insurance, or obtain comparable insurance at a reasonable cost, if at all. If our Company does not have adequate insurance or contractual indemnification available, product liability claims relating to defective products could have a material adverse effect on our Company's ability to successfully market and sell its products, and a deleterious impact on its, business, operating results and financial condition and cash flows.

Even if a product liability claim is not successful or is not fully pursued, the publicity surrounding any alleged contamination or deterioration of the products sold by our Company could have a material adverse effect on our Company's, goodwill, brand, image and profitability.

***41. The Retail Undertakings have been loss-making since inception and may further continue to incur losses in the future.***

The Retail Undertakings have been loss making since inception primarily due to low margins and higher operating costs. If such losses continue, it may have a material adverse effect on the business, results of operations, financial condition, cash flows and prospects of the Company for an indefinite period. While the losses have reduced significantly in Fiscal 2018, our Company cannot assure you when our Company will begin to generate profit.

***42. We have experienced negative cash flows in Fiscal 2018, details of which are given below. Sustained negative cash flows could impact our growth and business.***

We experienced negative cash flows from some activities as per the periods indicated below as per our consolidated financial statements:

| **Particulars** | **Six month period ended September 30, 2018 (in Rs. lakhs)** | **Fiscal 2018 (in Rs. lakhs)** |
|---|---|---|
| Net cash generated from/(used in) operating activities | (899.42) | (4,778.13) |
| Net cash generated from/(used in) investing activities | 1,857.23 | (18,939.49) |
| Net cash generated from/(used in) financing activities | (0.25) | 3,783.19 |

**EXTERNAL RISK FACTORS**

***1. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax***

***laws and regulations, may adversely affect our business and financial performance.***

Our business and financial performance could be adversely affected by changes in law, or interpretations of existing laws, rules and regulations, or the promulgation of new laws, rules and regulations in India, applicable to us and our business.

The governmental and regulatory bodies in India and other jurisdictions where we operate may notify new regulations and/or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations.

The application of various Indian and international sales, value-added and other tax laws, rules and regulations to our services, currently or in the future, may be subject to interpretation by applicable authorities, and if amended/ notified, could result in an increase in our tax payments (prospectively or retrospectively) and/or subject us to penalties, which could affect our business operations. Further, we have not completed few income tax, Goods and Service Tax (GST), VAT, CST, Service Tax and Excise assessments for the previous years and we run the risk of the Tax Department assessing our tax liability that may be materially different from the payments that we have made for the past periods. The Government of India has implemented a comprehensive national goods and services tax, or GST, regime that has combined taxes and levies by the central and state governments into a unified rate structure. Though GST has been implemented few rules still requires a lot clarification for the business and industry to correctly interprete and practice, such as anti profiteering rule, The company though have taken legal opinion on the matter, but since the procedural clarification is still awaited, any adverse procedure brought in contrary to the current understanding can materialy and adversely affect the business and its financial condition.

***2. Our business is substantially affected by economic, political and other prevailing conditions in India.***

Our Company is incorporated in India, and the majority of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India‘s various neighbouring countries;
- volatility in, and actual or perceived trends in trading activity on, India‘s principal stock exchanges;
- changes in India‘s tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India‘s various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India‘s principal export markets;

- other significant regulatory or economic developments in or affecting India or its retail sector;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

***3. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to separate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Central Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, results of operations and prospects.

***4. The trading volume and market price of the Equity Shares may be volatile after the listing.***

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties/governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

***5. Instability in Indian financial markets could adversely affect our Company's results of operations and financial condition***.

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The current global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, has led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

***6. Economic developments and volatility in securities markets in other countries may cause the price of our Equity Shares to decline.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

*7.* ***Any downgrading of India's sovereign rating by a domestic or international rating agency could adversely affect our Company's business.***

Any adverse revisions to India's sovereign ratings for domestic and international debt by domestic or international rating agencies may adversely affect our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our Company's business and financial performance, ability to obtain financing for capital expenditures and the price of our Company's Equity Shares.

*8.* ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, regulations of our board of directors, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in our Company than as a shareholder of a company in another jurisdiction.

*9.* ***Currency exchange rate fluctuations may have a material adverse effect on the value of the Equity Shares, independent of our results of operations.***

The exchange rate between the Rupee and the USD and other foreign currencies has changed considerably in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the Rupee and other currencies may affect the value of a non-resident investor's investment in the Equity Shares.

A non-resident investor may not be able to convert Rupee proceeds into USD or any other currency or the rate at which any such conversion may occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Rupee, if United States or other non-resident investors analyse our value based on the USD equivalent of our financial condition and results of operations.

*10.* ***You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India.

Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

*11.* ***Natural calamities could have a negative impact on the Indian economy and harm our business.***

India has experienced natural calamities such as earthquakes, floods, drought and tsunami in recent years. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy which could adversely affect our business and the price of our Equity Shares.

*12.* ***Change in State Government policies in connection with Sale of Liquor for a particular state***

We are incorporated in India and all our fixed assets and human resources are located across various states in India. Our business, and the market price and liquidity of the Equity Shares may be adversely affected by changes in any State Government Excise policies in connection with sale of Liquor for a particular state. Any significant change in State policies of India could adversely affect our business, operations and profitability in particular.

## SECTION IV- INTRODUCTION

## GENERAL INFORMATION

Our Company was incorporated as a public limited company under the Companies Act, 2013 in Kolkata, West Bengal, India, pursuant to a certificate of incorporation dated February 8, 2017 issued by the at Registrar of Companies, Kolkata, West Bengal, India ("**RoC**"). Subsequently, the name of our Company was changed to Spencer's Retail Limited vide certificate of incorporation pursuant to change of name dated December 13, 2018 issued by the RoC.

The National Company Law Tribunal, Kolkata bench, vide its order dated March 28, 2018, approved the Composite Scheme of Arrangement amongst CESC Infrastructure Limited, erstwhile Spencer's Retail Limited, Music World Retail Limited, Spen Liq Private Limited, New Rising Promoters Private Limited, CESC Limited, Haldia Energy Limited, CESC Ventures Limited (formely known as RP-SG Business Process Services Limited), Crescent Power Limited, and our Company and their respective shareholders, under Sections 230 and 232 and other applicable provisions of the Companies Act, 2013. Pursuant to the Scheme, the Retail Undertaking of the Demerged Company and erstwhile Spencer's Retail Limited is transferred to and vested with our Company with the Appointed Date of October 1, 2017 in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The effective date of the Scheme is October 12, 2018.

**Registered Office of our Company**

The address and certain other details of our Registered Office is as follows:

CESC House, Chowringhee Square,
Kolkata – 700 001, West Bengal, India
**Tel:** 033 – 6634 0663/0684

**Company Registration Number and Corporate Identity Number**

The registration number and corporate identity number of our Company are as follows:
(a) Registration number: 219355
(b) Corporate identity number: U74999WB2017PLC219355

**Registrar of Companies**

Our Company is registered with the Registrar of Companies, West Bengal at Kolkata.

**Registrar Of Companies, West Bengal at Kolkata**
Nizam Palace
2nd MSO Building
2nd Floor, 234/4, A.J.C.B. Road
Kolkata - 700020
Phone: 033-2287 7390

**Board of Directors**

The Board of Directors of our Company as on the date of this Information Memorandum:

| Name | DIN | Address |
|---|---|---|
| Sanjiv Goenka, Chairman and Non-Executive Director (Additional) | 00074796 | 19, Dr Rama Prasad Goenka Road, Alipore, Kolkata 700 027 |
| Shashwat Goenka, Non-Executive Director (Additional) | 03486121 | 19, Dr Rama Prasad Goenka Road, Alipore, Kolkata 700 027 |
| Rahul Nayak, Whole-time Director (Additional) | 06491536 | C-242, Kalpataru Tower, Akurli Road, Near Thakur House, Kandivali East, Mumbai – 400101 |
| Rekha Sethi, Independent Director (Additional) | 06809515 | 32, Uday Park, First Floor, Delhi 110 049 |
| Pratip Chaudhuri, Independent Director | 00915201 | H-1591, Chittaranjan Park, New Delhi 110 019 |

| | | |
|---|---|---|
| (Additional) | | |
| Utsav Parekh, Independent Director (Additional) | 00027642 | 2/3 Sarat Bose Road, Kolkata 700 020 |

For further details of our Board of Directors, see "*Our Management*" on page 92.

**Company Secretary and Compliance Officer**

Navin Kumar Rathi is the Company Secretary and Compliance Officer our Company. His contact details are as follows:

**Navin Kumar Rathi**
31, Netaji Subhas Road,
1st Floor, Duncan House,
Kolkata – 700001
**Tel**: +91 33 66257600
**E-mail**: spencers.secretarial@rp-sg.in

**Legal Advisor to the listing**

**Khaitan & Co**
One Indiabulls Centre,
13th Floor, Tower 1,
841 Senapati Bapat Marg
Mumbai- 400 013

**Registrar and Transfer Agent to the Company**

**Link Intime India Private Limited**
C 101, 1st Floor, 247 Park,
L B S Marg, Vikhroli West,
Mumbai – 400083
Tel: +91 22 49186000 | Extn: 2375
Email: priya.agarwal@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Priya Agarwal
SEBI Registration No: INR000004058

**Auditor To Our Company**

**M/s. Batliboi, Purohit & Darbari**
7 Waterloo Street, 1st Floor, Kolkata - 700069
**Phone**: +91 33 2248 3042/8867
**Email Id**: batliboi_ca@yahoo.com
**Contact Person**: P.J. Bhide
**Registration number:** 303086E
**Peer review number**: 009534

**Changes in auditors**

There has been no change in the auditors of our Company since incorporation on February 8, 2017.

**Filing**

A copy of the Draft Information Memorandum and this Information Memorandum has been filed with BSE, CSE and NSE.

**Authority for Listing**

In accordance with the Scheme, the Equity Shares of our Company issued pursuant to the Scheme shall be listed and admitted to trading on the Stock Exchanges. Such admission and listing is not automatic and will be subject to fulfilment of the respective listing criteria of BSE, CSE and NSE by our Company and also subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of the application made by our Company to the Stock Exchanges for seeking approval for listing.

**Eligibility Criteria**

There being no initial public offering or rights issue, the eligibility criteria prescribed under the SEBI ICDR Regulations is not applicable. However, SEBI *vide* its letter no. CFD/DIL-1/YJ/KB/733/2019 dated January 8, 2019, granted relaxation of Rule 19(2)(b) of the SCRR to our Company pursuant to an application made by our Company to SEBI under sub-rule (7) of Rule 19 of the SCRR as per the SEBI Circular SEBI/CFD/DIL3/CIR/2017/21. Our Company has submitted the Draft Information Memorandum and this Information Memorandum, containing information about our Company, making disclosures in line with the disclosure requirement for public issues, as applicable to BSE, CSE and NSE and the Information Memorandum shall be made available to public through the respective websites of the Stock Exchanges at www.bseindia.com, www.cse-india.com and www.nseindia.com. Our Company shall also make the Information Memorandum available on its website at www.spencersretail.com. Our Company shall also publish an advertisement in the newspapers containing the details in terms of Annexure A Part III (A) para 2 sub-clause 5 of the SEBI Circular. The advertisement shall draw specific reference to the availability of the Information Memorandum on our Company's website.

**General Disclaimer from our Company**

Our Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Annexure A Part III (A) para 2 sub-clause 5 of the SEBI Circular or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public at large and no selective or additional information would be available for a section of the investors in any manner.

## CAPITAL STRUCTURE

**Equity Share Capital**

**A. Equity Share Capital of our Company prior to Scheme of Arrangement**

| Particulars | Amount (Rs.) |
|---|---|
| Authorized capital<br>50,000 Equity Shares of Rs. 10 each | 500,000 |
| Issued, subscribed and paid-up share capital<br>50,000 Equity Shares of Rs. 10 each each fully paid up | 500,000 |

**B. Equity Share Capital of our Company post Scheme of Arrangement**

| Particulars | Amount (Rs.) |
|---|---|
| Authorized Capital<br>2,99,01,00,000 Equity Share of Rs.5 each and 5,00,000 Preference Share of Rs.100 each | 15,00,05,00,000 |
| Issued, Subscribed And Paid-Up Share Capital<br>7,95,34,226 Equity Shares of Rs. 5 each fully paid up | 39,76,71,130 |
| Issued, Subscribed And Paid-Up Share Capital<br>5,00,000, 0.01% non-cumulative non-convertible redeemable Preference Shares of Rs. 100 each fully paid up | 5,00,00,000 |

*Note: The post scheme capital structure is as of date of Information Memorandum.*

**Notes to the Capital Structure**

1. **Equity share capital history of our Company**

(a) *The history of the equity share capital of our Company is provided in the following table:*

| Date of Allotment | No. of Shares | Face Value (Rs.) | Premium (Rs.) | Cumulative No. of Shares | Cumulative Paid-up Capital (Rs.) | Nature of Allotment | Consideration |
|---|---|---|---|---|---|---|---|
| May 15, 2017# | 50,000 | 10 | 0 | 50,000 | 5,00,000 | Subscription to the Memorandum of Association | Cash |
| November 14, 2018* | 7,95,34,226 | 5 | 0 | 7,95,84,226 | 39,81,71,130 | Allotment pursuant to the Scheme | Pursuant to the Scheme |
| November 14, 2018** | (50,000) | 10 | 0 | 7,95,34,226 | 39,76,71,130 | Cancellation of initial share capital pursuant to the Scheme | Pursuant to the Scheme |

*# Allotment of 50,000 Equity Shares to: CESC Limited (49,994 Equity Shares), and one Equity Share each to 6 nominees of CESC Limited*

** On November 14, 2018, our Company allotted 7,95,34,226 Equity Shares to the Eligible Shareholders of the Demerged Company. For further details of the Scheme, see "Scheme of Arrangement" on page 90*

*** Upon the Scheme becoming effective from the Appointed date, the issued, subscribed and paid-up Equity Share capital of our Company consisting of 50,000 Equity Shares aggregating to 5,00,000/- was cancelled. For further details of the Scheme, see "Scheme of Arrangement" on page 90.*

2. Other than the allotment of Equity Shares to the Eligible Shareholders of the Demerged Company on November 14, 2018, our Company has not allotted any Equity Shares for consideration other than cash. Further our Company has not made a bonus issue since its incorporation.

3. **Shareholding pattern of our Company prior and post Scheme**

*(a) The shareholding pattern of our Company prior to the allotment of Equity Shares under the Scheme is as under:*

| Category (I) | Category of shareholder (II) | Number of shareholders (III) | Number of fully paid up equity shares held (IV) | Number of Partly paid-up equity shares held (V) | Number of shares underlying Depository Receipts (VI) | Total number of shares held (VII) =(IV)+(V)+ (VI) | Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | | Number of shares Underlying Outstanding convertible securities (including Warrants) (X) | Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Number of Voting Rights | | | Total as a % of (A+B+ C) | | | Number (a) | As a % of total Shares held (b) | Number (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class eg: Equity Shares | Class eg: Others | Total | | | | | | | | |
| (A) | Promoter and Promoter Group | 7* | 50,000 | 0 | 0 | 50,000 | 100 | 50,000 | 0 | 50,000 | 100 | 0 | 100 | 0 | | 0.00 | | 0 |
| (B) | Public | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 |
| (C) | Non Promoter-Non Public | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 |
| (C1) | Shares underlying DRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 |
| (C2) | Shares held by Employee Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 |
| | **Total** | **7*** | **50,000** | **0** | **0** | **50,000** | **100** | **50,000** | **0** | **50,000** | **100** | **0** | **100** | **0** | | **0.00** | | **0** |

** 6 individual shareholders holding 1 share each and acting as nominees of CESC Limited.*

*(b) The shareholding pattern of our Company post allotment of Equity Shares under the Scheme is as under:*

The table below presents the shareholding pattern of our Company as on the date of this Information Memorandum.

| Category (I) | Category of shareholder (II) | Number of shareholders (III) | Number of fully paid up equity shares held (IV) | Number of Partly paid-up equity shares held (V) | Number of shares underlying Depository Receipts (VI) | Total number of shares held (VII) =(IV)+(V)+ (VI) | Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | | Number of shares Underlying Outstanding convertible securities (including Warrants) (X) | Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Number of Voting Rights | | | Total as a % of (A+B+C) | | | Number (a) | As a % of total Shares held (b) | Number (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class eg: Equity Shares | Class eg: Others | Total | | | | | | | | |
| (A) | Promoter and Promoter Group | 13 | 3,97,03,320 | 0 | 0 | 3,97,03,320 | 49.92 | 3,97,03,320 | 0 | 3,97,03,320 | 49.92 | 0 | 49.92 | | 0 | | 0.00 | 39703320 |
| (B) | Public | 58,257 | 3,98,26,147 | 0 | 0 | 3,98,26,147 | 50.08 | 3,98,26,147 | 0 | 3,98,26,147 | 50.08 | 0 | 50.08 | | 0 | | 0.00 | 38883658 |
| (C) | Non Promoter-Non Public | 1 | 0 | 0 | 4,759 | 4759 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | | 0 | | 0.00 | 4759 |
| (C1) | Shares underlying DRs | 1 | 0 | 0 | 4,759 | 4759 | NA | 0 | 0 | 0 | 0.00 | 0 | 0.00 | | 0 | | 0.00 | 4759 |
| (C2) | Shares held by Employee Trusts | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | | 0 | | 0.00 | 0 |
| | **Total** | **58,271** | **7,95,29,467** | **0** | **4,759** | **7,95,34,226** | **100.00** | **7,95,29,467** | **0** | **7,95,29,467** | **100.00** | **0** | **100.00** | | **0** | | **0.00** | **7,85,91,737** |

4. **Major shareholders of our Company 2 years prior to date of the Information Memorandum:**

Our Company was incorporated on February 8, 2017 and hence there were no shareholders 2 years prior to the date of the Information Memorandum.

5. **Major shareholders of our Company one year prior to the date of the Information Memorandum**

CESC Limited held 100% of our Equity Shares (including six Equity Shares held by six individuals as nominees of CESC Limited), one year prior to the date of the Information Memorandum.

6. **Major shareholders of our Company 10 days prior to the date of the Information Memorandum:**

The details of the major Shareholders of our Company, holding cumulatively 80% of the paid-up capital of our Company as on 10 days prior to the date of the Information Memorandum is as below:

| No. | Name Of The Shareholder | Number Of Equity Shares Held | % To Total Capital |
|---|---|---|---|
| 1. | Rainbow Investments Limited | 3,52,77,979 | 44.36 |
| 2. | HDFC Trustee Company Limited - HDFC Equity Fund | 35,08,413 | 4.41 |
| 3. | HDFC Trustee Company Ltd. A/C HDFC Top 100 Fund | 16,87,950 | 2.12 |
| 4. | Bnk Capital Markets Limited | 16,58,714 | 2.09 |
| 5. | Stel Holdings Limited | 14,96,082 | 1.88 |
| 6. | HDFC Trustee Company Ltd. A/C HDFC Balanced Advantage Fund | 13,29,000 | 1.67 |
| 7. | Life Insurance Corporation of India | 13,26,769 | 1.67 |
| 8. | Phillips Carbon Black Limited | 10,11,718 | 1.27 |
| 9. | Franklin Templeton Mutual Fund A/C Franklin India Prima Fund | 9,62,402 | 1.21 |
| 10. | Abu Dhabi Investment Authority - Lglinv | 8,20,993 | 1.03 |
| 11. | Rochdale Emerging Markets (Mauritius) | 8,11,612 | 1.02 |
| 12. | Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Fund | 7,94,400 | 1.00 |
| 13. | Saregama India Limited | 7,55,992 | 0.95 |
| 14. | MFS International New Discovery Fund | 7,23,473 | 0.91 |
| 15. | Integrated Coal Mining Limited | 6,45,218 | 0.81 |
| 16. | Reliance Capital Trustee Company Limited A/C Reliance Growth Fund | 6,36,870 | 0.80 |
| 17. | Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds | 6,17,484 | 0.78 |
| 18. | Vanguard Total International Stock Index Fund | 5,77,691 | 0.73 |
| 19. | Reliance Strategic Investments Limited | 5,74,506 | 0.72 |
| 20. | DSP Equity Opportunities Fund | 5,67,262 | 0.71 |
| 21. | MFS Emerging Markets Equity Fund | 5,53,212 | 0.70 |
| 22. | SBI Life Insurance Co. Ltd. | 5,20,202 | 0.65 |
| 23. | Uti - Hybrid Equity Fund | 4,81,380 | 0.61 |
| 24. | Ishares Core Emerging Markets Mauritius Co. | 4,70,614 | 0.59 |
| 25. | Canara Robeco Mutual Fund A/C Canara Robeco Emerging Equities | 4,67,451 | 0.59 |
| 26. | Emerging Markets Core Equity Portfolio (The Portfolio) Of Dfa Investment Dimensions Group Inc. (Dfaidg) | 4,01,686 | 0.51 |
| 27. | SBI Magnum Taxgain Scheme | 3,97,370 | 0.50 |
| 28. | ICICI Prudential Top 100 Fund | 3,95,864 | 0.50 |
| 29. | DSP Tax Saver Fund | 3,81,253 | 0.48 |
| 30. | The Emerging Markets Small Cap Series Of The DFA Investment Trust Company | 3,62,634 | 0.46 |
| 31. | Franklin Templeton Mutual Fund A/C Franklin India Equity Advantage Fund | 3,48,470 | 0.44 |

| No. | Name Of The Shareholder | Number Of Equity Shares Held | % To Total Capital |
|---|---|---|---|
| 32. | HDFC Trustee Company Limited – HDFC Infrastructure Fund | 3,32,649 | 0.42 |
| 33. | Icici Prudential Value Fund - Series 19 | 3,02,267 | 0.38 |
| 34. | Reliance Nippon Life Insurance Co Limited | 2,95,111 | 0.37 |
| 35. | Sundaram Mutual Fund A/C Sundaram Diversified Equity | 2,46,000 | 0.31 |
| 36. | National Insurance Company Ltd. | 2,27,700 | 0.29 |
| 37. | Idfc Sterling Value Fund | 2,25,000 | 0.28 |
| 38. | The New India Assurance Company Limited | 1,97,456 | 0.25 |
| 39. | Abakkus Growth Fund-1 | 1,95,000 | 0.25 |
| 40. | Deutsche Bank A.G. | 1,92,672 | 0.24 |
| 41. | Icici Prudential Equity & Debt Fund | 1,84,938 | 0.23 |
| 42. | Alliancebernstein India Growth (Mauritius) Limited | 1,77,444 | 0.22 |
| 43. | Kolkata Metro Networks Limited | 1,71,000 | 0.22 |
| 44. | Wisdomtree India Investment Portfolio, Inc. | 1,69,411 | 0.21 |
| 45. | Elara Global Funds - Elara Emerging Markets Fund | 1,64,400 | 0.21 |
| | TOTAL | 6,36,60,712 | 80.04 |

7. **Major shareholders of our Company and as on the date of this Information Memorandum**

The details of the major Shareholders of our Company holding cumulatively 80% of the paid-up capital of our Company as on the date of this Information Memorandum is set out below:

| No. | Name Of The Shareholder | Number Of Equity Shares Held | % To Total Capital |
|---|---|---|---|
| 1. | Rainbow Investments Limited | 3,52,77,979 | 44.36 |
| 2. | HDFC Trustee Company Limited - HDFC Equity Fund | 35,08,413 | 4.41 |
| 3. | HDFC Trustee Company Ltd. A/C HDFC Top 100 Fund | 16,87,950 | 2.12 |
| 4. | Bnk Capital Markets Limited | 16,58,714 | 2.09 |
| 5. | Stel Holdings Limited | 14,96,082 | 1.88 |
| 6. | HDFC Trustee Company Ltd. A/C HDFC Balanced Advantage Fund | 13,29,000 | 1.67 |
| 7. | Life Insurance Corporation of India | 13,26,769 | 1.67 |
| 8. | Phillips Carbon Black Limited | 10,11,718 | 1.27 |
| 9. | Franklin Templeton Mutual Fund A/C Franklin India Prima Fund | 9,62,402 | 1.21 |
| 10. | Abu Dhabi Investment Authority - Lglinv | 8,20,993 | 1.03 |
| 11. | Rochdale Emerging Markets (Mauritius) | 8,11,612 | 1.02 |
| 12. | Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Fund | 7,94,400 | 1.00 |
| 13. | Saregama India Limited | 7,55,992 | 0.95 |
| 14. | MFS International New Discovery Fund | 7,23,473 | 0.91 |
| 15. | Integrated Coal Mining Limited | 6,45,218 | 0.81 |
| 16. | Reliance Capital Trustee Company Limited A/C Reliance Growth Fund | 6,36,870 | 0.80 |
| 17. | Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds | 6,17,484 | 0.78 |
| 18. | Vanguard Total International Stock Index Fund | 5,77,691 | 0.73 |
| 19. | Reliance Strategic Investments Limited | 5,74,506 | 0.72 |
| 20. | DSP Equity Opportunities Fund | 5,67,262 | 0.71 |
| 21. | MFS Emerging Markets Equity Fund | 5,53,212 | 0.70 |
| 22. | SBI Life Insurance Co. Ltd. | 5,20,202 | 0.65 |
| 23. | Uti - Hybrid Equity Fund | 4,81,380 | 0.61 |
| 24. | Ishares Core Emerging Markets Mauritius Co. | 4,70,614 | 0.59 |

| No. | Name Of The Shareholder | Number Of Equity Shares Held | % To Total Capital |
|---|---|---|---|
| 25. | Canara Robeco Mutual Fund A/C Canara Robeco Emerging Equities | 4,67,451 | 0.59 |
| 26. | Emerging Markets Core Equity Portfolio (The Portfolio) Of Dfa Investment Dimensions Group Inc. (Dfaidg) | 4,01,686 | 0.51 |
| 27. | SBI Magnum Taxgain Scheme | 3,97,370 | 0.50 |
| 28. | ICICI Prudential Top 100 Fund | 3,95,864 | 0.50 |
| 29. | DSP Tax Saver Fund | 3,81,253 | 0.48 |
| 30. | The Emerging Markets Small Cap Series Of The DFA Investment Trust Company | 3,62,634 | 0.46 |
| 31. | Franklin Templeton Mutual Fund A/C Franklin India Equity Advantage Fund | 3,48,470 | 0.44 |
| 32. | HDFC Trustee Company Limited – HDFC Infrastructure Fund | 3,32,649 | 0.42 |
| 33. | Icici Prudential Value Fund - Series 19 | 3,02,267 | 0.38 |
| 34. | Reliance Nippon Life Insurance Co Limited | 2,95,111 | 0.37 |
| 35. | Sundaram Mutual Fund A/C Sundaram Diversified Equity | 2,46,000 | 0.31 |
| 36. | National Insurance Company Ltd. | 2,27,700 | 0.29 |
| 37. | Idfc Sterling Value Fund | 2,25,000 | 0.28 |
| 38. | The New India Assurance Company Limited | 1,97,456 | 0.25 |
| 39. | Abakkus Growth Fund-1 | 1,95,000 | 0.25 |
| 40. | Deutsche Bank A.G. | 1,92,672 | 0.24 |
| 41. | Icici Prudential Equity & Debt Fund | 1,84,938 | 0.23 |
| 42. | Alliancebernstein India Growth (Mauritius) Limited | 1,77,444 | 0.22 |
| 43. | Kolkata Metro Networks Limited | 1,71,000 | 0.22 |
| 44. | Wisdomtree India Investment Portfolio, Inc. | 1,69,411 | 0.21 |
| 45. | Elara Global Funds - Elara Emerging Markets Fund | 1,64,400 | 0.21 |
| | TOTAL | 6,36,60,712 | 80.04 |

8. **Details of Equity Shares held by our Directors**

Except as stated below, there are no other Directors who hold Equity Shares in our Company as on the date of this Information Memorandum:

| No. | Name of Director | Number of shares |
|---|---|---|
| 1. | Sanjiv Goenka | 80,876 |
| 2. | Shashwat Goenka | 66,844 |
| | **Total** | **1,47,720** |

9. **Shareholding of our Promoters**

Our Promoters, RIL and Sanjiv Goenka have acquired their shareholding in our Company, pursuant to the allotment of Equity Shares under the Scheme to the Eligible Shareholders on November 14, 2018. The details of their shareholding are set forth below:

| Name of person | No. of Equity Shares held | Percentage of the paid-up Equity Share capital (in %) |
|---|---|---|
| Rainbow Investments Limited | 3,52,77,979 | 44.36 |
| Sanjiv Goenka | 80,876 | 0.10 |
| **Total** | | **44.46** |

All of the Equity Shares held by our Promoter are fully paid up and none of such Equity Shares have been pledged in any manner. Further, all Equity shares held by our Promoters are in dematerialized form.

10. **Details of Equity Shares held by the members of our Promoter Group and by the directors of**

**RIL:**

Except as stated below, none of the members of our Promoter Group hold Equity Shares in our Company as on the date of this Information Memorandum:

| No. | Name of Person | Number of shares | Percentage of the paid-up Equity Share capital (in %) |
|---|---|---|---|
| **Members of the Promoter Group** | | | |
| 1. | Rainbow Investments Limited | 3,52,77,979 | 44.36 |
| 2. | Sanjiv Goenka | 80.876 | 0.10 |
| 3. | Sanjiv Goenka HUF | 7,377 | 0.01 |
| 4. | Shashwat Goenka | 66,844 | 0.08 |
| 5. | Preeti Goenka | 15,133 | 0.02 |
| 6. | Avarna Goenka | 300 | 0.00 |
| 7. | Stel Holdings Limited | 14,96,082 | 1.88 |
| 8. | Phillips Carbon Black Limited | 10,11,718 | 1.27 |
| 9. | Saregama India Limited | 7,55,992 | 0.95 |
| 10. | Integrated Coal Mining Limited | 6,45,218 | 0.81 |
| 11. | Kolkata Metro Networks Limited | 1,71,000 | 0.22 |
| 12. | Castor Investments Limited | 1,50,000 | 0.19 |
| 13. | Dotex Merchandise Private Limited | 24,801 | 0.03 |
| | **Total** | 3,97,03,320 | 49.92 |

Further, none of the Directors of RIL, hold any Equity Shares in our Company.

11. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.

12. Except, the allotment of the Equity Shares pursuant to the Scheme, no Equity Shares have been issued pursuant to a scheme approved under Sections 391-394 of the Companies Act, 1956 or Sections 230 to 232 of the Companies Act, 2013.

13. Our Company has not had an employee stock option scheme since incorporation.

14. Our Company has not issued any Equity Shares out of revaluation reserves.

15. Our Company, our Directors and our promoters have not entered into any buy-back, standby or similar arrangements to purchase equity shares of the Company from any person.

16. There shall be only one denomination of equity shares of our Company, subject to applicable regulations and our Company shall comply with such disclosure and accounting norms, specified by SEBI from time to time.

17. Other than pursuant to the Scheme, the members of the Promoter Groups of our Company and/or the directors of RIL and/or our Directors and their relatives, their relatives and associates and the directors of our Company have not purchased or sold or financed, directly or indirectly, any Equity Shares from the date of approval of the Scheme by the NCLT on March 28, 2018, till the date of submission of this Information Memorandum.

18. There are/have been no financing arrangements whereby any member of our Promoter Group and/or the directors of RIL and/or our Directors and their relatives have financed the purchase by any other person of securities of our Company from the date of approval of the Scheme by the NCLT on March 28, 2018 till the date of submission of this Information Memorandum

19. There shall be no further issue of capital by our Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme till listing of the Equity Shares allotted as per the Scheme.

20. Our Company has 58,271 Equity Shareholders as on date of filing of this Information Memorandum.

**STATEMENT OF SPECIAL TAX BENEFITS**

October 30, 2018

RP-SG Retail Limited
CESC House,
Chowringhee Square,
Kolkata - 700 001

Dear Sirs,

We hereby enclose our report on the possible tax benefits available to RP-SG Retail Limited ("Company") and its shareholders under the direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

This statement is intended to provide the tax benefits to the Company and its shareholders in a general and summarized manner and does not purport to be a complete analysis or listing of all the provisions of potential tax consequences. In view of the individual nature of tax consequences and the changing tax laws, each shareholder is advised to consult his or her or their own tax consultant with respect to the specific tax implications.

We do not express any opinion or provide any assurance as to whether:

(a) The Company or its shareholders will continue to obtain these benefits in future; or

(b) The conditions prescribed for availing the benefits have been I would be met with.

The enclosed statement is prepared based on the information given to us by the Company and is accordingly, given specifically for the use by the Company and for the purpose of inclusion in the Information Memorandum in connection with the Composite Scheme of Arrangement.

The views expressed in the statement are matters of opinion based on our understanding of the law and regulations prevailing as of the date of this statement and our past experience with the tax, regulatory or other authorities as may be applicable. However, there can be no assurance that the tax authorities or regulators may not take a position contrary to our views.

Legislation and the policies of the authorities as well as their interpretations are a/so subject to change from time to time, and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of our comments and recommendations contained in this statement.

Notwithstanding anything to the contrary, this advice was prepared exclusively for the Company in relation to the Information Memorandum and is based on the facts as presented to us as at the date the advice was given. The advice is dependent on specific facts and circumstances and may not be appropriate to another party.

Neither we, nor our Partners/ Directors, employees and I or agents, owe or accept any duty of care or any responsibility to any other party, whether in contract or in tort (including without limitation, negligence or breach of statutory duty) however arising, and shall not be liable in respect of any loss, damage or expense of whatever nature which is caused to any other party.

Yours faithfully,

**For Batliboi, Purohit & Darbari**
**Chartered Accountants**
FRN: 303086E

**Hemal Mehta**
**Partner**
Membership No. 063404

**RP-SG Retail Limited**

**STATEMENT OF TAX BENEFITS**

Outlined below are the possible tax benefits available to the company and its shareholders under the direct tax laws in force in India (i.e. applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20). Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the company or its shareholders to derive the possible tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may or may not choose to fulfil.

UNDER THE INCOME TAX ACT, 1961 ("THE I.T. ACT")

<u>BENEFITS TO THE COMPANY UNDER THE I.T. ACT:</u>

**(a) Dividends**

- As per the provisions of section 10(34) read with section 115-O of the I.T. Act, dividend (both interim and final), if any, received by the company on its investments in shares of another domestic company is exempt from tax.

  However, as per section 94(7) of the I.T. Act, losses arising from purchase and sale of securities, where such securities are bought or acquired within a period of three months prior to the record date and such securities are sold or transferred within three months from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt, if any.

- Any amount declared, distributed or paid by the company to shareholders by way of dividends on or after 1 April 2003, whether out of current or accumulated profits, shall be charged to additional income tax i.e. dividend distribution tax (hereinafter referred to as 'DDT') at the rate of 15 percent (plus applicable surcharge and cess) under section 115-O of the I.T. Act. For removing the cascading effect of dividend distribution tax, the following dividends received by a domestic company shall be reduced from the amount of dividend declared, distributed or paid by it:

  (a) dividend received from a foreign subsidiary on which income-tax has been paid by the domestic company under section 115BBD of the I.T. Act.
  (b) dividend received from a domestic subsidiary if the subsidiary has paid tax on such dividend under section 115-O of the I.T. Act .

  In view of the amendment brought in by Finance (No.2) I.T. Act, 2014, for the purpose of determining the tax on distributed profits payable in accordance with section 115-O of the I.T. Act, the amount of dividend needs to be increased to such amount as would, after reduction of tax on such increased amount at the specified rate, be equal to the net distributed profits.

- As per the provisions of section 115BBD of the I.T. Act, dividend received by Indian company from a specified foreign company (i.e. a foreign company in which the Indian company holds 26% or more of the equity share capital) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess).

- Any income received from distribution made by any mutual fund specified under section 10(23D) of the I.T. Act or from the administrator of the specified undertaking or from the units of specified company referred to in section 10(35) of the I.T. Act, is exempt from tax in the hands of the company under section 10(35) of the I.T. Act.

  However, as per section 94(7) of the I.T. Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent of the amount of income claimed as exempt, if any.

- The dividend income which is exempt is also excluded from the computation of book profits for the purpose of levy of minimum alternate tax under section 115JB of the I.T. Act.

- As per provisions of section 14A of the I.T. Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

**(b) Capital gains**

Long Term Capital gains

- As per the provisions of section 2(29A) of the I.T. Act, read with section 2(42A) of the I.T. Act, a listed equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

- Section 112A provides for tax on long-term capital gains (LTCG) arising on transfer of the following assets -

  - Equity shares in a company listed in a recognized stock exchange;

  - Unit of an equity oriented fund;

  - Unit of a business trust.

  The LTCG exceeding INR 1 Lakh from the transfer of these assets made on or after 01 April 2018 would be taxed at the rate of 10 percent.

  This section would apply to the above assets if they are held for a period of more than 12 months immediately before the date of transfer and the Securities Transaction Tax (STT) is paid at the time of acquisition and transfer in case of equity shares and at the time of transfer in case of others.

  Further, as per provisions of the I.T. Act, the benefit of inflation indexation of the cost of acquisition would not be available for computing LTCG for these assets. The cost of acquisition of the assets shall be determined in accordance with the provisions of section 55 of the I.T. Act.

  - As per provisions of section 112 of the I.T. Act, LTCG (other than LTCG which are chargeable to tax under section 112A of the I.T. Act) are subject to tax at the rate of 20% with indexation benefits. However, in case of listed securities (other than unit), the amount of such tax would be limited to 10% (plus applicable surcharge and cess), without indexation benefit, at the option of the assessee.

Short Term Capital Gains

- As per provisions of section 111A of the I.T. Act, Short Term Capital Gain (STCG) arising on sale of equity shares or units of equity oriented mutual fund which has been set up under a scheme of a mutual fund specified under section 10(23D) or a unit of a business trust, are subject to tax at the rate of 15% provided the transaction is chargeable to STT.

- No deduction under Chapter VIA is allowed from income which is chargeable to tax under section 111A or section 112 or section 112A.

- STCG arising on sale of equity shares or units of equity oriented mutual fund as defined which has been set up under a scheme of a mutual fund specified under section 10(23D), where such transaction is not chargeable to STT or STCG arising from any other capital asset is taxable at the normal rate of tax applicable to the company (plus applicable surcharge and cess).

- As per section 50 of the I.T. Act, where a capital asset is forming part of a block of asset in respect of which depreciation has been allowed under the I.T. Act, capital gains shall be computed in the following manner:

  - where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or exclusively in connection with transfer, exceeds the written down value of block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly.

- where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference between the consideration arising on result of transfer and the written down value of block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.

Other Provisions

- Book Income on transfer of investment in a company is to be taken into account while determining book profits in accordance with provisions of section 1l5JB of the I.T. Act.

- As per provisions of section 71 read with section 74 of the I.T. Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set off against capital gains arising in the subsequent assessment year. However, no loss shall be carried forward for more than eight assessment years immediately succeeding the assessment year in which such loss is first computed.

- As per provisions of section 71 read with section 74 of the I.T. Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set off only against long-term capital gains arising in the subsequent assessment year. However, no loss shall be carried forward for more than eight assessment years immediately succeeding the assessment year in which such loss is first computed.

- In accordance with and subject to the conditions and to the extent specified in section 54EC of the I.T. Act, the company would be entitled to exemption from tax on long term capital gains arising from the transfer of long term capital assets (being land or building or both) if such long term capital gain is invested within a period of six months from the date of transfer in long term specified assets. The maximum investment in the long term specified asset cannot exceed INR 5,000,000 during any financial year. Further, the aggregate of investment in specified asset cannot exceed INR 5,000,000 from a transfer even if it is spread in two financial years. Where the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.

  As per the I.T. Act, long-term specified asset for making any investment under section 54EC shall mean:

  (i) on or after the 1st day of April, 2007 but before the 1st day of April, 2018, any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1st day of April, 2018;
  (ii) on or after the 1st day of April, 2018, any bond, redeemable after five years and issued on or after the 1st day of April, 2018,

  by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 or any other bond notified in the Official Gazette by the Central Government in this behalf.

**(c) Minimum Alternate Tax (MAT) Credit**

- As per provisions of section l l5JAA of the I.T. Act, the company is eligible to claim credit for Minimum Alternate Tax (MAT) paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years. The amount of credit available shall be the difference between MAT payable under section 115JB of the I.T. Act and taxes payable on total income computed under other provisions of the I.T. Act.

- MAT credit shall be allowed to be carried forward for any assessment year to the extent of difference between the tax paid under section l15JB and the tax payable as per the normal provisions of the I.T. Act for that assessment year. Such MAT credit is available for set-off up to 15 years succeeding the assessment year in which the MAT credit arises. The amount of MAT credit that can be set off in a particular assessment year shall not exceed the difference between the amount of tax payable on total income computed under the normal provisions of the I.T. Act and tax payable under the provisions of section 115JB of the I.T. Act in such year.

**(d) Other**

- **Depreciation**

  The company would be entitled to claim depreciation on specific tangible and intangible assets owned by it and used for the purpose of its business under section 32 of the I.T. Act. In case an asset is put to use for less than 180 days during a previous year, the company would be entitled to claim depreciation at half the prescribed rates of depreciation.

  Unabsorbed depreciation, if any, for an assessment year can be carried forward without any time limit and set off against any head of income in the subsequent assessment years.

- **Deduction under section 35**

  The company would be entitled to deduction in respect of expenditure laid out or expended on scientific research relating to its business in accordance with and subject to the provision of section 35 of the I.T. Act.

- **Deduction under section 35DD**

  The company would be eligible to claim deduction under section 35DD of the I.T. Act of 1/5$^{th}$ of the amount of expenditure incurred wholly and exclusively for the purposes of amalgamation or demerger of an undertaking for five successive previous years beginning with the year in which the amalgamation or demerger takes place.

- **Deduction under section 35DDA**

  As per section 35DDA I.T. Act, the company would be eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement in accordance with any scheme or schemes of an amount equal to 1/5th of such payments over 5 successive assessment years subject to conditions and limits specified in that section.

- **Intra-head set off of losses**

  As per section 70 of the I.T. Act, the company is entitled to intra-head set-off of loss in an assessment year in the following manner:

  (a) Loss from a source against income from another source within the same head of income (except loss under the head 'capital gain')
  (b) Short term capital loss against capital gain (whether short term or long term)
  (c) Long term capital loss against long term capital gains

  As per section 71(1) and 71(2) of the I.T. Act, the company is entitled to inter-head 'set-off' of loss (other than capital gains) against any other head of income for that assessment year. As per section 71(3) of the Act, the company is not entitled to 'set-off' loss under the head 'Capital Gains' against income under any other head.

  As per section 72(1) of the I.T. Act, the company is entitled to 'set-off' brought forward business loss, not being loss sustained in a speculation business, against business income in subsequent years. In accordance with the provisions of section 72(3) of the I.T. Act, such losses can be carried forward for eight assessment years.

- **<u>Income from Other Sources</u>**

  Receipt of a sum of money or any "property'' (as defined in section 56(2)(x) of the I.T. Act) by any person without consideration or for inadequate consideration in excess of 50,000 shall be chargeable to tax in the hands of the recipient under the head "Income from other sources" to the extent the consideration is less than Fair Market Value or Stamp duty value, as the case may be, unless specifically exempted under the provisions of the I.T. Act.

  - As per section 115U of the I.T. Act, any income received by a person out of investments made in a venture capital company (VCC) or venture capital fund (VCF) shall be chargeable to income-tax in the same manner as if it were the income received by such person had he made investments directly in the venture capital undertaking (VCU).

  - As per section 80JJAA, where the gross total income of an assessee to whom section 44AB applies, includes any profits and gains derived from business, there shall, subject to the conditions specified in sub-section (2), be allowed a deduction of an amount equal to thirty per cent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. However, no deduction under this section shall be allowed if the business is formed by splitting up, or the reconstruction, of an existing business, or, if the business is acquired by the assessee by way of transfer from any other person or as a result of any business reorganization.

  - As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the provisions of the Income tax Act shall apply to the extent they are more beneficial to the company. Section 91 of the I.T. Act provides for unilateral relief in respect of taxes paid in foreign countries.

  - As per provisions of section 80G of the I.T. Act, the company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfilment of the conditions specified in that section.

BENEFITS TO THE SHAREHOLDERS OF THE COMPANY UNDER THE I.T. ACT

**(a) Dividends**

- As per the provisions of section 10(34) of the I.T. Act, dividend (both interim and final), if any, as referred to in section 115-O of the I.T. Act, received by the members/ shareholders from the company is exempt from tax..

- However, the Finance Act 2016 has introduced section l15BBDA which provides that the aggregate of dividends received by a specified assessee resident in India from domestic companies in excess of INR 10 lakh will be taxed at 10 percent on a gross basis and no deduction will be available for any expenditure against such income.

- Further, section 94(7) of the I.T. Act provides that losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent dividend income on such shares is claimed as tax exempt, if any.

- Further, as per provisions of section 14A of the I.T. Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining the taxable income

**(b) Capital gains**

Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Equity Shares listed on a recognized stock exchange in India held by an assessee for more than 12 months, immediately preceding the date of transfer, are considered to be long-term capital assets. Capital gains arising from the transfer of such long term capital assets are termed as Long Term Capital Gains (LTCG).

- Short Term Capital Gains (STCG) means capital gains arising from the transfer of equity shares listed on a recognized stock exchange in India held for 12 months or less, immediately preceding the date of transfer.

Long Term Capital Gains

- Section 112A provides for tax on long-term capital gains arising on transfer of the following assets-

  - Equity shares in a company listed in a recognized stock exchange;

  - Unit of an equity oriented fund;

  - Unit of a business trust.

  The LTCG exceeding INR 1 Lakh from the transfer of these assets made on or after 1st April 2018 will be taxed at 10 percent.

  The section would apply to the above assets if they are held for a period of more than 12 months immediately before the date of transfer and the Securities Transaction Tax (STT) is paid at the time of acquisition and transfer in case of equity shares and at the time of transfer in case of others.

  Further, as per the provisions of the I.T. Act, the benefit of inflation indexation of the cost of acquisition would not be available for computing LTCG for these assets. The cost of acquisition of the asset shall be determined in accordance with the provisions of section 55 of the I.T. Act.

  - Taxable LTCG would arise [if not exempt under any section of the I.T. Act] to a resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of section 48 of the I.T. Act. in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

    a) Cost of acquisition/ improvement of the shares and

    b) Expenditure incurred wholly and exclusively in connection with the transfer of shares.

  - As per provisions of section 112 of the I.T. Act, taxable LTCG (other than the LTCG which are chargeable to tax under section 112A of the I.T. Act) are subject to tax at a rate of 20 percent (plus applicable surcharge and cess) after indexation, as provided in the second proviso to section 48 of the I.T. Act. However, in case of listed securities (other than unit), the amount of such tax would be limited to 10 percent (plus applicable surcharge and cess), without indexation, at the option of the shareholder.

  - In respect of a non-resident shareholder, as per the first proviso to section 48 of the I.T. Act, the capital gains arising from the transfer of shares and debentures of an Indian company, shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains so computed shall be reconverted into Indian currency. The benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders in respect of such assets.

Short Term Capital Gains

- As per the provisions of section 111A of the I.T. Act, STCG arising from the transfer of an equity share in a company, is subject to tax at the rate of 15 percent provided that the transaction of sale of such equity share is chargeable to STT.

- If the provisions of section 111A are not applicable, the STCG would be taxed at the normal rates of tax (plus applicable surcharge and cess) applicable to resident investor.

- No deduction under Chapter VIA is allowed on income which is chargeable to tax under section 111A or section 112 or section 112A of the I.T. Act.

Other Provisions

- As per provisions of section 71 read with section 74 of the I.T. Act, short term capital loss arising during a year is allowed to be set-off against STCG as well as LTCG. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Further, long term capital loss arising during a year is allowed to be set-off only against LTCG. Balance loss, if any, shall not be carried forward and set-off against LTCG for more than eight assessment years.

- If the shareholder is a company liable to pay tax on book profits under section 115JB of the I.T. Act, the book gain arising from transfer of equity shares shall form part of book profits while computing the tax payable under section l 15JB of the I.T. Act.

- The characterization of the gain/ losses, arising from sale/ transfer of shares as business income or capital gains would depend on the nature of holding and various other factors. The Central Board of Direct Taxes (CBDT) has vide circular nos. 4 of 2007 dated 15th June, 2007 and 6 of 2016 dated 29th February, 2016 clarified that there are various conditions which are to be considered to determine whether income arising from transfer of shares are chargeable as capital gains or business income. These conditions interalia include that where the assessee itself, irrespective of the period of holding opts to treat listed shares and securities as its stock-in-trade, the income arising from transfer thereof would be treated as its business income.

- Under section 36(1)(xv) of the I.T. Act, STT paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and Gains of Business or Profession”.

Exemption of capital gain from income-tax:

- As per the provisions of section 54F of the I.T. Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilised within a period of one year before or two years after the date of transfer, for purchase of a new residential house, or for construction of a residential house property, in India, within three years from the date of transfer, subject to conditions and to the extent specified therein.

**(c) Other provisions**

Receipt of a sum of money or any “property’’ (as defined in section 56(2)(x) of the I.T. Act) by any person without consideration or for inadequate consideration in excess of 50,000 shall be chargeable to tax in the hands of the recipient under the head “Income from other sources” to the extent the consideration is less than Fair Market Value or Stamp duty value, as the case may be, unless specifically exempted under the provisions of the I.T. Act

**(d) Tax treaty benefits**

As per provisions of section 90(2) of the I.T. Act, non-resident shareholders can opt to be taxed in India as per the provisions of the I.T. Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial, while deciding taxability in India (subject to furnishing of Tax Residency Certificate & information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013.). However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

**(e) Requirement to furnish PAN under the I.T. Act**

- Section 139A (5A) requires every person from whose income; tax has been deducted at source under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.

- Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB (deductee) to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:

  (i) at the rate specified in the relevant provision of the I.T. Act; or

  (ii) at the rate or rates in force; or

  (iii) at the rate of twenty per cent.

- As per section 206AA(7), with effect from June 1, 2016, the provisions of section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of:

  (i) Payment of interest on long-term bonds as referred to in section 194LC; and

  (ii) Payment in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, subject to fulfillment of conditions specified vide Notification no. 53/2016 dated 24th June 2016. (Rule 37BC and Form 10F)

**(f) Special provisions in case of Non-resident Indian taxation**

Special provisions in case of Non-Resident Indian ('NRI') in respect of income/ LTCG from specified foreign exchange assets under Chapter XII-Aof the I.T. Act are as follows:

- NRI means an individual being a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

- In accordance with section 115E, income from investment or income from LTCG on transfer of assets other than specified asset shall be taxable at the rate of 20 percent (plus applicable cess). Income by way of LTCG in respect of a specified asset (as defined in section 115C(f) of the I.T. Act), shall be chargeable at 10 percent (plus applicable cess). Specified assets include shares of an Indian company.

- As per the provisions of section 115F of the I.T. Act, LTCG arising to an NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is reinvested in specified assets or in savings certificate referred to in section 10(4B) of the I.T. Act within six months of the date of transfer, subject to the extent and conditions specified in that Section. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently; if the specified assets or saving certificates referred in section 10(4B) of the I.T. Act are transferred or converted into money within three years from the date of their acquisition.

- Under the provisions of section 115G of the I.T. Act, it shall not be necessary for an NRI to furnish his return of income if his only source of income is investment income or LTCG or both and tax deductible at source under provisions of Chapter XVII-B has been deducted from such income.

- Under the provisions of section 115H of the I.T. Act, where a person who is an NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he or she may furnish a declaration in writing to the assessing officer, along with his or her return of income under section 139 of the I.T. Act for the assessment year in which he or she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him or her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

- Under the provisions of section 115-I of the I.T. Act, an NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the I.T. Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year. In such a situation, the other provisions of the I.T. Act shall be applicable while determining the taxable income and the tax liability arising thereon.

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS (“FIIS”) UNDER THE I.T. ACT:

**(a) Dividends exempt under section 10(34) of the I.T. Act**

- As per the provisions of section 10(34) of the I.T. Act, dividend (both interim and final), if any, referred to in section 115-O of the I.T. Act, received by the shareholder from a domestic company is exempt from tax.

Further, as per section 94(7) of the I.T. Act, losses arising from purchase and sale of securities, where such securities are bought or acquired within a period of three months prior to the record date and such securities are sold or transferred within three months from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt, if any.

**(b) Capital gains**

- In Finance Act (No.2), 2014 it was provided that any securities held by a FII which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 would be capital asset. Consequently, the income arising to a FII from transactions in securities would always be in the nature of capital gain.

<u>Long Term Capital Gains</u>

- In accordance with section 115AD, FIIs will be taxed at 10 percent (plus applicable surcharge and cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if STT is not payable on the transfer of the shares.

- Section 112A provides for tax on long term capital gains arising on transfer of the following assets-

  (i) Equity shares in a company listed in a recognized stock exchange;

  (ii) Unit of an equity oriented fund;

  (iii) Unit of a business trust.

  The LTCG exceeding INR 1 Lakh from the transfer of these assets made on or after 1st April 2018 will be taxed at 10 percent.

  The section would apply to the above assets if they are held for a period of more than 12 months immediately before the date of transfer; and the Securities Transaction Tax (STT) is paid at the time of acquisition and transfer, in case of equity shares and at the time of transfer in case of others.

Further, as per the provisions of the I.T. Act, the benefit of inflation indexation of the cost of acquisition would not be available for computing LTCG for these assets. Further, the cost of acquisition of the asset shall be determined in accordance with the provisions of section 55 of the I.T. Act.

As per section 115AD of the I.T. Act, in case of income arising from the long-term capital asset referred to in section 112A of the I.T. Act, income- tax at the rate of ten percent, shall be calculated on such income exceeding one lakh rupees.

Short Term Capital Gains

- As per the provisions of section 111A of the I.T. Act, STCG arising on transfer of capital asset, being equity shares in a company, shall be chargeable to tax at the rate of 15 percent (plus applicable surcharge and cess) provided the transaction of sale of such equity share is chargeable to STT. If the provisions of section 111A are not applicable to the short term capital gains, then the tax will be charged at the normal tax rate applicable to FIIs (plus applicable surcharge and cess), as applicable.

Other Provisions

- As per provisions of section l15AD of the I.T. Act, income (other than income by way of dividends referred to section 115-O of the I.T. Act) received in respect of securities (other than units referred to in section l 15AB) is taxable at the rate of 20 percent (plus applicable surcharge and cess).

- The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of section 115AD of the I.T. Act.

- Indirect Transfer provision under sections 9(1)(i) of the I.T. Act - The Central Board of Direct Taxes (CBDT) issued a clarification vide Circular No. 41 of 2016 dated December 23, 2016, stating that if an FPI has more than 50 per cent of its assets in India, with a value greater than 10 crore, then any investor with a greater than five per cent interest in or contribution to the assets under management (AUM) of the FPI will be covered by the indirect transfer rules and will be subject to Indian tax whenever this investor sells or redeems its shares in the FPI/fund.

After the issue of the aforementioned circular, representations have been received from various FPls, FIIs and VCFs and other stakeholders. The stakeholders have presented their concerns stating that the circular does not address the issue of possible multiple taxation of the same income. The representations made by the stakeholders are currently under consideration and examination by CBDT. Pending a decision in the matter the operation of the above mentioned circular is kept in abeyance for the time being.

**(c) Tax Treaty Benefits**

In accordance with the provisions of section 90 of the I.T. Act, FIIs being non-residents will be entitled to choose the provisions of I.T. Act or the provisions of tax treaty entered into by India with other foreign countries, whichever are more beneficial, while deciding taxability in India (subject to furnishing of Tax Residency Certificate & information in the Form 10F as prescribed vide Notification 57 of 2013 dated August 1, 2013). However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

**(d) Computation of book profit under section 115JB**

An explanation has been inserted in section 115JB stating that, the provisions of section l15JB shall not be applicable and shall be deemed never to have been applicable to a foreign company if-

(i) It is a resident of a country or a specified territory with which India has a tax treaty referred to in sub section (1) of section 90 and it does not have a permanent establishment in India; or

(ii) It is a resident of a country with which India does not have a tax treaty and it is not required to seek registration under any law for the time being in force relating to companies.

BENEFITS AVAILABLE TO MUTUAL FUNDS UNDER THE I.T. ACT:

- In terms of section 10(23D) of the I.T. Act, all Mutual funds set up by public sector banks or public sector financial institutions or Mutual Funds registered under the Securities and Exchange Board of India Act/ Regulations thereunder or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income taxes on all their income, including income from investment in the shares of the company.

However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of section 115R of the I.T. Act.

Where the Shareholder is a person located in a Notified Jurisdictional Area (NJA) under section 94A of the I.T. Act.

- All parties to such transaction shall be deemed to be associated enterprises under section 92A of the I.T. Act and the transaction shall be treated as an international transaction resulting in application of transfer pricing regulations including maintenance of documentations, benchmarking, etc.

- No deduction in respect of any payment made to any financial institution in a NJA shall be allowed under the I.T. Act unless the assessee furnishes an authorization in the prescribed form authorizing the CBDT or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution (section 94A(3)(a) read with Rule 21AC and Form 10FC).

- No deduction in respect of any expenditure or allowance (including depreciation) arising from the transaction with a person located in a NJA shall be allowed under the I. T. Act unless the assessee maintains such documents and furnishes such information as may be prescribed (section 94A(3)(b) read with Rule 21AC).

- If any assessee receives any sum from any person located in a NJA, then the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee (section 94A(4)).

- Any sum payable to a person located in a NJA shall be liable for withholding tax at the highest of the following rates:

  (i) at the rate or rates in force;

  (ii) at the rate specified in the relevant provision of the I.T. Act; or

  (iii) at the rate of thirty per cent.

- No jurisdiction has been notified as **Notified Jurisdictional Area** (NJA) on the date of issue of the prospectus.

General Anti-Avoidance Rule (‘GAAR):

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee where the main purpose of the arrangement is to obtain a tax benefit may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter alia denial of tax benefit or a benefit under a tax treaty which shall be determined in such manner as is deemed appropriate, applicable w.e.f FY 2017-18.

The Central Board of Direct Taxes (CBDT) vide Notification No. 49/2016, dated June 22, 2016, has amended the GAAR. GAAR provisions are not applicable to any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person from transfer of investment made prior to 1 April 2017. Further, GAAR provisions are applicable to any arrangement (if held as impermissible avoidance agreement), irrespective of the date on which it has been entered into, in respect of the tax benefit obtained from an arrangement on or after April 1, 2017.

Notes:

(a) All the above benefits are as per the current direct tax laws relevant for the Assessment Year 2019-20 (considering the amendments made by Finance Act, 2018).

(b) The above statement covers only certain relevant benefits under the I.T. Act and does not cover benefits under any other law.

(c) The possible tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.

(d) In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences.

(e) The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

(f) The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holder.

**SECTION V- ABOUT US**

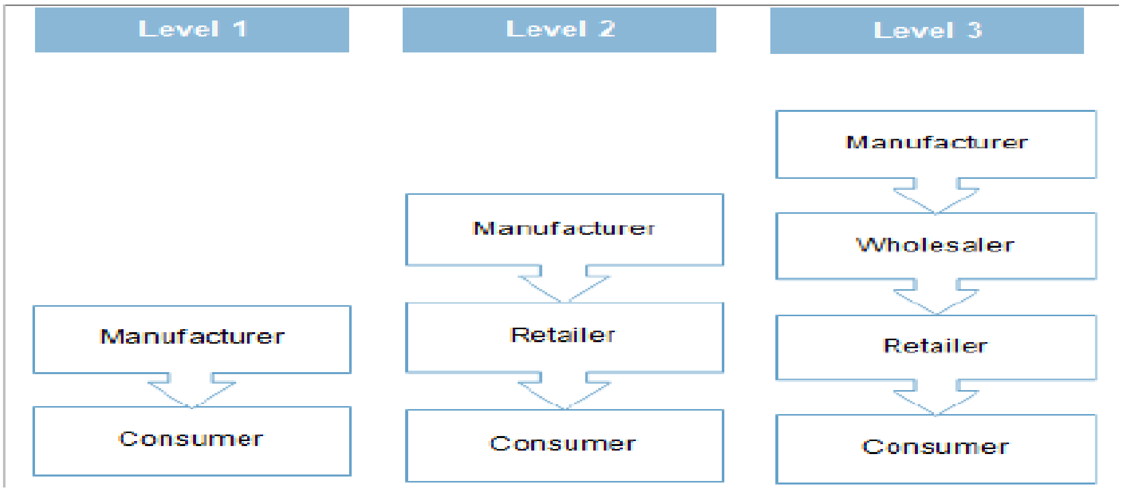
**INDUSTRY OVERVIEW**

*You should read the following summary together with the risk factors and the more detailed information about us and our financial results included elsewhere in this Information Memorandum. The information presented in this section has been extracted from the report "Industry Report on Retailing – October 2018" prepared by CRISIL Research ("**CRISIL Report**") and publicly available documents.*

**INTRODUCTION**

Retailing is a distribution channel through which goods are sold in small quantities to the final consumer. A retailer is typically a reseller, who buys products from a manufacturer/supplier/distributor and sells them to customers, without altering characteristics of the product significantly. Generally, retailers are at the end of the distribution channel. However, a manufacturer may also be a retailer if he sells products directly to customers.

**Retail distribution channels**

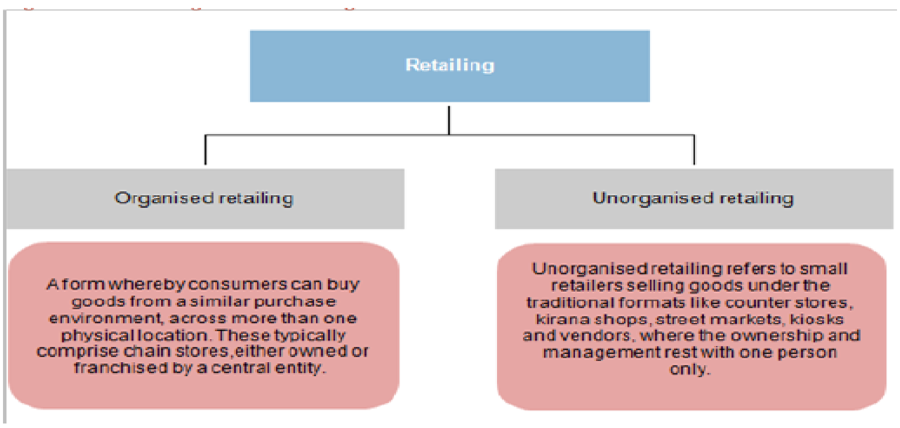



Source: CRISIL Research

**Classification of retailing**

Retailing is beneficial to both producers and consumers. It helps producers reach their target market, build product demand, and receive consumer feedback. It provides consumers the ability to purchase wide variety of products in small quantities from convenient locations.

**Organised v/s unorganised retailing**




Source: CRISIL Research

According to the Parliamentary Committee Report under the Ministry of External Affairs, Government of India, “organised retailing refers to trading activities undertaken by licensed traders, that is, those who are registered for sales tax, income tax, etc. These include corporate-backed hypermarkets and retail chains, and the privately owned large retail businesses.”

**Scope of research**

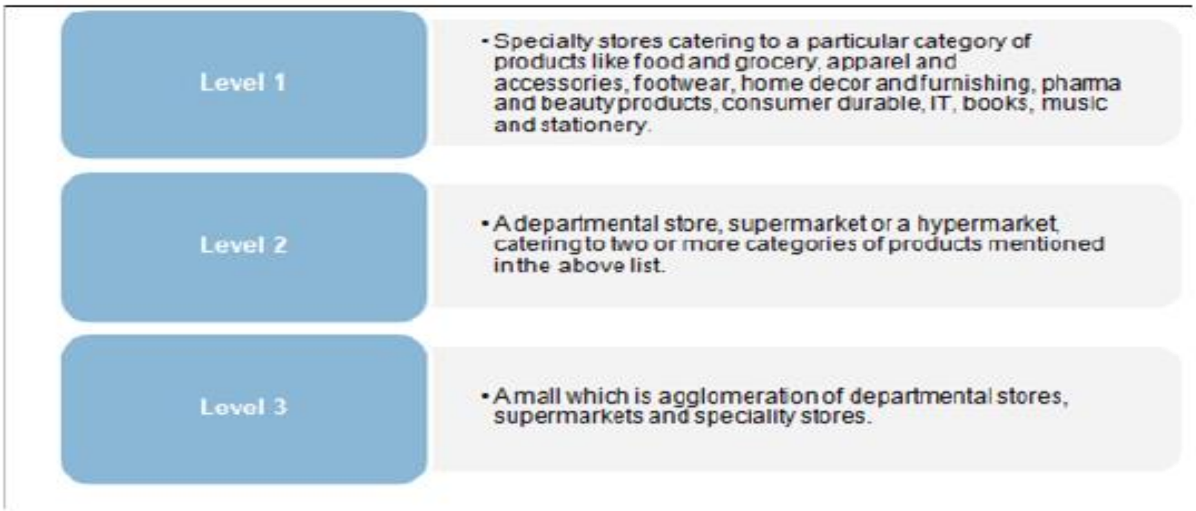
Our research attempts to analyse the structure and outlook for the 'organised retail industry' (excluding tobacco products as they use specialized channels of delivery).

Services like beauty salons, multiplexes, restaurants, etc. have been excluded from this definition, though they may be available at the same location (such as a mall).

The analysis covers different store formats, including single product stores, departmental stores, cash and carry and malls. The analysis of goods retailed includes different product categories such as food, grocery, apparel, consumer durables, footwear, beauty products, home decor and books etc.

**Levels of retail**

Categorisation within retail outlets




Source: CRISIL Research

Specialty stores cater to a specific type of product and related items. They have an extensive depth of stock in the item that they specialise in.

Two or more segments from Level I come together to form Level II stores. Supermarkets offer a wide variety of food, grocery and household items for sale. Some supermarkets also stock over-the-counter (OTC) drugs. Departmental stores will cover a wide variety of products with a lifestyle proposition and will have branded clothes, footwear, home decor, durables, high-end jewellery, etc. Hypermarket is a superstore combining the products offered at a supermarket as well as a departmental store.

Level III consists of malls and stores both from Level I and II. In addition, malls also have beauty salons, restaurants and food courts, entertainment zones and multiplexes (including huge parking areas), with effective management systems and activities to attract footfalls.

'High Streets' are another type of prime venues for shopping. They are set up at prominent locations within a city, which attract large footfalls due to presence of organised retailers. On account of the prime location and intensifying competition to grab retail presence, these areas command high rentals. Popular high streets in India are Linking Road, Kemps Corner, Colaba Causeway - Mumbai; Khan market, Karol Bagh, Greater Kailash – New Delhi etc.

**Other types of retailing**

While retailing through the brick-and-mortar channel accounts for a majority share, some of the other sales channels used by retailers include the internet, television, catalogue, and door-to-door sales. Among these alternate channels, the internet is the largest and most significant for retailers on account of the reach and convenience it offers, in addition to its 24*7 availability.

**Types of retailing**

| | |
|---|---|
| E-Retailing | • It is a form of e-commerce in which the consumers can order goods directly through the internet.<br>• It is convenient as it is available for 24*7 and offers different deals by various vendors for the same product range. |
| Television home shopping | • Also known as Direct Response Television, is a format in which customers watch a merchandise demonstration on the TV and place an order by telephone. |
| Catalogue stores | • It is a form of non-store retailing in which the merchant sells a wide variety of products through a catalogue. |
| Direct selling | • It is a retailing format in which sales people contact customers directly, demonstrate merchandise benefits, take the order and deliver it |
| Kiosks | • Retail kiosks are located in malls, multiplexes and places where space is at a premium and mostly sell categories like edibles, newspaper and magazine, etc. |
| Vending machine retailing | • Is a non-store format in which merchandise are stored in a machine and dispensed to consumers when they deposit cash or use credit card. |

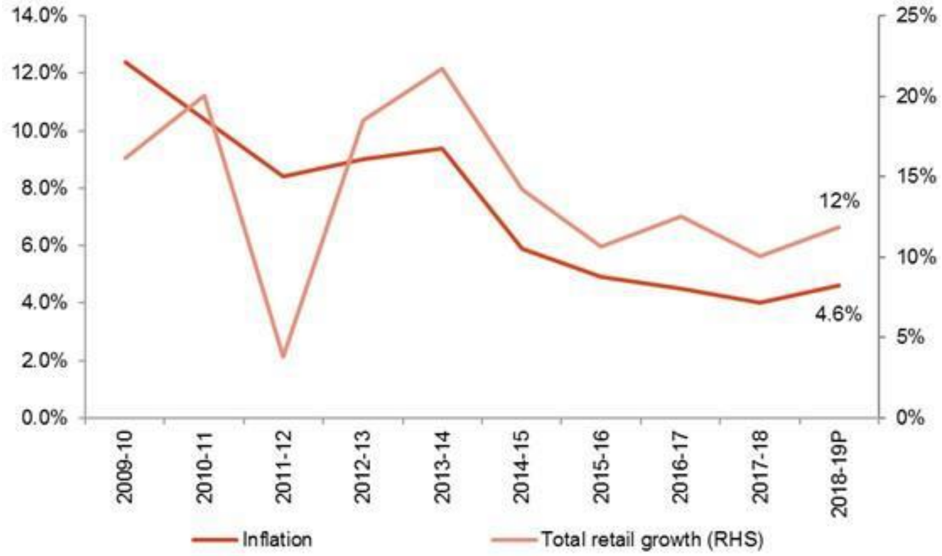
Source: CRISIL Research

**OVERALL RETAILING**

**Pick-up in economy, low to moderate inflation to drive retail industry**

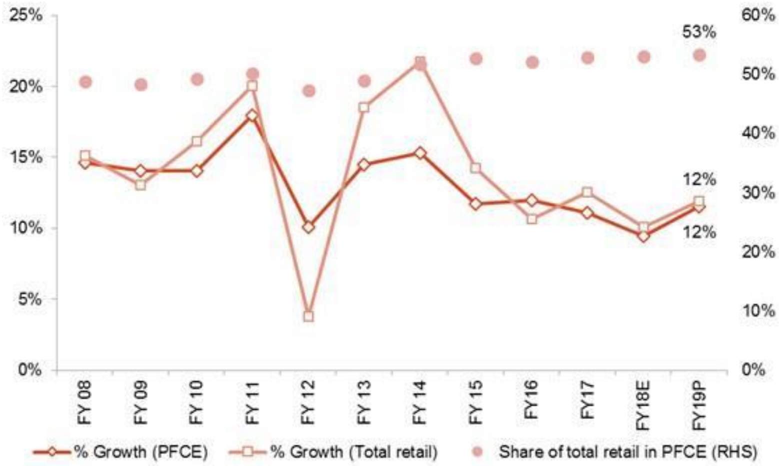
The fortunes of the Rs 53 trillion (in 2017-18) Indian retail industry are contingent on disposable income, affordability, and consumer sentiment. Low inflation, lower interest rates, favourable economic growth positively influence consumer disposable income and sentiment, which improve retail spending.

In 2016-17, the GDP grew by 7.1% versus 8% in 2015-16, because of demonetisation. However, due to lower base of 2015-16, the industry grew at ~12.5%. The first quarter of 2017-18 saw GDP growth of 5.7% suggesting impact of demonetisation on the economy was more than earlier estimated. Further, in an environment of subdued global growth and weak investments, India's GDP couldn't have grown faster in 2017-18, with GDP growth being 6.6%. Weak sentiments post demonetization and GST related disruptions impacted retail growth. Thus, retail is estimated to have grown at ~10% in 2017-18. Inflation vs growth in overall retailing (%)




*Note: P: Projected*
*Source: CRISIL Research*

**Retailing growth vs PFCE growth**



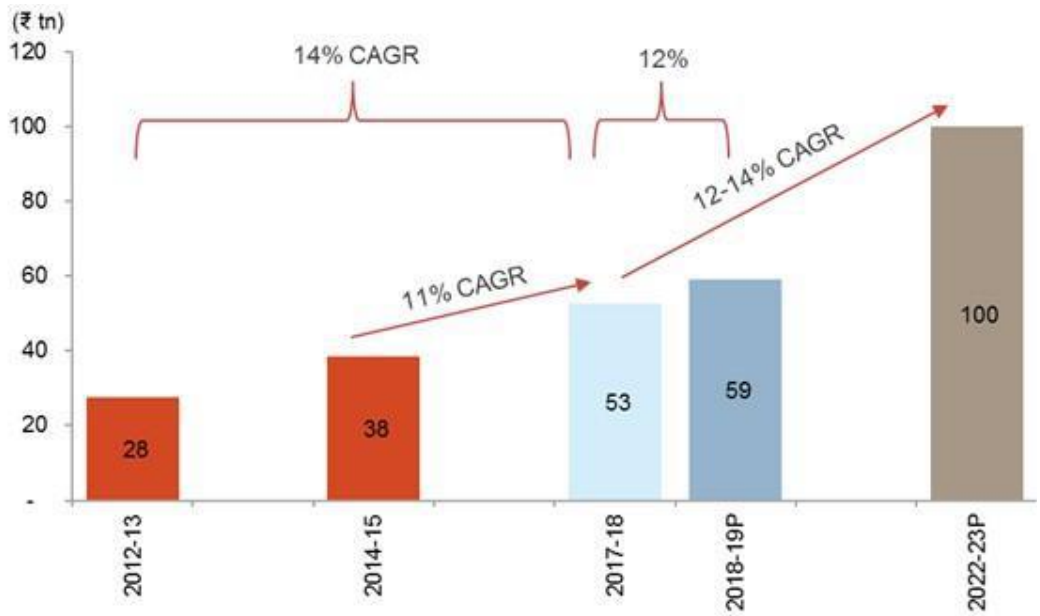

*Note: E: Estimated, P: Projected 1) PFCE: Private final consumption expenditure 2) It is estimated on trend analysis and available quarterly data.*
*Source: CRISIL Research*

Effects of demonetisation could be seen in the slow GDP growth in the first quarter. Further, GST led disruptions affected the unorganized segment hard as the tax arbitrage which used to help them was reduced. Thus, cost of doing business increased for them. Further, consumer sentiments too were affected in short term post GST. Weak sentiments post demonetisation and disruption due to GST, hardship faced by unorganized led retail to grow at a slower pace of ~10% in 2017-18.

A rise in both farm and non-farm incomes as rural employment and wages increase as a result of ongoing and proposed government measures will lift rural consumption demand and thus will benefit retail in the year ahead. A normal monsoon as predicted by Indias Meteorological Department (IMD) will also lead to increase in rural income and thus augur well for retail consumption. Food & grocery and apparel will be the segments which will propel growth for retail in the coming fiscal. Thus, we expect retail to grow by 11-13% in fiscal 2019.

In the long run, we believe growth will accelerate at a 12-14% compound annual growth rate (CAGR), as economic activity picks up and inflation remains in low to moderate range. Better economic outlook will boost consumer sentiment and drive up discretionary spending. Consumer spending survey done by the RBI showed that the one year ahead expectation regarding spending has improved over past one and half years from 78.3% in Dec16 to 84.8% in May18. Improved investment by the large retailers will further propel retail growth. Also, we expect the implementation of Seventh Pay Commission recommendations to boost consumer spending, as the middle class will have more cash (higher disposable income) in hand. Upon the finalisation of the Sixth Pay Commission recommendations, consumption expenditure grew at an 18% CAGR (2008-09 to 2010-11) compared with 14% CAGR over the previous three years. Consumption expenditure on clothing grew at a significant 28% CAGR, while that on food and groceries grew at about 15% CAGR. GST is also expected to bear fruits in the long run and help propel growth.

**Retailing industry market size**




*Note: P: Projected*
***Source: CRISIL Research***

**Factors impacting growth in overall retailing in India**

**Income growth**

- Steady rise in average household income: Household income grew by about 14% CAGR (2004-05 to 2014-15)
- India's per capita income grew by 14% during 2005-06 to 2015-16 (in rupee terms)

**Urbanisation**

- Share of population in urban areas rose from 26% in 1990 to 32% in 2016
- Expected to increase further and thereby, boost consumption

**Nuclearisation**

- The number of nuclear families have increased by about 2.7% to 172 mn in 2011 vis-a-vis 135 mn in 2001. This increase is higher than the country's overall population growth of 1.7% during the same period

**Attitudinal shift**

- Significant population belongs to generation I (individuals growing up post LPG-era) with higher consumption levels

Note: LPG: Liberalisation, privatisation and globalisation, which India adopted in 1991.

**Source: Industry, CRISIL Research**

## ORGANISED RETAILING

**Increased investment and higher consumer spending to boost revenue growth for organised retailers**

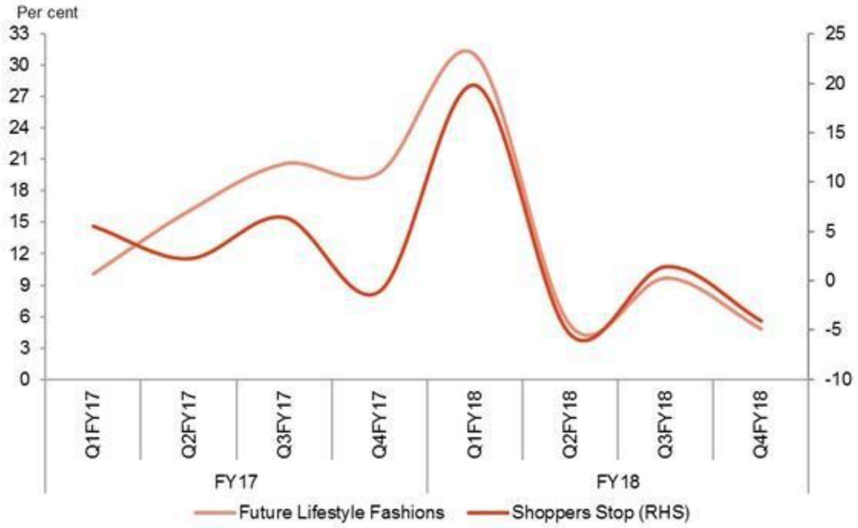
Organised retailing grew at a break-neck 30% compound annual growth rate (CAGR) between 2005-06 and 2010-11.

According to CRISIL Research, organised retail typically means large-scale chain stores which are corporatised, apply modern management techniques and relatively higher level of self-service in nature.E-retail is a part of organised retail while traditional retail includes only brick-and-mortar (B&M).

However, organised retail grew at a relatively slower 14% CAGR from fiscals 2012 to 2017 as a tepid economy put the brakes on disposable income from 2012 to 2015. This blip lowered consumer spending to a ten-year low of 12% in fiscal 2014. Growth rebounded the next year and organised retailing expanded at 16% on-year in fiscal 2016. However, growth of the the organised retail industry slowed to 15% in fiscal 2017 with demonetisation putting a brake on consumer spending.

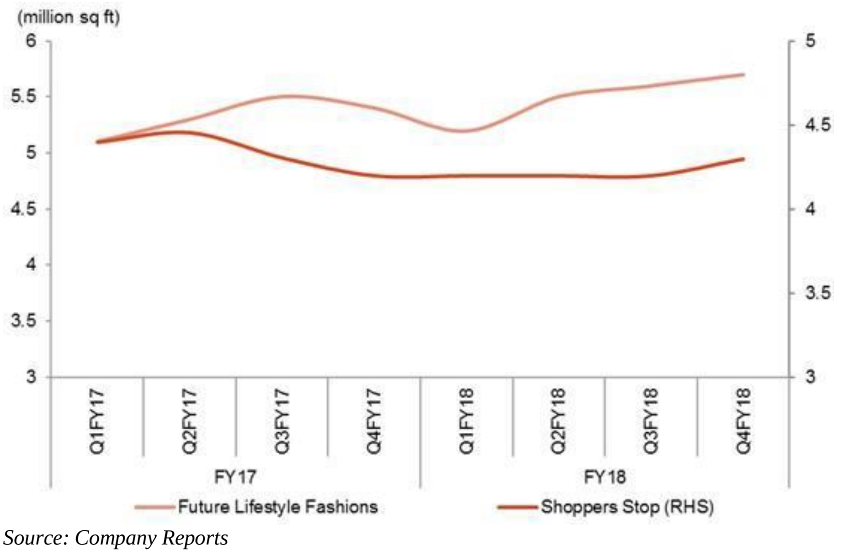
Moving on, the first quarter of 2017-18 saw improved growth, with customers preponing their purchases across verticals on account of expected price hike post GST. Further, the sale offered by retailers provided further push to sales. However, this preponed purchase affected second quarter with shops witnessing lower footfalls. During the second half, as the situation stabilised and consumer sentiments improved growth picked up.

**Same store sales growth**




*Source: Company Reports*

Retail space for major retailers

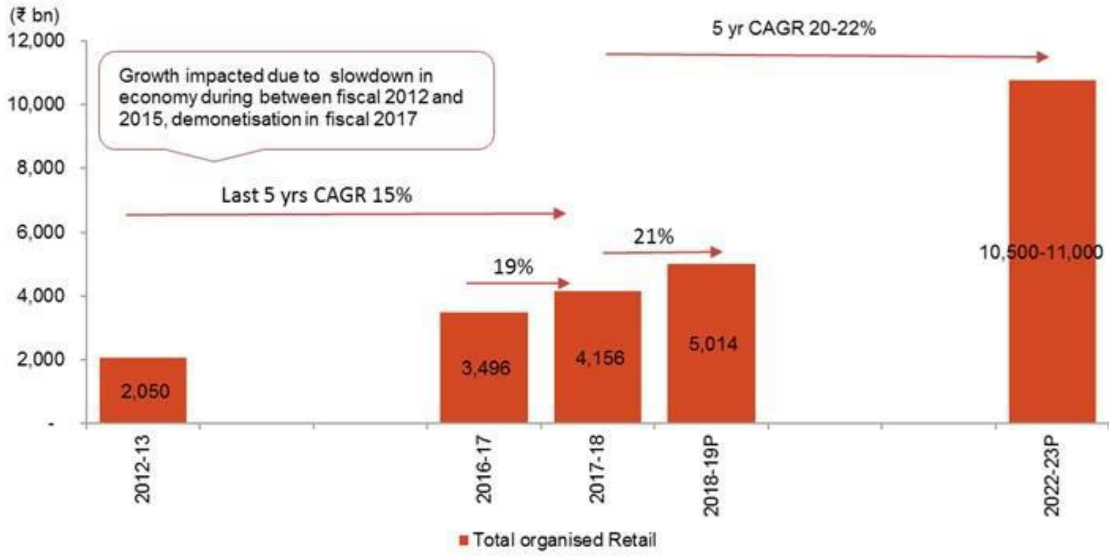



*Source: Company Reports*

Increased aggression shown by online players and increasing investments by organised retailers into new stores further led to growth in fiscal 2018. Further, GST also led to growth for organised players, as the cost of doing business increased for unorganised players. Thus organised retail is expected to have grown at ~19% on-year in fiscal 2018. Going forward, GST is expected to continue demand shift towards organised. The retailers have upped their ante in store additions and will continue to do so in the coming fiscal as well. Thus, we expect organised retail to grow by 20-22% on-year in fiscal 2019.

New store roll-outs as well as increasing penetration into tier-II&III cities apart from metros and tier-I will propel growth in longer term. Governments decision to permit 100% foreign direct investment (FDI) in single-brand retail under the automatic route from 49% earlier and relaxation in sourcing norms will boost growth in the longer term. Further, with pick-up in macro and improved consumer spending in the longer term, organised retailers could clock 20-22% CAGR over fiscals 2018 to 2023, reaching Rs 10.5-11 trillion.

**Organised retail to grow at 20-22% CAGR in long term**




*P: Projected*

Within organised retail, the growth trajectory of B&M retailers will be steady at 15-17% CAGR over the five-year period, with eretailers growing at a faster 31-33%. Increasing preference by consumers to make purchases from large organised outlets will drive demand for B&M retailers. Growing internet penetration and industry focus towards consumer stickiness will drive growth for online players.

Higher disposable incomes and better economic outlook are likely to spur consumer spend, enthusing retailers to open more stores.

## STRUCTURAL REFORMS BY THE GOVERNMENT TO PROVIDE IMPETUS TO ORGANISED RETAIL GROWTH

**GST to provide further impetus to organised retail growth**

The implementation of GST has likely spawned structural changes in the supply chain and logistics networks in India. Companies are expected to have migrated from the current strategy of multiple warehousing to the hub and spoke model as tax treatment across India will be uniform. Organised retailers too are expected to benefit from rationalisation of logistics costs because of flexibility in procurement and seamless movement of goods across states. Besides, GST will also likely drive market share gains for organised players, as the tax arbitrage which used to help unorganised players will be reduced.

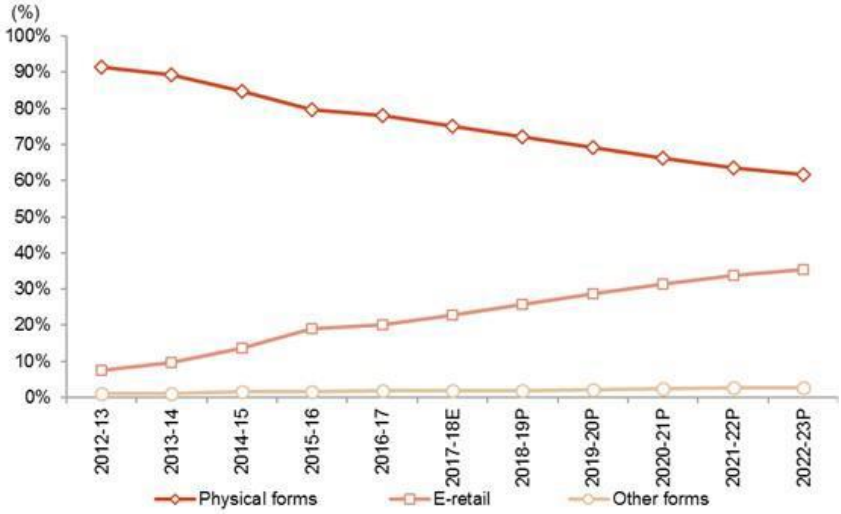
**New single-brand retail rules to further drive growth in medium to long term**

The governments decision to permit 100% foreign direct investment (FDI) in single-brand retail under the automatic route from 49% earlier along with relaxation in sourcing norms is further expected to drive growth for organised retail. While FDI approval under the automatic route will lower the time to commence business, the relaxation of 30% local sourcing norms for the first five years by allowing inclusion of incremental sourcing for global operations will provide sufficient time for new entrants to set up and stabilise their sourcing base. Although this will mean more competition from new and existing players, more foreign retailers, faced with growth headwinds in their key operating geographies, are expected to expand in the domestic market. This could also lead to sharper focus on, and improvements in, supply chain efficiencies, which will benefit the organised retail sector over the medium term.

**Organised retail penetration to reach 11% by fiscal 2022**

Organised retail penetration is likely to reach approximately 11% in fiscal 2023 from 8% in fiscal 2018. This is owing to urban consumers moving up the economic ladder, increasing preference for branded products, and the youth becoming more aspirational. Further, GST is also likely drive market share gains for organised players, as tax arbitrage which used to help unorganized will be reduced. On the supply side, store expansions by existing players and entry of new players would support growth.

Share of each segment in organised retail




*Note: E: Estimated; P: Projected*
*Source: CRISIL Research*

**Growing value proposition**
CRISIL Research has outlined the demand- and supply-side factors that will create value for the organised retailing space.

**Demand-side factors**

- Growing number of youth and working women
- Rising income levels and increasing disposable income. The disposable income per household has grown about 13% from fiscals 2010 to 2015
- Increasing brand consciousness
- Changing consumer preferences and growing urbanisation
- Increasing number of high net-worth individuals

**Supply-side factors**

- Rapid real estate infrastructure development
- Easier access to credit: For example, Future Group has entered into a strategic partnership with Bajaj Finance for easy
- EMIs to buy goods ranging from apparel and grocery to high-end consumer durables Increased efficiency due supply chain improvement

**Regulatory challenges impacting the growth of organised retail players**
In the recent past, the government has made several attempts to streamline regulations for the industry. However, a lot remains to be done. Some operational barriers the players face are as follows;

**Multiple laws, regulations and clearances required for operations**

- Absence of single-window clearance. Multiple approvals need to be taken at the central, state and local levels.
- Large number of complex laws such as APMC Act, Essential Commodities Act, etc., restrict expansion.
- Restrictive zoning laws, rent controls, and protected tenancies result in high rentals and scarcity of real estate.
- Challenging labour laws such as minimum wage law and work hour laws for women employees impact the flexibility required for seasonal retail business**.**

**Foreign direct investment (FDI)**

High entry barriers along with stringent requirements such as sourcing 30% of goods locally from medium and small enterprises (MSMEs) increase operations costs. The minimum investment of $100 million restricts entry.

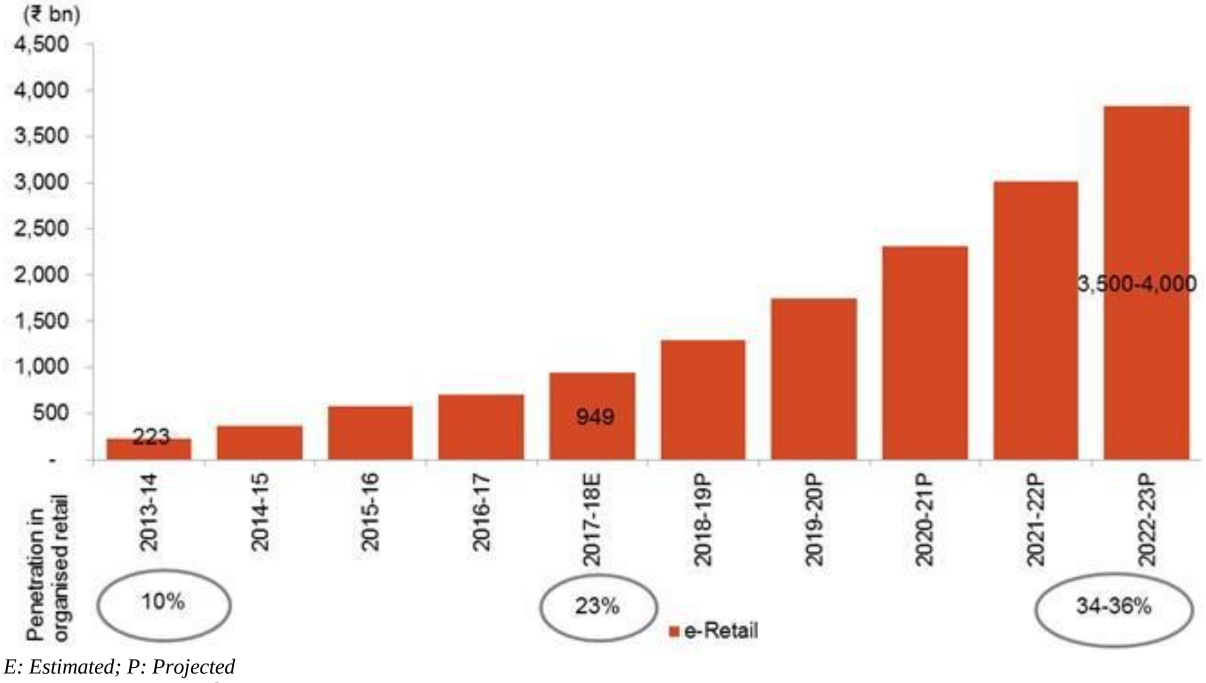
As far as e-commerce goes, 100% FDI is allowed in the market-place model and business-to-business (B2B) segment.

However, the same is not allowed in the inventory-based model.

**E-retail to post healthy growth, albeit slower than earlier**

Organised retailing has been dominated by the physical format of delivery. Online shopping accounted for less than 1% of the industry at the beginning of the 21st century. However, the scenario has changed rapidly as the ecosystem for e-retailing has evolved since the advent of India's largest e-retailer, Flipkart, in 2007. The e-retail industry, which stood at ~Rs 950 billion during fiscal 2018, has grown almost 2.6 times since fiscal 2015. The format accounted for about 23% of the organised retailing market in fiscal 2018.

Focused funding, rationalisation of operations to normalise growth for online




*E: Estimated; P: Projected*
*Source: CRISIL Research*

The online retail segment is expected to clock a healthy CAGR of 31-33% in the long term, but it will still be slower past five years on account of higher base, slowdown in funding growth, more focused funding, players shifting focus from improving topline through discounts to increasing operational efficiency and improving profitability. E-retailers will account for 34-36% of the organised market at the end of the period.

The e-retail market could see healthy growth due to:

- Increasing number of internet users: The number of internet user have grown at 25% CAGR (fiscals 2013 to 2018) to reach ~500 million in fiscal 2018. This number is expected to cross 800 million by fiscal 2023.
- Greater usage of smartphones
- Lower cost of connectivity and improved quality
- Expanded reach in lower tier cities and rural areas, backed by investments in network infrastructure

Customers are generally attracted to e-retail as the industry offers a superior value proposition across several parameters:

- Wider selection of products
- Higher discounts
- Greater convenience of shopping (including door-step delivery)
- Payment channels (including cash-on-delivery, mobile wallets)

Recognising the growing popularity of the online format, several players such as Shoppers Stop, Mango, Big Bazaar, Croma, and TBZ have launched online platforms. However, online sales comprise a minimal share of their overall sales.

***Government's clarification on marketplace model to provide some respite to B&M retailers***

On March 29, 2016, the Department of Industrial Policy and Promotion came up with a clarification on FDI in online marketplaces. It stated money raised from foreign entities by e-commerce players such as Amazon, Snapdeal, Flipkart, etc., can be used to serve consumers rather than routing their business through their holding companies as a B2B activity. In addition, it also stipulated some restrictive conditions for the marketplace model. First is that marketplace will not source more than 25% of its sales from a single vendor. Secondly, e-commerce entities providing marketplace will not directly or indirectly influence sales price of goods and services and shall maintain a level-playing field.

Aggressive discounting by e-commerce players had hurt the profitability of B&M retailers. To combat competition, these retailers are adopting various omni-channel strategies (mobile app, online platform), increasing private labels, and sharpening focus on Tier II and III cities, thereby improving the overall operating efficiency.

Tata group has entered into an e-commerce venture by launching Tata Cliq (a marketplace for in-house and partner companies to sell apparel and electronics). Joining the bandwagon are Reliance Retail, which launched Ajio.com, that will offer private labels for women, Aditya Birla Retail's abof.com, which offers brands of Aditya Birla Group as well as other companies, and Mahindra and Mahindra's M2ALL.com, which will offer the entire range of Mahindra products and services.

Meanwhile, Shoppers Stop Ltd and Future Group, which runs chains such as Big Bazaar and Central, have rolled out their omni-channel strategies to have an online presence. Shoppers Stop plans to sell products and brands online via a tie-up with leading online e-commerce portals apart from its own online platform. It has partnered with Snapdeal to create the Shoppers Stop experience in the digital marketplace through a flagship Shoppers Stop store on Snapdeal.

Lifestyle brand Van Huesen opened its first digitally immersive flagship store in 2016 where customers are greeted by a 42 inch digital display called Todays Briefing that offers the look of the day, informs whats new in-store, and shares styling tips and updates on fashion trends. Looking to connect with a younger audience, Raymond launched a flagship store in Bangalore that boasts of a double height live facade with LED curtains displaying digital content.

It allows its customer to click Trial on the iPad and have the selection appear in the desired size inside the trial room. Online furniture player Pepperfry has launched a concept store named as 'Studio Pepperfry' which allows customers to interact and consult with interior designers and architects.

**Online players venturing offline**

Many e-commerce firms are going offline to connect with their customers. Recently, Amazon took 5% stake in Shoppers Stop. Myntra opened its first physical retail store in March 2017 for its private label, Roadster, in Bengaluru. Over the next two years, the firm plans to open 100 stores across cities for its other private labels.

Online furniture market place Pepperfry decided to go offline with a concept store in Hyderabad in June 2016. Currently, the firm has 32 physical stores and plans to expand it to 70 by April 2019. Cosmetic firm Nykaa which currently has 17 stores is planning to increase it to 55 stores by fiscal 2019 end. Many of these firms creating an offline presence are not looking at it from a sales perspective, but from a pure-play experience perspective. For other firms, physical retail stores help them gain trust and showcase their finished goods before the delivery is done.

**VERTICAL-WISE GROWTH**

**Organised retail penetration for food and grocery to increase by ~160 basis points to reach 4.7% in the medium term**

Of the total organised retail industry, the food and grocery segment accounts for about 22% share (value terms), but remains the most under-penetrated segment at an estimated 3%, with unorganised players (such as mom-and-pop kirana stores, cart vendors and wet markets) still dominating the market. Unorganised players have lower overheads (as they are either selfowned or self-managed), and thus compete fiercely with organised players by offering customers the convenience of home delivery, credit, favourable location, etc.

The low organised retail penetration (ORP) in the segment signals tremendous opportunity for organised players; however, managing supply chain along with achieving economies of scale remains a challenge due to the products' perishable nature.

Fiscal 2018 fared well for the segment and apart from initial disruptions from vendors for coming to terms with GST. CRISIL Research estimates the food and grocery segment to have grown ~26% on-year in 2017-18. Going forward, the segment is expected to witness healthy growth driven by new store additions by players. D-Mart is planning to add 30 stores annually over the next few years while Future Retail will add 90 Big Bazaar stores over the next two to four years. Further, Future retail is planning on adding 1000 convenience stores by fiscal 2019. Growth is further expected to be driven by like-to-like (LTL) sales. Future group has upped the ante with its Har Din Low Prices strategy. Further, Reliance Fresh and D-Mart are also providing grocery online. In the medium term, the segment is poised to grow at CAGR of 28-30%.

Also, the growing presence of online grocery players will improve ORP in the food and grocery segment. Amazon has already forayed into this segment by launching Amazon Pantry. In 2017, it got the nod from the centre to invest $500 million in the retail of food products in India. Flipkart, which launched its own grocery delivery arm, Nearby in 2015 only to shut it down in February re-entered the segment in 2017 with soft launch of grocery service Supermart. With Walmart acquiring stake in Flipkart, enhanced thrust is expected on the online grocery segment thus further heating up competition in the segment. Further, existing players such as BigBasket and Grofers are also looking to expand their presence. Total stores by major players

| Players | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|---|
| Big Bazaar | 228 | 235 | 285 |
| Dmart | 110 | 131 | 155 |
| Star Bazaar | 24 | 25 | 34 |

*Source: Company Reports, Industry*

**Consumer durables, apparel and footwear to drive growth in organised retail**

| Organised Retail | 2017-18 | | 2020-21P | | |
|---|---|---|---|---|---|
| Segments | Market size Rs Billion | ORP % | Market size Rs Billion | ORP % | 3-year CAGR % |
| Food and grocery | 925 | 3.1% | 1,989 | 4.7% | 28-30% |
| Apparel | 1,146 | 22.0% | 2,021 | 27.3% | 20-22% |
| Footwear | 220 | 18.5% | 359 | 20.2% | 17-19% |
| Furniture, Furnishing, and household equipment | 171 | 7.0% | 306 | 9.5% | 20-22% |
| Pharmacy | 75 | 4.6% | 120 | 4.7% | 16-18% |
| Consumer durables | 319 | 26.4% | 473 | 26.7% | 13-15% |
| Books and music | 49 | 6.9% | 51 | 7.3% | 0-1% |
| Others | 1,251 | 11.8% | 2,072 | 12.4% | 17-19% |
| **Total organised retail** | **4,156** | **7.9%** | **7,391** | **10%** | **20-22%** |

*P: Projected; ORP: Organised retail penetration*
*Source: CRISIL Research*

**Apparel, consumer durables and footwear to drive growth**

The growth of organised retail, valued at around Rs 4.2 trillion, improved to 19% on-year in 2017-18 compared with 15% in 2016-17, with easing of cash crunch post demonetization. GST implementation caused initial disruption, however with normalcy settling in and consumer sentiment improving, organised retail showed healthy growth during second half of the year.

Going forward, with pick-up in economy (GDP projected to grow at 7.5% in fiscal 2019 as compared to 6.6% in fiscal 2018, moderate inflation), aggressive expansion by retailers and penetration into tier-II&III cities, the organised retail industry is expected to clock a healthy growth rate of 20-22% on-year in 2018-19. It is expected to maintain its healthy growth rate of 20-22% to reach 7-7.5 trillion by 2020-21.

Apparel, footwear and consumer durables are expected to drive growth. Due to intensifying competition from digital media, sales in the books and music vertical is expected to drop.

**Increased footprint, changing consumer lifestyle to propel growth in apparel**

In 2017-18, before GST there was initial preponement of season sales done by retailers and thus the apparel segment witnessed growth in the first quarter. Post, GST there was initial disruption caused which resulted in lower footfalls and resultant dampening on growth. Further, the second quarter witnessed de-growth in sales on account of heavy buying during first quarter. However, once the market stabilized during the second half, consumer sentiments improved and the segment witnessed healthy growth. The apparel segment is estimated to have grown by ~18% in fiscal 2018.

Over 2017-18 to 2020-21, apparel segment is expected to grow at a faster pace of 20-22% compound annual growth rate (CAGR) owing to addition of new stores, rising income levels, changing consumer lifestyle and growing brand awareness. With e-commerce business also making steady growth, companies such as Shoppers Stop, Reliance Trends, Aditya Birla Fashion & Retail are making focused and substantial investments in new technologies and omni-channel (physical store and online site) infrastructure. For instance, Shoppers Stop has earmarked about Rs 600 million for digitisation of its stores that will offer facilities like contact-less payment as well as a more personalised shopping experience to customers.

Furthermore, presence of various international brands such as H&M, GAP, Forever 21, Aeropostale, etc. will propel the vertical's growth. Zara and H&M are the top two foreign players who have got their pricing strategy right for Indian customers and are expanding fast. Further, rising influence of globalization will continue to lead to robust growth for the international brands. This coupled with rising disposable income means that demand for foreign labels is growing stronger. Total stores by major players.

| Players | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|---|
| **Indian brands** | | | |
| Shoppers Stop | 77 | 80 | 83 |
| Westside | 93 | 107 | 125 |
| Pantaloons | 163 | 209 | 275 |
| Reliance Trends | 271 | 320 | 458 |
| **Foreign brands** | | | |
| Zara | 17 | 21 | 21 |
| H&M | 6 | 16 | 29 |
| GAP | 4 | 11 | 13 |

**Early mover advantage has led to high ORP in consumer durables segment**

Consumer durables is one of the verticals where organised players have a strong foothold. For large household appliances, the ORP is estimated to be in around 27%. The vertical gained popularity on account of the housing boom, easy access to funding, increasing disposable incomes, changing lifestyle and growing nuclearisation. Offerings in terms of range, display, store ambience, finance availability, presence in prominent areas give an edge to organised players. Further, organised players can out-do smaller retailers in terms of volumes.

Pent up demand arising from the previous fiscal was partially offset by increased prices due to higher tax rates (due to GST) and increased input cost, thus, resulting in growth of ~13% in 2017-18. Healthy growth of around 14% y-o-y is likely to be observed in 2018-19 driven by pent up demand of the two previous fiscals, expectation of relatively slower increase in the product prices, favourable macro- economic parameters like higher GDP growth, stable inflation and lower interest rates that will lead to improvement in consumer sentiments.

Over 2017-18 to 2020-21, we expect the vertical to record 13-15% CAGR, primarily led by store additions, enhanced in-store experience and better affordability in terms of instant financing options.

**Specialty retailers to continue driving growth in niche segments**

Niche segments such as home decor comprise furniture and furnishings, of which furniture sales account for about 50% of the total home decor sales.

Some pan-India multi-category retailers, who also sell furniture, have been facing headwinds and are rationalising store formats. However, managing inventories remains a challenge. We expect the segment to register a growth of 20-22% CAGR over the next three years, led by specialty chains combining manufacturing capabilities.

In the furnishings category, we expect shop-in-shop formats in hypermarkets and department stores to drive growth.

**RETAIL GROWTH DRIVERS**

**Rising income levels to drive consumption**

Over the years, disposable incomes of Indian consumers and share of households falling in higher income brackets, have both risen significantly and thus, driven up the overall spending power of consumers. These trends have in turn altered consumption patterns, thereby driving growth of the retail industry.

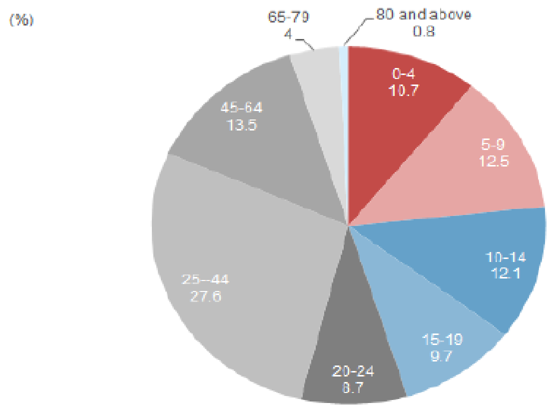
**Desire for better standard of living to drive non-food consumption growth**

As income levels of Indian consumers increase, demand for products beyond food and clothing also sees a rise. This has led to an increase in nonfood expenses, which comprises expenditure on footwear, clothing, home furnishing, fuel and light, consumer durables, etc.

**Favourable working age population to influence consumer spending**

Population in the working age group of 15-54 years are the largest consumers/spenders as far as the retailing industry is concerned. As per Census 2011, more than 50% of India's total population falls under this group, indicating the significant influence wielded by this segment on consumer spending. Moreover, literacy levels in the country have also increased significantly, to 74% in 2011, from 64% in 2001.

**Age-wise classification of population**



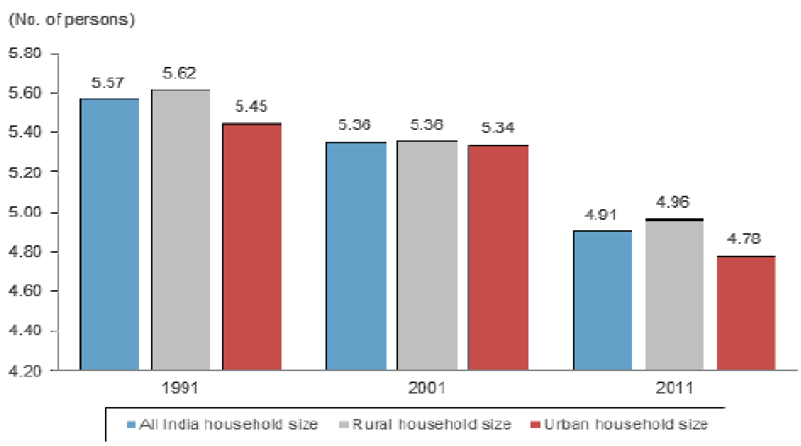

Source: Census 2011

According to the United Nations, while US, Europe, Russia and China will see the share of their prime 15-60 (working) age population shrink between 2005 and 2050, India will see an increase in the share of this population, due to its high birth rate.

**Nuclearisation of families to drive consumption**

Increasing nuclearisation of families is driving up consumption expenditure. In the recent past, the number of nuclear families, as a percentage of total household population, has increased. The average household size of the country has come down to 4.91 in 2011, from 5.57 in 1991.

**Decline in size of households to drive overall growth in consumption**




Source: Census 2011, CRISIL Research

**Growing urban population holds the key to future spending**

Urbanisation has been increasing at the rate of 2.7% over the last decade. According to Census 2011, urban population - as a percentage of total population - stood at 31.2%.

**India - Increasing urbanisation**

| | Population- 2001 | | Population- 2011 | |
|---|---|---|---|---|
| | in crores | % | in crores | % |
| India | 102.9 | 100 | 121 | 100 |
| Rural | 74.3 | 72.2 | 83.3 | 68.8 |
| Urban | 28.6 | 27.8 | 37.7 | 31.2 |

Source: Census 2011, CRISIL Research

**Change in consumer needs, attitudes and behaviour to determine consumption pattern**

Growth of retail is linked to consumer needs, attitudes and behaviour. Rising income levels, education and global exposure have contributed to evolution of the middle class. As a result, there has been a gradual shift in the consumption pattern of Indians. Demand for better quality, convenience and higher value for money have increased demand for branded goods. People are willing to experiment with new products and look different. This has further augmented spends on health and beauty products, apart from apparels, food and grocery items.

**Better credit availability, increasing penetration of plastic money to aid spending**

With the easy availability of credit, the market for personal loans has seen significant growth in India, pushing up spends on housing and consumer durables. The ease of making payments with credit and debit cards has led to a sharp increase in consumer spending in recent years.

## OUR BUSINESS

*The financial figures used in this chapter, unless otherwise stated, have been derived from our Company's Financial Statements and audit reports for the relevant years. This section should be read in conjunction with and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, in the sections "Risk Factors", "Financial Information" and "Management Discussion and Analysis of Financial Condition and Results of Operations" on pages 16, 117 and 197 respectively of this Information Memorandum. In this section "our Company", "we", "us" and "our" refers to Spencer's Retail Limited.*

### Overview

Spencer's is one of the leading retail brands in India, with the second largest count of large format stores. We operate retail stores (primarily in food and grocery) across various formats, selling products in various categories including food, fashion, general merchandise, homeware, consumer durables and electricals. Pursuant to our philosophy, "Makes Fine Living Affordable", we cater to aspirational segments of the Indian population across various socio-economic classes ("SEC") by providing them with a wide range of quality merchandise at competitive prices. The key tenet of our merchandising strategy is to offer differentiated products in food and non-food categories at fair-market prices. We make global products locally available and local products conveniently available. In effect, we endeavour to be a one-stop-shop for our customers and their families. Customer service also is key to our offering, and we aspire to provide best-in-class instore customer experience.

Having pioneered organized retail in India by setting up India's first organized retail chain, our Company has enjoyed a strong first-mover advantage, which has allowed it to establish a leading position in the retail industry in India. Our first-mover advantage has not only helped us develop a wide network of stores, but has also strengthened the brand equity of our Company. We have a pan-India presence with a strong focus on northern, eastern and southern India with a footprint of 137 stores as of September 30, 2018. These stores are spread over about 1.24 million square feet and are located in 10 states namely Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, West Bengal, Jharkhand, Haryana, Uttar Pradesh and Uttarakhand.

As of Fiscal 2018, our net revenue from sales of goods was Rs. 96,472.11 lakhs.

We are a part of the RP – Sanjiv Goenka Group ("RPSG Group"). The RPSG Group is a large conglomerate having interests in diverse sectors power and natural resources, carbon black, retail and FMCG, media and entertainment, infrastructure, information technology, education and sports. Our Company espouses the corporate values and principles of the RPSG Group and we believe that our association with the RPSG Group lends us credibility which has assisted us in building long-standing relationships with our vendors and business partners, as well as in hiring and retaining industry talent.

### Our Competitive Strengths

Set forth below are some of the key strengths of our Company:

#### *Our heritage and early mover advantage*

Founded by John William Spencer, the Spencer's brand dates back to 1863. The RPSG Group's association with the brand began in 1989, when it acquired the same. The RPSG Group then leveraged the brand and pioneered the organized retail store chain format in India through our Company. We introduced the concept of hypermarkets to the Indian population by opening the first of such stores in Hyderabad in 2001. Our Company has enjoyed strong first-mover advantage, which has allowed us to establish a leading position in the retail industry in India. It has not only helped us develop a wide network of stores across our targeted regions, but has also helped establish the brand as a leading retail brand in the minds of Indian consumers. Moreover, being an early-mover enabled us to lock in prime locations for our stores at competitive rentals in various cities in India. As of September 30, 2018 our Company has grown to 137 stores throughout India, and is aggressively expanding further.

***Making fine living affordable with our wide assortment anchored by a differentiated offering of fresh foods and proprietary products***

We offer a wide range of products across food and groceries, and general merchandise to cater to the needs of all. The assortment includes but is not limited to electricals and electronics, kitchenware, fashion, and linen etc. In food and groceries, we retail fresh fruits and vegetables, fish and meat, staples, organic products, FMCG, food products, personal care and home care items. With more than 45,000 unique stock keeping units ("SKUs"), we offer not only the basic needs of customers but also aspirational products which are otherwise not locally available. We complement our strength in food retail, by offering adjacent non-food categories which have higher margins, and help us to maximize the wallet-share of our customers. We believe in an optimal assortment in the catchments wherein we operate for a high degree of localization in our offerings.

Our key strength is to offer differentiated products which helps to attract and retain customers and provide us with repeat sales. Our unique offerings include international foods from across the world, foods that are ready for consumption or meal solutions for cooking convenience, value added fruits and vegetables, and a variety of cheese and cold cuts. We internally manage our "Fish & Meat" section, a dedicated space to sell fresh non-vegetarian items, be it the finest pre-packaged cold cuts or fresh meat, which can be customized to cater to individual tastes. We also have live bakeries in our stores ("Spencer's Patisserie") which offer a wide range of freshly made bakery and confectionary items. We are one of the few retailers in India to manage our own exclusive section with a wide repertoire of wine and spirits. There is also a large range of private label products across all categories which add further differentiation. Differentiation is not limited to assortment, but also extends to customer experience. We emphasize on creating the best possible in-store experience and a customer journey through multiple experiential touch points

***Best in class instore customer services***

We are positioned as a one-stop shop for our target customers comprising mainly urban families belonging to SEC A and B, and individuals in the age group of 25-55 years. We have developed store atmospherics and planograms to provide standardized store layouts to make shopping easier by creating a sense of familiarity and comfort for the customers. Store designs are carefully articulated to enhance customer experience and increase cross selling, through scientific customer analytics, consumer decision tree analysis and purchasing behaviour.

We ensure optimum shelf availability of products, and undertake a weekly price benchmarking process to ensure price competitiveness. We have taken several initiatives in-store to improve customer satisfaction. One such example is an initiaitive where we open new check-out counters if the queue consists of more than 3 customers to ensure a quick check-out experience. We have a strong loyalty program, where we focus on immediate rewards for our consumers, and targeted and personalized offers for them in real-time.

***Inventory management and efficient operations***

Our Company employs a hub-and-spoke inventory management model which allows it to provide products to its stores from centrally located distribution centres in key areas where we operate. This reduces delivery times and the need for large inventory at our stores. Additionally, our Company uses state-of-the-art inventory management technology such as auto replenishment systems ("ARS") and warehouse management systems ("WMS") to provide just-in-time replenishment. With the use of technology, we are able to track inventory levels in real-time which allow us to maintain appropriately scaled inventory levels, thereby reducing working capital requirements.

We directly partner with key vendors to develop annual joint business plans and to ensure mutually beneficial cooperation for common development. Purchase orders, advance shipping notes and good receipt notes are electronically exchanged. Use of electronic data interchange ("EDI") improves speed and accuracy and saves cost.

***Asset light business model and competitive lease rentals***

Our ability to find, manage and operate our stores, through optimal sizing in suitable locations on high-street areas and main shopping hubs at low lease rentals has resulted in reduced operational costs. We have set internal parameters in relation to property identification including location, rental costs and proximity to the catchment area which has led to establishment of our brand identity amongst our customers. We operate on an asset light business model which does not require us to invest heavily on physical assets such as land and property. All our stores and distribution centres are on a leasehold or leave or license basis and/or through business conducting agreements. This helps in better cash flow management and lower risk.

***Strong promoter background and an experienced and entrepreneurial management team***

Our management team consists of a team of professionals with relevant domain expertise and retail oriented functional specializations from FMCG and service industry background with professional qualification in their respective fields. The team is led by Sanjiv Goenka, our Promoter and Chairman of the RP – Sanjiv Goenka Group and Shashwat Goenka, our Director. Sanjiv Goenka brings to our Company his vision and leadership, which we believe has been instrumental in our success. Shahswat Goenka specializes in marketing, finance and management and has received the "ET 40 Under 40 - India's Hottest Business Leaders 2018" award. For details on our directors and senior management team, see "*Our Management*" on page 92.

Our management team is complemented by a committed work force that enables us to operate, synergise and integrate our front-end and back-end operations efficiently. Our human resources policies aim to create an engaged and motivated work force, which is essential for success in any service oriented industry such as ours. Our human resources and retention policies, that include training programs, aim to create a motivated work force, which is essential for the retail industry.

***Our Strategy***

The key elements of our business strategy are as follows -

***Profitable growth through the opening of new stores in targeted geographies***

Our overall strategy is commensurate for us to take advantage of the expected growth in the organized retail sector in India. The organized retail industry grew at ~15% CAGR between Fiscal 2013 and Fiscal 2018. It is expected to grow at 20-22% CAGR in the long term due to new store roll-outs, increase in penetration in tier 2 and 3 cities and higher disposable income. GST is also expected to bear fruits in the long-term to drive market share gain for organized players. *(Source: CRISIL)* Our Company seeks to capitalize on the confluence of favourable demographics, rising disposable consumer income and the increase in the development of shopping malls and other retail developments in India. To achieve this strategy, we plan to focus on opening more stores to maximize our retail trading area in our chosen geographies. Our location strategy is to expand the store presence in clusters within our existing geographies i.e. north, south and east India. This helps us in achieving local concentration of stores, thereby achieving economies of scale and improving profitability. Our various store formats allow us to provide customers with a complete assortment at affordable price ranges, while competing effectively with the unorganized/organized retail players. We generally prefer locations that have a 360 degree catchment with potential customers who consist of urban families, households in the SEC A and B, and individuals in the age group of 25-55 years.

***Growth and margin improvement through optimal product mix and increase revenues from sales of non-food items***

As a part of our merchandise mix strategy, we plan to boost our overall margin by increasing the sales of non-food categories (which carry higher margins) namely fashion, general merchandise and electricals and electronics. This is done by providing non food items at larger and strategic locations within the stores, providing customer aligned assortment in the above categories and promotion/cross promotion within categories. We have an active private label program that encompasses a large number of SKUs across multiple categories. This leverages the strength of the "Spencer's" brand in driving sales of products and providing better margins.

***Growing our omni channel presence***

As consumers move seamlessly between digital and physical channels, even during the same shopping trip, the line between online and in-store shopping is blurring, and hence reaching out to consumers through all possible shopping points is becoming imperative. (Source: CRISIL) While the e-tailing format still accounts for a lowly 17% share of the organised retailing market, it is projected to expand manifold, increasing 45-50% CAGR over 2015-16 to 2020-21 on a low base. (Source: CRISIL)

Our online business website, www.spencers.in, provides end to end order fulfillment to our customers. Our emphasis is to increase the wallet share of our existing offline customers by increasing the frequency of their shopping trips through online channels. Currently, our e-commerce channel provides 15,000 SKUs for online order and home delivery in the cities of Kolkata, Delhi & NCR, Lucknow, Hyderabad, Vizag, and Chennai. We also have a mobile application, supporting both iOS and Android operating systems, for the online order of items. All the three critical areas of acquisition, fulfilment and delivery are done inhouse, due to which, the cost per order is substantially lower. We plan to expand the reach of our online platform in all geographies where we have our large format stores. As of September 30, 2018, we have a customer base of 59,000 through our e-commerce channel which generated revenue of Rs. 1,223 lakhs. Online sales contributed to 0.98 per cent. of our sales revenue upto September 30, 2018.

***Increasing customer satisfaction and our base of loyal customers***

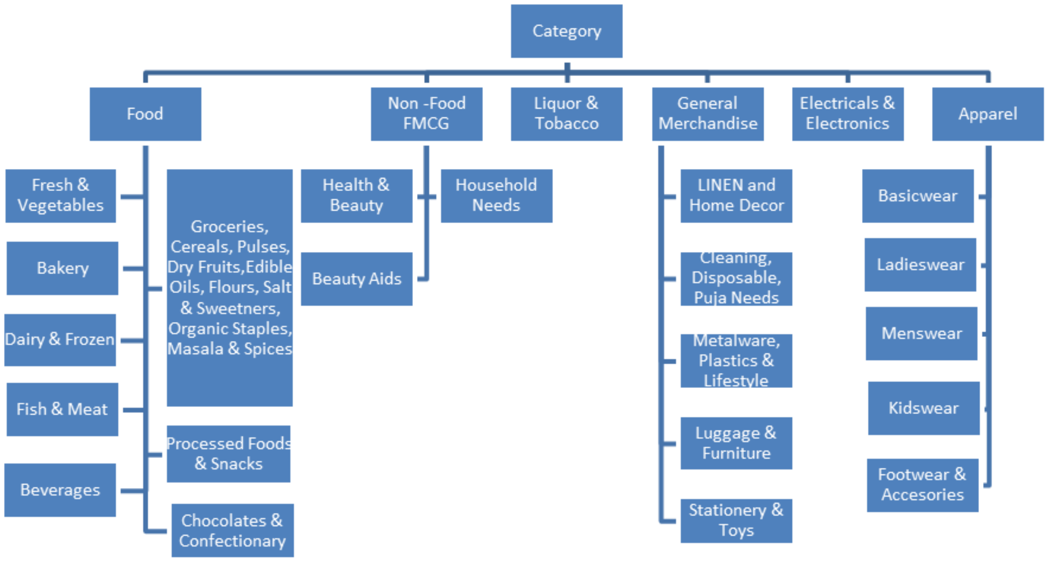
We believe that understanding the needs of our customers is of prime importance for the continuous growth of our business. In order to provide customer satisfaction, we have an active Digital YVM (Your Views Matter) program which enables us to capture customer feedback and resolve issues, if any, on a real time basis. Through the simplified CRM (Customer Relationship Management) registration method, customers can now become members by just sharing their phone numbers at the billing counters. We send relevant segment based offers to our customers based on their past purchases or based on lookalike modelling.

Registered customers receive exclusive promotions and benefits from time to time. As on September 30, 2018, around 80% of our sales came from such registered customers. Our loyalty program provides us with insights on the buying trends and thereby helps us in providing the right assortment to buyers. This improves customer frequency and retention. Our members have 50% higher ticket size and frequency than non-members.

**Our Presence**

**Product Description**

We offer a wide range of products in each of our product categories, as under:




**Our Stores**

As of March 31, 2018 and September 30, 2018, we operated the following number of stores in the following states:

| Name of State | No. of Stores, as of | |
|---|---|---|
| | March 31, 2018 | September 30, 2018 |
| West Bengal | 30 | 34 |
| Uttar Pradesh | 27 | 28 |
| Telangana | 22 | 23 |
| Tamil Nadu | 15 | 15 |
| Andhra Pradesh | 16 | 17 |
| Haryana | 7 | 10 |
| Karnataka | 3 | 3 |
| Kerala | 5 | 5 |
| Jharkhand | 1 | 1 |
| Uttarakhand | 1 | 1 |
| **Grand Total** | **127** | **137** |

We believe that selection of suitable locations for our stores has been critical to our expansion plans. We aim to be an early mover in our target markets to take advantage of the opportunities and actively search for suitable locations in select geographies. We target densely-populated neighbourhoods and residential areas.

Our stores are supported by an appropriate combination of supplies from our distribution centres or through direct procurement from our suppliers to reduce out-of-stock products and transportation costs and increase the selection of merchandise available to our customers. We source most of our merchandise directly from manufacturers and suppliers in order to obtain the most competitive prices.

**Our Distribution Centres**

| State | No. of distribution centres as of September 30, 2018 |
|---|---|
| Uttar Pradesh | 2 |

| State | No. of distribution centres as of September 30, 2018 |
|---|---|
| Telangana | 1 |
| West Bengal | 1 |
| Kerala | 1 |
| Haryana | 1 |
| Andhra Pradesh | 2 |
| Tamil Nadu | 1 |
| **Total** | **9** |

Our distribution centres have provided us with the following benefits:

- streamline and consolidate certain administrative functions, logistics procedures and human resource requirements from the individual store level into the distribution centre level;
- reduce costs and time by providing centralised procurement for certain products;
- better inventory control with reduced stock shortages in stores due to use of our stock replenishment systems;
- better margins due to efficient supply chain management

**After Sales Service**

We have setup call centre facilities for after sales service for our products, supported by associates who advise our customers on calls and on-site. We also maintain a customer relationship database, which helps us understand the nature of complaint / problems. Our call centres are managed by independent agents and their performance is closely monitored and improvement actions are an ongoing process driven by Company officers. Our customer satisfaction rate is one of the best in the industry.

**Strategy and Planning**

We plan to expand our store network in all our existing geographies. We are interested in opening in new locations, subject to factors like supply chain management, fair rentals and requisite approvals from government authorities. While opening new stores, we consider multiple factors including catchment analysis, population density, potential growth of local population, population density, disposable income of local population, profitability and payback period, estimated on the basis of the expected sales potential, strategic benefits, proximity and performance of competitors in the surrounding area and site characteristics and suitability with the specifications of our building plans.

We have an in-house property planning and project team, focusing on obtaining properties on lease for our new stores in accordance with our locational needs at reasonable rentals. We have developed store atmospherics and planograms to provide a consistent and predictable store layout to make shopping easier. Store designs are carefully articulated to enhance customer experience and increase cross selling. We believe that the adoption of standard formats for our stores has helped us in establishing our brand in the markets where we operate.

**Merchandising**

In relation to the foods category, our procurement is directly from manufacturers or FMCG companies and also through our network of suppliers. In addition to carrying ethnic food brands preferred by regional customers, we retail private label goods including foods and staples which we buy in bulk quantities and repack and brand after our standard quality checks and inspections. We believe that our merchandising and private labels have helped us differentiate ourselves from our competitors, in addition to achieving good margins.

We also sell groceries and staples, primarily, by weight depending on the availability of space and regional consumer preferences. We carefully select our suppliers to ensure that we sell good quality products and periodically evaluate introduction of new merchandise to enhance our product assortment, offered at our stores. We exercise weekly price benchmarking process to ensure price competitiveness. We use a demand driven model for forecasting, improving accuracy and reduction in slow moving inventory.

**Supply Chain Management**

Open to buy ("OTB"), relates directly to retail merchandise and is a tool to assist us to manage and replenish our most significant asset i.e. stocks. This is also the process of planning merchandise sale and purchases. We use the auto replenishment system ("ARS") to trigger buying through a demand based model. Our warehouse management system ("WMS") also records specific information in respect of our inventory, such as stock description, merchandise mix and positioning, prices and sales, on an individual store basis.

**Awards**

- "Food and Grocery Retailer of the Year" at Franchise India Awards, 2018
- "IMAGES Most Admired Retailer of The Year: Customer Relations" by IMAGES Retail Awards 2018 organised by India Retail Forum
- India's Buzziest Brands 2018 (13th Edition) 1st Runner Up (Category -Retail)
- "Most Admired Retailer-Brand Partnership of the Year (2017-18) for Spencer's Retail's association with Kissan" at the India Food Forum Awards organised by India Retail Forum
- "Food & Grocery Retailer of the Year – 2017" at the Star Retailer Awards 2017 organised by the Franchise India
- "Most Admired Retailer for Store Design & Visual Merchandising" at the Images Retail Awards, 2017 organised by India Retail Forum
- "Most Admired Omni-channel Retailer of the Year - 2017" at the Images Retail Awards, 2017 organised by India Retail Forum
- "Hypermarket of the Year - 2017" at Annapoorna Food Retail Awards organised by Retail Association of India (RAI) and FICCI
- "Most Admired Food and Grocery Retailer of the Year for best category performer - 2017" across multiple categories at the Coca Cola Golden Spoon Awards organised by India Retail Forum.

**Our Competition**

Much of the market which we operate in, is organised retail, online retailers, unorganized and fragmented with many small and medium sized players. We face competition in each of our product categories from multi-national corporations and domestic companies.

Our competition varies for each of our product categories and formats. Overall, our Company's major competitors include Avenue Supermarts, Big Bazaar, More, Reliance Retail, Grofers, Big Basket and Spar.

**Quality Assurance**

We have implemented quality assurance systems and procedures that are aimed at ensuring product quality and consistency. Our products are thoroughly inspected in house to ensure that quality standards are met across the value chain.

We continue to strive to upgrade and meet our customers' expectations, to have an edge over competitors and to deliver quality products for customer satisfaction. We invest in upgrading our equipment and technology and add new equipment from time to time. We believe that the brand "Spencer's" is strongly associated with quality and reliability of our products.

**Employees**

Our employees contribute significantly to success of our business. We have about 5,000 permanent employees across all our locations as of September 30, 2018. We conduct training sessions for all of our employees to upgrade their knowledge and skills from time to time.

**Health, Safety and Environment**

We are committed to health and safety of our employees and protection of the environment. Our goal is to provide an injury and accident free work environment by applying leading safety management systems.

**Our Intellectual Property**

Our Company owns the trade mark for our brand name "Spencer's" in various classes. We also own certain other trade marks, registered under various classes.

**Insurance**

Our employees are covered under the RPSG Group insurance policies. The insurance policies held by Retail Undertaking 2 are in the process of being transferred to our Company. Retail Undertaking 2 has obtained various insurance covers, insuring us against loss or damage to all types of stock and content i.e  all types of Stocks include all types of food items, FMCG goods, Apparel, toys, Staples, Fruits & Vegetables, Fish & Meat, Electronics & Entertainment products, Lifestyle products and all other goods which are sold through our stores all across India. Content means on FFF, Electrical Fittings, Plant and Machinery, Spares and like, Computers, Office equipments, ACs, DG Sets, POS machines, freezers, deep freezers internal plasters, paints, fittings and floorings, ceilings, sanitary fittings, awnings, Shades, IT Materials including laptops, desktops and other similar items, Servers, Packing Materials, advertisement materials, internal & external signages, glow signs, glasses and mirrors, live bakery equipments, epicuisine equipments, fish & meat equipments, cash safe, stackers, floor cleaning machines and similar other goods including goods held in trust and similar types of other items which are not specifically above due to Fire & Allied Perils (including but not limited to riot, strike, malicious damage, explosion/implosion, vandalism, damage due to bandh), leakage from Sprinker installation, Bush Fire, including Earthquake & Terrorism, Burglary including RSMD @ 25% First Loss Basis (including Theft Extension). The other coverages include cash in safe/counter, Cash in transit for stores not having cash pick up facility, Fidelity coverage for cash and stock/contents for all the locations, all risk coverage arising out of live kitchen / food courts in all our hypers, all risk coverage including third party liability for solar equipment including geothermal plant in our hypers, Money Insurance, Plateglass, Neon Sign / Glow Sign, Fidelity, Public Liability (all risks including risks arising out of escalator / travelator). It has obtained marine transit insurance cover for movement of IT materials such as computers, servers etc. and apparel. It has also obtained project insurance for upcoming stores from time to time. It has obtained group term life, group mediclaim and group personal accident policies for its certain employees.

**Corporate Social Responsibility**

Corporate Social Responsibility (CSR) is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates.

To ensure commitment to CSR at the highest level, our Company has a CSR Committee comprising members of the Board of Directors.

**Property**

Our registered office located at CESC House, Chowringhee Square Kolkata – 700 001 is used by us on the basis of a no objection letter from our Group Company. For details, see "*Risk Factor - Our registered office is not owned by our Company"* on page 25. Our stores are held either on a leasehold or on a leave and license basis. Further, certain of our stores run on a business conducting agreement basis.

## KEY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter is based on current provisions of Indian laws which are subject to amendments, changes and modifications. The information stated below is based on the information collected from the Industry and from the public domain. The list of the laws, rules & regulations stated below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

**Trade Licenses**

Our stores, DC and Offices are required to obtain the trade licenses from the Gram Panchayat /Municipalities/Municipal Corporations as the case may be and these licenses normally granted for a financial year and thereafter it will be renewed every year upon payment of certain fees.

**Labour License / Shops & Establishment Act**

Our stores, DC and Offices are required to obtain registrations under Shops and Establishment of the States where the Stores from the Gram Panchayat /Municipalities/Municipal Corporations as the case may be and these licenses normally granted for a year and thereafter it will be renewed every year upon payment of certain fees

**Food Safety & Standards Act 2006 and its various regulations**

FSSA was enacted on August 23, 2006 and came into force on August 5, 2011 repealing and replacing the Prevention of Food Adulteration Act, 1954. The FSS Act seeks to consolidate the laws relating to food and establish the FSSAI for setting out scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption.

FSSA and its regulations prescribes standards for ingredients, contaminants, labelling and licenses and Good Manufacturing Practices. As Section 31 of the FSS Act, no person may carry on any food business except under a license granted by the FSSAI. The FSS Act sets forth the requirements for licensing and registering food businesses in addition to laying down the general principles for safety, responsibilities and liabilities of food business operators. The Act is Central Act applies all across the Country but the enforcement of the Act is being done by State Government Authorities. Accrodingly, the process may be slightly different in each State regarding granting of licenses. generally facilitated by state commissioners of food safety and other officials at a local level.

Under Food Safety and Standards Act 2006 various penalties are imposed for any violation which may, may extend up to Rs. 500,000 and also imprisonment for some serious offences.

**The Essential Commodities Act, 1955 (the "ECA")**

Essential Commodities Act 1955 regulations supply and distribution of certain essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. The appropriate Government based on the requirement will impose the control orders on some of the Essential Commodities like Sugar, Dals, Onion etc.. The State Governments has powers to stipulates the price and quantity of the essential commodities and also stipulates the maximum quantity for storage and appropriate license is required to be obtained for storage of essential commodities.

**Legal Metrology Act, 2009 (the "Legal Metrology Act") and Package Commodity Rules 2011**

The Legal Metrology Act came into effect on January 14, 2010 and has repealed and replaced the Standards of Weights and Measures Act, 1976. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Legal Metrology Act provides that for prescribed specifications for all weights and measures used by an entity to be based on metric system only. Such weights and measures are required to be verified and re-verified periodically before usage through government approved test centres. Under the provisions of the Legal Metrology Act, pre-packaged commodities are required to bear statutory declarations and entities are required to obtain a registration of the instruments used before import of any weight or measure. Approval of model is required before manufacture or import of any weight or measure. Legal Metrology (Packaged Commodities) Rules, 2011 (the "Packaged Commodities Rules") The Packaged Commodities Rules was framed under Section 52(2) (j) and (q) of the Legal Metrology Act and lays down specific provisions applicable to packages intended for retail sale, whole sale and for export and import. Appropriate licenses for the scales and for the repacking of the products are required to be obtained from the Department and any violation the penalty will be upto Rs. 50,000 for each Director and also for Rs. 50,000/- for the Company and any third and subsequent offence the penalty will be imprisonment.

**Consumer Protection Act 1986**

An Act to provide for better protection of the interests of consumers and for that purpose to make provision for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and for matters connected therewith.

**Agricultural Produce Market Committee (APMC)**

APMC regulates marketing of agricultural, horticultural, livestock products and certain other produce in market areas and establishes market committees for every market area in the state to regulate transactions in agricultural produce. It provides for the organization and composition of committees and their powers and functions which include, granting licenses to operate in the market, provide for necessary facilities in the market area, regulate and control transactions in the market and admissions to the market.

**Insecticides Act, 1968**

The Insecticides Act regulates the import, manufacture, sale, transport, distribution and use of insecticides with a view to prevent risk to human beings or animals, and matters connected therein. Any person who desires to manufacture or sell or exhibit for sale or distribute any insecticides or undertake commercial pest control operations with the use of insecticides needs to make an application to the licensing officer for the grant of the license.

**Trade Marks Act, 1999**

An relating to trade marks, provide for registration and better protection of trade marks for goods and services and for the prevention of the use of fraudulent marks. "Trade mark" means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from choose of others and may include shape of goods, their packaging and combination of colors, and in relation to Chapter XII (other than section 107), a registered trade mark or mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark, and in relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate to a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark.

**Transfer of Property, 1908**

An act governing the transfer of property by parties. This act deals with the sale, mortgage, lease, gift and exchange of immovable properties.

**Registration Act 1908**

The act deals with registration of certain documents like lease etc. Leases of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent are required to be registered under this act.

**Stamp Duty Act 1899**

This act lays down that certain instruments shall be chargeable with duty of the amount mentioned in the schedule of the Act as the proper duty. All duties with which any instruments are chargeable shall be paid, and such payment shall be indicated on such instruments, by means of stamps.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company is incorporated as a public limited company under the Companies Act, 2013 in Kolkata, West Bengal, India, pursuant to a certificate of incorporation dated February 8, 2017 issued by the at Registrar of Companies, West Bengal at Kolkata ("**RoC**").

### Registered office of our Company

The registered office of our Company is located at CESC House, Chowringhee Square, Kolkata – 700 071, West Bengal, India.

### Changes in the name of our Company

The name of our Company was changed to Spencer's Retail Limited pursuant to certificate of incorporation pursuant to change of name dated December 13, 2018 issued by the Registrar of Companies, West Bengal at Kolkata. The change in the name of the Company arose out of the implementation of the Scheme.

### Changes in Memorandum of Association

Other than pursuant to the Scheme, there have been no changes to the MOA.

### Main objects as set out in the Memorandum of Association of our Company

1. *"To develop and conduct Cash & Carry business in India or such related services without limitation, Hypermarkets and Discount Stores offering wide range of daily house hold goods, groceries, white goods, brown goods, kitchen accessories, Frozen foods, clothing, toiletries/cosmetics etc., and to open, promote, acquire, run, maintain, manage, supervise, purchase or otherwise, take on lease, supermarket chains and warehousing complexes and to develop and set up all infrastructure facilities for the above including membership activities and discount facilities for the members holding membership cards. To develop and conduct retail business in India or abroad and having regard to the laws applicable in India or in any other relevant jurisdiction, to carry on Food Retailing including Cafeteria services, running bakery and such related retail services without limitation, food stores, Supermarkets, Hypermarkets, Discount Stores and Cash & Carry operations for any class of goods including daily house hold goods, groceries, white goods, brown goods, kitchen accessories, frozen foods, clothing, all types of fast moving consumer items, cosmetics and toilet articles, cleaning and personalized products, food items including frozen foods, soft drinks, mineral water, beverages, fruit juices, sweets, ice creams, confectionery items, dry fruits, essences, flavouring materials, cigarettes, tobacco products, liquor, porcelain wares, herbal products, all kinds of baby care items, fancy goods, handicrafts, travel accessories and plastic wears, interior decoration pieces, durable items of all kind, dairy products of all kinds and Music Retailing offering a range of pre recorded audio Cassettes, Blank Music Cassettes, Vinyl records, compact Discs, Laser Discs, CD ROM's allied software products, music Video's, View CD's, Digital Videos, Dry Cell Batteries, Adapters, Head Phones, CD and Music Cassette racks, Music Books, Magazines and all kinds of music items and accessories.*

2. *To carry on the business of designers, consultants, experts, buyers, sellers, renters, assemblers, repairers, exporters, importers, distributors, agents and dealers of all devices and records or other contrivances for recording, transmitting and reproducing sounds or vision and to acquire, hold and utilize musical rights of every kind and arrange for their commercial and non-commercial production in any media and to acquire, sell, lease and/or otherwise deal in every manner with musical rights of every description including copyrights and/or other rights relating to voice, songs, lyrics, musical compositions and other musical performances of whatever nature, whether in writing, musical notations, audio, video or other media. To carry on in India or elsewhere the business to manufacture, or render value added services including import or export, forward market and supply and to act as agent, broker, consultant, collaborator, stockists, liaison, middleman, or otherwise to deal in all types of fast moving consumer items, groceries, cosmetics and toilet articles, cleaning and personalized products, good items including frozen foods, edible oils, fruits, vegetables, processed foods, soft drinks, mineral water, beverages, fruit juices, sweets, ice creams, confectionery items, dry fruits, essences, flavouring materials, cigarettes, tobacco products, liquor, porcelain wares, herbal products, all kinds of baby care items, fancy goods, handicrafts, travel accessories and plastic wears, interior decoration pieces, durable items of all kinds.*

3. To carry on trading through web stores by way of e-commerce for any class of goods including Electronic Business (e-business), Electronic Mail (e-mail), Internet and other allied business and also to appoint franchisees for all wholesale/retail services for all kinds of products mentioned in sub-clauses 1 and 2 above and for the business of retailing over the Internet including the facilitation of receiving orders for products and goods and their delivery and for this purpose develop or engage services of consultants for the development of appropriate software for receiving orders, delivery and otherwise conducting the business of e-commerce. To carry on the business of Importers or Exporters, Traders or Agents of consumer durables, Groceries, Personal products, Jewellery, Optical goods, Novelties and any other Consumer Products or other products and to undertake Sales Promotion Campaign and Advertisement Services relating to the various products mentioned in sub-clauses 1 and 2 above either directly or through agents for consideration.

4. To offer value added services by entering into concessionaire agreements with people offering specialized products and services so as to retail their products through food stores, supermarkets, music retail stores and hypermarkets and to provide customer services through food courts, entertainment complex, beauty parlours, gymnasium, kids part etc. To carry on the business of manufacturers, dealers, importers of house hold goods, groceries, white goods, brown goods, kitchen accessories, frozen foods, clothing, all types of fast moving consumer items, cosmetics and toilet articles, cleaning and personalized products, food items including frozen foods, soft drinks, mineral water, beverages, fruit juices, sweets, ice creams, confectionery items, dry fruits, essences, flavouring materials, cigarettes, tobacco products, liquor, porcelain wares, herbal products, all kinds of baby care items, fancy goods, handicrafts, travel accessories and plastic wears.

5. To amalgamate or collaborate with any companies with or without capital participation enter into franchise arrangement with local or foreign company or enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal concession or otherwise with any person or company in India or abroad carrying on or engaged in or about to carry on, engage in any business or transaction, capable of being carried on or conducted so as directly or indirectly to benefit this Company and to lend money to or guarantee the contract or otherwise assist any such person or company, take or otherwise acquire shares and securities of any such person or company, and to sell, hold, reissue without guarantee or otherwise deal with the same. To purchase or otherwise acquire and undertake the whole or any part of the business property, rights and liabilities of any person, firm or company, carrying on any business which this Company is authorized to carry on or possessed of property or rights suitable for any of the purposes of the Company and to purchase, acquire, apply for, hold, sell and deal in shares, stock, debentures or debenture stock of any such persons, firm or company, to conduct, make or carry into effect any arrangement in regard to the winding up of the business of any such person firm or Company.

6. To acquire and undertake all or any part of the business property and liabilities of any person or company carrying on or proposing to carry on any business which this Company is authorized to carry on or possessed of property suitable for the purpose of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company. To form incorporate or promote any company or companies , whether in India or elsewhere, having amongst its or their objects the acquisition of all or any of the assets or control or development of the Company or any other objects or objects which in the opinion of the Company could or might directly or indirectly assist the Company in the development of the properties or otherwise prove advantageous to the Company and to pay all the costs and expenses incurred in connection with any such promotion or incorporation and to remunerate any person or company in any manner it shall think fit for services rendered or to be rendered in obtaining subscriptions for or for guaranteeing the subscriptions of or placing of any shares in the capital of the Company or any bonds, debentures, obligations or securities of the Company.

7. To acquire by purchase or otherwise for the business of the company in India or elsewhere, any lands, buildings, mills or other things and to develop, reconstruct, adapt buildings and to erect mills and other things found necessary are convenient for the purpose of the company. To enter into negotiations with foreign companies and other persons and acquire by grant, purchase, lease, barter, licence or other terms, formulae, processes and other rights and benefits and to obtain financial and/or technical collaboration, technical information, know-how and expert advice.To enter into partnership or into any arrangement for sharing profits or losses, or for any union of interest, joint-venture, reciprocal concession or co-operation with any person or persons, or Company or Companies, carrying on or engaged in, or about to carry on,

*or engage in, or being authorized to carry on, or engage in any business or transaction which this Company is authorized to carry on, or engage in or in any business of transaction capable of being conducted so as directly or indirectly to benefit this Company. To pay all the costs, charges and expenses of and incidental to the promotion and formation, registration and establishment of the Company and the issue of its capital."*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

**Awards and accreditations**

- "Food and Grocery Retailer of the Year" at Franchise India Awards, 2018
- "IMAGES Most Admired Retailer Of The Year: Customer Relations" by IMAGES Retail Awards 2018 organised by India Retail Forum
- India's Buzziest Brands 2018 (13th Edition) 1st Runner Up (Category -Retail)
- "Most Admired Retailer-Brand Partnership of the Year (2017-18) for Spencer's Retail's association with Kissan" at the India Food Forum Awards organised by India Retail Forum
- "Food & Grocery Retailer of the Year – 2017" at the Star Retailer Awards 2017 organised by the Franchise India
- "Most Admired Retailer for Store Design & Visual Merchandising" at the Images Retail Awards, 2017 organised by India Retail Forum
- "Most Admired Omni-channel Retailer of the Year - 2017" at the Images Retail Awards, 2017 organised by India Retail Forum
- "Hypermarket of the Year - 2017" at Annapoorna Food Retail Awards organised by Retail Association of India (RAI) and FICCI
- "Most Admired Food and Grocery Retailer of the Year for best category performer - 2017" across multiple categories at the Coca Cola Golden Spoon Awards organised by India Retail Forum

**Shareholders' agreements**

There are no subsisting shareholders' agreements in relation to our Company.

**Material agreements**

There are no material agreements entered into by our Company in the preceding two years from the date of this Information Memorandum.

Further, there is no agreement entered into by a Key Managerial Personnel or Director or Promoter or any employee of our Company, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with the dealings in the securities of our Company.

**Holding company**

Our Company has no holding company.

**Our Subsidiary**

As on the date of this Information Memorandum, our Company has the following subsidiary:

1. Omnipresent Retail India Private Limited

Unless stated otherwise, the details in relation to our Subsidiary, provided below, are as on the date of this Information Memorandum.

**Omnipresent Retail India Private Limited ("ORIPL")**

*Corporate Information*

Omnipresent Retail India Private Limited was incorporated as a private limited company on 30 April 2011 under the laws of Companies Act, 1956 with Registrar of Companies, New Delhi and bearing registration number U51909DL2011PTC218350. Its registered office is situated at A-27/A, 1st Floor, Hauz Khas, New Delhi - 110016.

Omnipresent Retail India Private Limited is engaged in the business of setting up and owning ecommerce platform which is deployed by our Company for its customers to order online and get their food and grocery products delivered at their doorstep.

*Capital Structure*

The authorised share capital of ORIPL is Rs. 40,00,00,000 divided into 4,00,00,000 equity shares of Rs. 10 each. The issued and subscribed equity share capital of ORIPL is Rs. 39,04,65,790 divided into 3,90,46,579 equity shares of Rs. 10 each, and the paid-up share capital is Rs. 39,04,65,790 divided into 3,90,46,579 equity shares of Rs. 10 each.

*Shareholding Pattern*

| Name of the shareholder | No. of equity shares held | Percentage of equity holding (%) |
|---|---|---|
| Spencer's Retail Limited (formerly known as RP-SG Retail Limited) | 3,90,46,479 | 100.00% |
| Spencer's Retail Limited (formerly known as RP-SG Retail Limited) and Subhasis Mitra | 100 | 0.00% |

There are no accumulated profits or losess of ORIPL not accounted for by our Company.

*Listing*

Our Subsidiary is not listed in India or abroad.

*Business Interest & Common Pursuits*

Except as set forth in "*Financial Statements"* on page 117, our Subsidiary is not interested in the business of our Company. There are no common pursuits between our Company and our Subsidiary.

***Other Confirmations***

There have been no rescheduling of our borrowings from financial institutions.

Our Company does not have any strategic/financial partners.

As on date of filing the Information Memorandum, other than pursuant to the Scheme, there has been no acquisition of business, undertakings, mergers, amalagamtions or revaluation of assets.

## SCHEME OF ARRANGEMENT

**Rationale as provided in the Scheme**:

*CESC Limited is the flagship company of the RP-Sanjiv Goenka Group. Pursuant to a scheme of arrangement and amalgamation approved by the Hon'ble High Courts of Calcutta and London, on 1 April 1978, the Demerged Company 1 took over the undertaking and assets, liabilities, reserves and surplus of The Calcutta Electric Supply Corporation (India) Limited, the erstwhile Sterling Company incorporated in 1897 which supplied electricity to the cities of Kolkata and Howrah and adjoining areas in accordance with the licence. Since 1978, CESC Limited has been distributing electricity in the aforementioned areas, being its core business. CESC Limited also has electricity generation business, inter alia supplying electricity to the licensed distribution business.*

*However, over the course of time, CESC Limited has grown into a diversified conglomerate having, through its subsidiaries, interests in various businesses including distribution franchisee business, renewable energy including wind, solar and hydro power stations / projects, retail, business process outsourcing, information technology, real estate and entertainment. While each of the above businesses may be subject to industry specific risks, business cycles and operate inter alia under different market dynamics, they have a significant potential for growth and profitability.*

*Given its diversified business, it has become imperative for CESC Limited to reorient and reorganize itself in a manner that allows imparting greater focus on each of its businesses. With this repositioning, CESC Limited is desirous of enhancing its operational efficiency. It will continue with its distribution business, with the generating stations currently supplying to the licensed distribution business continuing with such supply.*

*The Scheme proposes to reorganise and segregate the shareholdings of CESC Limited in various businesses and thus proposes demerger of Generation Undertaking, Retail Undertaking 1 and IT Undertaking from CESC Limited and Retail Undertaking 2 from Demerged Company 2 to the Resulting Companies. Further, the Scheme proposes the merger of Transferor Companies with and into Transferee Companies to rationalise and streamline the group structure.*

*The proposed restructuring pursuant to this Scheme is expected, inter alia, to result in following benefits:*

*(i) segregation and unbundling of the generation, distribution, retail and business process outsourcing/ management business of the Demerged Companies into the Resulting Companies and the Transferee Companies, which will enable enhanced focus on the Demerged Companies and Resulting Companies for exploiting opportunities of each of the said companies;*

*(ii) unlocking of value for the shareholders of the Demerged Companies, attracting investors and providing better flexibility in accessing capital, focused strategy and specialisation for sustained growth;*

*(iii) further expanding the business of the Resulting Companies into growing markets of India, thereby creating greater value for the shareholders of the Resulting Companies;*

*(iv) augmenting the infrastructural capability of the Resulting Companies to effectively meet future challenges in their respective businesses;*

*(v) the demerger of the Demerged Undertakings to the Resulting Companies is a strategic fit for serving existing market and for catering to additional volume linked to new consumers;*

*(vi) synergies in operational process and logistics alignment leading to economies of scale for the Resulting Companies and creation of sectoral efficiencies and benefitting stakeholders as well as optimization of operation and capital expenditure; and*

*(vii) enhancing competitive strength, achieving cost optimisation, ensuring benefits through pooling of the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Resulting Companies and the Demerged Company 1 thereby significantly contributing to future growth and maximizing shareholders' value.*

*(viii) The proposed restructuring is in the interest of the shareholders, creditors, employees, and other stakeholders in each of the companies. At the same time, the proposed restructuring does not in any*

*manner undermine and/or prejudice the interests of the consumers of the licensed distribution business of the Demerged Company 1.*

**The salient features of the Scheme are as follows:**

(a) Part IV, of the Scheme provides for demerger and vesting of the Retail Undertakings with the Company;

(b) The Appointed Date for Part IV of the Scheme is October 1, 2017.

(c) The Scheme approved by the Tribunal shall be effective from the Appointed Date but shall be operative from the Effective Date (as defined in the Scheme).

(d) The Scheme provides that with effect from the Appointed Date and upon the Scheme becoming effective:

(i) The Retail Undertakings, shall stand transferred as a going concern, to our Company, at book values as of the Appointed Date and the Retail Undertakings of CESC Limited and erstwhile Spencer's Retail Limited shall consequently vest in our Company with effect from Effective Date for all the estate and interest of CESC Limited and erstwhile Spencer's Retail Limited therein.

(e) The Scheme further provides that in consideration of the demerger of the Retail Undertakings as under:

(i) in relation to the transfer and vesting of the Retail Undertaking 1 into the Company, 6 (six) fully paid up equity shares of INR 5 (Indian Rupees Five) each of the Company shall be issued and allotted for every 10 equity shares of CESC Limited held by a shareholder on the Record Date; and

(ii) in relation to the transfer and vesting of the Retail Undertaking 2 into the Company, 5,00,000 (five lakh) fully paid up preference shares of INR 100 (Indian Rupees One hundred) each of the Company for all the equity shares of erstwhile Spencer's Retail Limited held by CESC Limited.

**Approvals with respect to the Scheme of Arrangement**

The NCLT vide its Order dated March 28, 2018 has sanctioned the Scheme of Arrangement. In accordance with the said Scheme, the equity shares of our Company issued subject to applicable regulations shall be listed and admitted to trading on the BSE, CSE and NSE. Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of application by our Company seeking listing.

## OUR MANAGEMENT

Subject to the provisions of the Companies Act, 2013 and our Articles of Association, the number of Directors on our Board shall not be less than three and not more than 15, provided that our Company may appoint more than 15 Directors after passing a special resolution.

As on the date of this Information Memorandum, our Board comprises of 6 Directors, out of which 3 are independent Directors, including a woman Director. The composition of the Board of Directors is in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

**Board of Directors**

The following table sets forth details of our Board as of the date of filing of this Information Memorandum with the Stock Exchanges:

| Name, Designation, DIN, Occupation, Term and period of directorship | Date of Birth and Age (years) | Address | Directorship in other companies |
|---|---|---|---|
| Sanjiv Goenka<br><br>DIN: 00074796<br><br>Designation: Chairman and Non-Executive Director (Additional)<br><br>Occupation: Industrialist<br><br>Term and period of directorship: Appointed w.e.f. November 14, 2018, liable to retire by rotation | January 29, 1961<br><br>57 | 19, Dr Rama Prasad Goenka Road, Alipore, Kolkata 700 027 | • Saregama India Limited<br>• Phillips Carbon Black Limited<br>• CESC Limited<br>• Firstsource Solutions Limited<br>• Spencer International Hotels Limited<br>• Haldia Energy Limited<br>• Spencer And Company Limited<br>• CESC Ventures Limited (formely known as RP-SG Business Process Services Limited) |
| Shashwat Goenka<br><br>DIN: 03486121<br><br>Designation: Non-Executive Director (Additional)<br><br>Occupation: Industrialist<br><br>Term and period of directorship: Appointed w.e.f. November 14, 2018, liable to retire by rotation | April 12, 1990<br><br>28 | 19 Dr Rama Prasad Goenka Road, Alipore, Kolkata 700 027 | • Phillips Carbon Black Limited<br>• Firstsource Solutions Limited<br>• Spencer International Hotels Limited<br>• Indian Chamber Of Commerce Calcutta<br>• Retailers Association Of India<br>• CESC Ventures Limited (formely known as RP-SG Business Process Services Limited) |
| Rahul Nayak<br><br>DIN: 06491536<br><br>Designation: Whole Time Director (Additional)<br><br>Occupation: Professional<br><br>Term and period of directorship: 3 years from November 14, 2018 | October 24, 1976<br><br>42 | C-242, Kalpataru Tower, Akurli Road, Near Thakur House, Kandivali East, Mumbai – 400101 | Nil |
| Rekha Sethi<br><br>DIN: 06809515 | November 4, 1963<br><br>54 | 32, Uday Park, First Floor, Delhi 110 049 | • Sun Pharmaceutical Industries Limited<br>• Cesc Limited<br>• Sun Pharma Laboratories |

| Name, Designation, DIN, Occupation, Term and period of directorship | Date of Birth and Age (years) | Address | Directorship in other companies |
|---|---|---|---|
| Designation: Independent Director (Additional)<br><br>Occupation: Professional<br><br>Term and period of directorship: 5 years from November 14, 2018 | | | Limited<br>• Hero Steels Limited<br>• Haldia Energy Limited<br>• Management & Entrepreneurship And Professional Skills Council |
| Pratip Chaudhuri<br><br>DIN: 00915201<br><br>Designation: Independent Director (Additional)<br><br>Occupation: Retired<br><br>Term and period of directorship: 5 years from November 14, 2018 | September 12, 1963<br><br>64 | H-1591, Chittaranjan Park, New Delhi 110 019 | • CESC Limited<br>• Visa Steel Limited<br>• Quess Corp Limited<br>• Cosmo Films Limited<br>• Iffco Kisan Sanchar Limited<br>• Kota Electricity Distribution Limited<br>• Alchemist Asset Reconstruction Company Limited<br>• Dynamic Drilling & Services Private Limited<br>• Sundaram Asset Management Company Limited |
| Utsav Parekh<br><br>DIN: 00027642<br><br>Designation: Independent Director (Additional)<br><br>Occupation: Industrialist<br><br>Term and period of directorship: 5 years from November 14, 2018 | August 28, 1956<br><br>61 | 2/3 Sarat Bose Road, Kolkata 700 020 | • Xpro India Limited<br>• Texmaco Rail & Engineering Limited<br>• Mcleod Russel India Limited<br>• Texmaco Infrastructure & Holdings Limited<br>• Smifs Capital Markets Limited<br>• Bengal Aerotropolis Projects Limited<br>• Nexome Real Estates Private Limited<br>• Lend Lease Company (India) Limited<br>• Smifs Capital Services Limited<br>• Aar Indamer Technics Private Limited<br>• Indian Chamber of Commerce<br>• Wizcraft International Entertainment Pvt. Ltd. |

**Brief profile of our Directors**

**Sanjiv Goenka**, the Chairman of the RP- Sanjiv Goenka Group, was the youngest-ever President of the Confederation of Indian Industry (CII). He is the Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur (IIT-KGP) and also Chairs the International Management Institute, Delhi, Bhubaneswar and Kolkata. He is a Trustee in India Brand Equity Foundation (IBEF), Ministry of Commerce and Industry, Government of India w.e.f. September 2018. He was a former President of All India Management Association (AIMA). He was conferred Indian Business Leader of the Year at Belfast Global India Business Meet in 2013, Banga Bibhushan Award for his contribution to the state of West Bengal, and Distinguished Fellowship Award of Institute of Director, India at their 16th London Global Convention, 2016. He is ranked No. 18 in India Today's list of 50 Most powerful people in India in 2018. He has graduated with a commerce degree from St. Xavier's College, Kolkata.

**Shashwat Goenka**, is the executive member of National Executive Council, Federation of Indian Chambers of Commerce and Industry, Co-Chair, FICCI Retail & Internal Trade Committee and Chair, CII National Retail Committee. He was also the President of Indian Chamber of Commerce, Calcutta. He graduated from The Wharton School of Business, University of Pennsylvania, Philadelphia, with a bachelor of science in economics, specializing in finance, marketing and management. He also serves as a director on the board of Phillips Carbon Black Limited, Firstsource Solutions Limited and Retailers Association of India.

**Rahul Nayak,** has around 20 years of post-qualification experience in the field of retail (merchandising and buying, supply chain, store design and layouts, stores operations) with Tata Retail and Tesco. His previous assignment was with Star Bazaar (Tata Retail) as Director - Operations. He holds a PGDBA in Marketing.

**Rekha Sethi**, is currently the Director General of All India Management Association (AIMA). She started her career at the Centre for the Development of Telematics (C-dot) in 1985 and was with the Confederation of Indian Industry (CII) for 17 years before joining AIMA. She led the initiative to create high profile international events to promote India's economic interest and has raised AIMA's public profile to attract the country's top industry leaders and policy makers on its platform. A graduate in English literature, she has a post graduate diploma in advertising and marketing.

**Pratip Chaudhuri**, was the former Chairman of State Bank of India (SBI) and has held several important posts in SBI during his long tenure of service including the post of Deputy Managing Director of SBI's International Division. He has a vast experience in the banking sector. He has achieved his masters of business administration degree from University Business School, Chandigarh.

**Utsav Parekh,** a graduate of B.Com (Honours), has an experience of over 38 years in the field of investment banking. He is the promoter and chairman of SMIFS Capital Market Limited. He is a director in several companies such as Mcleod Russel (India) Limited, Xpro India Limited, Texmaco Infrastructure & Holdings Limited. He is also a member on the board of the Indian Chamber of Commerce. He is an Honorary Counsel of the Czech Republic in Kolkata. He is one of the co-founders of the football club, ATK which is part of the Indian Super League. His latest venture is the development of an Aerotropolis project in West Bengal, India.

**Relationship between Directors**

Except Sanjiv Goenka and Shashwat Goenka, who are father and son, none of the Directors are related to each other or to the Key Managerial Personnel.

**Details of directorship in companies suspended or delisted**

None of our Directors is or was a director of any listed company, whose shares are or were suspended from being traded on any of the stock exchanges during the last five years prior to the date of this Information Memorandum, during the term of her/his directorship in such company.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange, during the term of her/his directorship in such company.

**Arrangement or understanding with major Shareholders, customers, suppliers or others**

None of our Directors have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or others.

**Service contracts with Directors**

There are no service contracts entered into between any of our Directors and our Company for provision of any benefits upon termination of directorship.

**Details of remuneration for our Directors**

*Terms of appointment of our Whote-time Director*

In terms of the Resolution passed by the Board of Directors of the Company at its meeting held on November 14, 2018, an appointment letter of even date has been issued to Rahul Nayak as the Wholetime Director of the

Company with a basic salary of Rs. 3,56,267 per month alongwith applicable benefits and perquisites aggregating to Rs.1,64,86,573 per annum as the total cost to the Company.

No remuneration was paid to our Whole-time Director in Fiscal 2018.

*Terms of appointment of our Independent Directors*

Pursuant to a resolution of the Board dated November 14, 2018, our Independent Directors are entitled to receive sitting fees of Rs. 1,00,000 for attending each meeting of our Board and the committees constituted of the Board. Our Independent Directors have been appointed to our Board in Fiscal 2019 hence, no remuneration was payable to them in Fiscal 2018. Further, our Independent Directors may be paid commission and reimbursement of expenses as permitted under the Companies Act, 2013 and the rules framed thereunder and the SEBI Listing Regulations.

*Terms of appointment of our Non-executive Directors other than Independent Directors*

Pursuant to a resolution of the Board dated November 14, 2018, our Non-Executive Directors (other than Independent Directors) are entitled to receive sitting fees of Rs. 1,00,000 for attending each meeting of our Board and the committees constituted of the Board. Further, our Non-Executive Directors (other than Independent Directors) may be paid commission and reimbursement of expenses as permitted under the Companies Act, 2013 and the rules framed thereunder and the SEBI Listing Regulations.

No remuneration was paid to our Non-executive Directors in Fiscal 2018.

**Bonus or profit sharing plan for our Directors**

None of our Directors are party to any bonus or profit sharing plan of our Company.

**Payment or benefit to Directors of our Company**

No amount or benefit has been paid or given within the two preceding years from the date of this Information Memorandum or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered in the capacity of being a Director.

**Shareholding of our Directors in our Company**

Our Articles do not require our Directors to hold any qualification shares.

Except as disclosed in the section titled "*Capital Structure*" on page 39, none of our Directors hold any Equity Shares in our Company.

**Borrowing Powers of the Board**

In accordance with our Articles of Association and subject to the provisions of the Companies Act, 2013, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, borrow any sum of money for the purpose of our Company and the Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit. Pursuant to a resolution of the shareholders of our Company dated October 29, 2018, in accordance with Section 180 of the Companies Act, 2013, the Board is authorised to borrow up to an amount Rs. 1,00,000 lakhs in excess of the aggregate of the paid up capital and free reserves of our Company and for creation of charge/providing security for the sum borrowed on the assets of our Company.

**Other Confirmations**

Our Directors and Key Management Personnel may be regarded as interested in the Equity Shares held by them, if any. All of our Directors and Key Management Personnel may also be deemed to be interested to the extent of any dividends payable to them and other distributions in respect of the Equity Shares, if any, held by them.

Further, our Directors have no interest in any property acquired by our Company or proposed to be acquired of or by our Company or in any transactions relating to acquisition of land, construction of building and supply of machinery.

No loans have been availed by our Directors or the Key Management Personnel from our Company.

Our Company has not instituted an employee stock option plan.

Except Sanjiv Goenka and Shashwat Goenka, none of our Directors are interested in the promotion or formation of our Company.

None of our Directors are directors on the board of our Subsidiary.

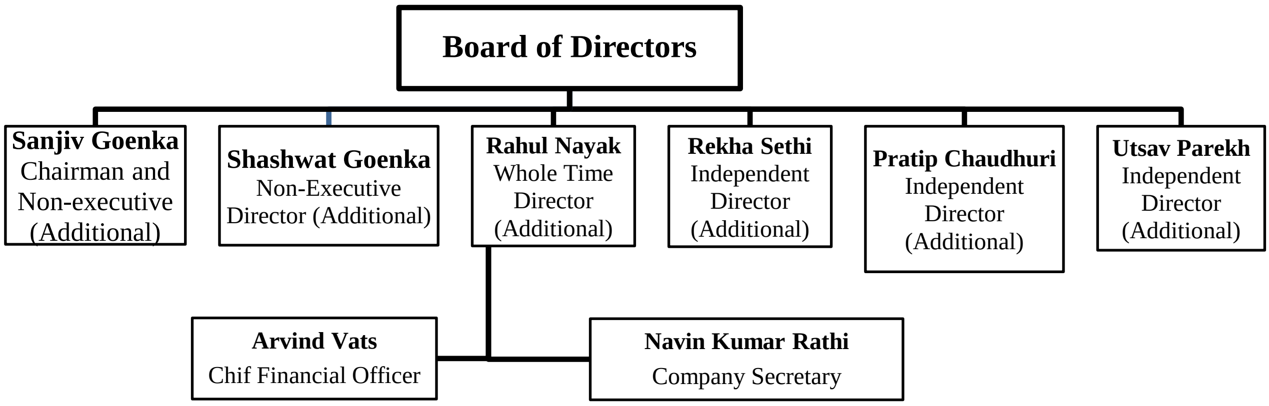
Our Company has not made any payments in cash or shares or otherwise to any of our Directors or to firms or companies in which any of our Directors are interested as members or promoters nor has any Directors been offered any inducements to become interested in any firm or company, in connection with the promotion or formation of our Company.

**Change in our Board in the last three years**

| Name | Designation | Date of appointment / cessation | Reason |
|---|---|---|---|
| Sanjiv Goenka | Non-executive Director (Additional)* | November 14, 2018 | Appointment |
| Shashwat Goenka | Non-executive Director (Additional)* | November 14, 2018 | Appointment |
| Rahul Nayak | Executive Director (Additional)* | November 14, 2018 | Appointment |
| Pratip Chaudhuri | Independent Director (Additional)* | November 14, 2018 | Appointment |
| Rekha Sethi | Independent Director (Additional)* | November 14, 2018 | Appointment |
| Utsav Parekh | Independent Director (Additional)* | November 14, 2018 | Appointment |
| Sunil Bhandari | Non-executive Director | November 14, 2018 | Cessation |
| Gautam Ray | Non-executive Director | November 14, 2018 | Cessation |
| Rajarshi Banerjee | Non-executive Director | November 27, 2018 | Cessation |

*****The directors were appointed by our Board at its meeting held on November 14, 2018 as additional directors.

**Management Organisation Chart**




**Key Managerial Personnel**

In addition to the Whole-time Director, Rahul Nayak, the details of our Key Managerial Personnel are as follows:

**Arvind Kumar Vats**, our Chief Financial Officer, is a B.Com (Honours) graduate from Delhi University and a qualified ACA, ACMA and MBA (Finance). He has close to 22 years of post-qualification experience in the field of accounting, business strategy formation & implementation, and matters relating to commercial & business operations across companies such as Jindal Poly Films Limited, HFCL Satellite Communication Limited, Shaw Wallace & Co. Limited and Radico Khaitan Limited. Before joining our Company he was a part of Jubilant Food Works Limited.

**Navin Kumar Rathi** is the Company Secretary and Compliance Officer of our Company. He is a B.Com (Hons) Graduate from Calcutta University and an associate member of the Institute of Company Secretaries of India. He has close to 5 years of post-qualification experience in the field of company law, taxation and other allied matters.

None of our KMP received any remuneration in Fiscal 2018.

All of our Key Managerial Personnel are permanent employees of our Company.

**Relationship of Key Managerial Personnel**

None of our Key Management Personnel are related to each other or to the Directors.

**Arrangement or understanding with major Shareholders, customers, suppliers or others**

None of our Key Management Personnel have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or others.

**Shareholding of the Key Management Personnel**

As on the date of this Information Memorandum, none of the Key Management Personnel holds any Equity Shares of our Company.

**Change in our Key Management Personnel in the last three years**

| Name | Designation | Date of appointment/cessation | Reason |
|---|---|---|---|
| Arvind Kumar Vats | Chief Financial Officer | November 14, 2018 | Appointment |
| Navin Kumar Rathi | Company Secretary and Compliance Officer | November 14, 2018 | Appointment |
| Rahul Nayak | Whole-time Director | November 14, 2018 | Appointment |

**Service contracts with Key Management Personnel**

There are no service contracts entered into between any of our Key Management Personnel and our Company for provision of any benefits upon termination of employment.

**Bonus or profit sharing plan for our Key Management Personnel**

None of our Key Management Personnel are party to any bonus or profit sharing plan of our Company.

**Payment or benefit to Key Management Personnel of our Company**

No amount or benefit has been paid or given within the two preceding years from the date of this Information Memorandum or is intended to be paid or given to any of our Key Management Personnel except the normal remuneration for services rendered in the capacity of being an employee.

**Corporate Governance**

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the rules framed thereunder, in respect of corporate governance including constitution of the Board and committees thereof.

***Committees of the Board***

In addition to the committees of our Board detailed below, our Board may, from time to time, constitute committees for various functions.

*(i)* ***Audit Committee***

The members of the Audit Committee are:

1. Utsav Parekh, Chairman
2. Pratip Chaudhuri
3. Shashwat Goenka

The Audit Committee was constituted by a meeting of the Board held on November 14, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, and its terms of reference are as follows:

The role of the Audit Committee shall be as follows:

(a) oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) provide recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(c) approve payment to statutory auditors for any other services rendered by them;

(d) review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

  (i) matters required to be included in the Director's Responsibility Statement to be included in the board of directors report in terms of clause (c) of sub Section 3 of Section 134 of the Companies Act, 2013;

  (ii) changes, if any, in accounting policies and practices and reasons for the same;

  (iii) major accounting entries involving estimates based on the exercise of judgment by the management of the Company;

  (iv) significant adjustments made in the financial statements arising out of audit findings;

  (v) compliance with listing and other legal requirements relating to financial statements;

  (vi) disclosure of any related party transactions; and

  (vii) modified opinion(s) in the draft audit report.

(e) review, with the management, the quarterly and any other partial year period financial statements before submission to the board of directors for their approval;

(f) review, 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 utilised 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 our board of directors to take up steps in this matter;

(g) review and monitor the auditor's independence and performance, and effectiveness of audit process;

(h) approve or subsequently modify transactions of the Company with related parties;

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2 (zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

(i) scrutinize inter-corporate loans and investments;

(j) provide valuation of undertakings or assets of the Company, wherever it is necessary;

(k) evaluate internal financial controls and risk management systems;

(l) review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(m) review 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;

(n) discuss with internal auditors of any significant findings and follow up there on;

(o) review the findings of any internal investigations by the internal auditors into matters where there i s suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(p) discuss 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;

(q) 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;

(r) to review the functioning of the whistle blower mechanism;

(s) approve the appointment of the Chief Financial Officer of the Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(t) oversee the vigil mechanism established by the Company and the chairman of audit committee shall directly hear grievances of victimisation of employees and directors, who use vigil mechanism to report genuine concerns; and

(u) carry out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the board of directors of the Company or specified/provided under the Companies Act, 2013 or by the SEBI Listing Regulations or by any other regulatory authority.

Further, the Audit Committee shall mandatorily review the following information:

(a) management discussion and analysis of financial condition and results of operations;

(b) statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;

(c) management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;

(d) internal audit reports relating to internal control weaknesses;

(e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and

(f) statement of deviations in terms of the SEBI Listing Regulations:

    (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and

    (ii) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice.

The powers of the Audit Committee shall include the following:

(a) To investigate activity within its terms of reference;

(b) To seek information from any employee of the Company;

(c) To obtain outside legal or other professional advice; and

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary

*(ii)* ***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Utsav Parekh, Chairman
2. Pratip Chaudhuri
3. Sanjiv Goenka

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on November 14, 2018. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee are as follows:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulation of criteria for evaluation of performance of independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(e) Analysing, monitoring and reviewing various human resource and compensation matters;

(f) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(g) Determining remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

(h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(i) Determining 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;

(j) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(k) Administering any employee stock option plan ("**Plan**");

(l) Determining the eligibility of employees to participate under the Plan;

(m) Granting options to eligible employees and determining the date of grant;

(n) Determining the number of options to be granted to an employee;
(o) Determining the exercise price under the Plan;

(p) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan;

(q) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

    (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;

    (b) and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended.

(r) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

*(iii)* ***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Shashwat Goenka, Chairman
2. Rahul Nayak
3. Sanjiv Goenka

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on November 14, 2018. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

(a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints;

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time; Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and

(d) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

*(iv)* ***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

1. Shashwat Goenka, Chairman
2. Rahul Nayak
3. Utsav Parekh

The Corporate Social Responsibility Committee was constituted by our Board of Directors at their meeting held on November 14, 2018. The terms of reference of the Corporate Social Responsibility Committee of our Company are as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder, and have been set out below:

(a) To 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 Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;

(b) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

(c) To recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

(d) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(e) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

(f) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013.

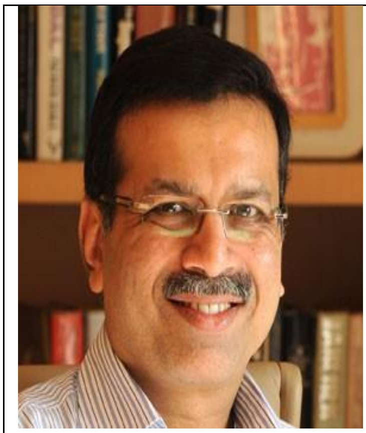
## OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

The Promoters of our Company are Sanjiv Goenka and Rainbow Investments Limited. As on the date of this Information Memorandum, Sanjiv Goenka holds 80,876 Equity Shares and Rainbow Investments Limited holds 3,52,77,979 Equity Shares, representing 0.10% and 44.36%, respectively, of the issued, subscribed and paid-up Equity Share capital of our Company. Our Promoters have acquired shareholding in our Company pursuant to the Scheme. CESC Limited was the original promoter of our Company.For details see section "*Changes in our Promoters*" at page 106 below.

**Details of our Promoters**

***Individual Promoters***

***Sanjiv Goenka***

| | | |
|---|---|---|
|  | Sanjiv Goenka, aged 57 years, is one of our Promoters.<br><br>Date of birth: January 29, 1961<br><br>Address: 19, Dr Rama Prasad Goenka Road, Alipore, Kolkata - 700 027<br><br>PAN No.: AEFPG4689G<br><br>Aadhar Card No: 6593 2441 5573<br><br>Driving License No.: WB-011979265374 | Other directorships:<br>• Saregama India Limited<br>• Phillips Carbon Black Limited<br>• CESC Limited<br>• Firstsource Solutions Limited<br>• Spencer International Hotels Limited<br>• Haldia Energy Limited<br>• Spencer and Company Limited<br>• CESC Ventures Limited (formely known as RP-SG Business Process Services Limited) |

Sanjiv Goenka, the Chairman of the RP- Sanjiv Goenka Group, was the youngest-ever President of the Confederation of Indian Industry (CII). He is the Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur (IIT-KGP) and also Chairs the International Management Institute, Delhi, Bhubaneswar and Kolkata. He is a Trustee in India Brand Equity Foundation (IBEF), Ministry of Commerce and Industry, Government of India w.e.f. September 2018. He was a former President of All India Management Association (AIMA). He was conferred Indian Business Leader of the Year at Belfast Global India Business Meet in 2013, Banga Bibhushan Award for his contribution to the state of West Bengal, and Distinguished Fellowship Award of Institute of Director, India at their 16$^{th}$ London Global Convention, 2016. He is ranked No. 18 in India Today's list of 50 Most powerful people in India in 2018. He has graduated with a commerce degree from St. Xavier's College, Kolkata.

***Corporate Promoters***

***Rainbow Investments Limited ("RIL")***

***Corporate Information and History***

Rainbow Investments Limited was incorporated on May 02, 1988 under the Companies Act, 1956. The registered office of Rainbow Investments Limited is situated at Duncan House 31, Netaji Subhas Road, Kolkata – 700 001, West Bengal. Rainbow Invstments Limited is not listed on any stock exchanges.

As per its memorandum of association, Rainbow Investments Limited is *inter-alia* engaged in the business of making investments. There has been no change in the nature of its activities since incorporation**.**

***Promoters of RIL***

The Promoter of RIL is Sanjiv Goenka.

***Change in Control***

There has been no change in control of RIL. Sanjiv Goenka held controlling interest in RIL in the preceding three years.

***Board of Directors***

The following table sets forth details regarding the board of directors of RIL as on the date of this Information Memorandum:

- Subhrangshu Chakrabarti
- Bhanwar Lal Chandak
- Sunil Bhandari
- Trivikram Khaitan
- Surbhi Singhi

***Financial Information***

The summary audited consolidated financial results of RIL for the last three Fiscals are as follows:

(*in Rs. lakhs, except per share data*)

| Particulars | Fiscal 2018 | Fiscal 2017 | Fiscal 2016 |
|---|---|---|---|
| Equity share capital | 65.76 | 65.76 | 65.76 |
| Reserves and surplus | 61,599.35 | 54,004.8 | 51,920.60 |
| Total Income | 9,359.27 | 8,253.23 | 12,344.20 |
| Profit / (loss) after tax | 8,281.94 | 7,497.06 | 10,954.26 |
| Basic earnings per share | 1,244.80 | 1,122.50 | 1651.15 |
| Diluted earnings per share | 1,244.80 | 1,122.50 | 1651.15 |
| NAV per equity share | 9,376.60 | 8,221.80 | 7,904.88 |

There are no significant notes of the auditors in relation to the aforementioned financial statements.

***Capital Structure***

The authorised share capital of RIL is Rs. 122,46,00,000 divided into 3,24,60,000 equity shares of Rs. 10 each and 90,00,000 preference shares of Rs. 100 each. The issued and subscribed equity share capital of RIL is Rs. 48,40,76,540 divided into 6,57,654 equity shares of Rs. 10 each and 47,75,000 preference shares of Rs. 100 each. The paid up capital of RIL is Rs. 48,40,76,490 divided into 6,57,649 equity shares of Rs. 10 each and 47,75,000 preference shares of Rs. 100 each.

***Shareholding Pattern***

The shareholding pattern of RIL with respect to its fully paid up equity shares as on the date of filing of this Information Memorandum is as follows:

| Name of the shareholder | No. of equity shares held | Percentage of equity holding (%) |
|---|---|---|
| Sanjiv Goenka | 149 | 0.02 |
| Preeti Goenka | 116 | 0.02 |
| Sanjiv Goenka Trustee of Esgee Legacies Trust | 1,000 | 0.15 |
| Sanjiv Goenka Trustee of Esgee Apex Trust | 335,400 | 51.00 |
| Preeti Goenka Trustee of Esgee Legacies Trust | 297,300 | 45.21 |
| Alipore Towers Private Limited | 6,917 | 1.05 |
| Castor Investments Limited | 9,583 | 1.46 |
| Kutub Properties Private Limited | 6,910 | 1.05 |
| STEL Holdings Limited | 271 | 0.04 |
| Indra Kumar Bagri | 2 | 0.00 |

| Name of the shareholder | No. of equity shares held | Percentage of equity holding (%) |
|---|---|---|
| R C Kurup | 1 | 0.00 |
| **Total** | **6,57,649** | **100.00** |

The shareholding pattern of RIL with respect to its 2% non-convertible cumulative redeemable preference shares of Rs. 100 each as on the date of filing of this Information Memorandum is as follows:

| Name of the shareholder | No. of equity shares held | Percentage of equity holding (%) |
|---|---|---|
| Phillips Carbon Black Limited | 47,75,000 | 100 |

There has been no change in the control or management of RIL in the three years preceding the date of this Information Memorandum.

**Changes in our Promoters**

On incorporation, CESC Limited (along with 6 nominees) held 100% of the shareholding of our Company. Pursuant to the Scheme of Arrangement, shareholding of CESC Limited was cancelled on November 14, 2018 and Equity Shares were allotted to Sanjiv Goenka and RIL on November 14, 2018. Sanjiv Goenka and RIL are the current Promoters of our Company pursuant to the Scheme.

**Interest of our Promoters**

*Interest of our Promoters in the promotion of our Company*

Our Promoters are interested in our Company to the extent of their respective direct or indirect shareholding in our Company and the dividend declared, if any and any other distributions in respect of their direct or indirect shareholding in our Company. For further details, see "*Capital Structure*" on page 39.

*Interest of our Promoter in the Property of our Company*

Our Promoters do not have any interest whether direct or indirect in any property acquired by our Company, within three years preceding the date of this Information Memorandum or proposed to be acquired by our Company as on the date of this Information Memorandum or in any transaction for acquisition of land, construction of buildings and supply of machinery, etc.

*Interest of our Promoters in our Company other than as Promoter*

Further, except as stated in this section and "*Financial Statements - Related Party Transactions*" on page 169, our Promoters do not have any interest in our Company other than as promoters.

*Interest of our Promoters in our Company arising out of being a member of firm or company*

Our Company has not made any payments in cash or shares or otherwise to any of our Promoters or to firms or companies in which any of our Promoters are interested as members or promoters nor has any Promoter been offered any inducements to become interested in any firm or company, in connection with the promotion or formation of our Company.

*Common Pursuits of our Promoters with our Company*

None of the business activities of our Promoters are similar to that of our Company.

*Disassociation by our Promoters in the last three years*

Our Promoters have not disassociated themselves from any significant venture during the three years preceding the date of filing of this Information Memorandum.

**Payment or benefit to Promoters of our Company**

No amount or benefit has been paid or given within the two preceding years from the date of this Information Memorandum or is intended to be paid or given to any of our Promoters or any member of our Promoter Group other than in the ordinary course of business.

**Confirmations**

No material guarantees have been given to third parties by our Promoters with respect to Equity Shares of our Company.

None of our Promoters have been identified as a 'wilful defaulter' by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution.

None of our Promoters are debarred from accessing the capital markets by SEBI.

None of our Promoters is a promoter or director of any Company which is debarred from accessing the capital market by SEBI.

**PROMOTER GROUP**

Unless the context requires otherwise, the entities forming part of our promoter group in accordance with SEBI ICDR Regulations have been identified as our Promoter Group companies.

**GROUP COMPANIES**

The following table enumerates our top 5 Group Companies, brief description of the business and nature and extent of interest of our Promoters:

| No. | Name of the Company | Country of Incorporation | Nature of business activity | Interest of Promoters |
|---|---|---|---|---|
| 1. | CESC Limited | India | Generation & distribution of electricity | 44.46% |
| 2. | Phillips Carbon Black Limited | India | Carbon black producer | 50.20% |
| 3. | Saregama India Limited | India | Production of music and films | Nil |
| 4. | Firstsource Solutions Limited | India | Business process outsourcing | Nil |
| 5. | Quest Properties India Limited | India | Operating malls and other real estate activities | Nil |

**Top five Group Companies**

Following are the relevant details of our top 5 Group Companies, as on the date of this Information Memorandum.

1. **CESC Limited ("CESC")**

*Corporate Information*

CESC Limited was incorporated as a public limited company on March 28, 1978 under the Companies Act, 1956 with the Registrar of Companies, West Bengal at Kolkata. Its corporate identity number is L31901WB1978PLC031411. Its registered office is situated at CESC House, Chowringhee Square, Kolkata-700 001, West Bengal, India.

CESC's equity shares are listed on the BSE, NSE and CSE and global depository receipts are listed on the Luxembourg Stock Exchange. CESC is engaged in the business of generation and distribution of electricity.

*Interest of our Promoters*

As on September 30, 2018, Sanjiv Goenka held 0.10% of CESC's equity share capital and RIL held 44.36% of CESC's equity share capital.

*Financial Information*

The following information has been derived from the financial statements of CESC for the last three financial years:

*(Rs. in crore; except for earning per share data)*

| **Particulars** | **As of March 31, 2018*/For Fiscal 2018* (as applicable)** | **As of March 31, 2017$ / For Fiscal 2018$ (as applicable)** | **As of March 31, 2016$/ For Fiscal 2016$ (as applicable)** |
|---|---|---|---|
| Equity Capital | 133.22 | 133.22 | 133.22 |
| Other Equity | 9,314.47 | 13,190.53 | 12,867.83 |
| Revenue from operations and other income | 7,953.78 | 7,366.63 | 6,923.79 |
| Profit/(Loss) after tax | 861.71 | 862.86 | 845.13 |
| Basic earnings per share | 65.01 | 65.09 | 63.75 |
| Diluted earnings per share | 65.01 | 65.09 | 63.75 |
| Net asset value per share | 712.73 | 1,005.13 | 980.79 |

* *as per audited financial statements for Fiscal 2018*
$ *as per audited financial statements for Fiscal 2017 as per Ind-AS*

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

*Share price information*

The equity shares of CESC are listed on BSE, CSE and NSE.

The details of the highest and lowest price on BSE during the preceding six months are as follows:

| **Month** | **Monthly high *(in Rs.)*** | **Monthly low *(in Rs.)*** |
|---|---|---|
| December, 2018 | 735.00 | 651.45 |
| November, 2018 | 705.75 | 670.00 |
| October, 2018 | 950.00 | 643.05 |
| September, 2018 | 1,038.55 | 804.75 |
| August, 2018 | 1,029.95 | 880.20 |
| July, 2018 | 959.90 | 870.00 |

*(Source: www.bseindia.com)*

The details of the highest and lowest price on the CSE during the preceding six months are as follows:

There was no trading of the equity shares of CESC on the CSE during the last six months.

The details of the highest and lowest price on NSE during the preceding six months are as follows:

| **Month** | **Monthly high *(in Rs.)*** | **Monthly low *(in Rs.)*** |
|---|---|---|
| December, 2018 | 732.80 | 651.10 |
| November, 2018 | 705.90 | 668.50 |
| October, 2018 | 948.35 | 642.00 |
| September, 2018 | 1,038.85 | 803.25 |
| August, 2018 | 1,029.75 | 900.05 |
| July, 2018 | 959.45 | 870.00 |

*(Source: https://www.nseindia.com/)*

The closing share price of CESC as on January 17, 2019 on BSE was Rs. 685.00.

The closing share price of CESC as on January 17, 2019 on NSE was Rs. 686.15.

*Investor grievances*

As on December 31, 2018, CESC had 1 investor grievance pending, which was resolved on January 7, 2019.

2. **Phillips Carbon Black Limited ("PCBL")**

*Corporate Information*

Phillips Carbon Black Limited was incorporated as a public limited company on March 31, 1960 under the Companies Act, 1956 with the Registrar of Companies, West Bengal at Kolkata. Its corporate identity number is L23109WB1960PLC024602. Its registered office is situated at 31, Netaji Subhas Road, Kolkata 700 001, West Bengal, India.

PCBL is listed on the BSE, NSE and CSE. PCBL is engaged in the business of manufacturing carbon black powder.

*Interest of our Promoters*

As on September 30, 2018, RIL directly held 50.20% of the equity share capital of PCBL.

*Financial Information*

The following information has been derived from the standalone financial statements of PCBL for the last three financial years:

*(Rs. in crore; except for earning per share data)*

| Particulars | As of March 31, 2018# | As of March 31, 2017$ | As of March 31, 2016$ |
|---|---|---|---|
| Equity Capital | 34.47 | 34.47 | 34.47 |
| Other Equity | 1,337.88 | 1,091.46 | 1,003.89 |
| Revenue from operations and other income | 2,620.04 | 2,150.21 | 2,132.24 |
| Profit/(Loss) after tax | 229.79 | 69.52 | 16.91 |
| Basic earnings per share | 13.33** | 20.17 * | 4.91* |
| Diluted earnings per share | 13.33** | 20.17 * | 4.91* |
| Net asset value per share | 398.16 | 326.66 | 301.26 |

*# As per audited financial statements for Fiscal 2018*
*$ As per audited financial statements for Fiscal 2017 as per IND AS*
** face value of Rs. 10*
*** face value of Rs. 2*

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

*Share price information*

The equity shares of PCBL are listed on BSE, CSE and NSE.

The details of the highest and lowest price on BSE during the preceding six months are as follows:

| Month | Monthly high *(in Rs.)* | Monthly low *(in Rs.)* |
|---|---|---|
| December, 2018 | 217.30 | 181.00 |
| November, 2018 | 234.90 | 197.00 |
| October, 2018 | 236.80 | 157.40 |
| September, 2018 | 248.80 | 196.85 |
| August, 2018 | 287.00 | 234.80 |
| July, 2018 | 259.20 | 197.30 |

*(Source: www.bseindia.com)*

The details of the highest and lowest price on the CSE during the preceding six months are as follows:

There was no trading of the equity shares of PCBL on the CSE during the last six months.

The details of the highest and lowest price on NSE during the preceding six months are as follows:

| **Month** | **Monthly high *(in Rs.*)** | **Monthly low *(in Rs.*)** |
|---|---|---|
| December, 2018 | 217.15 | 190.00 |
| November, 2018 | 235.00 | 204.00 |
| October, 2018 | 229.65 | 157.45 |
| September, 2018 | 249.50 | 196.90 |
| August, 2018 | 286.95 | 235.00 |
| July, 2018 | 259.45 | 197.30 |

*(Source: https://www.nseindia.com/)*

The closing share price of PCBL as on January 17, 2019 on BSE was Rs. 207.70.

The closing share price of PCBL as on January 17, 2019 on NSE was Rs. 207.65.

Investor grievances

As on December 31, 2018, PCBL had 2 investor grievances pending against it for which necessary replies have already been given to the shareholders.

*3.* **Saregama India Limited ("SIL")**

*Corporate Information*

Saregama India Limited was incorporated as a public limited company on August 13, 1946 under the Companies Act, 1913 with the Registrar of Companies, West Bengal at Kolkata. Its corporate identity number is L22213WB1946PLC014346. Its registered office is situated at 33 Jessore Road, Dum Dum, Kolkata 700 028, West Bengal, India.

SIL is listed on the BSE, NSE and CSE. SIL is engaged in the business of production of music and films.

*Interest of our Promoters*

As of September 30, 2018 our Promoters do not hold any of the equity share capital of SIL.

*Financial Information*

The following information has been derived from the financial statements of SIL for the last three financial years:

*(Rs. in crore; except for earning per share data)*

| **Particulars** | **As of March 31, 2018** | **As of March 31, 2017** | **As of March 31, 2016** |
|---|---|---|---|
| Equity Capital | 17.41 | 17.40 | 17.40 |
| Other Equity | 261.51 | 220.04 | 172.61 |
| Revenue from operations and other income | 359.83 | 224.01 | 224.77 |
| Profit/(Loss) after tax | 30.51 | 10.00 | 7.54 |
| Basic earnings per share | 17.53 | 5.75 | 4.34 |
| Diluted earnings per share | 17.51 | 5.74 | 4.33 |
| Net asset value per share | 219.47 | 195.96 | 117.21 |

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

*Share price information*

The equity shares of SIL are listed on BSE, CSE and NSE.

The details of the highest and lowest price on BSE during the preceding six months are as follows:

| **Month** | **Monthly high *(in Rs.)*** | **Monthly low *(in Rs.)*** |
|---|---|---|
| December, 2018 | 608.00 | 521.50 |
| November, 2018 | 634.80 | 528.10 |
| October, 2018 | 572.20 | 461.50 |
| September, 2018 | 646.45 | 503.05 |
| August, 2018 | 686.00 | 599.00 |
| July, 2018 | 755.00 | 610.00 |

*(Source: www.bseindia.com)*

The details of the highest and lowest price on the CSE during the preceding six months are as follows: There was no trading of the equity shares of SIL on the CSE during the last six months.

The details of the highest and lowest price on NSE during the preceding six months are as follows:

| Month | Monthly high *(in ₹)* | Monthly low *(in ₹)* |
|---|---|---|
| December, 2018 | 611.40 | 520.70 |
| November, 2018 | 634.80 | 525.10 |
| October, 2018 | 581.00 | 463.25 |
| September, 2018 | 646.90 | 501.20 |
| August, 2018 | 688.00 | 597.05 |
| July, 2018 | 753.95 | 615.00 |

*(Source: https://www.nseindia.com/)*

The closing share price of SIL as on January 17, 2019 on BSE was Rs. 611.05.

The closing share price of SIL as on January 17, 2019 on NSE was Rs. 608.60.

*Investor grievances*

As on December 31, 2018, SIL had no investor grievances pending against it.

4. **Firstsource Solutions Limited ("FSL")**

*Corporate Information*

FSL was incorporated as a public limited company on December 6, 2001 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra at Mumbai. Its corporate identity number is L64202MH2001PLC134147. Its registered office is situated at 5th Floor, Paradigm "B" Wing, Mindspace, Link Road, Malad (West), Mumbai 400 064, Maharashtra, India.

FSL is listed on the BSE and NSE. FSL is engaged in the business of business process outsourcing.

*Interest of our Promoters*

As of September 30, 2018 our Promoters hold no equity shares in FSL.

*Financial Information*

The following information has been derived from the consolidated financial statements of FSL for the last three financial years:

*(Rs. in crore; except for earning per share data)*

| **Particulars** | **As of March 31, 2018** | **As of March 31, 2017** | **As of March 31, 2016** |
|---|---|---|---|
| Equity Capital | 686.52 | 681.31 | 673.31 |

| | | | |
|---|---|---|---|
| Other Equity | 1,665.24 | 1,346.69 | 1,103.70 |
| Revenue from operations and other income | 3,540.68 | 3,558.81 | 3,226.70 |
| Profit/(Loss) after tax | 326.58 | 279.24 | 260.92 |
| Basic earnings per share | 4.78 | 4.14 | 3.89 |
| Diluted earnings per share | 4.73 | 4.08 | 3.72 |
| Net asset value per share | 34.26 | 29.77 | 26.39 |

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

*Share price information*

The equity shares of FSL are listed on BSE and NSE.

The details of the highest and lowest price on BSE during the preceding six months are as follows:

| Month | Monthly high *(in Rs.)* | Monthly low *(in Rs.)* |
|---|---|---|
| December, 2018 | 54.95 | 46.00 |
| November, 2018 | 63.65 | 47.00 |
| October, 2018 | 64.50 | 52.80 |
| September, 2018 | 77.30 | 60.20 |
| August, 2018 | 75.90 | 58.40 |
| July, 2018 | 76.25 | 63.80 |

*(Source: www.bseindia.com)*

The details of the highest and lowest price on NSE during the preceding six months are as follows:

| Month | Monthly high *(in Rs.)* | Monthly low *(in Rs.)* |
|---|---|---|
| December, 2018 | 55.00 | 45.90 |
| November, 2018 | 63.60 | 47.50 |
| October, 2018 | 64.65 | 52.90 |
| September, 2018 | 77.30 | 60.10 |
| August, 2018 | 75.80 | 58.30 |
| July, 2018 | 76.25 | 63.85 |

*(Source: https://www.nseindia.com/)*

The closing share price of FSL as on January 17, 2019 on BSE was Rs. 50.45.

The closing share price of FSL as on January 17, 2019 on NSE was Rs. 50.35.

*Investor grievances*

As on December 31, 2018, FSL had no investor grievances pending against it.

5. **Quest Properties India Limited ("Quest")**

*Corporate Information*

Quest Properties India Limited was incorporated as a private limited company on February 22, 2006 under the Companies Act, 1956. Quest was converted into a public limited company on July 9, 2007. The name was changed to Quest's current name on June 15, 2015. The corporate identity number of Quest is C70101WB2006PLC108175. Its registered office is situated at CESC House, Chowringhee Square, Kolkata 700 001, West Bengal, India.

Quest is not listed on any stock exchange. It is in the business of operating of shopping mall and other real estate activities.

Interest *of our Promoters*

Our Promoters do not directly hold any of the equity share capital of Quest.

*Financial Information*

The following information has been derived from the financial statements of Quest for the last three financial years:

*(Rs. in lakh; except for earning per share data)*

| **Particulars** | **As of March 31, 2018*** | **As of March 31, 2017$** | **As of March 31, 2016$** |
|---|---|---|---|
| Equity Capital | 26,252.00 | 25,931.00 | 25,931.00 |
| Other Equity | (2,340.82) | (4,501.08) | (5,624.05) |
| Revenue from operations and other income | 12,720.63 | 11,288.18 | 8,717.99 |
| Profit/(Loss) after tax | 2,482.78 | 810.69 | 308.43 |
| Basic earnings per share | 0.95 | 0.31 | 0.12 |
| Diluted earnings per share | 0.95 | 0.31 | 0.12 |
| Net asset value per share | 9.11 | 8.26 | 7.83 |

** As per audited financial statement of fiscal 2018*
*$ As per audited financial statement of fiscal 2017 as per IND AS*

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

**Other confirmations**

Except as disclosed below, none of our Group Companies have made a public issue in the three years preceding the date of this Information Memorandum. Further, none of our listed Group Companies have made a rights issue in the three years preceding the date of this Information Memorandum.

Name of the Company: Saregama India Limited
Year of issue: 2017
Type of issue: Employee stock option scheme
Amount of issue: Rs. 4,07,538.30
Date of allotment: August 28, 2017

Name of the Company: Firstsource Solution Limited
For other details, see table below:

| **Year of Issue** | **No. of shares allotted under employee stock option scheme** | **Exercise Price Range** |
|---|---|---|
| 2015-16 | 70,23,453 shares | Between Rs. 10 to Rs. 30.90 |
| 2016-17 | 79,93,425 shares | Between Rs. 10 to Rs. 37.3 |
| 2017-18 | 52,14,482 shares | Between Rs. 10 to Rs. 40.90 |

None of our Group Companies fall under the definition of sick industrial companies under Sick Industrial Companies (Special Provisions) Act, 1985, or declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further no winding up, insolvency or bankruptcy proceedings have been initiated against any Group Company.

As on date of this Information Memorandum, none of our Group Companies is a defunct company nor has there been an application made to the registrar of companies for striking off its name.

None of the business activities of our Group Companies are similar to that of our Company, accordingly there are no conflicts of interest or common pursuits.

CESC Limited, our Group Company, has through its letter dated January 25, 2017 granted non-objection to our Company for using the premises of our Registered Office. Except the above, none of our Group Companies are interested in any property acquired by our Company within the last three years or proposed to be acquired by our Company.

Our Group Companies do not have any interest in any transaction in acquisition of land, construction of building and supply of machinery, etc. in relation to our Company.

None of our Group Companies have provided any unsecured loans to our Company which are outstanding as of date.

None of our Group Companies have any interest in the promotion of our Company.

Except as disclosed in the "*Financial Statements - Related Party Transactions*" on page 169, no Group Company has any business interests in our Company.

Except pursuant to the Scheme, there are no business transactions between our Group Companies and our Company which are significant to the financial performance of our Company.

## RELATED PARTY TRANSACTIONS

For details of related party transactions of our Company, see "*Financial Statements*" on page 169.

## DIVIDEND POLICY

As on the date of this Information Memorandum, our Company does not have a formal dividend policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act.

The dividend, if any, will depend on a number of factors, including but not limited to our earnings, capital requirements, contractual obligations, results of operations, financial condition, cash requirements, business prospects and any other financing arrangements, applicable legal restrictions and overall financial position of our Company. Our Board may also, from time to time, declare interim dividends from the profits of the Financial Year in which such interim dividend is sought to be declared. In addition, our ability to pay dividends may be impacted by restrictive covenants under the loan or financing arrangements our Company may enter into to finance our fund requirements for our business activities.

Our Company has not declared any dividend on the Equity Shares, since its incorporation.

## SECTION VI- FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

**BATLIBOI, PUROHIT & DARBARI**
Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Spencer's Retail Limited (formerly known as RP-SG Retail Limited)

### Opinion

We have audited the accompanying interim standalone Ind AS financial statements of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) ("the Company"), which comprise the interim standalone Balance Sheet as at September 30, 2018, and the interim standalone Statement of Profit and Loss, including other comprehensive income, interim standalone Cash Flow Statement and the interim standalone Statement of Changes in Equity for the 6-month period then ended, and notes to the interim standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim standalone Ind AS financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

(a) in the case of the interim standalone Balance Sheet, of the state of affairs of the Company as at September 30, 2018;

(b) in the case of the interim standalone Statement of Profit and Loss including other comprehensive income, of the profit for the six-month period ended on that date;

(c) in the case of the interim standalone Cash Flow Statement, of the cash flows for the six-month period ended on that date; and

(d) in the case of the interim standalone Statement of Changes in Equity, of the changes in equity for the six-month period ended on that date.

### Basis for Opinion

We conducted our audit of the interim standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the interim standalone Ind AS financial statements.

### Management's Responsibility for the Interim Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim standalone financial statements that give a true and fair view of the standalone financial position, standalone financial performance including other comprehensive income, standalone cash flows and standalone changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Board of Directors of the Company are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of Company and for preventing and detecting frauds and other irregularities; the 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 interim standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, as aforesaid.

In preparing the interim standalone financial statements, Board of Directors are responsible for assessing the ability of the Company's to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Company are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Interim Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the interim standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim standalone financial statements, including the disclosures, and whether the interim standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other matters**

The comparative Ind AS Statement of Profit and Loss; Statement of Changes in Equity and Statement of Cash flows of the Company for the corresponding half year and period ended September 30, 2017 are not included in these Interim standalone Ind AS financial statements. The comparative Ind AS Statement of Profit and Loss; Statement of Changes in Equity and Statement of Cash flows of the Company for the previous period beginning February 8, 2017 and ending on March 31, 2018 has been included in these Interim Standalone Ind AS financial statements. Our opinion is not qualified in respect of this matter.

**Restriction of use**

The accompanying interim standalone Ind AS financial statements have been prepared and this report thereon issued, solely for the purpose of inclusion in the information memorandum to be filed by the Company with relevant stock exchanges for the proposed listing of equity shares of the Company. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

For **Batliboi, Purohit and Darbari**
Chartered Accountants
ICAI Firm Registration Number: 303086E

**CA Hemal Mehta**
Partner
Membership Number: 063404

Place: Kolkata
Date: 11th January, 2019

## Interim Standalone Balance sheet as at 30th September 2018

| | Notes | As at 30th September 2018 ₹ Lakhs | As at 31st March 2018 ₹ Lakhs |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 3.1 | 14,667.10 | 14,202.56 |
| (b) Capital work-in-progress | | 178.03 | 15.04 |
| (c) Intangible assets | 3.2 | 9,107.75 | 9,187.09 |
| (d) Financial assets | | | |
| (i) Investments | 4.1 | 5,531.25 | 5,503.74 |
| (ii) Loans and deposits | 5 | 3,391.29 | 2,974.82 |
| (iii) Other financial assets | 6 | 2,374.18 | 17,030.90 |
| (e) Non-current tax assets (net) | | 419.73 | 278.13 |
| (f) Other non-current assets | 7 | 1,697.64 | 1,776.99 |
| **(A) Total non-current assets** | | **37,366.97** | **50,969.27** |
| **Current assets** | | | |
| (a) Inventories | 8 | 25,205.19 | 24,249.13 |
| (b) Financial assets | | | |
| (i) Investments | 4.2 | 423.17 | - |
| (ii) Trade receivables | 9 | 5,752.20 | 3,720.68 |
| (iii) Cash and cash equivalents | 10.1 | 2,890.43 | 1,928.13 |
| (iv) Bank balances other than (iii) above | 10.2 | 5,085.16 | 8,000.00 |
| (v) Loans and deposits | 11 | - | 0.93 |
| (vi) Other financial assets | 12 | 16,252.32 | 703.37 |
| (c) Current tax assets (net) | | 3.57 | 3.28 |
| (d) Other current assets | 13 | 2,278.67 | 1,839.17 |
| **(B) Total current assets** | | **57,890.71** | **40,444.69** |
| **TOTAL ASSETS [(A)+(B)]** | | **95,257.68** | **91,413.96** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity share capital | 14 | - | - |
| (b) Equity share suspense | 15 | 3,976.71 | 3,976.71 |
| (c) Other equity | 16 | 55,329.21 | 55,022.31 |
| **(C) Total equity** | | **59,305.92** | **58,999.02** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | 17 | 81.75 | 78.04 |
| (b) Provisions | 18 | 773.49 | 813.04 |
| **(D) Total non-current liabilities** | | **855.24** | **891.08** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 19 | | |
| - Total outstanding dues of Micro and small enterprises | | - | - |
| - Total outstanding dues of creditors other than Micro and small enterprises | | 31,141.43 | 27,954.09 |
| (ii) Other financial liabilities | 20 | 1,762.63 | 1,362.72 |
| (b) Other current liabilities | 21 | 674.46 | 710.80 |
| (c) Provisions | 22 | 1,518.00 | 1,496.25 |
| **(E) Total current liabilities** | | **35,096.52** | **31,523.86** |
| **TOTAL EQUITY AND LIABILITIES [(C) +(D)+(E)]** | | **95,257.68** | **91,413.96** |

The accompanying notes form an integral part of these Interim Standalone Financial Statements.

This is the Interim Standalone Balance Sheet referred to in our Report of even date.

**For Batliboi, Purohit & Darbari**
Firm Registration Number - 303086E
Chartered Accountants

CA Hemal Mehta
Partner
Membership No. 063404

BATLIBOI PUROHIT & DARBARI
7, Waterloo Street, Kolkata 700069
Chartered Accountants

**For and on behalf of Board of Directors**

Shashwat Goenka
**Shashwat Goenka**
**Director**
DIN: 03486121

**Sanjiv Goenka**
**Chairman**
DIN: 00074796

**Rahul Nayak**
**Whole-time Director**
DIN: 06491536

Navin Kr. Rathi
**Navin Kumar Rathi**
**Company Secretary**

**Arvind Kumar Vats**
**Chief Financial Officer**

SPENCER'S RETAIL LIMITED KOLKATA 700001

Place : Kolkata
Date : 11th January 2019

## Spencer's Retail Limited (formerly known as RP-SG Retail Limited)

### Interim Standalone Statement of Profit and Loss for the half year ended 30th September 2018

| | Notes | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|---|
| **Income:** | | | |
| Revenue from operations | 23 | 1,09,023.91 | 1,04,285.96 |
| Other income | 24 | 1,310.72 | 894.97 |
| **Total Income (I)** | | **1,10,334.63** | **1,05,180.93** |
| **Expenses:** | | | |
| Purchase of stock-in-trade | | 86,547.69 | 83,929.59 |
| Changes in inventories of traded goods and finished goods | 25 | (1,014.61) | (659.65) |
| Cost of raw materials consumed | 26 | 340.53 | 475.93 |
| Employee benefits expense | 27 | 7,442.17 | 7,209.37 |
| Other expenses | 28 | 14,917.13 | 13,287.78 |
| **Total Expenses (II)** | | **1,08,232.91** | **1,04,243.02** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA) [(I)-(II)]** | | **2,101.72** | **937.91** |
| Depreciation and amortisation | 29 | 1,169.29 | 1,468.14 |
| Finance costs | 30 | 412.46 | 379.92 |
| **Profit / (loss) before tax (III)** | | **519.97** | **(910.15)** |
| **Tax expense:** | | | |
| Current tax- minimum alternative tax | | 152.07 | - |
| **Profit/(Loss) for the period (IV)** | | **367.90** | **(910.15)** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| (a) Remeasurement of defined benefit plans [net of tax of ₹15.62 Lakhs (previous period : Nil)] | | (61.00) | (32.77) |
| **Other Comprehensive Income for the period (V)** | | **(61.00)** | **(32.77)** |
| **Total Comprehensive Income for the period [(IV)+(V)]** | | **306.90** | **(942.92)** |
| **Earnings per share - Basic and Diluted** [Nominal value per equity share ₹ 5 (previous period : ₹ 5)] | 31 | 0.46 | (2.62) |

The accompanying notes form an integral part of these Interim Standalone Financial Statements

This is the Interim Standalone Statement of Profit and Loss referred to in our Report of even date.

**For Batliboi, Purohit & Darbari**
Firm Registration Number - 303086E
Chartered Accountants

CA Hemal Mehta
Partner
Membership No. 063404

BATLIBOI PUROHIT & DARBARI * 7, Waterloo Street, Kolkata 700069 * Chartered Accountants

**For and on behalf of Board of Directors**

**Shashwat Goenka**
**Director**
DIN: 03486121

**Sanjiv Goenka**
**Chairman**
DIN: 00074796

**Rahul Nayak**
**Whole-time Director**
DIN: 06491536

**Navin Kumar Rathi**
**Company Secretary**

**Arvind Kumar Vats**
**Chief Financial Officer**

Place : Kolkata
Date : 11th January 2019

SPENCER'S RETAIL LIMITED KOLKATA 700001

## Spencer's Retail Limited (formerly known as RP-SG Retail Limited)
### Interim Standalone Statement of Changes in Equity for the half year ended 30th September 2018

| | As at 30th September 2018 | | As at 31st March 2018 | |
|---|---|---|---|---|
| | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| **A. Equity share capital** | - | - | - | - |
| **B. Equity share suspense *** | | | | |
| Equity shares of ₹ 5 each | 7,95,34,226 | 3,976.71 | 7,95,34,226 | 3,976.71 |

* Represents equity shares subsequently alloted on 14th November 2018.

**C. Other equity**

₹ Lakhs

| Particulars | Reserves and Surplus: Capital Reserve | Reserves and Surplus: Retained Earnings | Total |
|---|---|---|---|
| **Balance as at 8th February 2017** | - | - | - |
| Loss for the period | - | (910.15) | (910.15) |
| Acquired pursuant to the Scheme (refer note 42) | 55,965.23 | - | 55,965.23 |
| Remeasurement of defined benefit plans | - | (32.77) | (32.77) |
| **Balance at 31st March 2018** | **55,965.23** | **(942.92)** | **55,022.31** |
| Profit for the period | - | 367.90 | 367.90 |
| Remeasurement of defined benefit plans | - | (61.00) | (61.00) |
| **Balance at 30th September 2018** | **55,965.23** | **(636.02)** | **55,329.21** |

The accompanying notes form an integral part of these Interim Standalone Financial Statements

This is the Interim Standalone Statement of Changes in Equity referred to in our Report of even date.

**For Batliboi, Purohit & Darbari**
Firm Registration Number - 303086E
Chartered Accountants

CA Hemal Mehta
Partner
Membership No. 063404

BATLIBOI PUROHIT & DARBARI * 7, Waterloo Street, Kolkata 700069 * Chartered Accountants

Place : Kolkata
Date : 11th January 2019

**For and on behalf of Board of Directors**

**Shashwat Goenka**
**Director**
DIN: 03486121

**Sanjiv Goenka**
**Chairman**
DIN: 00074796

**Rahul Nayak**
**Whole-time Director**
DIN: 06491536

**Navin Kumar Rathi**
**Company Secretary**

**Arvind Kumar Vats**
**Chief Financial Officer**

SPENCER'S RETAIL LTD. KOLKATA 700001

## Spencer's Retail Limited (formerly known as RP-SG Retail Limited)
### Interim Standalone Cash Flow Statement for the half year ended 30th September 2018

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Profit / (loss) before tax** | 519.97 | (910.15) |
| Adjustments : | | |
| Depreciation and amortisation | 1,169.29 | 1,468.14 |
| Provision for Bad and Doubtful Debts/ Bad debts / irrecoverable balances written off | 68.20 | 84.11 |
| Provision for Doubtful Store Lease Deposits/ Advances | 13.31 | - |
| Interest expense (excluding interest cost on actuarial valuation and asset retirement obligation) | 14.97 | 1.42 |
| Fair value gain on non-current investments | (56.57) | - |
| Net gain on sale of investments | (38.93) | (62.41) |
| Interest income | (958.25) | (809.20) |
| (Gain)/Loss on sale/discard of Property, Plant & Equipments and Intangible assets | (18.81) | 3.48 |
| Provision for decommissioning liability (net) | 23.45 | 16.09 |
| Interest on preference share suspense | 3.71 | 78.04 |
| Provision for obsolete stocks | 101.80 | 246.84 |
| **Operating Loss before working capital changes** | **842.14** | **116.36** |
| **Movement in working capital:** | | |
| Decrease / (increase) in trade payables | 3,187.34 | (1,597.67) |
| Increase / (decrease) in other financial liabilities | 126.41 | (3,422.60) |
| (Decrease) in other current liabilities | (36.34) | (47.76) |
| (Decrease) in provisions | (125.69) | (80.75) |
| (Increase) / decrease in trade receivables | (2,099.72) | 1,273.63 |
| (Increase) in inventories | (1,057.86) | (643.14) |
| (Increase) / decrease in other financial assets | (450.89) | 70.25 |
| (Increase) / decrease in loans and deposits | (428.85) | 181.98 |
| (Increase) in other assets | (571.41) | (134.76) |
| **Net cash used in operating activities (A)** | **(614.87)** | **(4,284.46)** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipments, including intangible assets, capital work in progress and capital advances | (1,533.58) | (632.64) |
| Proceeds from sale of property, plant and equipments | 33.86 | 8.45 |
| Investment in subsidiary company | (355.00) | (4,818.57) |
| Proceed from sale of / (investment in) investments | 29.15 | (375.00) |
| Proceeds from sale of mutual fund units | 5,515.74 | 15,962.40 |
| Purchase of mutual fund units | (5,900.00) | (15,355.29) |
| Redemption/maturity of bank deposits (having original maturity of less than three mont | 15,320.44 | 40,995.77 |
| Investments in bank deposits (having original maturity of more than three months) | (12,422.18) | (59,985.59) |
| Interest received | 888.99 | 560.19 |
| **Net cash flow from / (used in) investing activities (B)** | **1,577.42** | **(23,640.28)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Setoff/Proceeds/(Repayment) from short-term borrowings (net) | - | 8,210.57 |
| Proceeds from Issue of Share Capital (including securities premium) | - | 5.00 |
| Interest paid | (0.25) | (18.81) |
| **Net cash flow (used in) / from financing activities (C)** | **(0.25)** | **8,196.76** |
| **Net increase / (decrease) in Cash and Cash equivalents (A+B+C)** | **962.30** | **(19,727.98)** |
| Cash and cash equivalents acquired pursuant to scheme of restructuring (refer Note 42) | - | 21,656.11 |
| Cash and cash equivalents at the beginning of the period | 1,928.13 | - |
| **Cash and cash equivalents at the end of the period** | **2,890.43** | **1,928.13** |
| **Components of cash and cash equivalents** | | |
| With banks-on current account | 1,144.82 | 1,156.16 |
| Balance with Credit Card, E-Wallet Companies & Others | 809.96 | 405.99 |
| Cash in hand | 935.65 | 365.98 |
| **Total cash and cash equivalents (Refer Note 10.1)** | **2,890.43** | **1,928.13** |

Change in Liability arising from financing activities

| Particulars | As on 1st April 2018 | Cash flows from financing activities | Non-cash changes | As on 30th September 2018 |
|---|---|---|---|---|
| Financial liabilities* | 78.04 | - | 3.71 | 81.75 |

* Pertains to preference shares suspense (refer note 17)

The accompanying notes form an integral part of these Interim Standalone Financial Statements

This is the Interim Standalone Cash Flow Statement referred to in our Report of even date.

For Batliboi, Purohit & Darbari
Firm Registration Number - 303086E
Chartered Accountants

CA Hema Mehta
Partner
Membership No. 063404

For and on behalf of Board of Directors

Shashwat Goenka
Director
DIN: 03486121

Sanjiv Goenka
Chairman
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Rahul Nayak
Whole-time Director
DIN: 06491536

Navin Kumar Rathi
Company Secretary

Arvind Kumar Vats
Chief Financial Officer

BATLIBOI PUROHIT & DARBARI Chartered Accountants 7, Waterloo Street, Kolkata 700069

Place : Kolkata
Date : 11th January 2019

SPENCER'S RETAIL LIMITED KOLKATA 700001

1 **Corporate Information**

Spencer's Retail Limited (formerly known as RP-SG Retail Limited) ("the Company") is a public limited company incorporated under the provisions of the Companies Act, 2013 ("the Act") under the corporate identity number U74999WB2017PLC219355 having its registered office at CESC House, Chowringhee Square, Kolkata- 700001. The name of the Company was subsequently changed from "RP-SG Retail Limited" to "Spencer's Retail Limited" vide certificate of incorporation pursuant to change of name issued by the Registrar of Companies, Kolkata dated 13th December 2018.

The Company is primarily engaged in developing, conducting, investing and promoting organised retail and operates departmental and neighbourhood stores under various formats across the country.

2 **Basis of Preparation**

These special purpose interim standalone financial statements ("the interim standalone financial statements") of the Company for the period ended 30th September 2018 have been prepared in accordance with Ind AS 34 "Interim Financial Reporting" specified under Section 133 of the Act read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2013 ("the Rules"), as amended for the limited purpose of inclusion in the Information Memorandum to be filed with Stock Exchanges. Accordingly the comparative number for interim standalone statement of profit and loss, interim standalone statement of changes in equity and interim standalone cash flow statement has been given for the period 8th February 2017 to 31 March 2018, instead of April to September 2017.

The interim standalone financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which had been measured at fair value. (refer accounting policy regarding interim standalone financial instruments).

2.1 **Significant Accounting Policies**

a) **Property, plant and equipment**

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure in respect of improvements, etc. carried out at the rented / leased premises are capitalised and depreciated over the initial period of lease or useful life of assets, whichever is lower.
Expenditure incurred in setting up of stores are capitalized as a part of Leasehold improvements.

The present value of the expected cost to be incurred on removal of assets at the time of store closure is included in the cost of leasehold improvements. Gains or losses arising from derecognition of property, plant and equipment 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.
Depreciation on Property, Plant and Equipment is calculated on a straight-line basis using the rates arrived based on the useful lives estimated by the management, which is as follows:

| Class of Assets | Useful lives estimated by the management (years) |
|---|---|
| Computers and hardware | 3 to 6 years |
| Furniture and fixtures | 3 to 15 years |
| Vehicles | 5 years |
| Office equipments | 5 years |
| Plant and machineries | 15 to 25 years |

The management has estimated, based on the Company's internal evaluation, the useful lives of certain plant and machinery, furniture and fixtures and computer and hardware between 15 to 25 years, 3 to 15 years and 3 to 6 years, respectively. The management believes that these estimated useful life are realistic and reflect fair approximation of the period over which the asset are likely to be used.
The carrying amount of assets is reviewed at each balance sheet date, to determine if there is any indication of impairment based on the internal/external factors. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount which is the greater of net selling price and value in use of the respective assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

b) **Intangible assets**

Acquired computer softwares, trademark, knowhow and licenses are capitalised on the basis of the costs incurred to acquire and bring the specific asset to its intended use and subsequently at cost less accumulated amortisation and accumulated impairment loss, if any.
Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an impairment indicator. The amortisation expense is recognised in the statement of profit and loss.
Gain or loss arising on disposal of the intangible asset is included in the statement of profit and loss.
A summary of the amortisation period applied to the Company's intangible assets is, as follows:

| Class of Assets | Useful lives estimated by the management (years) |
|---|---|
| Computer softwares | 6 years |
| Knowhow and licenses | 10 years |

The Company has considered infinite life for Trade mark and hence it is tested for impairment annually.

c) **Borrowing cost**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Batliboi Purohit & Darbari, Chartered Accountants, 7, Waterloo Street, Kolkata 700069

Spencer's Retail Limited, Kolkata 700001

**d) Investments**

Investment in equity instruments are measured at Fair Value through Other Comprehensive Income (FVTOCI). All fair value changes on such investments, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Investments in units of Mutual Funds and Alternative Investment Fund are accounted for at fair value and the changes in fair value are recognised in Statement of Profit and Loss.

**e) Impairment of financial assets**

In accordance with Ind AS 109: Financial Instruments, the Company recognises impairment loss allowance on deposits based on historically observed default rates. Impairment loss allowance recognised/reversed during the period are charged/written back to Statement of Profit and Loss.

**f) Inventories**

Traded goods and packing materials are valued at lower of cost and net realizable value. Cost includes purchase price and other incidental expenses. Cost is determined under moving weighted average method.

Raw materials are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Obsolete, slow moving and defective inventories are identified from time to time and where necessary a provision is made for such inventories.

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

**g) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**h) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**i) Retirement and other employee benefits**

Retirement benefits in the form of Provident & Superannuation Funds are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and contribution, by way of premium is paid to Life Insurance Corporation of India (L.I.C.), under the Company Gratuity Scheme. Gratuity liability is provided based on actuarial valuation on projected unit credit method done at the end of each period.
Long term compensated absences are provided for on the basis of actuarial valuation carried out at the period end as per projected unit credit method.
The current and non current bifurcation has been done as per the Actuarial report.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:
(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
(ii) Net interest expense or income

**j) Foreign Currency Transactions**

Transactions in foreign currencies are initially recorded in reporting currency by the Company at spot rates at the date of transaction. The Company's functional currency and reporting currency is same i.e. Indian Rupees.
Foreign currency monetary items are reported using the closing rate. Foreign currency non-monetary items measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

**k) Revenue Recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognised

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**Sale of goods**

Revenue recognised from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. The Company collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Accordingly, they are excluded from revenue.

Where the Company is the principal in the transaction the sales are recorded at their gross values. Where the Company is effectively the agent in the transaction, the cost of the merchandise is disclosed as a deduction from the gross value.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Any amounts received from merchandiser for which the Company do not provide any distinct good or service are considered as a reduction of purchase costs.

**Income from Recoveries and Services**

Income from recoveries and services mainly represents recoveries made on account of advertisement for use of space by the customers and other expenses charged from suppliers and are recognized and recorded based on the arrangements with concerned parties. The Company collects Goods and 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.

The Company has contracts with concessionaire whereby the Company provides its store space for facilitating the sales of the products of these concessionaires. Thus, the Company is an agent and records revenue at the net amount that it retains for its agency services.

**Interest Income**

Interest income is recorded using the effective interest rate (EIR). Interest income is included as finance income in the Statement of Profit and Loss.

**l) Taxes**

**Current income tax**

Current income tax is measured at the amount expected to be paid, if any to the tax authorities in accordance with Indian Income Tax Act, 1961. Management periodically evaluates positions taken in the tax returns vis-a-vis positions taken in books of account, which are subject to interpretation, and creates provisions where appropriate.

**Deferred tax**

Deferred tax is provided on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

**m) Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating lease. Operating lease payments as per terms of the agreement are recognised as an expense in the Statement of Profit and Loss representing the time pattern of benefit to the Company as per specific lease terms.

**n) Earnings per Share**

Basic earnings per share is calculated by dividing the net profit or loss before Other Comprehensive Income for the period 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 before Other Comprehensive Income for the period and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**o) Contingent liabilities**

A contingent liabilities is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the interim standalone financial statements.

**p) Business combination**

Business combination involving entities or businesses under common control are accounted for using the pooling of interest method whereby the assets and liabilities of the combining entities / business are reflected at their carrying value and necessary adjustments , if any, have been given effect to as per the scheme approved by National Company Law Tribunal.

**q) Measurement of EBITDA**

The Company has elected to present earnings before interest, tax expenses, depreciation and amortization expenses (EBITDA) as a separate line item on the face of the Statement of Profit and Loss.

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## Spencer's Retail Limited (formerly known as RP-SG Retail Limited)
### Notes to Interim Standalone Financial Statements as at and for the half year ended 30th September 2018

**3.1 Property, plant and equipment**

₹ Lakhs

| | Leasehold improvements | Plant and machineries | Computer hardwares | Vehicles | Furniture and fixtures | Office equipments | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | |
| **Cost** | | | | | | | |
| **As at 8th February 2017** | - | - | - | - | - | - | - |
| Acquired pursuant to the Scheme (refer note 42) | 9,098.25 | 4,199.80 | 1,514.48 | 22.96 | 6,433.70 | 131.97 | 21,401.16 |
| Additions | 6.45 | 183.79 | 207.73 | - | 96.27 | 4.60 | 498.84 |
| Disposals | 174.84 | 13.22 | 8.72 | 3.41 | 29.59 | 0.34 | 230.12 |
| **As at 31st March 2018** | **8,929.86** | **4,370.37** | **1,713.49** | **19.55** | **6,500.38** | **136.23** | **21,669.88** |
| Additions during the period | 455.21 | 372.87 | 222.89 | - | 500.48 | 4.70 | 1,556.15 |
| Disposals | 3.15 | 33.00 | 32.21 | | 74.89 | - | 143.24 |
| **As at 30th September 2018** | **9,381.92** | **4,710.24** | **1,904.17** | **19.55** | **6,925.97** | **140.93** | **23,082.79** |
| **Accumulated depreciation** | | | | | | | |
| **As at 8th February 2017** | | | | | | | |
| Acquired pursuant to the Scheme (refer note 42) | 2,135.98 | 901.45 | 922.74 | 13.40 | 2,326.77 | 20.00 | 6,320.34 |
| Depreciation for the period (refer note 29) | 433.49 | 234.64 | 175.77 | 8.23 | 502.86 | 7.16 | 1,362.15 |
| Disposals | 174.84 | 11.85 | 6.17 | 3.41 | 18.66 | 0.24 | 215.17 |
| **As at 31st March 2018** | **2,394.63** | **1,124.24** | **1,092.34** | **18.22** | **2,810.97** | **26.92** | **7,467.32** |
| Depreciation for the period (refer note 29) | 367.15 | 238.15 | 151.11 | 0.25 | 312.73 | 7.08 | 1,076.47 |
| Disposals | 2.99 | 25.89 | 32.10 | - | 67.12 | - | 128.10 |
| **As at 30th September 2018** | **2,758.79** | **1,336.50** | **1,211.34** | **18.47** | **3,056.58** | **34.00** | **8,415.69** |
| **Net carrying amount** | | | | | | | |
| **As at 8th February 2017** | - | - | - | - | - | - | - |
| **As at 31st March 2018** | **6,535.23** | **3,246.13** | **621.15** | **1.33** | **3,689.41** | **109.31** | **14,202.56** |
| **As at 30th September 2018** | **6,623.13** | **3,373.74** | **692.83** | **1.08** | **3,869.39** | **106.93** | **14,667.10** |

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3.2 **Intangible assets**

₹ Lakhs

| | Computer Softwares | Know-How and Licenses | Trade Mark * | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| **Cost** | | | | |
| **As at 8th February 2017** | | | | |
| Acquired pursuant to the scheme (refer note 42) | 758.10 | 295.05 | 8,625.00 | 9,678.15 |
| Additions | 52.31 | - | - | 52.31 |
| Disposals | 2.47 | - | - | 2.47 |
| **As at 31st March 2018** | **807.94** | **295.05** | **8,625.00** | **9,727.99** |
| Additions | 13.48 | - | - | 13.48 |
| **As at 30th September 2018** | **821.42** | **295.05** | **8,625.00** | **9,741.47** |
| **Accumulated amortisation** | | | | |
| **As at 8th February 2017** | | | | |
| Acquired pursuant to the scheme (refer note 42) | 286.59 | 150.67 | - | 437.26 |
| Amortisation for the period (refer note 29) | 78.63 | 27.36 | - | 105.99 |
| Disposals | 2.35 | - | - | 2.35 |
| **As at 31st March 2018** | **362.87** | **178.03** | - | **540.90** |
| Amortisation for the period (refer note 29) | 64.85 | 27.97 | - | 92.82 |
| **As at 30th September 2018** | **427.72** | **206.00** | - | **633.72** |
| **Net carrying amount** | | | | |
| **As at 8th February 2017** | - | - | - | - |
| **As at 31st March 2018** | **445.07** | **117.02** | **8,625.00** | **9,187.09** |
| **As at 30th September 2018** | **393.70** | **89.05** | **8,625.00** | **9,107.75** |

* Trade mark has been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. The indefinite life intangible assets are tested for impairment annualy.

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**4 Investments**

**4.1 Non-current**

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Unquoted** | | |
| **Investments in equity instruments (at FVTOCI)** | | |
| **Subsidiary :** | | |
| Omnipresent Retail India Private Limited of ₹ 10 each: 3,90,46,579 equity shares as at 30th September 2018 (31st March 2018: 3,90,46,579 equity shares) | 4,818.58 | 4,818.58 |
| **Others :** | | |
| Retailer's Association of India: 10,000 equity share as at 30th September 2018 (31st March 2018: 10,000) | 1.00 | 1.00 |
| **Investment in Alternative Investment Fund (at FVTPL)** | | |
| Fireside Ventures Investment Fund of ₹100,000 each : 729.69 units as at 30th September 2018 (31st March 2018: 750 units) | 711.67 | 684.16 |
| | 5,531.25 | 5,503.74 |

**4.2 Current**

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Quoted** | | |
| **Investment in Mutual Fund (at FVTPL)** | | |
| 20,27,165.925 units of ₹ 10.1421 each of IDFC Ultra Short Term Fund- Growth- (Direct Plan) (31st March 2018: Nil) | 205.60 | - |
| 7,96,051.584 units of ₹ 25.5448 each of IDFC Low Duration Fund- Growth- (Direct Plan) (31st March 2018: Nil) | 203.34 | - |
| 178.586 units of ₹ 2,186.8661 each of IDFC Cash Fund- Growth-(Direct Plan) (31st March 2018: Nil) | 3.91 | - |
| 1,187.127 units of ₹ 289.4784 each of Adiya Birla Sun life Liquid Fund - Growth Option(31st March 2018: Nil) | 3.43 | - |
| 55.481 units of ₹ 3,545.7911 each HDFC Liquid Fund- Growth option (31st March 2018: Nil) | 1.97 | - |
| 111.887 units of ₹ 4,394.4298 each of Reliance Liquid Fund- Direct plan - Growth Option (31st March 2018: Nil) | 4.92 | - |
| | 423.17 | - |

Aggregate amount of unquoted investments as at 30th September 2018 : ₹ 5,531.25 Lakhs (31st March 2018: ₹ 5,503.74 Lakhs)

**5 Loans and deposits (at amortised cost)**

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Deposits** | | |
| Considered good | 3,391.29 | 2,974.82 |
| Significant increase in credit risk | 13.35 | 13.95 |
| Credit impaired | 145.30 | 131.99 |
| | 3,549.94 | 3,120.76 |
| Impairment allowance: | | |
| Significant increase in credit risk | (13.35) | (13.95) |
| Credit impaired | (145.30) | (131.99) |
| | 3,391.29 | 2,974.82 |

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**6 Other financial assets (at amortised cost)**

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Other bank balances | | |
| - Bank deposits with original maturity for more than 12 months | 0.50 | 15,300.00 |
| - Margin money deposit * | 1,878.15 | 1,640.88 |
| Advances to related parties | | |
| - Share application money to subsidiary | 355.00 | - |
| Interest accrued on bank deposits | 136.03 | 89.81 |
| Advances to employees | 4.50 | 0.21 |
| | 2,374.18 | 17,030.90 |

* Margin money deposits of ₹1,878.15 Lakhs (31st March 2018: ₹ 1,640.88 Lakhs) are encumbered with banks against bank guarantees and overdraft facilities.

**7 Other non-current assets (at amortised cost)**

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Capital advances | | |
| Considered good | 97.77 | 14.57 |
| Considered doubtful | 3.54 | 3.54 |
| | 101.31 | 18.11 |
| Less: considered doubtful | (3.54) | (3.54) |
| | 97.77 | 14.57 |
| Advances other than capital advances: | | |
| Prepaid expenses | 1,567.52 | 1,731.39 |
| Deposits for claims and tax disputes | 32.35 | 31.03 |
| | 1,697.64 | 1,776.99 |

**8 Inventories**

(at lower of cost and net realisable value)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Raw materials | 87.38 | 79.29 |
| Finished goods | 14.97 | 18.50 |
| Stock-in-trade | 25,592.04 | 24,573.90 |
| Less : Provision for obsolete stock | (811.80) | (694.28) |
| | 24,780.24 | 23,879.62 |
| Packing materials | 333.75 | 298.59 |
| Less : Provision for obsolete stock | (11.15) | (26.87) |
| | 322.60 | 271.72 |
| | 25,205.19 | 24,249.13 |

**9 Trade receivables (at amortised cost)**

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Considered good | 5,752.20 | 3,720.68 |
| Credit impaired | 149.70 | 81.50 |
| | 5,901.90 | 3,802.18 |
| Less: allowance for credit impaired receivable | (149.70) | (81.50) |
| | 5,752.20 | 3,720.68 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Refer note 36 for receivables from related parties.

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## 10 Cash and bank balances

### 10.1 Cash and cash equivalents

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Balance with banks | | |
| - On current accounts | 1,144.82 | 1,156.16 |
| Balance with credit card, e-wallet companies and others | 809.96 | 405.99 |
| Cash on hand | 935.65 | 365.98 |
| | 2,890.43 | 1,928.13 |

### 10.2 Other bank balances

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Deposits with original maturity of more than 3 months and less than 12 months | 5,085.16 | 8,000.00 |
| | 5,085.16 | 8,000.00 |

## 11 Loans and deposits (at amortised cost)

(Unsecured, considered good)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Deposits | - | 0.93 |
| | - | 0.93 |

## 12 Other financial assets (at amortised cost)

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Other bank balances | | |
| - Bank deposits with original maturity for more than 12 months | 15,319.12 | 239.81 |
| Interest accrued on bank deposits | 145.86 | 122.82 |
| Advances to employees | 57.24 | 40.35 |
| Other receivables | 730.10 | 300.39 |
| | 16,252.32 | 703.37 |

## 13 Other current assets

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Advances recoverable in cash or in kind | 689.75 | 325.09 |
| Prepaid expenses | 1,029.11 | 655.37 |
| Balance with statutory / government authorities | 559.81 | 858.71 |
| | 2,278.67 | 1,839.17 |

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14 **Equity share capital**

| | 30th September 2018 | | 31st March 2018 | |
|---|---|---|---|---|
| | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| **Authorised** | | | | |
| Equity shares of ₹ 5 each | 2,99,01,00,000 | 1,49,505.00 | 2,99,01,00,000 | 1,49,505.00 |
| Preference shares of ₹ 100 each | 5,00,000 | 500.00 | 5,00,000 | 500.00 |
| | 2,99,06,00,000 | 1,50,005.00 | 2,99,06,00,000 | 1,50,005.00 |

15 **Equity share suspense**

| | 30th September 2018 | | 31st March 2018 | |
|---|---|---|---|---|
| | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| **Equity shares to be issued pursuant to the Scheme (refer note 42)** | | | | |
| Equity shares of ₹ 5 each | 7,95,34,226 | 3,976.71 | 7,95,34,226 | 3,976.71 |

**Note:**

1) 7,95,34,226 equity shares of ₹ 5 each amounting to ₹ 3,976.71 Lakhs is the proposed equity share capital of the Company effective from 1st October, 2017 post restructuring. The Company is in the process of listing its equity shares in the recognised Stock exchanges in India, hence the share capital stands unallotted and disclosed under equity share suspense account.

2) In terms of the Scheme, the paid up equity share capital of ₹ 5.00 lakhs of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) pertaining to the period prior to the Appointed date i.e. 1st October 2017 stands cancelled and reduced (refer note 42).

3) The equity shares have been subsequently allotted on 14th November 2018.

16 **Other equity**

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| **16.1 Capital reserve** | | |
| Balance as at begining of the period | 55,965.23 | - |
| Acquired during the period [refer note (i) below] | - | 55,965.23 |
| **Balance as at end of the period** | 55,965.23 | 55,965.23 |

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| **16.2 Retained earnings** | | |
| Balance as at begining of the period | (942.92) | - |
| Remeasurement of defined benefit plans | (61.00) | (32.77) |
| Profit / (loss) for the period | 367.90 | (910.15) |
| **Balance as at end of the period** | (636.02) | (942.92) |
| | 55,329.21 | 55,022.31 |

i) **Capital Reserve**
Capital reserve represents amount transferred pursuant to the Scheme (refer note 42).

ii) **Retained earnings**
Retained earnings includes reserves created out of profits and remeasurement gains/ losses on defined benefit plans.

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## 17 Financial liabilities (at amortised cost)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Preference share suspense *** | | |
| 0.01% non-cummulative non-convertible redeemable preference shares of ₹100 each: 500,000 shares as at 30th September 2018 (31st March 2018: 500,000 shares) to be issued pursuant to the Scheme (refer note 42) | 81.75 | 78.04 |
| | 81.75 | 78.04 |

* subsequently allotted on 14th November 2018

**Rights, preferences and restrictions attached to preference shares to be issued :**
The non-convertible non-cumulative redeemable 500,000 preference shares of ₹100 each carrying dividend @ 0.01% per annum redeemable at par after 20 years from date of allotment.

## 18 Provisions

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Provisions for employee benefits** | | |
| Gratuity (refer note 35) | 259.45 | 307.00 |
| Leave | 243.76 | 259.21 |
| | 503.21 | 566.21 |
| **Other provisions** | | |
| Provision for decommissioning liability (refer note below) | 270.28 | 246.83 |
| | 773.49 | 813.04 |

**Note:**
A provision is recognised for expected cost of removal of assets situated at various rented premises and is measured at the present value of expected costs to settle the obligation. The table below gives information about the movement in provision for decommissioning liability :

| Movement of provision for decommissioning liability | For the period ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Opening balance | 246.83 | - |
| Add: Acquired pursuant to the Scheme (refer note 42) | | 230.74 |
| Add: Provision created during the period | 23.45 | 19.23 |
| Less: Provision reversed / utilised during the period | - | (3.14) |
| **Closing balance** | 270.28 | 246.83 |

## 19 Trade payables

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Total outstanding dues of micro and small enterprises | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | 31,141.43 | 27,954.09 |
| | 31,141.43 | 27,954.09 |

Trade payable are non interest brearing and are normaly settled on 30 to 180 days term.

Refer note 36 for dues to related parties.

## 20 Other financial liabilities (at amortised cost)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Book overdraft | 174.44 | - |
| Sundry deposits | 343.04 | 319.64 |
| Liability for capital goods | 485.09 | 215.30 |
| Others | | |
| - Payable to employees | 760.06 | 827.78 |
| | 1,762.63 | 1,362.72 |

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21 **Other current liabilities**

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| Advances from customers | 441.47 | 361.39 |
| Statutory dues | 232.99 | 349.41 |
| | **674.46** | **710.80** |

22 **Provisions**

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| **Provisions for employee benefits** | | |
| Gratuity (refer note 35) | 19.97 | 17.20 |
| Leave | 14.16 | 13.10 |
| | **34.13** | **30.30** |
| **Other provisions** | | |
| Tax disputes [refer note (a) below] | 293.53 | 293.53 |
| Claims on leased properties [refer note (b) below] | 1,190.34 | 1,172.42 |
| | **1,518.00** | **1,496.25** |

**Note:**

(a) The management has estimated the provisions for pending disputes, claims and demands relating to indirect taxes based on it's assessment of probability for these demands crystallising against the company in due course.

| Movement of provision for tax disputes | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| Opening balance | 293.53 | - |
| Acquired pursuant to the Scheme (refer note 42) | - | 291.33 |
| Provision created during the period | - | 2.20 |
| **Closing balance *** | **293.53** | **293.53** |

* Net of deposits as at 30th September 2018 ₹ 51.89 Lakhs (31st March 2018: ₹ 51.89 Lakhs) made under appeal

(b) **Claims on leased properties**

Retailers Association of India (RAI) of which the Company is a member, has filed Special Leave Petition before the Hon'ble Supreme Court of India, about the applicability of service tax on commercial rent on immovable property. Pending disposal of the case, the Supreme Court has passed an interim ruling in October 2011 directing the members of RAI to pay 50% of total service tax liability up to September 2011 to the department and to furnish a surety for balance 50%. The Supreme Court has also clarified that the successful party in the appeal shall be entitled to interest on the amount stayed by the Court, at such rate as may be directed at the time of the final disposal of appeal. Accordingly the Company has already deposited ₹460 Lakhs and furnished a surety for ₹460 Lakhs towards the balance service tax liability, while interest, whose quantum and applicability is presently not ascertainable, will be provided on the disposal of the petition, if required.

Further, the Company has also been making provision for service tax on rent from October 2011 onwards, the balance whereof as on 30th September 2018 is ₹1,190.34 Lakhs (31st March 2018: ₹ 1,172.42 Lakhs).

| Movement of provision for claims on leased properties | For the period ended 30th September 2018 | For the period 8th February 2017 to 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| Opening balance | 1,172.42 | - |
| Acquired pursuant to the Scheme (refer note 42) | - | 1,137.49 |
| Provision created during the period | 17.92 | 79.36 |
| Provision reversed / paid during the period | - | (44.43) |
| **Closing balance** | **1,190.34** | **1,172.42** |

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## 23 Revenue from operations

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Sales of goods | 1,14,071.92 | 1,06,965.47 |
| Sale of concessionaire products | 1,952.75 | 1,643.48 |
| Total | 1,16,024.67 | 1,08,608.95 |
| Less: Tax | (10,815.23) | (10,603.19) |
| Less: Cost of goods sold for concessionaire products | (1,483.26) | (1,246.08) |
| | 1,03,726.18 | 96,759.68 |
| Other operating revenue | 5,297.73 | 7,526.28 |
| | 1,09,023.91 | 1,04,285.96 |

## 24 Other income

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Interest income | | |
| - Bank deposits | 843.87 | 718.58 |
| - Rental deposits | 106.93 | 90.62 |
| - Others | 7.45 | - |
| Gain on sale of investments | 38.93 | 62.41 |
| Fair value gain on non-current investments | 56.57 | - |
| Net gain on sales of property, plant and equipment | 18.81 | - |
| Miscellaneous income | 238.16 | 23.36 |
| | 1,310.72 | 894.97 |

## 25 Changes in inventories of traded and finished goods

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Inventories at the beginning of the period | 24,592.40 | - |
| Inventories acquired pursuant to the Scheme (refer note 42) | - | 23,932.75 |
| Inventories at the end of the period | 25,607.01 | 24,592.40 |
| Changes in inventories of traded and finished goods | (1,014.61) | (659.65) |

## 26 Cost of raw materials consumed

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Inventory at the beginning of the period | 79.29 | - |
| Inventories acquired pursuant to the Scheme (refer note 42) | - | 87.57 |
| Purchases during the period | 348.62 | 467.65 |
| | 427.91 | 555.22 |
| Inventories at the end of the period | (87.38) | (79.29) |
| Cost of raw materials consumed | 340.53 | 475.93 |

## 27 Employee benefits expense

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Salaries, wages and bonus | 6,715.43 | 6,470.60 |
| Contribution to provident and other funds (refer note 35) | 413.42 | 443.12 |
| Staff welfare expenses | 313.32 | 295.65 |
| | 7,442.17 | 7,209.37 |

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28 Other expenses

| | | For the half year ended 30th September 2018 ₹ Lakhs | | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|---|---|
| Power and fuel | | 2,284.92 | | 1,803.58 |
| Freight | | 97.13 | | 111.90 |
| Rent [refer note 33 (a)] | | 5,269.81 | | 4,879.37 |
| Repairs and maintenance | | | | |
| - Plant and machinery | | 0.01 | | 0.24 |
| - Buildings | | 155.08 | | 180.50 |
| - Others | | 1,306.87 | | 1,348.48 |
| Insurance | | 33.73 | | 36.36 |
| Rates and taxes | | 313.86 | | 227.64 |
| Advertisement and selling expenses | | 1,630.30 | | 1,118.55 |
| Packing materials consumed | | 279.82 | | 214.83 |
| Travelling and conveyance | | 199.92 | | 174.14 |
| Auditor's remuneration | | | | |
| - Statutory audit fees | 32.50 | | 0.15 | |
| - Tax audit fees | 5.04 | | - | |
| - Others | 4.48 | | - | |
| - Tax | 1.78 | | - | |
| - Reimbursement of expenses | 1.42 | 45.22 | - | 0.15 |
| Communication expenses | | 108.81 | | 128.13 |
| Printing and Stationery | | 123.93 | | 120.73 |
| Legal and consultancy charges | | 209.44 | | 133.63 |
| Contract labour charges | | | | |
| - Housekeeping expenses | | 1,451.96 | | 1,436.84 |
| - Security charges | | 780.40 | | 744.08 |
| Loss on sale/ write off of property, plant and equipment (net) | | - | | 3.48 |
| Bad debts / irrecoverable balances written off | | - | | 3.14 |
| Provision for doubtful store lease deposits / advances | | 13.31 | | - |
| Provision for bad and doubtful debts | | 68.20 | | 80.97 |
| Miscellaneous expenses | | 544.41 | | 541.04 |
| | | 14,917.13 | | 13,287.78 |

29 Depreciation and amortisation

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 3.1) | 1,076.47 | 1,362.15 |
| Amortisation of intangible assets (refer note 3.2) | 92.82 | 105.99 |
| | 1,169.29 | 1,468.14 |

30 Finance costs

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Interest expense | 25.67 | 21.06 |
| Other costs | 386.79 | 358.86 |
| | 412.46 | 379.92 |

31 **Earning per share (EPS)**

Basic and diluted EPS have been calculated by dividing the profit / (loss) for the period attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the period.

| | For the half year ended 30th September 2018 | For the period 8th February 2017 to 31st March 2018 |
|---|---|---|
| Profit / (loss) for the period (₹ Lakhs) | 367.90 | (910.15) |
| Weighted average number of equity shares for earning per share * | 7,95,34,226 | 3,47,40,957 |
| Earnings per share – basic and diluted (face value of ₹ 5 each) | 0.46 | (2.62) |

* For the purpose of calculating earnings per share for the half year ended 30th September 2018 and for the period 8th February to 31st March 2018, the equity shares issued pursuant to the Scheme (refer note 42) have been considered effective as on 1st October 2017, being the appointed date under the Scheme and the equity shares of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) outstanding stands cancelled from the aforesaid date.

32 **Significant accounting judgement,estimates and assumptions**

The preparation of the financial statements requires management to make judgments, estimates and assumptions, as described below, that affect the reported amounts and the disclosures. The Company based its assumptions and estimates on parameters available when the financial statements were prepared and are reviewed at each Balance Sheet date. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the reported amounts and disclosures.

(a) **Employee benefit plans (Gratuity and Leave encashment benefits)**

The cost of the employment benefit plans and their present value are determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. For further details, refer note 35.

(b) **Non recognition of deferred tax asset**

Deferred tax asset of ₹ 41,602.05 Lakhs (31st March 2018: ₹ 49,737.92 Lakhs) relating to deductible temporary differences, and unused tax losses has not been recognized in the balance sheet.

(c) **Fair value measurement of investment in subsidiaries**

Investment in Subsidiaries are fair valued through Other Comprehensive Income. As the subsidiaries are not listed, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Change in assumptions about these factors could affect the reported fair value of these subsidiaries. Refer note 37 for further disclosures.

33 **Commitments and contingencies**

a) **Leases**

**Operating lease commitments (Company as Lessee)**

Retail stores are taken by the Company on operating lease and the lease rent is payable as per the agreements entered into with the lessors. Agreements are both in the nature of cancellable and non-cancellable leases. The lease term is for varied years and renewable for further years as per the agreements at the option of the Company. There are no restrictions imposed by these lease arrangements. The details of lease rentals payable are given below:

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Lease expenses for the period | 5,269.81 | 4,879.37 |
| Future minimum lease payments: | | |
| - Not later than one year | 7,432.39 | 7,136.24 |
| - Later than one year but not later than five years | 30,178.50 | 28,040.31 |
| - Later than five years | 49,212.65 | 46,134.26 |

b) **Contingencies**

| | | |
|---|---|---|
| Contingent liabilities not provided for in respect of: | | |
| - Sales Tax/VAT demands under appeal | 1,046.27 | 951.20 |
| - Service Tax demands under appeal | 553.89 | 553.89 |
| - Claims against the Company not acknowledged as debt | 4,601.95 | 4,397.26 |

c) **Commitments**

| | | |
|---|---|---|
| - Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) | 874.09 | 277.53 |
| - for Investments | 750.00 | 750.00 |

34 **Segment information**

The Company has identified a single operating segment i.e. organised retailing. The Company at present operates only in India and therefore the analysis of geographical segment is not applicable to the Company.

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35 **Gratuity and other post employment benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

a) The following tables summarises the components of net benefit expense recognised in the Statement of Profit and Loss and Other Comprehensive Income for the period:

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Expenses recognised in the interim standalone statement of profit and loss: | | |
| Current service cost | 29.42 | 30.91 |
| Interest cost | 13.68 | 14.33 |
| Interest income | (2.98) | (2.14) |
| | 40.12 | 43.10 |
| Expenses recognised in other comprehensive income | | |
| Net actuarial (gain) / loss recognised in the period | 76.62 | 32.77 |
| **Total expense** | **116.74** | **75.87** |

b) The following tables summaries the components of funded status and amounts recognised in the interim standalone balance sheet for the plan.

(i) Net asset / (liability) recognised as on the Balance Sheet date:

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Present value of defined benefit obligations | 386.68 | 396.32 |
| Fair value of plan assets | 107.26 | 72.12 |
| **Net asset / (liability)** | **(279.42)** | **(324.20)** |

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

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Present value of defined benefit obligation at the beginning of the period | 396.32 | - |
| Current service cost | 29.42 | 30.91 |
| Interest cost | 13.68 | 14.33 |
| Benefits paid | (129.58) | (103.64) |
| Transferred pursuant to the Scheme (refer note 42) | | 424.01 |
| **Actuarial losses on obligation** | **76.84** | **30.71** |
| Arising from changes in experience | 100.17 | 30.71 |
| Arising from changes in demographic | - | - |
| Arising from changes in financial assumptions | (23.33) | - |
| **Present value of defined benefit obligation at the end of the period** | **386.68** | **396.32** |

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

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Fair value of plan assets at the beginning of the period | 72.12 | - |
| Interest income | 2.98 | 2.14 |
| Contributions by employer | 161.52 | 120.00 |
| Transferred pursuant to the Scheme (refer note 42) | - | 55.68 |
| Actual benefits paid | (129.58) | (103.64) |
| Actuarial gains / (losses) | 0.22 | (2.06) |
| **Fair value of plan assets at the end of the period** | **107.26** | **72.12** |

(iv) The Company expects to contribute ₹ 20.78 Lakhs (31st March 2018: ₹17.85 Lakhs) to gratuity fund in the next year.

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

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| Investments with insurer | 100% | 100% |

(vi) Actuarial Assumptions:

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| Discount rate | 8.25% | 7.70% |
| Expected rate of return on assets | 8.25% | 7.70% |
| Employee turnover | Grade wise attrition ranging from 12% to 67% | Grade wise attrition ranging from 12% to 67% |

(vii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

(viii) Contribution to Provident and Other Funds includes ₹ 231.95 Lakhs (31st March 2018: ₹266.83 Lakhs) paid towards defined contribution plans.

(ix) The basis of various assumptions used in actuarial valuations and their quantitative sensitivity analysis is as shown below:

| | 30th September 2018 | | 31st March 2018 | |
|---|---|---|---|---|
| **Assumptions** | **Discount rate (a)** | | **Discount rate (a)** | |
| Sensitivity level | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** | **` Lakhs** |
| Impact | 19.47 | (21.14) | 21.02 | (22.86) |
| **Assumptions** | **Future salary (b)** | | **Future salary (b)** | |
| Sensitivity level | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** | **` Lakhs** |
| Impact | (21.43) | 19.87 | (23.08) | 21.36 |
| **Assumptions** | **Mortality (c)** | | **Mortality (c)** | |
| Sensitivity level | 10% increase | 10% decrease | 10% increase | 10% decrease |
| | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** | **` Lakhs** |
| Impact | (0.73) | 0.69 | (0.68) | 0.67 |
| **Assumptions** | **Attrition rate (d)** | | **Attrition rate (d)** | |
| Sensitivity level | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** | **` Lakhs** |
| Impact | (2.52) | 2.51 | (2.05) | 2.04 |

(a) Based on interest rates of government bonds
(b) Based on management estimate
(c) Based on IALM 2006-2008 ultimate mortality table

36 **Related parties and their relationship**

(A)

| Name | Relationship | Place of Incorporation | Ownership Interest(%) 30-Sep-18 | Ownership Interest(%) 31-Mar-18 |
|---|---|---|---|---|
| Rainbow Investments Limited | Parent (having Control in terms of Ind As 110) | India | Having Control in terms of Ind As 110 | Having Control in terms of Ind As 110 |
| Omnipresent Retail India Private Limited | Subsidiary Company | India | 100% | 100% |
| Sunil Bhandari (upto 14th November 2018) | Director | - | - | - |
| Gautam Ray (upto 14th November 2018) | Director | - | - | - |
| Rajarshi Banerjee (upto 27th November 2018) | Director | - | - | - |
| Sanjiv Goenka (w.e.f 14th November 2018) | Non-Executive Director | - | - | - |
| Shashwat Goenka (w.e.f. 14th November 2018) | Non-Executive Director | - | - | - |
| Utsav Parekh (w.e.f. 14th November 2018) | Independent Director | - | - | - |
| Pratip Chadhuri (w.e.f. 14th November 2018) | Independent Director | - | - | - |
| Rekha Sethi (w.e.f. 14th November 2018) | Independent Director | - | - | - |
| Rahul Nayak (w.e.f. 14th November 2018) | Whole-time Director | - | - | - |
| Arvind Kumar Vats (w.e.f. 14th November 2018) | Chief Financial Officer | - | - | - |
| Navin Kumar Rathi (w.e.f. 14th November 2018) | Company Secretary | - | - | - |

**Other Related Parties having transactions during the period**

(B) **Companies Under Common Control**

| Name |
|---|
| Au Bon Pain Café India Limited |
| Bowlopedia Restaurants India Limited |
| CESC Limited |
| First Source Solutions Limited |
| Guiltfree Industries Limited |
| Kolkata Games and Sports Pvt Ltd |
| Open Media Network Pvt Ltd |
| Phillips Carbon Black Limited |
| Quest Properties India Limited |
| RPG Power Trading Co Ltd |
| Saregama India Ltd |

(C) **Details of transactions entered into with the related parties:**

₹ Lakhs

| Particulars | Subsidiaries | | Companies Under Common Control | | Total | |
|---|---|---|---|---|---|---|
| | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstandin g as on 30/9/2018 |
| **Share application money to subsidiary** | | | | | | |
| Omnipresent Retail India Private Limited | 355.00 | 355.00 | - | - | 355.00 | 355.00 |
| | (416.02) | - | - | - | (416.02) | - |
| **Sales of Goods/Gift Cards** | | | | | | |
| CESC Limited | - | - | 16.68 | - | 16.68 | - |
| | - | - | (31.41) | (0.31) | (31.41) | (0.31) |
| Phillips Carbon Black Limited | - | - | 7.71 | - | 7.71 | - |
| | - | - | (9.50) | - | (9.50) | - |
| Others | 0.07 | - | 5.51 | - | 5.58 | - |
| | (0.54) | - | (10.77) | (0.31) | (11.31) | (0.31) |

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₹ Lakhs

| Particulars | Subsidiaries | | Companies Under Common Control | | Total | |
|---|---|---|---|---|---|---|
| | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstandin g as on 30/9/2018 |
| **Purchase of Goods** | | | | | | |
| Guiltfree Industries Limited | - | - | 100.98 | 12.26 | 100.98 | 12.26 |
| | - | - | (48.34) | - | (48.34) | - |
| Saregama India Ltd | - | - | 65.99 | 35.36 | 65.99 | 35.36 |
| | - | - | (57.32) | (43.94) | (57.32) | (43.94) |
| Others | - | - | 0.89 | 0.00 | 0.89 | 0.00 |
| | - | - | (0.55) | (0.91) | (0.55) | (0.91) |
| **Rendering of Services** | | | | | | |
| Guiltfree Industries Limited | - | - | 56.35 | 15.45 | 56.35 | 15.45 |
| | - | - | (62.49) | (27.34) | (62.49) | (27.34) |
| CESC Limited | - | - | 372.27 | 207.67 | 372.27 | 207.67 |
| | - | - | (3.99) | (3.99) | (3.99) | (3.99) |
| Others | - | - | 2.37 | - | 2.37 | - |
| | - | - | (0.78) | - | (0.78) | - |
| **Receiving of Services** | | | | | - | - |
| Omnipresent Retail India Private Limited | 179.77 | 27.09 | - | - | 179.77 | 27.09 |
| | (133.81) | (29.43) | - | - | (133.81) | (29.43) |
| **Purchase of Property and other Assets** | | | | | - | - |
| Au Bon Pain Café India Limited | - | - | - | - | - | - |
| | - | - | (4.68) | (4.68) | (4.68) | (4.68) |
| **Recovery of Expenses** | | | | | | |
| CESC Limited | - | - | 1,603.37 | 2,550.80 | 1,603.37 | 2,550.80 |
| | - | - | (1,598.76) | (1,598.76) | (1,598.76) | (1,598.76) |
| Others | 0.12 | 0.02 | 15.32 | 16.83 | 15.44 | 16.85 |
| | (11.45) | (0.18) | (16.83) | (16.83) | (28.28) | (17.01) |
| **Expense Incurred** | | | | | | |
| CESC Limited | - | - | 90.53 | 16.35 | 90.53 | 16.35 |
| | - | - | (60.06) | (4.84) | (60.06) | (4.84) |
| Quest Properties India Limited | - | - | 285.65 | 176.19 | 285.65 | 176.19 |
| | - | - | (329.51) | (83.21) | (329.51) | (83.21) |
| Others | - | - | 0.19 | - | 0.19 | - |
| | - | - | (0.46) | (5.17) | (0.46) | (5.17) |
| **Security Deposit Receivable** | | | | | | |
| CESC Limited | - | - | 3.45 | 27.74 | 3.45 | 27.74 |
| | - | - | - | (24.29) | - | (24.29) |
| Others | - | - | - | 107.95 | - | 107.95 |
| | - | - | - | (107.94) | - | (107.94) |
| **Security Deposit Payable** | | | | | | |
| Bowlopedia Restaurants India Limited | - | - | 1.93 | - | 1.93 | - |
| | - | - | (1.93) | (1.93) | (1.93) | (1.93) |
| Others | - | - | - | 62.91 | - | 62.91 |
| | - | - | (61.67) | (62.91) | (61.67) | (62.91) |
| **Sales Collection Received** | | | | | | |
| CESC Limited | - | - | 1,219.59 | 2,519.38 | 1,219.59 | 2,519.38 |
| | - | - | (1,290.60) | (1,290.60) | (1,290.60) | (1,290.60) |

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₹ Lakhs

| Particulars | Subsidiaries | | Companies Under Common Control | | Total | |
|---|---|---|---|---|---|---|
| | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstanding as on 30/9/2018 |
| **Outstanding balance for the Period end** | | | | | | |
| Bowlopedia Restaurants India Limited | | | | | | |
| Receivable | - | - | - | - | - | 19.12 |
| Payable | - | - | - | - | - | - |
| CESC Limited | | | | | | |
| Receivable | - | - | - | - | - | 2,802.56 |
| Payable | - | - | - | - | - | 2,510.19 |
| Saregama India Ltd | | | | | | |
| Receivable | - | - | - | - | - | 2.25 |
| Payable | - | - | - | - | - | 35.36 |
| Quest Properties India Limited | | | | | | |
| Receivable | - | - | - | - | - | 107.95 |
| Payable | - | - | - | - | - | 176.19 |
| Guiltfree Industries Limited | | | | | | |
| Receivable | - | - | - | - | - | 15.45 |
| Payable | - | - | - | - | - | 12.26 |
| Omnipresent Retail India Private Limited | | | | | | |
| Receivable | - | - | - | - | - | 355.18 |
| Payable | - | - | - | - | - | 27.09 |
| Others | | | | | | |
| Receivable | | | | | | 13.92 |
| Payable | | | | | | 63.67 |

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37 **Fair Values**

(i) **Class wise fair value of the Company's financial assets:**

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| Investments (unquoted) in equity shares | 4,819.58 | 4,819.58 |
| Investment in Alternative Investment Fund | 711.67 | 684.16 |
| Investment in Mutual Funds | 423.17 | - |
| | **5,954.42** | **5,503.74** |

(ii) **Fair Value Hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or inpart, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

₹ Lakhs

| | Fair Value Measurement Using | | | |
|---|---|---|---|---|
| | **Level-1** | **Level-2** | **Level-3** | **Total** |
| Investments (unquoted) in equity shares | - | - | 4,819.58 | 4,819.58 |
| | (-) | (-) | (4,819.58) | (4,819.58) |
| Investment in Alternative Investment Fund | - | - | 711.67 | 711.67 |
| | (-) | (-) | (684.16) | (684.16) |
| Investment in Mutual Funds | 423.17 | - | - | 423.17 |
| | (-) | (-) | (-) | (-) |

(iii) **Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets:**

| | ₹ Lakhs |
|---|---|
| **Balance as on 31st March 2018** | **4,819.58** |
| **Balance as on 30th September 2018** | **4,819.58** |

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7, Waterloo Street, Kolkata 700069
Chartered Accountants

SPENCER'S RETAIL LIMITED
KOLKATA 700001

38 **Financial risk management objectives and policies**

The Company's financial liabilities mainly comprise other financial liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents, investment in subsidiaries and deposits.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The senior management reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk primarily comprises interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits.

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer's contract leading to a financial loss. The company is exposed to credit risk from its financing activities, including deposits with banks and other financial instruments.

**Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the company's treasury department in accordance with the company's policy.

Investments of surplus funds are made only after review and approval of senior management.

The company's maximum exposure to credit risk for the components of the balance sheet at 30th September 2018 and 31st March 2018 is the carrying amounts as illustrated in Note 5, 9 & 11.

**Liquidity risk**

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

39 **Capital management**

The Company's objective when managing capital (defined as net debt and equity) is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company.

40 Ind AS 115 - "Revenue from contracts with customers", mandatory for reporting periods beginning on or after 1st April, 2018, replaces existing revenue recognition requirements.Accordingly, the Company has applied the modified retrospective approach and therefore the revenue for the year ended 31st March, 2018 are not comparable with the revenue for the half-yearly ended 30th September, 2018. There are no adjustments required to the retained earnings as at 1st April,2018. Further, due to the application of Ind AS 115, revenue from operations and cost of goods sold is lower by ₹ 3,419.45 Lakhs for half-year ended 30th September, 2018 , on account of no specific performance obligation to provide a distinct good or service. However, this does not have any impact on the profit for the half-year ended 30th September, 2018.

41 **Contract balances**

| | 30th September 2018<br>₹ Lakhs | 31st March 2018<br>₹ Lakhs |
|---|---|---|
| Trade receivables | 5,752.20 | 3,720.68 |
| Contract liabilities | 441.47 | 361.39 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
Contract liabilities include short term advances from parties for rendering various services.

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SPENCER'S RETAIL LIMITED
KOLKATA 700001

**42** The Board of Directors at its meeting held on 22nd May, 2017 approved, subject to necessary approvals, a composite scheme of arrangement (the Scheme) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 involving the Company, CESC Limited (CESC), Spencer's Retail Limited and seven other subsidiary companies of CESC as on that date. The Scheme, inter alia, provided for, interalia, demerger of identified Retail Undertaking(s) of the Spencer's Retail Limited and CESC Limited as a going concern into Spencer's Retail Limited (formerly known as RP-SG Retail Limited).

The Company received on 5th October, 2018 the certified copy of the order of National Company Law Tribunal (NCLT), being the appropriate authority which included the approval for the above referred activities. Accordingly, the Board of Directors in its meeting held on 12th October, 2018 had decided to give effect of the Scheme in terms of the NCLT Order as applicable to the Company with from the Appointed Date of 1st October, 2017 in its accounts for the year ended 31st March, 2018. The Net Assets acquired as at the Appointed Date at book value are as below:

| | |
|---|---|
| CESC Limited | ₹ 20,970.51 Lakhs |
| Spencer's Retail Limited | ₹ 39,045.74 Lakhs |

Pursuant to the Scheme, each existing shareholder of CESC Limited registered on the record date of 31st October, 2018 in respect of every 10 shares is entitled to 6 fully paid up equity shares of ₹ 5 each in Spencer's Retail Limited (formerly known as RP-SG Retail Limited) and CESC Limited is entitled to 500,000 fully paid up 0.01% non-cumulative compulsorily redeemable preference shares of ₹ 100 each being issued by the Company.

**43** Previous period figures have been regrouped / reclassified wherever necessary to correspond with current period classification / disclosure. The figures appearing in the Statement of Profit and Loss for the period ended 31st March 2018 of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) represents the figures from 8 February 2017 to 31 March 2018. Hence current period figures are not comparable with previous period figures.

**For Batliboi, Purohit & Darbari**
Firm Registration Number - 303086E
Chartered Accountants

CA Hemal Mehta
Partner
Membership No. 063404

**For and on behalf of Board of Directors**

Shashwat Goenka

**Shashwat Goenka**
**Director**
DIN: 03486121

**Sanjiv Goenka**
**Chairman**
DIN: 00074796

Navin Kr. Rathi

**Rahul Nayak**
**Whole-time Director**
DIN: 06491536

**Navin Kumar Rathi**
**Company Secretary**

**Arvind Kumar Vats**
**Chief Financial Officer**

Place : Kolkata
Date : 11th January 2019

BATLIBOI PUROHIT & DARBARI ★ Chartered Accountants ★ 7, Waterloo Street, Kolkata 700069

SPENCER'S RETAIL LIMITED ★ KOLKATA 700001

BATLIBOI, PUROHIT & DARBARI
Chartered Accountants

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7, WATERLOO STREET, 1st FLOOR
KOLKATA - 700 069

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Spencer's Retail Limited (formerly known as RP-SG Retail Limited)

## Opinion

We have audited the accompanying interim consolidated Ind AS financial statements of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) ("the Company/Holding Company"), its subsidiary (the Company/Holding Company and its subsidiary together referred to as "the Group"), which comprise the interim consolidated Balance Sheet as at September 30, 2018, and the interim consolidated Statement of Profit and Loss, including other comprehensive income, interim consolidated Cash Flow Statement and the interim consolidated Statement of Changes in Equity for the 6-month period then ended, and notes to the interim consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim consolidated Ind AS financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

(a) in the case of the interim consolidated Balance Sheet, of the state of affairs of the Group as at September 30, 2018;

(b) in the case of the interim consolidated Statement of Profit and Loss including other comprehensive income, of the profit for the six-month period ended on that date;

(c) in the case of the interim consolidated Cash Flow Statement, of the cash flows for the six-month period ended on that date; and

(d) in the case of the interim consolidated Statement of Changes in Equity, of the changes in equity for the six-month period ended on that date.

## Basis for Opinion

We conducted our audit of the interim consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements section of our report. We are independent of the Company/Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the interim consolidated Ind AS financial statements.

## Management's Responsibility for the Interim Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its subsidiary in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group

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7, Waterloo Street, Kolkata 700069
Chartered Accountants

are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of Group and for preventing and detecting frauds and other irregularities; the 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 interim consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the interim consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Companies / Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Companies / Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the interim consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's/Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether the interim consolidated financial

Purohit & Darbari Waterloo Street Kolkata 700069 Chartered Accountants statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the interim consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the interim consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other matters**

The comparative Ind AS Statement of Profit and Loss; Statement of Changes in Equity and Statement of Cash flows of the Group for the corresponding half year and period ended September 30, 2017 are not included in these Consolidated Interim Ind AS financial statements. The comparative Ind AS Statement of Profit and Loss; Statement of Changes in Equity and Statement of Cash flows of the Group for the previous period beginning February 8, 2017 and ending on March 31, 2018 has been included in these Consolidated Interim Ind AS financial statements. Our opinion is not qualified in respect of this matter.

**Restriction of use**

The accompanying interim consolidated Ind AS financial statements have been prepared and this report thereon issued, solely for the purpose of inclusion in the information memorandum to be filed by the Company with relevant stock exchanges for the proposed listing of equity shares of the Company. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

For **Batliboi, Purohit and Darbari**
Chartered Accountants
ICAI Firm Registration Number: 303086E

**CA Hemal Mehta**
Partner
Membership Number: 063404

Place: Kolkata
Date: 11th January, 2019

**Interim Consolidated Balance Sheet as at 30th September 2018**

| | Notes | As at 30th September 2018 ₹ Lakhs | As at 31st March 2018 ₹ Lakhs |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 3.1 | 14,704.94 | 14,244.78 |
| (b) Capital work-in-progress | | 178.03 | 15.04 |
| (c) Intangible assets | 3.2 | 9,534.22 | 9,626.51 |
| (d) Financial assets | | | |
| (i) Investments | 4.1 | 712.67 | 685.16 |
| (ii) Loans and deposits | 5 | 3,391.87 | 2,984.98 |
| (iii) Other financial assets | 6 | 2,019.18 | 17,030.90 |
| (e) Non current tax assets (net) | | 428.90 | 289.21 |
| (f) Other non-current assets | 7 | 1,698.55 | 1,778.23 |
| **(A) Total non-current assets** | | **32,668.36** | **46,654.81** |
| **Current assets** | | | |
| (a) Inventories | 8 | 25,205.19 | 24,249.13 |
| (b) Financial assets | | | |
| (i) Investments | 4.2 | 423.17 | - |
| (ii) Trade receivables | 9 | 5,752.20 | 3,720.68 |
| (iii) Cash and cash equivalents | 10.1 | 2,898.46 | 1,940.90 |
| (iv) Bank balances other than (iii) above | 10.2 | 5,146.13 | 8,059.79 |
| (v) Loans and deposits | 11 | - | 0.93 |
| (vi) Other financial assets | 12 | 16,253.18 | 703.78 |
| (c) Current tax assets (net) | | 14.94 | 7.44 |
| (d) Other current assets | 13 | 2,457.60 | 2,010.74 |
| **(B) Total current assets** | | **58,150.87** | **40,693.39** |
| TOTAL ASSETS [(A)+(B)] | | 90,819.23 | 87,348.20 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity share capital | 14 | - | - |
| (b) Equity share suspense | 15 | 3,976.71 | 3,976.71 |
| (c) Other equity | 16 | 50,745.69 | 50,735.48 |
| **(C) Total equity** | | **54,722.40** | **54,712.19** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | 17 | 81.75 | 78.04 |
| (b) Provisions | 18 | 777.87 | 824.73 |
| **(D) Total non-current liabilities** | | **859.62** | **902.77** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 19 | | |
| - Total outstanding dues of micro and small enterprises | | - | - |
| - Total outstanding dues of creditors other than micro and small enterprises | | 31,225.50 | 28,021.99 |
| (ii) Other financial liabilities | 20 | 1,800.04 | 1,465.75 |
| (b) Other current liabilities | 21 | 693.55 | 749.08 |
| (c) Provisions | 22 | 1,518.12 | 1,496.42 |
| **(E) Total current liabilities** | | **35,237.21** | **31,733.24** |
| **TOTAL EQUITY AND LIABILITIES [(C) +(D)+(E)]** | | **90,819.23** | **87,348.20** |

The accompanying notes form an integral part of these Interim Consolidated Financial Statements

This is the Interim Consolidated Balance Sheet referred to in our Report of even date.

For **Batliboi, Purohit & Darbari**
Firm Registration Number - 303086E
Chartered Accountants

CA Hemal Mehta
Partner
Membership No. 063404

BATLIBOI PUROHIT & DARBARI 7, Waterloo Street, Kolkata 700069 Chartered Accountants

Place : Kolkata
Date : 11th January 2019

**For and on behalf of Board of Directors**

Shashwat Goenka

**Shashwat Goenka**
**Director**
DIN: 03486121

**Sanjiv Goenka**
**Chairman**
DIN: 00074796

**Rahul Nayak**
**Whole-time Director**
DIN: 06491536

Navin Kr. Rathi

**Navin Kumar Rathi**
**Company Secretary**

**Arvind Kumar Vats**
**Chief Financial Officer**

SPENCER'S RETAIL LIMITED KOLKATA 700001

## Spencer's Retail Limited (formerly known as RP-SG Retail Limited)
### Interim Consolidated Statement of Profit and Loss for the half year ended 30th September 2018

| | Notes | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|---|
| **Income:** | | | |
| Revenue from operations | 23 | 1,09,023.91 | 1,04,285.96 |
| Other income | 24 | 1,336.80 | 902.35 |
| **Total Income (I)** | | **1,10,360.71** | **1,05,188.31** |
| **Expenses:** | | | |
| Purchase of stock-in-trade | | 86,547.69 | 83,929.59 |
| Changes in inventories of traded and finished goods | 25 | (1,014.61) | (659.65) |
| Cost of raw materials consumed | 26 | 340.53 | 475.93 |
| Employee benefits expense | 27 | 7,702.03 | 7,602.21 |
| Other expenses | 28 | 14,941.02 | 13,384.39 |
| **Total Expenses (II)** | | **1,08,516.66** | **1,04,732.47** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA) [(I)-(II)]** | | **1,844.05** | **455.84** |
| Depreciation and amortisation | 29 | 1,211.99 | 1,488.30 |
| Finance costs | 30 | 412.65 | 380.23 |
| **Profit / (loss) before tax (III)** | | **219.41** | **(1,412.69)** |
| **Tax expense:** | | | |
| Current Tax - Minimum alternative tax | | 152.07 | - |
| **Profit / (Loss) for the period (IV)** | | **67.34** | **(1,412.69)** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| (a) Remeasurement of defined benefit plans [net of tax of ₹ 15.62 Lakhs (previous period : Nil)] | | (57.13) | (29.44) |
| **Other comprehensive income for the period (V)** | | **(57.13)** | **(29.44)** |
| **Total comprehensive income for the period [(IV)+(V)]** | | **10.21** | **(1,442.13)** |
| **Earnings per share - Basic and Diluted** [Nominal value per equity share ₹ 5 (previous period : ₹ 5)] | 31 | 0.08 | (4.07) |

The accompanying notes form an integral part of these Interim Consolidated Financial Statements

This is the Interim Consolidated Statement of Profit and Loss referred to in our Report of even date.

For **Batliboi, Purohit & Darbari**
Firm Registration Number - 303086E
Chartered Accountants

CA Hemal Mehta
Partner
Membership No. 063404

BATLIBOI PUROHIT & DARBARI 7, Waterloo Street, Kolkata 700069 Chartered Accountants

Place : Kolkata
Date : 11th January 2019

**For and on behalf of Board of Directors**

**Shashwat Goenka**
**Director**
DIN: 03486121

**Sanjiv Goenka**
**Chairman**
DIN: 00074796

**Rahul Nayak**
**Whole-time Director**
DIN: 06491536

**Navin Kumar Rathi**
**Company Secretary**

**Arvind Kumar Vats**
**Chief Financial Officer**

SPENCER'S RETAIL LIMITED KOLKATA 700001

## Spencer's Retail Limited (formerly known as RP-SG Retail Limited)
### Interim Consolidated Statement of Changes in Equity for the half year ended 30th September 2018

| | As at 30th September 2018 | | As at 31st March 2018 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| **A. Equity share capital** | - | - | - | - |
| **B. Equity share suspense *** | | | | |
| Equity shares of ₹ 5 each | 7,95,34,226 | 3,976.71 | 7,95,34,226 | 3,976.71 |

* Represents equity shares subsequently alloted on 14th November 2018.

**C. Other equity**

₹ Lakhs

| Particulars | Reserves and Surplus | | Items of OCI | Total |
|---|---|---|---|---|
| | Capital reserve | Retained earnings | Investments in equity shares at fair value | |
| **Balance as at 8th February 2017** | - | - | - | - |
| Loss for the period | - | (1,412.69) | - | (1,412.69) |
| Acquired during the period | 56,133.85 | (3,957.72) | 1.48 | 52,177.61 |
| Remeasurement of defined benefit plans | - | (29.44) | - | (29.44) |
| **Balance as at 31st March 2018** | **56,133.85** | **(5,399.85)** | **1.48** | **50,735.48** |
| Profit for the period | - | 67.34 | - | 67.34 |
| Remeasurement of defined benefit plans | | (57.13) | - | (57.13) |
| **Balance as at 30th September 2018** | **56,133.85** | **(5,389.64)** | **1.48** | **50,745.69** |

The accompanying notes form an integral part of these Interim Consolidated Financial Statements

This is the Interim Consolidated Statement of Changes in Equity referred to in our Report of even date.

For **Batliboi, Purohit & Darbari**
Firm Registration Number - 303086E
Chartered Accountants

CA Hemal Mehta
Partner
Membership No. 063404

BATLIBOI PUROHIT & DARBARI ★ Chartered Accountants ★ 7, Waterloo Street, Kolkata 700069

**For and on behalf of Board of Directors**

**Shashwat Goenka**
**Director**
DIN: 03486121

**Sanjiv Goenka**
**Chairman**
DIN: 00074796

**Rahul Nayak**
**Whole-time Director**
DIN: 06491536

**Navin Kumar Rathi**
**Company Secretary**

**Arvind Kumar Vats**
**Chief Financial Officer**

SPENCER'S RETAIL LIMITED ★ KOLKATA 700001

Place : Kolkata
Date : 11th January 2019

**Spencer's Retail Limited (formerly known as RP-SG Retail Limited)**

**Interim Consolidated Cash Flow Statement for the half year ended 30th September 2018**

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| **Profit / (Loss) before tax** | **219.41** | **(1,412.69)** |
| *Adjustments :* | | |
| Depreciation and amortisation | 1,211.99 | 1,488.30 |
| Provision for Bad and Doubtful Debts / Bad debts / irrecoverable balances written off | 68.20 | 84.11 |
| Provision for doubtful store lease deposits / advances | 13.31 | - |
| Interest expense (excluding interest cost on actuarial valuation & asset retirement obligation) | 14.97 | 1.42 |
| Fair value gain on non-current investments | (56.57) | - |
| Net gain on sale of investments | (38.93) | (62.41) |
| Interest income | (960.39) | (813.47) |
| Net (gain) / loss on sales of property plant and equipment | (18.81) | 3.48 |
| Provision for decommissioning liability (net) | 23.45 | 16.09 |
| Interest on preference share suspense | 3.71 | 78.04 |
| Provision/(reversal) for Obsolete stocks | 101.80 | 246.84 |
| **Operating Profit/( Loss) before working capital changes** | **582.14** | **(370.29)** |
| Movement in working capital: | | |
| (Decrease) in Trade payables | 3,203.53 | (1,646.86) |
| Increase/(Decrease) in Other Financial Liabilities | 110.06 | (3,367.87) |
| Increase/ (Decrease) in Non-Current Liabilities | (55.53) | (29.63) |
| (Decrease) in Provisions | (129.18) | (82.60) |
| (Increase)/ Decrease in Trade Receivables | (2,099.72) | 1,273.63 |
| (Increase)/Decrease in Inventories | (1,057.86) | (643.14) |
| (Increase)/Decrease in Other Financial Assets | (441.00) | 70.25 |
| (Increase)/Decrease in Loans and Deposits | (428.85) | 153.14 |
| (Increase) in Other Assets | (583.01) | (134.76) |
| **Net cash used in operating activities (A)** | **(899.42)** | **(4,778.13)** |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipments, including intangible assets, capital work in progress and capital advances | (1,608.97) | (750.97) |
| Proceeds from Sale of Property, Plant and Equipments | 33.86 | 8.45 |
| Investment in Alternative Investment Fund | 29.15 | (375.00) |
| Proceeds from sale of Mutual Fund units | 5,515.74 | 15,962.40 |
| Purchase of Mutual Fund units | (5,900.00) | (15,355.29) |
| Investments in bank deposits (having original maturity of more than three months) | 15,319.26 | (59,991.87) |
| Redemption/maturity of bank deposits (having original maturity of more than three months) | (12,422.18) | 40,995.77 |
| Interest received | 890.37 | 567.02 |
| **Net cash from/(used in) Investing activities (B)** | **1,857.23** | **(18,939.49)** |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital (including securities premium) | - | 5.00 |
| Proceeds from short-term borrowings (net) | - | 3,797.00 |
| Interest paid | (0.25) | (18.81) |
| **Net Cash Flow from/(used in) financing activities (C)** | **(0.25)** | **3,783.19** |
| **Net Increase in Cash and Cash equivalents (A+B+C)** | **957.56** | **(19,934.43)** |
| Cash and cash equivalents acquired pursuant to scheme | - | 21,875.33 |
| Cash and cash equivalents at the beginning of the period | 1,940.90 | - |
| **Cash and cash equivalents at the end of the period** | **2,898.46** | **1,940.90** |
| **Components of cash and cash equivalents** | | |
| With banks-on current account | 1,152.54 | 1,168.67 |
| Balance with Credit Card, E-Wallet Companies & Others | 809.96 | 405.99 |
| Cash in hand | 935.96 | 366.24 |
| **Total cash and cash equivalents (Refer Note 10.1)** | **2,898.46** | **1,940.90** |

Change in Liability arising from financing activities

| Particulars | As on 01st April 2018 | Cash flows from financing activities | Non-cash changes | As on 30th September 2018 |
|---|---|---|---|---|
| Financial liabilities* | 78.04 | - | 3.71 | 81.75 |

* Pertains to preference shares suspense (refer note 17)

The accompanying notes form an integral part of these Interim Consolidated Financial Statements

This is the Interim Consolidated Cash Flow Statement referred to in our Report of even date.

For Batliboi, Purohit & Darbari
Firm Registration Number - 303086E
Chartered Accountants

For and on behalf of Board of Directors

CA Hemal Mehta
Partner
Membership No. 063404

Shashwat Goenka
Director
DIN: 03486121

Sanjiv Goenka
Chairman
DIN: 00074796

Rahul Nayak
Whole-time Director
DIN: 06491536

Navin Kumar Rathi
Company Secretary

Arvind Kumar Vats
Chief Financial Officer

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SPENCER'S RETAIL LIMITED KOLKATA 700001

Place : Kolkata
Date : 11th January 2019

## 1 Corporate information

The special purpose interim consolidated financial statements ("interim consolidated financial statements") comprise financial statements of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) (the Company) and its subsidiary (collectively, the Group) as at and for the half year ended 30th September 2018. The Company is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act, 2013. The registered office of the Company is located at CESC House, Chowringhee Square, Kolkata 700001. The name of the Company was subsequently changed from "RP-SG Retail Limited" to "Spencer's Retail Limited" vide certificate of incorporation pursuant to change of name issued by the Registrar of Companies, Kolkata dated 13th December 2018.
The Company is primarily engaged in developing, conducting, investing and promoting organised retail and operates departmental and neighbourhood stores under various formats across the country. The Company's subsidiary is mainly engaged in the business of delivery agent on commission basis.

## 2 Basis of preparation

These special pupose interim consolidated financial statements of the Group for the half year ended 30th September 2018 have been prepared in accordance with Ind AS 34 "Interim Financial Reporting" specified under Section 133 of the Companies Act 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules,2013, as amended for the limited purpose of inclusion in the Information Memorandum to be filed with Stock Exchanges. Accordingly the comparative number for interim consolidated statement of profit and loss, interim consolidated statement of changes in equity and interim consolidated cash flow statement has been given for the period 8th February 2017 to 31 March 2018, instead of April to September 2017.

The special pupose interim consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which had been measured at fair value. (refer accounting policy regarding financial instruments).

### 2.1 Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Spencer's Retail Limited (formerly known as RP-SG Retail Limited) and its subsidiary as at and for the half year ended 30th September 2018. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.
The Group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The Interim consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the parent and subsidiaries financial statements. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company.

The subsidiary company considered in the interim consolidated financial statements is as follows:

| Name | Country of Incorporation | % of ownership interest as on 30th September 2018 |
|---|---|---|
| Omnipresent Retail India Pvt Ltd | India | 100% |

### 2.2 Significant accounting policies

#### a) Property, plant and equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure in respect of improvements, etc. carried out at the rented / leased premises are capitalised and depreciated over the initial period of lease or useful life of assets, whichever is lower.

Expenditure incurred in setting up of stores are capitalized as a part of Leasehold improvements.

The present value of the expected cost to be incurred on removal of assets at the time of store closure is included in the cost of leasehold improvements. Gains or losses arising from derecognition of property, plant and equipment 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.
Depreciation on Property, Plant and Equipment is calculated on a straight-line basis using the rates arrived based on the useful lives estimated by the management, which is as follows:

| Class of Assets | Useful lives estimated by the management (years) |
|---|---|
| Computers and hardware | 3 to 6 years |
| Furniture and fixtures | 3 to 15 years |
| Vehicles | 5 years |
| Office equipments | 5 years |
| Plant and machineries | 15 to 25 years |

The management has estimated, based on the Group's internal evaluation, the useful lives of certain plant and machinery, furniture and fixtures and computer and hardware between 15 to 25 years, 3 to 15 years and 3 to 6 years, respectively. The management believes that these estimated useful life are realistic and reflect fair approximation of the period over which the asset are likely to be used.

The carrying amount of assets is reviewed at each balance sheet date, to determine if there is any indication of impairment based on the internal/external factors. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount which is the greater of net selling price and value in use of the respective assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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b) **Intangible assets**

Acquired computer softwares, trademark, knowhow and licenses are capitalised on the basis of the costs incurred to acquire and bring the specific asset to its intended use and subsequently at cost less accumulated amortisation and accumulated impairment loss, if any.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an impairment indicator. The amortisation expense is recognised in the statement of profit and loss.

Gain or loss arising on disposal of the intangible asset is included in the statement of profit and loss.

A summary of the amortisation period applied to the Group's intangible assets is, as follows:

| Class of Assets | Useful lives estimated by the management (years) |
|---|---|
| Computer softwares | 6 years |
| Knowhow and licenses | 10 years |

The Group has considered indefinite life for Trade Mark and hence it is tested for impairment annually.

c) **Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

d) **Investments**

Investment in equity instruments are measured at Fair Value through Other Comprehensive Income (FVTOCI). All fair value changes on such investments, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Investments in units of Mutual Funds and Alternative Investment Fund are accounted for at fair value and the changes in fair value are recognised in Statement of Profit and Loss.

e) **Impairment of financial assets**

In accordance with Ind AS 109: Financial Instruments, the Group recognises impairment loss allowance on deposits based on historically observed default rates. Impairment loss allowance recognised/reversed during the period are charged/written back to Statement of Profit and Loss.

f) **Inventories**

Traded Goods and Packing materials are valued at lower of cost and net realizable value. Cost includes purchase price and other incidental expenses. Cost is determined under moving weighted average method.

Raw Materials are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Obsolete, slow moving and defective inventories are identified from time to time and where necessary a provision is made for such inventories.

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

g) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

h) **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i) **Retirement and other employee benefits**

Retirement benefits in the form of Provident & Superannuation Funds are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and contribution, by way of premium is paid to Life Insurance Corporation of India (L.I.C.), under the Group Gratuity Scheme. Gratuity liability is provided based on actuarial valuation on projected unit credit method done at the end of each period.

Long term compensated absences are provided for on the basis of actuarial valuation carried out at the period end as per projected unit credit method.

The current and non current bifurcation has been done as per the actuarial report.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

(ii) Net interest expense or income

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j) **Foreign currency transactions**

Transactions in foreign currencies are initially recorded in reporting currency by the Group at spot rates at the date of transaction. The Group's functional currency and reporting currency is same i.e. Indian Rupees.

Foreign currency monetary items are reported using the closing rate. Foreign currency non-monetary items measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

k) **Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognised

**Sale of goods**

Revenue recognised from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. The Group collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Accordingly, they are excluded from revenue.

Where the Group is the principal in the transaction, the sales are recorded at their gross values. Where the Group is effectively the agent in the transaction, the cost of the merchandise is disclosed as a deduction from the gross value.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Any amounts received from merchandiser for which the Group do not provide any distinct good or service are considered as a reduction of purchase costs.

**Income from recoveries and services**

Income from recoveries and services mainly represents recoveries made on account of advertisement for use of space by the customers and other expenses charged from suppliers and are recognized and recorded based on the arrangements with concerned parties. The Group collects Goods and Service Tax (GST) on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

The Group has contracts with concessionaire whereby the Group provides its store space for facilitating the sales of the products of these concessionaires. Thus, the Group is an agent and records revenue at the net amount that it retains for its agency services.

**Interest income**

Interest income is recorded using the effective interest rate (EIR). Interest income is included as finance income in the Statement of Profit and Loss.

l) **Taxes**

**Current income tax**

Current income tax is measured at the amount expected to be paid, if any to the tax authorities in accordance with Indian Income Tax Act, 1961. Management periodically evaluates positions taken in the tax returns vis-a-vis positions taken in books of account, which are subject to interpretation, and creates provisions where appropriate.

**Deferred tax**

Deferred tax is provided on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

m) **Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are operating lease. Operating lease payments as per terms of the agreement are recognised as an expense in the Statement of Profit and Loss representing the time pattern of benefit to the Group as per specific lease terms.

n) **Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss before Other Comprehensive Income for the period 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 before Other Comprehensive Income for the period and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) **Contingent liabilities**

A contingent liabilities is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the interim consolidated financial statements.

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SPENCER'S RETAIL LIMITED KOLKATA 700001

p) **Business Combination**

Business combination involving entities or businesses under common control are accounted for using the pooling of interest method whereby the assets and liabilities of the combining entities / business are reflected at their carrying value and necessary adjustments , if any, have been given effect to as per the scheme approved by National Company Law Tribunal.

q) **Measurement of EBITDA**

The Group has elected to present earnings before interest, tax expenses, depreciation and amortization expenses (EBITDA) as a separate line item on the face of the Statement of Profit and Loss.

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Chartered Accountants

SPENCER'S RETAIL LIMITED
KOLKATA 700001

3.1 Property, plant and equipment

(₹ Lakhs)

| | Leasehold improvements | Plant and machineries | Computer hardwares | Vehicles | Furniture and fixtures | Office equipments | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | |
| **Cost** | | | | | | | |
| **As at 8th February 2017** | - | - | - | - | - | - | - |
| Acquired during the period (refer note below) | 9,101.76 | 4,205.47 | 1,536.16 | 22.96 | 6,440.91 | 134.48 | 21,441.74 |
| Additions | 6.45 | 184.21 | 220.81 | - | 96.82 | 4.60 | 512.89 |
| Disposals | 174.84 | 13.22 | 8.72 | 3.41 | 29.59 | 0.34 | 230.12 |
| **As at 31st March 2018** | **8,933.37** | **4,376.46** | **1,748.25** | **19.55** | **6,508.14** | **138.74** | **21,724.51** |
| Additions | 455.21 | 372.87 | 223.68 | - | 500.47 | 4.70 | 1,556.93 |
| Disposals | 3.15 | 33.00 | 32.21 | - | 74.89 | - | 143.25 |
| **As at 30th September 2018** | **9,385.43** | **4,716.33** | **1,939.72** | **19.55** | **6,933.72** | **143.44** | **23,138.19** |
| **Accumulated depreciation** | | | | | | | |
| **As at 8th February 2017** | - | - | - | - | - | - | - |
| Acquired during the period (refer note below) | 2,136.38 | 901.69 | 927.90 | 13.40 | 2,327.67 | 20.52 | 6,327.56 |
| Depreciation for the period (refer note 29) | 433.68 | 234.74 | 180.05 | 8.23 | 503.25 | 7.39 | 1,367.34 |
| Disposals | 174.84 | 11.85 | 6.17 | 3.41 | 18.66 | 0.24 | 215.17 |
| **As at 31st March 2018** | **2,395.22** | **1,124.58** | **1,101.78** | **18.22** | **2,812.26** | **27.67** | **7,479.73** |
| Depreciation for the period (refer note 29) | 367.34 | 238.24 | 155.42 | 0.25 | 313.07 | 7.31 | 1,081.62 |
| Disposals | 2.99 | 25.89 | 32.10 | - | 67.12 | - | 128.10 |
| **As at 30th September 2018** | **2,759.57** | **1,336.93** | **1,225.10** | **18.47** | **3,058.21** | **34.98** | **8,433.25** |
| **Net carrying amount** | | | | | | | |
| **As at 8th February 2017** | - | - | - | - | - | - | - |
| **As at 31st March 2018** | **6,538.15** | **3,251.88** | **646.47** | **1.33** | **3,695.88** | **111.07** | **14,244.78** |
| **As at 30th September 2018** | **6,625.86** | **3,379.40** | **714.62** | **1.08** | **3,875.51** | **108.46** | **14,704.94** |
| **Note:** | | | | | | | |
| **Gross block of asset acquired** | | | | | | | |
| Acquired pursuant to the Scheme (refer note 43) | 9,098.25 | 4,199.80 | 1,514.48 | 22.96 | 6,433.70 | 131.97 | 21,401.16 |
| Acquired during the period | 3.51 | 5.67 | 21.68 | - | 7.21 | 2.51 | 40.58 |
| | **9,101.76** | **4,205.47** | **1,536.16** | **22.96** | **6,440.91** | **134.48** | **21,441.74** |
| **Accumulated depreciation of asset acquired** | | | | | | | |
| Acquired pursuant to the Scheme (refer note 43) | 2,135.98 | 901.45 | 922.74 | 13.40 | 2,326.77 | 20.00 | 6,320.34 |
| Acquired during the period | 0.40 | 0.24 | 5.16 | - | 0.90 | 0.52 | 7.22 |
| | **2,136.38** | **901.69** | **927.90** | **13.40** | **2,327.67** | **20.52** | **6,327.56** |

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3.2 Intangible Assets

(₹ Lakhs)

| | Computer Softwares | Know-How and Licenses | Trade Mark * | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| **Cost** | | | | |
| **As at 8th February 2017** | - | - | - | - |
| Acquired during the period (refer note below) | 843.57 | 295.05 | 8,625.00 | 9,763.62 |
| Additions | 435.17 | - | - | 435.17 |
| Disposals | 2.47 | - | - | 2.47 |
| **As at 31st March 2018** | **1,276.27** | **295.05** | **8,625.00** | **10,196.32** |
| Additions | 38.08 | - | - | 38.08 |
| **As at 30th September 2018** | **1,314.35** | **295.05** | **8,625.00** | **10,234.40** |
| **Accumulated amortisation** | | | | |
| **As at 8th February 2017** | - | - | - | - |
| Acquired during the period (refer note below) | 300.53 | 150.67 | - | 451.20 |
| Amortisation for the period (refer note 29) | 93.60 | 27.36 | - | 120.96 |
| Disposals | 2.35 | - | - | 2.35 |
| **As at 31st March 2018** | **391.78** | **178.03** | - | **569.81** |
| Amortisation for the period (refer note 29) | 102.40 | 27.97 | - | 130.37 |
| **As at 30th September 2018** | **494.18** | **206.00** | - | **700.18** |
| **Net carrying amount** | | | | |
| **As at 8th February 2017** | - | - | - | - |
| **As at 31st March 2018** | 884.49 | 117.02 | 8,625.00 | 9,626.51 |
| **As at 30th September 2018** | 820.17 | 89.05 | 8,625.00 | 9,534.22 |

* Trademark has been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. The indefinite life intangible assets are tested for impairment annually.

**Note :**

| | Computer Softwares | Know-How and Licenses | Trade Mark * | Total |
|---|---|---|---|---|
| **Gross block of asset acquired** | | | | |
| Acquired pursuant to the Scheme (refer note 43) | 758.10 | 295.05 | 8,625.00 | 9,678.15 |
| Acquired during the period | 85.47 | - | - | 85.47 |
| | **843.57** | **295.05** | **8,625.00** | **9,763.62** |
| **Accumulated amortisation of asset acquired** | | | | |
| Acquired pursuant to the Scheme (refer note 43) | 286.59 | 150.67 | - | 437.26 |
| Acquired during the period | 13.94 | - | - | 13.94 |
| | **300.53** | **150.67** | - | **451.20** |

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SPENCER'S RETAIL LIMITED ★ KOLKATA 700001

4 **Investments**

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **4.1 Non-current** | | |
| **Unqouted** | | |
| **Investments in equity instruments (at FVTOCI)** | | |
| Retailer's Association of India: 10,000 equity share as at 30th September 2018 (31st March 2018: 10,000 equity share) | 1.00 | 1.00 |
| **Investment in Alternative Investment Fund (at FVTPL)** | | |
| Fireside Ventures Investment Fund of ₹100,000 each : 729.69 units as at 30th September 2018 (31st March 2018: 750 units) | 711.67 | 684.16 |
| | 712.67 | 685.16 |
| **4.2 Current** | | |
| **Qouted** | | |
| **Investment in Mutual Fund (at FVTPL)** | | |
| 20,27,165.925 units of ₹ 10.1421 each of IDFC Ultra Short Term Fund- Growth- (Direct Plan) (31st March 2018: Nil) | 205.60 | - |
| 7,96,051.584 units of ₹ 25.5448 each of IDFC Low Duration Fund- Growth- (Direct Plan) (31st March 2018: Nil) | 203.34 | - |
| 178.586 units of ₹ 2,186.8661 each of IDFC Cash Fund-Growth- (Direct Plan) (31st March 2018: Nil) | 3.91 | - |
| 1,187.127 units of ₹ 289.4784 each of Adiya Birla Sun life Liquid Fund - Growth Option(31st March 2018: Nil) | 3.43 | - |
| 55.481 units of ₹ 3,545.7911 each HDFC Liquid Fund- Growth option (31st March 2018: Nil) | 1.97 | - |
| 111.887 units of ₹ 4,394.4298 each of Reliance Liquid Fund- Direct plan - Growth Option (31st March 2018: Nil) | 4.92 | - |
| | 423.17 | - |

Aggregate amount of unquoted investments as at 30th September 2018: ₹ 712.67 Lakhs (31st March 2018: ₹ 685.16 Lakhs)

5 **Loans and deposits (at amortised cost)**

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Deposits** | | |
| Considered good | 3,391.87 | 2,984.98 |
| Significant increase in credit risk | 13.35 | 13.95 |
| Credit impaired | 145.30 | 131.99 |
| | 3,550.52 | 3,130.92 |
| Impairment allowance: | | |
| Significant increase in credit risk | (13.35) | (13.95) |
| Credit impaired | (145.30) | (131.99) |
| | 3,391.87 | 2,984.98 |

6 **Other financial assets (at amortised cost)**

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Other Bank balances | | |
| -Deposits with original maturity for more than 12 months | 0.50 | 15,300.00 |
| -Margin money deposit * | 1,878.15 | 1,640.88 |
| Interest accrued on deposits | 136.03 | 89.81 |
| Advances to employees | 4.50 | 0.21 |
| | 2,019.18 | 17,030.90 |

* Margin money deposits of ₹1,878.15 (31st March 2018 : ₹1,640.88 Lakhs) are encumbered with banks against bank guarantees and overdraft facilities.

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7 **Other non-current assets**
(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Capital advances: | | |
| Considered good | 97.77 | 15.30 |
| Considered doubtful | 3.54 | 3.54 |
| | 101.31 | 18.84 |
| Less: considered doubtful | (3.54) | (3.54) |
| | 97.77 | 15.30 |
| Advances other than capital advances: | | |
| Advances recoverable in cash or in kind | 0.91 | 0.51 |
| Prepaid expenses | 1,567.52 | 1,731.39 |
| Deposits for claims and tax disputes | 32.35 | 31.03 |
| | 1,698.55 | 1,778.23 |

8 **Inventories**
(at lower of cost and net realisable value)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Raw materials | 87.38 | 79.29 |
| Finished goods | 14.97 | 18.50 |
| Stock-in-trade | 25,592.04 | 24,573.90 |
| Less : Provision for obsolete stock | (811.80) | (694.28) |
| | 24,780.24 | 23,879.62 |
| Packing materials | 333.75 | 298.59 |
| Less : Provision for obsolete stock | (11.15) | (26.87) |
| | 322.60 | 271.72 |
| | 25,205.19 | 24,249.13 |

9 **Trade receivables (at amortised cost)**
(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Considered good | 5,752.20 | 3,720.68 |
| Credit impaired | 149.70 | 81.50 |
| | 5,901.90 | 3,802.18 |
| Less: allowance for credit impaired receivables | (149.70) | (81.50) |
| | 5,752.20 | 3,720.68 |

Trade receivables are non-interest bearing and are generally agreed on terms of 30 to 90 days.
Refer note 36 for receivables from related parties.

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10 Cash and bank balances

10.1 Cash and cash equivalents

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Balance with banks | | |
| - On current accounts | 1,152.54 | 1,168.67 |
| Balance with credit card, e-wallet companies and others | 809.96 | 405.99 |
| Cash on hand | 935.96 | 366.24 |
| | 2,898.46 | 1,940.90 |

10.2 Other bank balances

| | | |
|---|---|---|
| Deposits with original maturity more than 3 months but less than 12 months | 5,146.13 | 8,059.79 |
| | 5,146.13 | 8,059.79 |

11 Loans and deposits (at amortised cost)

(Unsecured, considered good)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Deposits | - | 0.93 |
| | - | 0.93 |

12 Other financial assets (at amortised cost)

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Other bank balances | | |
| - Deposits with original maturity for more than 12 months | 15,319.12 | 239.81 |
| Interest accrued on deposits | 146.67 | 122.87 |
| Advances to employees | 57.29 | 40.71 |
| Other receivables | 730.10 | 300.39 |
| | 16,253.18 | 703.78 |

13 Other current assets

(Unsecured, considered good unless stated otherwise)

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Advances recoverable in cash or in kind | 689.75 | 325.30 |
| Prepaid expenses | 1032.26 | 658.50 |
| Balance with statutory / government authorities | 735.59 | 1026.94 |
| | 2457.60 | 2010.74 |

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## 14 Equity share capital

| | 30th September 2018 | | 31st March 2018 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| **Authorised** | | | | |
| Equity shares of ₹ 5 each | 2,99,01,00,000 | 1,49,505.00 | 2,99,01,00,000 | 1,49,505.00 |
| Preference shares of ₹ 100 each | 5,00,000 | 500.00 | 5,00,000 | 500.00 |
| | 2,99,06,00,000 | 1,50,005.00 | 2,99,06,00,000 | 1,50,005.00 |

## 15 Equity share suspense

| | 30th September 2018 | | 31st March 2018 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| **Equity shares to be issued pursuant to the Scheme (refer note 43)** | | | | |
| Equity shares of ₹5 each | 7,95,34,226 | 3,976.71 | 7,95,34,226 | 3,976.71 |
| | 7,95,34,226 | 3,976.71 | 7,95,34,226 | 3,976.71 |

Note:

1) 7,95,34,226 equity shares of ₹ 5 each amounting to ₹ 3,976.71 Lakhs is the proposed equity share capital of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) effective from 1 October, 2017 post restructuring. The Company is in the process of listing its equity shares in the recognised Stock exchanges in India, hence the share capital stands unallotted and disclosed under equity share suspense account.

2) In terms of the Scheme, the paid up Equity Share Capital of ₹ 5.00 lakhs of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) pertaining to the period prior to the Appointed date i.e. 1st October 2017 stands cancelled and reduced (refer note 43).

3) The equity shares have been subsequently allotted on 14th November 2018.

## 16 Other equity

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| **16.1 Capital reserve** | | |
| Balance as at begining of the period | 56,133.85 | - |
| Acquired during the period [refer note (i) below] | - | 56,133.85 |
| **Closing balance** | 56,133.85 | 56,133.85 |
| **16.2 Retained earnings** | | |
| Balance as at begining of the period | (5,399.85) | - |
| Balance as at acquisition date | - | (3,957.72) |
| Remeasurement of defined benefit plans | (57.13) | (29.44) |
| Profit / (loss) for the period | 67.34 | (1,412.69) |
| **Closing balance** | (5,389.64) | (5,399.85) |
| **16.3 Other comprehensive income** | | |
| Balance as at begining of the period | 1.48 | - |
| Balance as at acquisition date | - | 1.48 |
| **Closing balance** | 1.48 | 1.48 |
| | 50,745.69 | 50,735.48 |

Note:

i) **Capital reserve**

Capital Reserve represents amount transferred pursuant to the Scheme and acquisition details of which is given below:

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| Balance as at begining of the period | 56,133.85 | - |
| Balance as at acquisition pursuant to the Scheme (refer note 43) | - | 55,965.23 |
| Balance as at acquisition of subsidiary | - | 168.62 |
| **Total** | 56,133.85 | 56,133.85 |

ii) **Retained earnings**

Retained earnings includes reserves created out of profits and remeasurement gains/ losses of defined benefit plans.

iii) **Other comprehensive income**

The Group has elected to recognise changes in the fair value of equity instruments in other comprehensive income. The Group transfers amount from other comprehensive income to retained earning when the relevant equity share is derecognised.

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17 **Financial liabilities (at amortised cost)**

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Preference share suspense *** | | |
| 0.01% non-cummulative non-convertible redeemable preference shares of ₹ 100 each: 500,000 shares as at 30th September 2018 (31st March 2018: 500,000 shares) to be issued pursuant to the Scheme (refer note 43) | 81.75 | 78.04 |
| | 81.75 | 78.04 |

* subsequently allotted on 14th November 2018

**Rights, preferences and restrictions attached to preference shares to be issued :**
The non-convertible non-cumulative redeemable 500,000 preference shares of ₹100 each carriying dividend @ 0.01% per annum redeemable at par after 20 years from date of allotment.

18 **Provisions**

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Provisions for employee benefits** | | |
| Gratuity (refer note 35) | 260.72 | 311.14 |
| Leave | 246.87 | 266.76 |
| | 507.59 | 577.90 |
| **Other provisions** | | |
| Provision for decommissioning liability (refer note below) | 270.28 | 246.83 |
| | 777.87 | 824.73 |

A provision is recognised for expected cost of removal of assets situated at various rented premises and is measured at the present value of expected costs to settle the obligation. The table below gives information about the movement in provision for decommissioning liability :

| | For the period ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Movement of provision for decommissioning liability** | | |
| Opening balance | 246.83 | - |
| Add: Acquired pursuant to the Scheme (refer note 43) | - | 230.74 |
| Add: Provision created during the period | 23.45 | 19.23 |
| Less: Provision reversed / utilised during the period | - | (3.14) |
| **Closing balance** | 270.28 | 246.83 |

19 **Trade payable**

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Total outstanding dues of micro and small enterprises | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | 31,225.50 | 28,021.99 |
| | 31,225.50 | 28,021.99 |

Trade payable are non interest bearing and are normaly settled on 30 to 180 days term.
Refer note 36 for dues to related parties.

20 **Other financial liabilities (at amortised cost)**

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Book overdraft | 174.44 | - |
| Sundry deposits | 343.04 | 319.64 |
| Liability for capital goods | 492.97 | 272.45 |
| Others | | |
| - Payables to employees | 789.59 | 873.66 |
| | 1,800.04 | 1,465.75 |

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## 21 Other current liabilities

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Advances from customers | 441.47 | 362.41 |
| Statutory dues | 249.87 | 386.67 |
| Others | 2.21 | - |
| | 693.55 | 749.08 |

## 22 Provisions

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| **Provisions for employee benefits** | | |
| Gratuity (refer note 35) | 19.99 | 17.25 |
| Leave | 14.26 | 13.22 |
| | 34.25 | 30.47 |
| **Other provisions** | | |
| Tax disputes [refer note (a) below] | 293.53 | 293.53 |
| Claims on leased properties [refer note (b) below] | 1,190.34 | 1,172.42 |
| | 1,518.12 | 1,496.42 |

**Note:**

(a) The management has estimated the provisions for pending disputes, claims and demands relating to indirect taxes based on it's assessment of probability for these demands crystallising against the company in due course.

| Movement of provision for tax disputes | For the period ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Opening balance | 293.53 | - |
| Acquired pursuant to the Scheme (refer note 43) | - | 291.33 |
| Provision created during the period | - | 2.20 |
| **Closing balance *** | 293.53 | 293.53 |

* Net of deposits as at 30th September 2018 ₹ 51.89 Lakhs (31st March 2018: ₹ 51.89 Lakhs) made under appeal.

(b) Claims on Leased Properties

Retailers Association of India (RAI) of which the Company is a member, has filed Special Leave Petition before the Hon'ble Supreme Court of India, about the applicability of service tax on commercial rent on immovable property. Pending disposal of the case, the Supreme Court has passed an interim ruling in October 2011 directing the members of RAI to pay 50% of total service tax liability up to September 2011 to the department and to furnish a surety for balance 50%. The Supreme Court has also clarified that the successful party in the appeal shall be entitled to interest on the amount stayed by the Court, at such rate as may be directed at the time of the final disposal of appeal. Accordingly the Company has already deposited ₹ 460 Lakhs and furnished a surety for ₹460 Lakhs towards the balance service tax liability, while interest, whose quantum and applicability is presently not ascertainable, will be provided on the disposal of the petition, if required.

Further, the Company has also been making provision for service tax on rent from October 2011 onwards, the balance whereof as on 30th September 2018 ₹ 1,190.34 Lakhs (31st March 2018 : ₹1,172.42 Lakhs) .

| Movement of provision for claims on leased properties | For the period ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Opening balance | 1,172.42 | - |
| Acquired pursuant to the Scheme (refer note 43) | - | 1,137.49 |
| Provision created during the period | 17.92 | 79.36 |
| Less: Provision reversed / paid during the period | - | (44.43) |
| **Closing balance** | 1,190.34 | 1,172.42 |

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## 23 Revenue from operations

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Sales of goods | 1,14,071.92 | 1,06,965.47 |
| Sale of concessionaire products | 1,952.75 | 1,643.48 |
| Total | 1,16,024.67 | 1,08,608.95 |
| Less: Tax | (10,815.23) | (10,603.19) |
| Less: Cost of goods sold for concessionaire products | (1,483.26) | (1,246.08) |
| | 1,03,726.18 | 96,759.68 |
| Other operating revenue | 5,297.73 | 7,526.28 |
| | 1,09,023.91 | 1,04,285.96 |

## 24 Other income

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Interest income | | |
| - Bank deposits | 846.01 | 722.85 |
| - Rental deposits | 106.93 | 90.62 |
| - Others | 7.45 | - |
| Gain on sale of investments | 38.93 | 62.41 |
| Fair value gain on non-current investments | 56.57 | - |
| Net gain on sales of property, plant and equipment | 18.81 | - |
| Miscellaneous income | 262.10 | 26.47 |
| | 1,336.80 | 902.35 |

## 25 Changes in inventories of traded and finished goods

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Inventories at the beginning of the period | 24,592.40 | - |
| Inventories acquired pursuant to the Scheme (refer note 43) | - | 23,932.75 |
| Inventories at the end of the period | 25,607.01 | 24,592.40 |
| Changes in inventories of traded and finished goods | (1,014.61) | (659.65) |

## 26 Cost of raw materials consumed

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Inventories at the beginning of the period | 79.29 | - |
| Inventories acquired pursuant to the Scheme (refer note 43) | - | 87.57 |
| Purchases during the period | 348.62 | 467.65 |
| | 427.91 | 555.22 |
| Inventories at the end of the period | 87.38 | 79.29 |
| Cost of raw materials consumed | 340.53 | 475.93 |

## 27 Employee benefits expense

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Salaries, wages and bonus | 6,955.67 | 6,835.45 |
| Contribution to provident and other funds (refer note 35) | 428.49 | 465.52 |
| Staff welfare expenses | 317.87 | 301.24 |
| | 7,702.03 | 7,602.21 |

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## 28 Other expenses

| | | For the half year ended 30th September 2018 ₹ Lakhs | | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|---|---|
| Power and fuel | | 2,284.94 | | 1,805.14 |
| Freight | | 97.13 | | 111.90 |
| Rent [refer note 33 (a)] | | 5,270.00 | | 4,891.12 |
| Repairs and maintenance | | | | |
| - Plant and machinery | | 0.12 | | 0.36 |
| - Buildings | | 155.08 | | 182.66 |
| - Others | | 1,332.69 | | 1,359.74 |
| Insurance | | 33.73 | | 36.36 |
| Rates and taxes | | 316.55 | | 227.66 |
| Advertisement and selling expenses | | 1,683.53 | | 1,191.42 |
| Packing materials consumed | | 284.55 | | 220.50 |
| Travelling and conveyance | | 220.27 | | 208.80 |
| Auditor's remuneration | | | | |
| - Statutory audit fees | 33.75 | | 2.20 | |
| - Tax audit fees | 5.29 | | - | |
| - Others | 4.48 | | - | |
| - Tax | 1.78 | | - | |
| - Reimbursement of expenses | 1.42 | 46.72 | - | 2.20 |
| Communication expenses | | 109.20 | | 134.06 |
| Printing and stationery | | 126.59 | | 123.61 |
| Legal and consultancy charges | | 209.99 | | 134.89 |
| Contract labour charges | | | | |
| - Housekeeping expenses | | 1,451.96 | | 1,442.91 |
| - Security charges | | 783.17 | | 746.68 |
| Loss on sale/ write off of property, plant and equipment (net) | | - | | 3.48 |
| Bad debts / irrecoverable balances written off | | - | | 3.14 |
| Provision for doubtful store lease deposits / advances | | 13.31 | | - |
| Provision for bad and doubtful debts | | 68.20 | | 80.97 |
| Miscellaneous expenses | | 453.29 | | 476.79 |
| | | 14,941.02 | | 13,384.39 |

## 29 Depreciation and amortisation

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 3.1) | 1,081.62 | 1,367.34 |
| Amortisation of intangible assets (refer note 3.2) | 130.37 | 120.96 |
| | 1,211.99 | 1,488.30 |

## 30 Finance costs

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Interest expense | 25.86 | 21.36 |
| Other costs | 386.79 | 358.87 |
| | 412.65 | 380.23 |

**31 Earning per share (EPS)**

Basic and diluted EPS have been calculated by dividing the profit / (loss) for the period attributable to equity holders of the Group by the weighted average number of Equity shares outstanding during the period.

| | For the half year ended 30th September 2018 | For the period 8th February 2017 to 31st March 2018 |
|---|---|---|
| Profit / (loss) for the period (₹ Lakhs) | 67.34 | (1,412.69) |
| Weighted average number of equity shares for earning per share * | 7,95,34,226 | 3,47,40,957 |
| Earnings per share – basic and diluted (face value of ₹ 5 each) | 0.08 | (4.07) |

* For the purpose of calculating earnings per share for the half year ended 30th September 2018 and for the period 8th February to 31st March 2018, the equity shares issued pursuant to the Scheme (refer note 43) have been considered effective as on 1st October 2017, being the appointed date under the Scheme and the equity shares of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) outstanding stands cancelled from the aforesaid date.

**32 Significant accounting judgement,estimates and assumptions**

The preparation of the financial statements requires management to make judgments, estimates and assumptions, as described below, that affect the reported amounts and the disclosures. The Group based its assumptions and estimates on parameters available when the financial statements were prepared and are reviewed at each Balance Sheet date. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the reported amounts and disclosures.

(a) **Employee benefit plans (Gratuity and Leave encashment benefits)**

The cost of the employment benefit plans and their present value are determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. For further details, refer Note 35.

(b) **Non recognition of deferred tax asset**

Deferred tax asset of ₹ 41,602.05 Lakhs (31st March 2018: ₹ 49,737.92 Lakhs) relating to deductible temporary differences, and unused tax losses has not been recognized in the balance sheet.

**33 Commitments and contingencies**

**a) Leases**

**Operating lease commitments (Group as Lessee)**

Retail stores are taken by the Group on operating lease and the lease rent is payable as per the agreements entered into with the lessors. Agreements are both in the nature of cancellable and non-cancellable leases. The lease term is for varied years and renewable for further years as per the agreements at the option of the Group. There are no restrictions imposed by these lease arrangements. The details of lease rentals payable are given below:

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Lease expenses for the period | 5,270.00 | 4,891.12 |
| Future Minimum Lease Payments - | | |
| Not Later than one year | 7,432.39 | 7,136.24 |
| Later than one year but not later than five years | 30,178.50 | 28,040.31 |
| Later than five years | 49,212.65 | 46,134.26 |
| **b) Contingencies** | | |
| Contingent liabilities not provided for in respect of: | | |
| - Sales Tax/VAT demands under appeal | 1046.27 | 951.20 |
| - Service Tax demands under appeal | 553.89 | 553.89 |
| - Claims against the Group not acknowledged as debt | 4601.95 | 4397.26 |
| **c) Commitments** | | |
| - Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) | 874.09 | 277.53 |
| - for Investments | 750.00 | 750.00 |

**34 Segment information**

The Group has identified a single operating segment i.e. organised retailing. The Group at present operates only in India and therefore the analysis of geographical segment is not applicable to the Group.

35 **Gratuity and other post employment benefit**

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

a) The following tables summarises the components of net benefit expense recognised in the interim consolidated statement of profit and loss and other comprehensive income for the period:

| | For the half year ended 30th September 2018 ₹ Lakhs | For the period 8th February 2017 to 31st March 2018 ₹ Lakhs |
|---|---|---|
| Expenses recognised in the interim consolidated statement of profit and loss | | |
| Current service cost | 30.23 | 31.78 |
| Interest cost | 13.90 | 14.68 |
| Interest income | (3.03) | (2.18) |
| | 41.10 | 44.28 |
| Expenses recognised in other comprehensive income | | |
| Net actuarial (gain) / loss recognised in the period | 72.74 | 29.44 |
| **Total expense** | **113.84** | **73.72** |

b) The following tables summaries the components of funded status and amounts recognised in the interim consolidated balance sheet for the plan.

(i) Net asset / (liability) recognised as on the Balance Sheet date:

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Present value of defined benefit obligations | 389.31 | 401.64 |
| Fair value of plan assets | 108.60 | 73.25 |
| **Net asset / (liability)** | **(280.71)** | **(328.39)** |

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

| | 30th September ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Present value of defined benefit obligation at the beginning of the period | 401.64 | - |
| Current service cost | 30.23 | 31.78 |
| Interest cost | 13.90 | 14.68 |
| Transferred pursuant to the Scheme (refer note 43) | - | 424.01 |
| Balance as at acquisition of subsidiary | - | 7.30 |
| Benefits paid | (129.58) | (103.64) |
| **Actuarial losses on obligation** | 73.12 | 27.52 |
| Arising from changes in experience | 96.75 | 27.56 |
| Arising from changes in demographic | - | - |
| Arising from changes in financial assumptions | (23.63) | (0.04) |
| **Present value of defined benefit obligation at the end of the period** | **389.31** | **401.64** |

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

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Fair value of plan assets at the beginning of the period | 73.25 | - |
| Interest income | 3.03 | 2.18 |
| Contributions by employer | 161.52 | 120.00 |
| Transferred pursuant to the Scheme (refer note 43) | - | 55.68 |
| Balance as at acquisition of subsidiary | - | 0.95 |
| Actual benefits paid | (129.58) | (103.64) |
| Actuarial gains / (losses) | 0.38 | (1.92) |
| **Fair value of plan assets at the end of the period** | **108.60** | **73.25** |

(iv) The Group expects to contribute ₹ 20.81 Lakhs (31 March 2018: ₹ 33.68 Lakhs) to gratuity fund in next year.

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

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| Investments with insurer | 100% | 100% |

(vi) Actuarial assumptions:

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| Discount rate | 8.25% | 7.70% |
| Expected rate of return on assets | 8.25% | 7.70% |
| Employee turnover | Grade wise attrition ranging from 12% to 67% | Grade wise attrition ranging from 12% to 67% |

(vii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(viii) Contribution to provident and other funds includes ₹ 236.99 Lakhs ( ₹ 290.65 Lakhs) paid towards defined contribution plans.

(ix) The basis of various assumptions used in actuarial valuations and their quantitative sensitivity analysis is as shown below:

| | 30th September 2018 | | 31st March 2018 | |
|---|---|---|---|---|
| **Assumptions** | **Discount rate** | | **Discount rate** | |
| Sensitivity level | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** |
| Impact | 19.72 | (21.39) | 21.40 | (23.30) |
| **Assumptions** | **Future salary** | | **Future salary** | |
| Sensitivity level | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** |
| Impact | (21.69) | 20.12 | (23.52) | 21.75 |
| **Assumptions** | **Mortality** | | **Mortality** | |
| Sensitivity level | 10% increase | 10% decrease | 10% increase | 10% decrease |
| | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** |
| Impact | (0.74) | 0.73 | (0.74) | 0.71 |
| **Assumptions** | **Attrition rate** | | **Attrition rate** | |
| Sensitivity level | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** | **₹ Lakhs** |
| Impact | (2.51) | 2.52 | (2.05) | 2.04 |

(a) Based on interest rates of government bonds
(b) Based on management estimate
(c) Based on IALM 2006-2008 ultimate mortality table

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**36 Related parties and their relationship**

(A)

| Name | Relationship | Place of Incorporation | Ownership Interest(%) 30-Sep-18 | Ownership Interest(%) 31-Mar-18 |
|---|---|---|---|---|
| Rainbow Investments Limited | Parent (having Control in terms of Ind As 110) | India | Having Control in terms of Ind As 110 | Having Control in terms of Ind As |
| Sunil Bhandari (upto 14th November 2018) | Director | - | - | - |
| Gautam Ray (upto 14th November 2018) | Director | - | - | - |
| Rajarshi Banerjee (upto 27th November 2018) | Director | - | - | - |
| Sanjiv Goenka (w.e.f 14th November 2018) | Non-Executive Director | - | - | - |
| Shashwat Goenka (w.e.f. 14th November 2018) | Non-Executive Director | - | - | - |
| Rahul Nayak (w.e.f. 14th November 2018) | Whole-time Director | - | - | - |
| Rekha Sethi (w.e.f. 14th November 2018) | Independent Director | - | - | - |
| Pratip Chadhuri (w.e.f. 14th November 2018) | Independent Director | - | - | - |
| Utsav Parekh (w.e.f. 14th November 2018) | Independent Director | - | - | - |
| Arvind Kumar Vats (w.e.f. 14th November 2018) | Chief Financial Officer | - | - | - |
| Navin Kumar Rathi (w.e.f. 14th November 2018) | Company Secretary | - | - | - |

**Other Related Parties having transactions during the period**

(B) **Companies Under Common Control**

| Name |
|---|
| Au Bon Pain Café India Limited |
| Bowlopedia Restaurants India Limited |
| CESC Limited |
| First Source Solutions Limited |
| Guiltfree Industries Limited |
| Kolkata Games and Sports Pvt Ltd |
| Open Media Network Pvt Ltd |
| Phillips Carbon Black Limited |
| Quest Properties India Limited |
| RPG Power Trading Co Ltd |
| Saregama India Ltd |

(C) **Details of transactions entered into with the related parties:**

**₹ Lakhs**

| Particulars | Companies Under Common Control | | Total | |
|---|---|---|---|---|
| | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstanding as on 30/9/2018 |
| **Income from Sale of Goods** | | | | |
| CESC Limited | 16.68 | - | 16.68 | - |
| | (31.41) | (0.31) | (31.41) | (0.31) |
| Phillips Carbon Black Limited | 7.71 | - | 7.71 | - |
| | (9.50) | - | (9.50) | - |
| Others | 5.51 | - | 5.51 | - |
| | (10.77) | (0.31) | (10.77) | (0.31) |

# Spencer's Retail Limited (formerly known as RP-SG Retail Limited)

## Notes to Interim Consolidated Financial Statements as at and for the half year ended 30th September 2018

₹ Lakhs

| Particulars | Companies Under Common Control | | Total | |
|---|---|---|---|---|
| | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstanding as on 30/9/2018 |
| **Purchase of Goods** | | | | |
| Guiltfree Industries Limited | 100.98 | 12.26 | 100.98 | 12.26 |
| | (48.34) | - | (48.34) | - |
| Saregama India Ltd | 65.99 | 35.36 | 65.99 | 35.36 |
| | (57.32) | (43.94) | (57.32) | (43.94) |
| Others | 0.89 | 0.00 | 0.89 | 0.00 |
| | (0.55) | (0.91) | (0.55) | (0.91) |
| **Rendering of Services** | | | | |
| Guiltfree Industries Limited | 56.35 | 15.45 | 56.35 | 15.45 |
| | (62.49) | (27.34) | (62.49) | (27.34) |
| CESC Limited | 372.27 | 207.67 | 372.27 | 207.67 |
| | (3.99) | (3.99) | (3.99) | (3.99) |
| Others | 2.37 | - | 2.37 | - |
| | (0.78) | - | (0.78) | - |
| **Purchase of Property and other Assets** | | | - | - |
| Au Bon Pain Café India Limited | - | - | - | - |
| | (4.68) | (4.68) | (4.68) | (4.68) |
| **Expense Recoverable** | | | | |
| CESC Limited | 1,603.37 | 2,550.80 | 1,603.37 | 2,550.80 |
| | (1,598.76) | (1,598.76) | (1,598.76) | (1,598.76) |
| Others | 15.32 | 16.83 | 15.32 | 16.83 |
| | (16.83) | (16.83) | (16.83) | (16.83) |
| **Expense Incurred** | | | | |
| CESC Limited | 90.53 | 16.35 | 90.53 | 16.35 |
| | (60.06) | (4.84) | (60.06) | (4.84) |
| Quest Properties India Limited | 285.65 | 176.19 | 285.65 | 176.19 |
| | (329.51) | (83.21) | (329.51) | (83.21) |
| Others | 0.19 | - | 0.21 | - |
| | (0.46) | (5.17) | (0.46) | (5.17) |
| **Security Deposit Receivable** | | | | |
| CESC Limited | 3.45 | 27.74 | 3.45 | 27.74 |
| | - | (24.29) | - | (24.29) |
| Others | - | 107.95 | - | 107.95 |
| | - | (107.94) | - | (107.94) |
| **Security Deposit Payable** | | | | |
| Bowlopedia Restaurants India Limited | 1.93 | - | 1.93 | - |
| | (1.93) | (1.93) | (1.93) | (1.93) |
| Au Bon Pain Café India Limited | - | 61.67 | - | 61.67 |
| | (61.67) | (61.67) | (61.67) | (61.67) |
| CESC Limited | - | 1.24 | - | 1.24 |
| | - | (1.24) | - | (1.24) |

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## Spencer's Retail Limited (formerly known as RP-SG Retail Limited)

**Notes to Interim Consolidated Financial Statements as at and for the half year ended 30th September 2018**

₹ Lakhs

| Particulars | Companies Under Common Control | | Total | |
|---|---|---|---|---|
| | Transaction Value | Balance Outstanding as on 30/9/2018 | Transaction Value | Balance Outstanding as on 30/9/2018 |
| **Sales Collection Received** | | | | |
| CESC Limited | 1,219.59 | 2,519.38 | 1,219.59 | 2,519.38 |
| | (1,290.60) | (1,290.60) | (1,290.60) | (1,290.60) |
| **Outstanding balance for the Period end** | | | | |
| Bowlopedia Restaurants India Limited | | | | |
| Receivable | - | - | - | 19.12 |
| Payable | - | - | - | - |
| CESC Limited | | | | |
| Receivable | - | - | - | 2,802.56 |
| Payable | - | - | - | 2,510.19 |
| Saregama India Ltd | | | | |
| Receivable | - | - | - | 2.25 |
| Payable | - | - | - | 35.36 |
| Quest Properties India Limited | | | | |
| Receivable | - | - | - | 107.95 |
| Payable | - | - | - | 176.19 |
| Guiltfree Industries Limited | | | | |
| Receivable | - | - | - | 15.45 |
| Payable | - | - | - | 12.26 |
| Others | | | | |
| Receivable | | | | 13.92 |
| Payable | | | | 63.67 |

37 **Fair Values**

(i) **Class wise fair value of the Group's financial assets:**

| | 30th September 2018 ₹ Lakhs | 31st March 2018 ₹ Lakhs |
|---|---|---|
| Investments (unquoted) in equity shares | 1.00 | 1.00 |
| Investment in Alternative Investment Fund | 711.67 | 684.16 |
| Investment in Mutual Funds | 423.17 | - |
| | 1,135.84 | 685.16 |

(ii) **Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Group's over-the-counter (OTC) derivative contracts.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or inpart, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

₹ Lakhs

| | Fair Value Measurement Using | | | |
|---|---|---|---|---|
| | Level-1 | Level-2 | Level-3 | Total |
| Investments (unquoted) in equity shares | - | - | 1.00 | 1.00 |
| | (-) | (-) | (1.00) | (1.00) |
| Investment in Alternative Investment Fund | - | - | 711.67 | 711.67 |
| | (-) | (-) | (684.16) | (684.16) |
| Investment in Mutual | 423.17 | - | - | 423.17 |
| | (-) | (-) | (-) | (-) |

(iii) **Reconciliation of fair value measurement of investments in unquoted equity shares / units classified as FVTOCI assets:**

| | ₹ Lakhs |
|---|---|
| **Balance as on 31st March 2018** | **1.00** |
| **Balance as on 30th September 2018** | **1.00** |

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**38 Financial risk management objectives and policies**

The Group's financial liabilities comprise other financial liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include trade and other receivables, cash and cash equivalents, investments and deposits.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The senior management reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk primarily comprises interest rate risk. Financial instruments affected by market risk include loans and deposits.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer's contract leading to a financial loss. The Group is exposed to credit risk from its financing activities, including deposits with banks and other financial instruments.

Financial instruments and cash deposits

Credit risk from balances with banks is managed by the company's treasury department in accordance with the Group's policy.

Investments of surplus funds are made only after review and approval of senior management.

The Groups's maximum exposure to credit risk for the components of the balance sheet at 30th September 2018 and 31 March 2018 is the carrying amounts as illustrated in note 5, 9 and 11.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

**39 Capital management**

The Group's objective when managing capital (defined as net debt and equity) is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Group.

40 Ind AS 115 - "Revenue from contracts with customers", mandatory for reporting periods beginning on or after 01st April 2018, replaces existing revenue recognition requirements. Accordingly, the Group has applied the modified retrospective approach and therefore the revenue for the year ended 31st March 2018 are not comparable with the revenue for the half year ended 30th September 2018. There are no adjustments required to the retained earnings as at 1st April 2018. Further, due to the application of Ind AS 115, revenue from operations and cost of goods sold is lower by ₹ 3,419.45 Lakhs for the half year ended 30th September 2018, on account of no specific performance obligation to provide a distinct good or service. However, this does not have any impact on the profit for the half year ended 30th September 2018.

**41 Contract balances:**

| | 30th September 2018 | 31st March 2018 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| Trade receivable | 5,752.20 | 3,720.68 |
| Contract liabilities | 441.47 | 362.41 |

Trade receivables are non-interest bearing and are generally agreed on terms of 30 to 90 days.

Contract liabilities include short term advances from parties for rendering various services.

**42 Additional information in respect of net assets and profit / loss of each entity within the group and their proportionate share**

| | As at 30th September 2018 | | For the half year ended 30th September 2018 | | As at 31st March 2018 | | For the period 8th February 2017 to 31st March 2018 | |
|---|---|---|---|---|---|---|---|---|
| | Net Assets, i.e. Total assets minus total liabilities | | Share in Profit or Loss | | Net Assets, i.e. Total assets | | Share in Profit or Loss | |
| | As a % of total | ₹ Lakhs | As a % of total | ₹ Lakhs | As a % of total | ₹ Lakhs | As a % of total | ₹ Lakhs |
| **Holding :** | | | | | | | | |
| Spencer's Retail Limited (formerly kmown as RP-SG Retail Limited) | 106% | 58,037.00 | 3006% | 306.90 | 106% | 58,085.12 | 65% | (942.92) |
| **Subsidiary :** | | | | | | | | |
| Omnipresent Retail India Private Limited | -6% | (3,314.60) | -2906% | (296.69) | -6% | (3,372.93) | 35% | (499.21) |
| **Total** | 100% | 54,722.40 | 100% | 10.21 | 100% | 54,712.19 | 100% | (1,442.13) |

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43 The Board of Directors at its meeting held on 22nd May, 2017 approved, subject to necessary approvals, a composite scheme of arrangement (the Scheme) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 involving the Group, CESC Limited (CESC), Spencer's Retail Limited and seven other subsidiary companies of CESC as on that date. The Scheme, inter alia, provided for, interalia, demerger of identified Retail Undertaking(s) of the Spencer's Retail Limited and CESC Limited as a going concern into Spencer's Retail Limited (formerly known as RP-SG Retail Limited).

The Group received on 5th October, 2018 the certified copy of the order of National Company Law Tribunal (NCLT), being the appropriate authority which included the approval for the above referred activities. Accordingly, the Board of Directors in its meeting held on 12th October, 2018 had decided to give effect of the Scheme in terms of the NCLT Order as applicable to the Group with from the Appointed Date of 1st October, 2017 in its accounts for the year ended 31st March, 2018. The Net Assets acquired as at the Appointed Date at book value are as below:

| | |
|---|---|
| CESC Limited | ₹ 20,970.51 Lakhs |
| Spencer's Retail Limited | ₹ 39,045.74 Lakhs |

Pursuant to the Scheme, each existing shareholder of CESC Limited registered on the record date of 31st October, 2018 in respect of every 10 shares is entitled to 6 fully paid up equity shares of ₹ 5 each in Spencer's Retail Limited (formerly known as RP-SG Retail Limited) and CESC Limited is entitled to 500,000 fully paid up 0.01% non-cumulative compulsorily redeemable preference shares of ₹ 100 each being issued by the Group.

44 Previous period figures have been regrouped/reclassified wherever necessary to correspond with current period classification / disclosure.The figures appearing in the consolidated statement of profit and loss for the period ended 31st March 2018 of the Group represents the figures from 8 February 2017 to 31 March 2018. Hence current period figures are not comparable with previous period figures.

For **Batliboi, Purohit & Darbari**
Firm Registration number - 303086E
Chartered Accountants

CA Hemal Mehta
Partner
Membership No. 063404

**For and on behalf of Board of Directors**

**Shashwat Goenka**
**Director**
DIN: 03486121

**Sanjiv Goenka**
**Chairman**
DIN: 00074796

**Rahul Nayak**
**Whole-time Director**
DIN: 06491536

**Navin Kumar Rathi**
**Company Secretary**

**Arvind Kumar Vats**
**Chief Financial Officer**

Place : Kolkata
Date : 11th January 2019

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our Financial Statements which appear elsewhere in this Information Memorandum. You should also read the section titled "Risk Factors" on page 16, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to the financial statements of our Company.*

*This discussion contains forward-looking statement and reflects our current plans and expectations, actual results may differ materially from those anticipated in these forward-looking statements. By their nature certain market risk disclosures are only estimates and could be materially different from those that have been estimated. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the sections titles "Risk Factors", "Forward-Looking Statements" and "Our Business" on pages 16, 10 and 76 respectively.*

## Overview

Spencer's is one of the leading retail brands in India, with the second largest count of large format stores. We operate retail stores (primarily in food and grocery) across various formats, selling products in various categories including food, fashion, general merchandise, homeware, consumer durables and electricals. Pursuant to our philosophy, "Makes Fine Living Affordable", we cater to aspirational segments of the Indian population across various socio-economic classes ("SEC") by providing them with a wide range of quality merchandise at competitive prices. The key tenet of our merchandising strategy is to offer differentiated products in food and non-food categories at fair-market prices. We make global products locally available and local products conveniently available. In effect, we endeavour to be a one-stop-shop for our customers and their families. Customer service also is key to our offering, and we aspire to provide best-in-class instore customer experience.

Having pioneered organized retail in India by setting up India's first organized retail chain, our Company has enjoyed a strong first-mover advantage, which has allowed it to establish a leading position in the retail industry in India. Our first-mover advantage has not only helped us develop a wide network of stores, but has also strengthened the brand equity of our Company. We have a pan-India presence with a strong focus on northern, eastern and southern India with a footprint of 137 stores as of September 30, 2018. These stores are spread over about 1.24 million square feet and are located in 10 states namely Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, West Bengal, Jharkhand, Haryana, Uttar Pradesh and Uttarakhand.

As of Fiscal 2018, our net revenue from sales of goods was Rs. 96,472.11 lakhs.

We are a part of the RP – Sanjiv Goenka Group ("RPSG Group"). The RPSG Group is a large conglomerate having interests in diverse sectors power and natural resources, carbon black, retail and FMCG, media and entertainment, infrastructure, information technology, education and sports. Our Company espouses the corporate values and principles of the RPSG Group and we believe that our association with the RPSG Group lends us credibility which has assisted us in building long-standing relationships with our vendors and business partners, as well as in hiring and retaining industry talent.

## Significant developments subsequent to the last financial year:

1. The National Company Law Tribunal, Kolkata bench, vide its order dated March 28, 2018 approved the Composite Scheme of Arrangement amongst CESC Infrastructure Limited, erstwhile Spencer's Retail Limited, Music World Retail Limited, Spen Liq Private Limited, New Rising Promoters Private Limited, CESC Limited, Haldia Energy Limited, CESC Ventures Limited (formely known as RP-SG Business Process Services Limited), Crescent Power Limited, and our Company, and their respective shareholders, in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. Pursuant to the Scheme, the Retail Undertaking of the Demerged Company and erstwhile Spencer's Retail Limited is transferred to and vested with our Company. The Effective Date of the Scheme was October 12, 2018 with effect from the Appointed Date i.e. October 1, 2017. Accordingly, pursuant to the Scheme, 7,95,34,226 Equity Shares of Rs. 5 each were allotted to the shareholders of CESC Limited, 5,00,000 fully paid up preference shares of Rs. 100 were allotted to CESC Limited and the existing share capital of the Company was cancelled on November 14, 2018.

2. Our Board of Directors was reconstituted and KMPs were appointed.

3. The name of our Company was changed from "RP-SG Retail Limited" to "Spencer's Retail Limited" pursuant to the certificate of incorporation pursuant to change of name issued by the RoC on December 13, 2018

4. Our Company has received in-principle approval for listing from BSE, CSE and NSE on December 26, 2018, January 4, 2019 and December 17, 2018 respectively.

5. Our Company was granted an exemption from the application of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 by the SEBI *vide* the letter no. CFD/DIL-1/YJ/KB/733/2019 dated January 8, 2019.

Other than the above, after the date of last audited accounts i.e. September 30, 2018, the Directors of our Company confirm that, there have not been any significant developments.

**Certain factors affecting our results of operations**

The following is a discussion of certain factors that have had, and continue to have, a significant effect on our financial results:

- **Competition**

  The Indian retail market has become increasingly competitive in recent years and this may increase in the future. Currently, our key direct competitors include other organised brick and mortar retailers such Avenue Supermarts, Big Bazaar, More, Reliance Retail, Grofers, Big Basket and Spar and unorganised retailers such as local departmental stores and *kirana* shops. Although e-tailing is not currently a major participant in the multi-brand retail industry, especially in food and food products in India, competition from e-tailing may increase in the future. For more details, see "*Our Business – Competition"* on page 82. Increased competition may lead to a fall in prices and a consequent fall in our margins. Each of the aforementioned organised retailers has an established presence in the markets in which we operate and they may continue to open additional stores in the same cities where we have opened or intend to open our stores in the future. This may require us to change our strategy or be more selective in opening of new stores.

- **Expansion of our Store Network**

  We have expanded our network to a total of 137 stores as of September 30, 2018. Our strategy is to continue expanding our network by opening stores in untapped markets.

  Furthermore, our revenue growth can vary according to the level of maturity of our stores. The revenue a store generates depends on its stage of operation. Generally, revenue generated by a new store is lower at its initial stage of operation and tends to increase after the first few years of operation as the store gains customer loyalty and market recognition. Following this initial stage, growth in the revenue of a store will also depend on various factors such as the level of customer traffic, quality of store management, extent of redecoration and renovation, and rate of growth in the local economy

- ***Availability of Commercial Real Estate***

  Our ability to increase our sales and profitability is directly affected by the total number of stores we operate. All our stores operate on a long-term leasehold basis. Our ability to continue to secure densely populated residential neighbourhood locations is a key factor to our success. As we expand our store network, we will need to secure more locations that meet our business needs whether on an ownership, longterm leasehold or rental basis, as we determine on a case-by-case basis. We have no control over future increases in real estate prices. If real estate prices increase, we will require greater capital to buy land or incur higher operational costs due to higher leasing or rental costs. If there is limited availability of real estate in the future, competition for such real estate may increase which may result in a further increase in prices. This may lead to delays and cost overruns in opening new stores.

- ***Operational Expenses and Costs***

  Most of our stores are operated from premises which are acquired on a long-term leasehold basis. For those stores where we pay rentals, we will continue to be affected by any future rental increases. Furthermore, when our current leases expire we will need to re-negotiate these leases with the relevant lessors, who may seek to impose higher costs or more onerous conditions on us.

Our store operating costs include, among others, human resource costs, utilities, and maintenance. These costs and expenses can fluctuate and also differ from store to store depending on a variety of factors. For example, power tariffs vary from state to state in India. Furthermore, regulations affecting manpower costs such as rules relating to minimum wages, may also vary from state to state. Inflation increases our operating costs. Fixed operating costs increase as we open new stores.

In general, we expect our operational expenses as a percentage of sales to be higher for new stores than for mature stores. However, in absolute terms, our older stores tend to have higher operational costs as these costs also include repairs which are not capitalised. In addition, we carry out periodic renovations of our stores, which we believe are important in maintaining and enhancing the image of our stores and in attracting customers. During renovations, we will incur expenses and experience temporary disruptions to our normal operations which may affect our revenues.

- ***Other Factors:***

  - Political stability of the country
  - World and Indian economy
  - Government policies for the retail industry
  - Investment flow in the country from the other countries
  - Company‘s ability to successfully implement growth strategy
  - Compliance with regulations prescribed by authorities of the jurisdictions in which we operate
  - Adapting to the changing technology in our industry of operation

**Significant Accounting Policies**

1. **Corporate information**

The special purpose interim consolidated financial statements ("interim consolidated financial statements") comprise financial statements of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) (the Company) and its subsidiary (collectively, the Group) as at and for the half year ended 30th September 2018. The Company is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act, 2013. The registered office of the Company is located at CESC House, Chowringhee Square, Kolkata 700001. The name of the Company was subsequently changed from "RP-SG Retail Limited" to "Spencer's Retail Limited" vide certificate of incorporation pursuant to change of name issued by the Registrar of Companies, Kolkata dated 13th December 2018.

The Company is primarily engaged in developing, conducting, investing and promoting organised retail and operates departmental and neighbourhood stores under various formats across the country. The Company's subsidiary is mainly engaged in the business of delivery agent on commission basis.

2. **Basis of preparation**

These special purpose interim consolidated financial statements of the Group for the half year ended 30th September 2018 have been prepared in accordance with Ind AS 34 "Interim Financial Reporting" specified under Section 133 of the Companies Act 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules,2013, as amended for the limited purpose of inclusion in the Information Memorandum to be filed with Stock Exchanges. Accordingly the comparative number for interim consolidated statement of profit and loss, interim consolidated statement of changes in equity and interim consolidated cash flow statement has been given for the period 8th February 2017 to 31 March 2018, instead of April to September 2017.

The special purpose interim consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which had been measured at fair value. (refer accounting policy regarding financial instruments).

**2.1 Basis of consolidation**

The interim consolidated financial statements comprise the financial statements of the Spencer's Retail Limited (formerly known as RP-SG Retail Limited) and its subsidiary as at and for the half year ended 30th September 2018. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The Interim consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the parent and subsidiaries financial statements. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company.

The subsidiary company considered in the interim consolidated financial statements is as follows:

| Name | Country of Incorporation | % of ownership interest as on September 30, 2018 |
|---|---|---|
| Omnipresent Retail India Pvt. Ltd. | India | 100% |

**2.2 Significant accounting policies**

**a) Property, plant and equipment**

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure in respect of improvements, etc. carried out at the rented / leased premises are capitalised and depreciated over the initial period of lease or useful life of assets, whichever is lower.

Expenditure incurred in setting up of stores are capitalized as a part of Leasehold improvements.

The present value of the expected cost to be incurred on removal of assets at the time of store closure is included in the cost of leasehold improvements. Gains or losses arising from derecognition of property, plant and equipment 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.

Depreciation on Property, Plant and Equipment is calculated on a straight-line basis using the rates arrived based on the useful lives estimated by the management, which is as follows:

| Class of Assets | Useful lives estimated by the management (years) |
|---|---|
| Computers and hardware | 3 to 6 years |
| Furniture and Fixtures | 3 to 15 years |
| Vehicles | 5 years |
| Office equipment’s | 5 years |
| Plant and Machinery | 15 to 25 years |

The management has estimated, based on the Group's internal evaluation, the useful lives of certain plant and machinery, furniture and fixtures and computer and hardware between 15 to 25 years, 3 to 15 years and 3 to 6 years, respectively. The management believes that these estimated useful life are realistic and reflect fair approximation of the period over which the asset are likely to be used.

The carrying amount of assets is reviewed at each balance sheet date, to determine if there is any indication of impairment based on the internal/external factors. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount which is the greater of net selling price and value in use of the respective assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**b) Intangible assets**

Acquired computer softwares, trademark, knowhow and licenses are capitalised on the basis of the costs incurred to acquire and bring the specific asset to its intended use and subsequently at cost less accumulated amortisation and accumulated impairment loss, if any.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an impairment indicator. The amortisation expense is recognised in the statement of profit and loss.

Gain or loss arising on disposal of the intangible asset is included in the statement of profit and loss.

A summary of the amortisation period applied to the Group's intangible assets is, as follows:

| Class of Assets | Useful lives estimated by the management (years) |
|---|---|
| Computer softwares | 6 years |
| Knowhow and licenses | 10 years |

The Group has considered indefinite life for Trade Mark and hence it is tested for impairment annually.

**c) Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**d) Investments**

Investment in equity instruments are measured at Fair Value through Other Comprehensive Income (FVTOCI). All fair value changes on such investments, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Investments in units of Mutual Funds and Alternative Investment Fund are accounted for at fair value and the changes in fair value are recognised in Statement of Profit and Loss.

**e) Impairment of financial assets**

In accordance with Ind AS 109: Financial Instruments, the Group recognises impairment loss allowance on deposits based on historically observed default rates. Impairment loss allowance recognised/reversed during the period are charged/written back to Statement of Profit and Loss.

**f) Inventories**

Traded Goods and Packing materials are valued at lower of cost and net realizable value. Cost includes purchase price and other incidental expenses. Cost is determined under moving weighted average method.

Raw Materials are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Obsolete, Slow moving and defective inventories are identified from time to time and where necessary a provision is made for such inventories.

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

**g) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**h) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**i) Retirement and other employee benefits**

Retirement benefits in the form of Provident & Superannuation Funds are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and contribution, by way of premium is paid to Life Insurance Corporation of India (L.I.C.), under the Group Gratuity Scheme. Gratuity liability is provided based on actuarial valuation on projected unit credit method done at the end of each period.

Long term compensated absences are provided for on the basis of actuarial valuation carried out at the period end as per projected unit credit method.

The current and non current bifurcation has been done as per the actuarial report.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

(ii) Net interest expense or income

**j) Foreign currency transactions**

Transactions in foreign currencies are initially recorded in reporting currency by the Group at spot rates at the date of transaction. The Group's functional currency and reporting currency is same i.e. Indian Rupees.

Foreign currency monetary items are reported using the closing rate. Foreign currency non-monetary items measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

**k) Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

**Sale of goods**

Revenue recognised from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. The Group collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Accordingly, they are excluded from revenue.

Where the Group is the principal in the transaction, the sales are recorded at their gross values. Where the Group is effectively the agent in the transaction, the cost of the merchandise is disclosed as a deduction from the gross value.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Any amounts received from merchandiser for which the Group do not provide any distinct good or service are considered as a reduction of purchase costs.

**Income from recoveries and services**

Income from recoveries and services mainly represents recoveries made on account of advertisement for use of space by the customers and other expenses charged from suppliers and are recognized and recorded based on the arrangements with concerned parties. The Group collects Goods and Service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

The Group has contracts with concessionaire whereby the Group provides its store space for facilitating the sales of the products of these concessionaires. Thus, the Group is an agent and records revenue at the net amount that it retains for its agency services.

**Interest income**

Interest income is recorded using the effective interest rate (EIR). Interest income is included as finance income in the Statement of Profit and Loss.

**l) Taxes**

**Current income tax**

Current income tax is measured at the amount expected to be paid, if any to the tax authorities in accordance with Indian Income Tax Act, 1961. Management periodically evaluates positions taken in the tax returns vis-a-vis positions taken in books of account, which are subject to interpretation, and creates provisions where appropriate.

**Deferred tax**

Deferred tax is provided on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

**m) Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are operating lease. Operating lease payments as per terms of the agreement are recognised as an expense in the Statement of Profit and Loss representing the time pattern of benefit to the Group as per specific lease terms.

**n) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss before Other Comprehensive Income for the period 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 before Other Comprehensive Income for the period and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**o) Contingent liabilities**

A contingent liabilities is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

**p) Business Combination**

Business combination involving entities or businesses under common control are accounted for using the pooling of interest method whereby the assets and liabilities of the combining entities / business are reflected at their carrying value and necessary adjustments, if any, have been given effect to as per the scheme approved by National Company Law Tribunal.

**q) Measurement of EBITDA**

The Group has elected to present earnings before interest, tax expenses, depreciation and amortization expenses (EBITDA) as a separate line item on the face of the Statement of Profit and Loss.

**Summary of Changes to Significant Accounting Policies**

There has been no change in classification of any accounting measures including operating expenses, income, operating income, depreciation, etc.

**Related Party Transactions**

For details, see "*Financial Statements - Related Party Transactions*" on page 169.

**Balance Sheet**

The following table sets forth the principal components of our assets and liabilities as at September 30, 2018 and March 31, 2018:

| Particulars | As at 30th September 2018 Rs. Lakhs | As at 31st March 2018 Rs.Lakh | Particulars | As at 30th September 2018 Rs. Lakhs | As at 31st March 2018 Rs.Lakh |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non- Current Assets** | | | | | |
| (a) Property, plant and equipment | 14,704.94 | 14,244.78 | *This includes:* | | |
| | | | Net carrying amount: | | |
| | | | Leasehold improvements | 6,625.86 | 6,538.15 |
| | | | Plant and machineries | 3,379.40 | 3,251.88 |
| | | | Computer hardwares | 714.62 | 646.47 |
| | | | Vehicles | 1.08 | 1.33 |
| | | | Furniture and fixtures | 3,875.52 | 3,695.88 |
| | | | Office equipments | 108.46 | 111.07 |
| | | | | **14,704.94** | **14,244.78** |
| (b) Capital work-in-progress | 178.03 | 15.04 | | | |
| (c) Intangible assets | 9,534.22 | 9,626.51 | *This includes:* | | |
| | | | Net carrying amount: | | |
| | | | Computer softwares | 820.17 | 884.49 |
| | | | Know-how and licenses | 89.05 | 117.02 |
| | | | Trade Mark | 8,625.00 | 8,625.00 |
| | | | | **9,534.22** | **9,626.51** |
| (d) Financial assets | | | | | |
| (i) Investments | 712.67 | 685.16 | *This includes:* | | |
| | | | **Unqouted** | | |
| | | | **Investments in equity instruments (at FVTOCI)** | | |
| | | | Retailer's Association of India: 10,000 equity share as at 30th September 2018 (31st March 2018: 10,000 | 1.00 | 1.00 |

| | | | | | |
|---|---|---|---|---|---|
| | | | equity share) | | |
| | | | **<u>Investment in Alternative Investment Fund (at FVTPL)</u>**<br>Fireside Ventures Investment Fund 1 of Rs.100,000 each : 729.69 units as at 30th September 2018 (31st March 2018: 750 units) | 711.67 | 684.16 |
| | | | | **712.67** | **685.16** |
| (ii) Loans and deposits | 3,391.87 | 2,984.98 | *This includes:* | | |
| | | | Deposits: | | |
| | | | Considered good | 3,391.87 | 2,984.98 |
| | | | Significant increase in credit risk | 13.35 | 13.95 |
| | | | Credit impaired | 145.30 | 131.99 |
| | | | | 3,550.52 | 3,130.92 |
| | | | Impairment allowance: | | |
| | | | Significant increase in credit risk | (13.35) | (13.95) |
| | | | Credit impaired | (145.30) | (131.99) |
| | | | | **3,391.87** | **2,984.98** |
| (iii) Other financial assets | 2,019.18 | 17,030.90 | *This includes:* | | |
| | | | Other Bank balances: | | |
| | | | - Deposits with original maturity for more than 12 months | 0.50 | 15,300.00 |
| | | | - Margin money deposit | 1,878.15 | 1,640.88 |
| | | | Interest accrued on deposits | 136.03 | 89.81 |
| | | | Advances to employees | 4.50 | 0.21 |
| | | | | **2,019.18** | **17,030.90** |
| (e) Non current tax assets (net) | 428.90 | 289.21 | | | |
| (f) Other non-current assets | 1,698.55 | 1,778.23 | *This includes:* | | |
| | | | Capital advances | | |
| | | | - Considered good | 97.77 | 15.30 |
| | | | - Considered doubtful | | |

| | | | | | |
|---|---|---|---|---|---|
| | | | | 3.54 | 3.54 |
| | | | Less: considered doubtful | 101.31<br>(3.54) | 18.84<br>(3.54) |
| | | | Advances other than capital advances:<br>- Advances recoverable in cash or in kind<br>- Prepaid expenses<br>- Deposits for claims and tax disputes | 97.77<br>0.91<br>1,567.52<br>32.35 | 15.30<br>0.51<br>1,731.39<br>31.03 |
| | | | | **1,698.55** | **1,778.23** |
| **Current Assets**<br>(a) Inventories | 25,205.19 | 24,249.13 | *This includes:*<br>Raw materials<br>Finished goods<br>Stock-in-trade<br>Less : Provision for obsolete stock | 87.38<br>14.97<br>25,592.04<br>(811.80) | 79.29<br>18.50<br>24,573.90<br>(694.28) |
| | | | | 24,780.24 | 23,879.62 |
| | | | Packing materials<br>Less : Provision for obsolete stock | 333.75<br>(11.15) | 298.59<br>(26.87) |
| | | | | 322.60 | 271.72 |
| | | | | **25,205.19** | **24,249.13** |
| (b) Financial assets<br>(i) Investments | 423.17 | - | This includes investment in mutual funds | 423.17 | - |
| (ii) Trade receivables | 5,752.20 | 3,720.68 | *This includes:*<br>Considered good<br>Credit impaired<br>Less: allowance for credit impaired receivables | 5,752.20<br>149.70<br>(149.70) | 3,720.68<br>81.50<br>(81.50) |
| | | | | **5,752.20** | **3,720.68** |

| | | | | | |
|---|---|---|---|---|---|
| (iii) Cash and cash equivalents | 2,898.46 | 1,940.90 | *This includes:* | | |
| | | | Balance with Banks - On current accounts | 1,152.54 | 1,168.67 |
| | | | Balance with credit card, e-wallet companies and others | 809.96 | 405.99 |
| | | | Cash in hand | 935.96 | 366.24 |
| | | | | **2,898.46** | **1,940.90** |
| (iv) Bank balances other than (iii) above | 5,146.13 | 8,059.79 | Deposits with original maturity more than 3 months but less than 12 months | 5,146.13 | 8,059.79 |
| (v) Loans and deposits | - | 0.93 | Deposits | - | 0.93 |
| (vi) Other financial assets | 16,253.18 | 703.78 | *This includes:* | | |
| | | | Other Bank balances | | |
| | | | - Deposits with original maturity for more than 12 months | 15,319.12 | 239.81 |
| | | | Interest accrued on deposits | 146.67 | 122.87 |
| | | | Advances to employees | 57.29 | 40.71 |
| | | | Other receivables | 730.10 | 300.39 |
| | | | | **16,253.18** | **703.78** |
| (c) Current tax assets (net) | 14.94 | 7.44 | | | |
| (d) Other current assets | 2,457.60 | 2,010.74 | *This includes:* | | |
| | | | Advances recoverable in cash or in kind | 689.75 | 325.30 |
| | | | Prepaid expenses | 1,032.26 | 658.50 |
| | | | Balance with statutory / government authorities | 735.59 | 1,026.94 |
| | | | | **2,457.60** | **2,010.74** |
| **TOTAL ASSETS** | **90,819.23** | **87,348.20** | | | |
| **EQUITY AND LIABILITIES**<br>**EQUITY** | | | | | |
| (a) Equity share capital | - | - | Authorised share capital: | | |
| | | | Equity shares of Rs. 5 each (2,99,01,00,000 | 149,505.00 | 149,505. |

| | | | | | |
|---|---|---|---|---|---|
| | | | shares)<br>Preference shares of Rs. 100 each (5,00,000 shares) | 500.00 | 00<br>500.00 |
| | | | | **150,005.00** | **150,005.00** |
| (b) Equity share suspense | 3,976.71 | 3,976.71 | 7,95,34,226 equity shares of Rs. 5 each amounting to Rs. 3,976.71 Lakhs is the proposed equity share capital of the Company effective from 1 October, 2017 post restructuring. The Company is in the process of listing its equity shares in the recognised Stock exchanges in India, hence the share capital stands unallotted and disclosed under equity share suspense account.<br><br>In terms of the Scheme, the paid up equity share capital of Rs. 5.00 lakhs of Spencer's Retail Limited (formerly known as RP-SG Retail Limited) pertaining to the period prior to the Appointed date i.e. 1st October 2017 stands cancelled and reduced.<br>The equity shares have been subsequently allotted on 14th November 2018. | | |
| (c) Other equity | 50,745.69 | 50,735.48 | *This includes:* | | |
| | | | Capital reserve | 56,133.85 | 56,133.85 |
| | | | Retained earnings | (5,389.64) | (5,399.85) |
| | | | Other comprehensive income | 1.48 | 1.48 |
| **LIABILITIES** | | | | **50,745.69** | **50,735.48** |
| **Non-current liabilities** | | | | | |
| (a) Financial liabilities | 81.75 | 78.04 | **Preference share suspense *** | | |

| | | | | | |
|---|---|---|---|---|---|
| | | | 0.01% non-cummulative non-convertible redeemable preference shares of Rs. 100 each: 500,000 shares as at 30th September 2018 (31st March 2018: 500,000 shares) to be issued pursuant to the Scheme<br><br>* subsequently allotted on 14th November 2018<br><br>**Rights, preferences and restrictions attached to preference shares to be issued :**<br>The non-convertible non-cumulative redeemable 500,000 preference shares of Rs. 100 each carriying dividend @ 0.01% per annum redeemable at par after 20 years from date of allotment. | | |
| (b) Provisions | 777.87 | 824.73 | *This includes:* | | |
| | | | Provisions for employee benefits | | |
| | | | -Gratuity | 260.72 | 311.14 |
| | | | -Leave | 246.87 | 266.76 |
| | | | Other Provisions | | |
| | | | -Provision for decommissioning liability | 270.28 | 246.83 |
| **Current Liabilities** | | | | **777.87** | **824.73** |
| (a) Financial liabilities | | | | | |
| (i) Trade payables | | | | | |
| - Total outstanding dues of micro and small enterprises | - | - | | | |
| - Total outstanding dues of creditors other than micro and small enterprises | 31,225.50 | 28,021.99 | | | |
| (ii) Other financial liabilities | 1,800.04 | 1,465.75 | *This includes:* | | |
| | | | Book overdraft | 174.44 | - |
| | | | Sundry deposits | 343.04 | 319.64 |
| | | | Liability for capital goods | 492.97 | 272.45 |
| | | | Others | | |
| | | | - Payables to employees | | |

| | | | | | |
|---|---|---|---|---|---|
| | | | | 789.59 | 873.66 |
| | | | | **1,800.04** | **1,465.75** |
| (b) Other current liabilities | 693.55 | 749.08 | *This includes:*<br>Advances from customers<br>Statutory dues<br>Others | 441.47<br>249.87<br>2.21 | 362.41<br>386.67 |
| | | | | **693.55** | **749.08** |
| (c) Provisions | 1,518.12 | 1,496.42 | *This includes:*<br>Provisions for employee benefits<br>- Gratuity<br>- Leave<br>Other provisions<br>- Tax disputes<br>- Claims on leased properties | 19.99<br>14.26<br>293.53<br>1,190.34 | 17.25<br>13.22<br>293.53<br>1,172.42 |
| | | | | **1,518.12** | **1,496.42** |
| **TOTAL EQUITY AND LIABILITIES** | **90,819.23** | **87,348.20** | | | |

**Note: Retail business of CESC Limited and erstwhile Spencer's Retail Limited was transferred and vested with our Company with the Appointed Date of October 1, 2017. Consequently, assets and liabilities as on December 31, 2017 include the assets and liabilities of the Retail Undertakings vested in our Company pursuant to the Scheme.**

**Statement of Profit and Loss Account**

The following table sets forth our statement of profit and loss for the six months ended September 30, 2018 and period February 8, 2017 to March 31, 2018:

| Particulars | For the half year ended 30th September 2018 Rs.Lakhs | For the period 8th February 2017 to 31st March 2018 Rs.Lakhs | Particulars | For the half year ended 30th September 2018 Rs.Lakhs | For the period 8th February 2017 to 31st March 2018 Rs.Lakhs |
|---|---|---|---|---|---|
| **Income:** | | | | | |
| Revenue from operations | 109,023.91 | 104,285.96 | *This includes:*<br>Sales of goods<br>Sale of concessionaire products | 114,071.92<br>1,952.75 | 106,965.47<br>1,643.48 |

| | | | | | |
|---|---|---|---|---|---|
| | | | Total | 116,024.67 | 108,608.95 |
| | | | Less: Tax | (10,815.23) | (10,603.19) |
| | | | Less: Cost of goods sold for concessionaire products | (1,483.26) | (1,246.08) |
| | | | | 103,726.18 | 96,759.68 |
| | | | Other operating revenue | 5,297.73 | 7,526.28 |
| | | | | **109,023.91** | **104,285.96** |
| Other income | 1,336.80 | 902.35 | *This includes:* | | |
| | | | Interest Income | | |
| | | | - Bank Deposits | 846.01 | 722.85 |
| | | | - Rental Deposits | 106.93 | 90.62 |
| | | | - Others | 7.45 | - |
| | | | Gain on sale of investments | 38.93 | 62.41 |
| | | | Net gain on sales of property, plant and equipment | 18.81 | - |
| | | | Fair value gain on non-current investments | 56.57 | - |
| | | | Miscellaneous income | 262.10 | 26.47 |
| | | | | **1,336.80** | **902.35** |
| **Total Income (I)** | **110,360.71** | **105,188.31** | | | |
| **Expenses:** | | | | | |
| Purchase of stock-in-trade | 86,547.69 | 83,929.59 | | | |
| Changes in inventories of traded and finished goods | (1,014.61) | (659.65) | *This includes:* | | |
| | | | Inventories at the beginning of the period | 24,592.40 | - |
| | | | Inventories acquired pursuant to the Scheme | - | 23,932.75 |
| | | | Inventories at the end of the period | 25,607.01 | 24,592.40 |
| | | | Changes in inventories of traded and finished goods | **(1,014.61)** | **(659.65)** |

| | | | | | |
|---|---|---|---|---|---|
| Cost of raw materials consumed | 340.53 | 475.93 | *This includes:* | | |
| | | | Inventories at the beginning of the period | 79.29 | - |
| | | | Inventories acquired pursuant to the Scheme | | 87.57 |
| | | | Purchases during the period | 348.62 | 467.65 |
| | | | | 427.91 | 555.22 |
| | | | Inventories at the end of the period | 87.38 | 79.29 |
| | | | Cost of raw materials consumed | **340.53** | **475.93** |
| Employee benefits expense | 7,702.03 | 7,602.21 | *This includes:* | | |
| | | | Salaries, wages and bonus | 6,955.67 | 6,835.45 |
| | | | Contribution to provident and other funds | 428.49 | 465.52 |
| | | | Staff welfare expenses | 317.87 | 301.24 |
| | | | | **7,702.03** | **7,602.21** |
| Other expenses | 14,941.02 | 13,384.39 | *This includes:* | | |
| | | | Power and fuel | 2,284.94 | 1,805.14 |
| | | | Freight | 97.13 | 111.90 |
| | | | Rent | 5,270.00 | 4,891.12 |
| | | | Repairs and maintenance | | |
| | | | - Plant and machinery | 0.12 | 0.36 |
| | | | - Buildings | 155.08 | 182.66 |
| | | | - Others | 1,332.69 | 1,359.74 |
| | | | Insurance | 33.73 | 36.36 |
| | | | Rates and taxes | 316.55 | 227.66 |
| | | | Advertisement and selling expenses | 1,683.53 | 1,191.42 |
| | | | Packing materials consumed | 284.55 | 220.50 |
| | | | Travelling and conveyance | 220.27 | 208.80 |
| | | | Auditor's remuneration | | |
| | | | - Statutory audit fees | 33.75 | 2.20 |
| | | | - Tax audit fees | 5.29 | - |
| | | | - Others | 4.48 | - |

| | | | | | |
|---|---|---|---|---|---|
| | | | - Tax | 1.78 | - |
| | | | - Reimbursement of expenses | 1.42 | - |
| | | | Communication expenses | 109.20 | 134.06 |
| | | | Printing and stationery | 126.59 | 123.61 |
| | | | Legal and consultancy charges | 209.99 | 134.89 |
| | | | Contract labour charges | | |
| | | | - Housekeeping expenses | 1,451.96 | 1,442.91 |
| | | | - Security charges | 783.17 | 746.68 |
| | | | Loss on sale/ write off of property, plant and equipment (net) | - | 3.48 |
| | | | Bad debts / irrecoverable balances written off | - | 3.14 |
| | | | Provision for doubtful store lease deposits / advances | 13.31 | - |
| | | | Provision for bad and doubtful debts | 68.20 | 80.97 |
| | | | Miscellaneous expenses | 453.29 | 476.79 |
| | | | | **14,941.02** | **13,384.39** |
| **Total (II)** | **108,516.66** | **104,732.47** | | | |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA)** | **1,844.05** | **455.84** | | | |
| Depreciation and amortisation | 1,211.99 | 1,488.30 | *This includes:* | | |
| | | | Depreciation of property, plant and equipment | 1,081.62 | 1,367.34 |
| | | | Amortisation of intangible assets | 130.37 | 120.96 |
| | | | | **1,211.99** | **1,488.30** |
| Finance costs | 412.65 | 380.23 | *This includes:* | | |
| | | | Interest expense | 25.86 | 21.36 |
| | | | Other costs | 386.79 | 358.87 |
| | | | | **412.65** | **380.23** |
| **Profit / (Loss) before tax** | **219.41** | **(1,412.69)** | | | |
| **Tax expense:** | | | | | |
| Current Tax - Minimum Alternative Tax | 152.07 | **-** | | | |
| **Profit/(Loss) for the period** | **67.34** | **(1,412.69)** | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Other Comprehensive Income**<br>Items that will not be reclassified subsequently to profit or loss<br>(a) Remeasurement of defined benefit plans<br>[(net of tax of Rs. 15.62 Lakhs (previous period : Nil)] | (57.13) | (29.44) | | | |
| **Other Comprehensive Income for the period** | **(57.13)** | **(29.44)** | | | |
| **Total Comprehensive Income for the period** | **10.21** | **(1,442.13)** | | | |
| **Earnings per share - Basic and Diluted**<br>[Nominal value per equity share Rs. 5 (previous period : Rs. 5)] | 0.08 | (4.07) | | | |

**Note: Retail business of CESC Limited and erstwhile Spencer's Retail Limited was transferred and vested with our Company with the Appointed Date of October 1, 2017. Consequently, assets and liabilities as on December 31, 2017 include the assets and liabilities of the Retail Undertakings vested in our Company pursuant to the Scheme.**

**Cash Flows**

The following table sets forth our cash flows from operating, investing and financing activities for the six months ended September 30, 2018 and for the period February 8, 2017 to March 31, 2018:

| Particulars | For the half year ended 30th September 2018<br>Rs. Lakhs | For the period 8th February 2017 to 31st March 2018<br>Rs. Lakhs |
|---|---|---|
| **<u>CASH FLOW FROM OPERATING ACTIVITIES</u>** | | |
| **Profit / (Loss) before tax** | **219.41** | **(1,412.69)** |
| Adjustments : | | |
| Depreciation and amortisation | 1,211.99 | 1,488.30 |
| Provision for Bad and Doubtful Debts / Bad debts / irrecoverable balances written off | 68.20 | 84.11 |
| Provision for doubtful store lease deposits / advances | 13.31 | - |
| Interest expense<br>( excluding interest cost on actuarial valuation & asset retirement obligation) | 14.97 | 1.42 |
| Fair value gain on investments | (56.57) | - |
| Net gain on sale of investments | (38.93) | (62.41) |
| Interest income | (960.39) | (813.47) |
| Net (gain) / loss on sales of property plant and equipment | (18.81) | 3.48 |
| Provision for decommissioning liability (net) | 23.45 | 16.09 |
| Interest on preference share suspense | 3.71 | 78.04 |
| Provision/(reversal) for Obsolete stocks | 101.80 | 246.84 |

| | | |
|---|---|---|
| **Operating Profit / (Loss) before working capital changes** | **582.14** | **(370.29)** |
| | | |
| **Movement in working capital:** | | |
| (Decrease) in Trade payables | 3,203.53 | (1,646.86) |
| Increase/(Decrease) in Other Financial Liabilities | 110.06 | (3,367.87) |
| Increase/ (Decrease) in Non-Current Liabilities | (55.53) | (29.63) |
| (Decrease) in Provisions | (129.18) | (82.60) |
| (Increase)/ Decrease in Trade Receivables | (2,099.72) | 1,273.63 |
| (Increase)/Decrease in Inventories | (1,057.86) | (643.14) |
| (Increase)/Decrease in Other Financial Assets | (441.00) | 70.25 |
| (Increase)/Decrease in Loans and Deposits | (428.85) | 153.14 |
| (Increase) in Other Assets | (583.01) | (134.76) |
| **Net cash used in operating activities (A)** | **(899.42)** | **(4,778.13)** |
| | | |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of Property, Plant and Equipments, including intangible assets, capital work in progress and capital advances | (1,608.97) | (750.97) |
| Proceeds from Sale of Property, Plant and Equipments | 33.86 | 8.45 |
| Investment in Alternative Investment Fund | 29.15 | (375.00) |
| Proceeds from sale of Mutual Fund units | 5,515.74 | 15,962.40 |
| Purchase of Mutual Fund units | (5,900.00) | (15,355.29) |
| Investments in bank deposits (having original maturity of more than three months) | 15,319.26 | (59,991.87) |
| Redemption/maturity of bank deposits (having original maturity of more than three months) | (12,422.18) | 40,995.77 |
| Interest received | 890.37 | 567.02 |
| **Net cash from / (used in) investing activities (B)** | **1,857.23** | **(18,939.49)** |
| | | |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of share capital (including securities premium) | - | 5.00 |
| Proceeds from short term borrowings (net) | - | 3,797.00 |
| Interest paid | (0.25) | (18.81) |
| **Net Cash Flow from/(used in) financing activities (C)** | **(0.25)** | **3,783.19** |
| | | |
| **Net increase in cash and cash equivalents (A+B+C)** | **957.56** | **(19,934.43)** |
| Cash and cash equivalents acquired pursuant to scheme | - | 21,875.33 |
| Cash and cash equivalents at the beginning of the period | 1,940.90 | - |
| **Cash and cash equivalents at the end of the period** | **2,898.46** | **1,940.90** |
| | | |
| Components of cash and cash equivalents | | |
| With banks-on current account | 1,152.54 | 1,168.67 |
| Balance with Credit Card, E-Wallet Companies & Others | 809.96 | 405.99 |
| Cash in hand | 935.96 | 366.24 |
| **Total cash and cash equivalents** | **2,898.46** | **1,940.90** |

## SECTION VII - LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATIONS AND OTHER MATERIAL DEVELOPMENTS

*In terms of Schedule VI, Part A, para (12), sub-para (A) of the ICDR Regulations, our Company is required to disclose in this Information Memorandum, (i) all criminal proceedings; (ii) all actions by statutory or regulatory authorities; (iii) claims related to direct and indirect taxes; and (iv) all material litigation, in each case involving our Company, our Directors, our Subsidiary, our Promoters. Additionally, all disciplinary action including penalty imposed by SEBI/Stock Exchanges, against the Promoters in the last 5 financial years, including outstanding actions, have to be disclosed. Further, litigation involving the Group Companies, which may have a material impact on the Company are required to be disclosed.*

*Further, pre-litigation notices received by the Company, the Promoters, the Subsidiary, a Director or the Group Companies (the "Relevant Parties") from third parties (excluding those notices issued by statutory/regulatory/tax authorities) shall, unless otherwise decided by the Board of Directors, not be considered material until such time that the Relevant Party is impleaded as defendant in litigation proceedings before any judicial forum.*

*In relation to (iv) above, our Board in its meeting held on November 14, 2018, has considered and adopted a policy of materiality for identification of material litigation (the "**Materiality Policy**").*

*In terms of the Materiality Policy, any outstanding litigation:*

*(a) involving our Company, our Directors, our Subsidiary, our Promoters in which the aggregate monetary amount involved is in excess of 1% per cent. of the total income, as per the Financial Statements of our Company as at March 31, 2018 would be considered as material. The total income of our Company for Fiscal 2018 was Rs. 1,05,180.93 lakhs and accordingly, all litigation involving our Company, our Directors, our Subsidiary, our Promoters in which the amount involved exceeds Rs. 1,052 lakh have been considered as material;*

*(b) involving our Company, our Directors, Subsidiaries, Promoters the outcome of which could have a material impact on the business, operations, prospects or reputation of our Company, irrespective of the amount involved in such litigation, has been considered as material.*

*Further, in terms of the Materiality Policy, a creditor of our Company, shall be considered to be material for the purpose of disclosure in this Information Memorandum, if amounts due to such creditor exceeds 5 per cent. of our Company's consolidated trade payables as per the Financial Statements of our Company for the most recent period i.e. September 30, 2018.*

*All terms defined in a particular litigation disclosure below are for that particular litigation only.*

### Litigation involving our Company

*Criminal proceedings against our Company*

1. 87 cases are pending against our Company and/or its stores and/or their respective store managers relating to, inter alia, adulteration of food products or misbranding of packaging and labelling and consequently violations of the applicable provisions of the Prevention of Food Adulteration Act, 1954/Food Safety and Standards Act, 2006 and the Prevention of Food Adulteration Rules, 1955/Food Safety and Standard Rules, 2011. These matters are at various stages of adjudication and are currently pending.

2. Four (4) cases are pending against our Company relating to, inter alia, irregularity in labelling declarations on packages of the products sold at various stores of Spencer's Retail Limited in violation of the Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011. These matters are at various stages of adjudication and are currently pending.

*Criminal proceedings by our Company*

1. Our Company has filed five (5) complaints ("**Complaints**") under Section 138 of the Negotiable Instruments Act, 1881 against different parties for dishonour of cheques. These Complaints are at various stages of adjudication and are currently pending.

*Material civil proceedings against our Company*

1. Kamrup Ice and Cold Storage Company ("Plaintiff") has filed a money suit (bearing number 296/2017) before the Civil Judge No. 3, Kamrup, Guwahati against our Company, Sanjiv Goenka, Shashwat Goenka, Rajendra Jha, Bhanwar Lal Chandak, Subhasis Mitra, Md. Khalil Ahmad Siddiqi, Gargi Chatterjea and Satya Kumar Srivastava for damages of Rs. 2,852.32 lakh on account of termination of lease deed by our Company. The Company has obtained interim stay on the main suit. The Plaintiff had to file return objection against our reply. The matter is pending and the next date of hearing is on January 30, 2019.

*Actions by regulatory and statutory authorities*

1. The Labour Department through the Principal Secretary, Government of Uttar Pradesh has initiated a recovery of Rs. 12.30 lakhs against our Company alleging non-payment of minimum wages to employees vide order dated September 24, 2009. Our Company has challenged the same before the Allahabad High Court, Lucknow Bench. The Allahabad High Court has stayed the recovery proceedings vide its order dated April 29, 2010. The matter is currently pending.

2. The Labour Department through the Principal Secretary, Government of Uttar Pradesh has initiated a recovery of Rs. 3.05 lakhs against our Company alleging non-payment of minimum wages to employees vide order in case no. 80 of 2009. Our Company has challenged the same before the Allahabad High Court, Lucknow Bench. The Allahabad High Court has stayed the recovery proceedings vide its order dated January 20, 2010. The matter is currently pending.

3. The District Magistrate & Collector, Lucknow has issued a recovery order on October 25, 2010 for Rs. 116.08 lakhs alleging deficit stamp duty on a license agreement executed between our Company and Ecity Entertainment (India) Private Limited for the property situated at Lucknow. Our Company has filed an appeal against the order before the Allahabad High Court, Lucknow Bench. The Allahabad High Court has stayed the proceedings and referred the matter to the Revenue Board, Allahabad for adjudication. The matter is currently pending.

*Tax proceedings against our Company*

*(in Rs. lakh)*

| Nature of tax involved | Number of cases outstanding | Amount involved in such proceedings |
|---|---|---|
| ***Direct Tax (A)*** | | |
| Income Tax | Nil | Nil |
| ***Indirect Tax (B)*** | | |
| Sales Tax and VAT (1) | 28 | 1045 |
| Service Tax (2) | 3 | 554 |
| *Total (1+2)* | 31 | 1599 |
| **Total (A+B)** | **31** | **1599** |

**To the extent quantifiable*

*Litigations against our Promoter, our Group Companies and our Directors which may have an adverse impact on our Company*

**Litigation involving our Directors**

1. Kamrup Ice and Cold Storage Company ("Plaintiff") has filed a money suit (bearing number 296/2017) before the Civil Judge No. 3, Kamrup, Guwahati against our Company, Sanjiv Goenka, Shashwat Goenka, Rajendra Jha, Bhanwar Lal Chandak, Subhasis Mitra, Md. Khalil Ahmad Siddiqi, Gargi Chatterjea and Satya Kumar Srivastava for damages of Rs. 2,852.32 lakh on account of termination of

lease deed by our Company. Our Company has obtained interim stay on the main suit. The Plaintiff had to file return objection against our reply. The matter is pending and the next date of hearing is on January 30, 2019.

**Litigation involving our Promoters**

*Criminal proceedings involving our Promoters*

As on the date of this Information Memorandum, there are no outstanding criminal proceedings involving our Promoters.

*Material civil litigations involving our Promoters*

1. Kamrup Ice and Cold Storage Company ("Plaintiff") has filed a money suit (bearing number 296/2017) before the Civil Judge No. 3, Kamrup, Guwahati against our Company, Sanjiv Goenka, Shashwat Goenka, Rajendra Jha, Bhanwar Lal Chandak, Subhasis Mitra, Md. Khalil Ahmad Siddiqi, Gargi Chatterjea and Satya Kumar Srivastava for damages of Rs. 2,852.32 lakh on account of termination of lease deed by our Company. Our Company has obtained interim stay on the main suit. The Plaintiff had to file return objection against our reply. The matter is pending and the next date of hearing is on January 30, 2019.

*Tax proceedings against our Promoters*

As on the date of this Information Memorandum, there are no outstanding tax proceedings against our Promoters.

*Disciplinary actions against our Promoters*

There are no disciplinary actions, including penalty imposed by SEBI/Stock Exchanges, against our Promoters in the last 5 financial years.

**Litigation involving our Subsidiary**

**Litigation involving Omnipresent Retail India Private Limited ("ORIPL")**

*Criminal proceedings involving ORIPL*

As on the date of this Information Memorandum, there are no criminal cases involving ORIPL.

*Material civil litigations involving ORIPL*

As on the date of this Information Memorandum, there are no material civil cases involving ORIPL.

**Litigation involving our Group Companies**

There is no pending litigation involving the Group Companies which has a material impact on our Company.

***Outstanding dues to small scale undertakings or any other creditors***

As of September 30, 2018, the total trade payables of our Company, on a consolidated basis, were Rs. 31,225.50 lakh. In terms of the Materiality Policy, our Board considers such creditors 'material' to whom the amount due exceeds 5 per cent of the consolidated trade payables of our Company, i.e. Rs. 1,561.28 lakh, as of Septmeber 30, 2018.

The details of outstanding dues to creditors, as on September 30, 2018, are as follows:

*(in Rs. lakh)*

| Particulars | No. of creditors | Amount due |
|---|---|---|
| Micro, small or medium enterprises* | - | - |
| Material creditors | - | - |

| | | |
|---|---|---|
| Other creditors | Upto 5,000 | 31,225.50 |

**Based on available information regarding status of suppliers as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as of September 30, 2018.*

There are no overdues to any of our material creditors.

For complete details about outstanding dues to creditors of our Company, see "*Financial Statements*" on page 162.

# GOVERNMENT APPROVALS

Pursuant to the Scheme of Arrangement, all the permits, licenses, registrations, authorities, allotments, approvals, contracts, engagements, arrangements, title, interest, benefits, rights and benefits under insurance policies, intellectual property including trademarks, patents, copyrights, privileges, goodwill, import quotas, import licenses, industrial designs, labels, label designs and all other rights including lease rights, tenancy rights, authorizations, licenses, quota rights, all special economic zone benefits, excise duty exemptions, income-tax benefits and exemptions, approvals and recognitions for scientific research issued by the prescribed authority, powers and facilities of every kind, nature and description whatsoever of the Retail Business Undertaking of the Demerged Company shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the our Company as if the same were originally given or issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to our Company.

Material licenses and approvals obtained by our Company:

(a) Incorporation Details

(i) Certificate of incorporation dated February 8, 2017 issued to our Company by the RoC.

(b) Approvals from Tax Authorities

(i) The permanent account number of our Company is AAICR1034J

(ii) The tax deduction account number of our Company is CALR13929G

(iii) A state-wise break down of the goods and services tax registration number of our Company is as follows:

| State | GSTIN |
|---|---|
| Tamil Nadu | 33AAICR1034J1ZL |
| Andhra Pradesh | 37AAICR1034J1ZD |
| Uttar Pradesh | 09AAICR1034J1ZC |
| Haryana | 06AAICR1034J1ZI |
| Uttarakhand | 05AAICR1034J1ZK |
| Telangana | 36AAICR1034J1ZF |
| Karnataka | 29AAICR1034J1ZA |
| Kerala | 32AAICR1034J1ZN |
| West Bengal | 19AAICR1034J1ZB |
| Jharkhand | 20AAICR1034J1ZS |

(c) Other Approvals

Our Company is required to obtain various approvals and licenses under various laws, rules and regulations in order to carry on the business in India.These include, among others:

1. Trade license from the relevant Municipal Corporation
2. Certificate of registration of establishment issued by the Office of the Inspector under relevant shops and establishment legislations of the respective states in which our stores are located
3. Food license under the Food Safety and Standards Act, 2006
4. Insecticide license under the Insecticides Act, 1968

## REGULATORY AND STATUTORY DISCLOSURES

### Authority for listing

The National Company Law Tribunal, Kolkata bench, vide its order dated March 28, 2018, approved the Composite Scheme of Arrangement amongst CESC Infrastructure Limited, erstwhile Spencer's Retail Limited, Music World Retail Limited, Spen Liq Private Limited, New Rising Promoters Private Limited, CESC Limited, Haldia Energy Limited, CESC Ventures Limited (formely known as RP-SG Business Process Services Limited), Crescent Power Limited, and our Company, and their respective shareholders. Pursuant to the Scheme, the Retail Undertakings are transferred to and vested our Company with the Appointed Date of October 1, 2017, in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 The Effective Date of the Scheme is October 12, 2018.

In accordance with the Scheme, the Equity Shares of our Company, issued pursuant to the Scheme, shall be listed and admitted to trading on BSE, CSE and NSE. Such admission and listing is not automatic and will be subject to fulfilment by our Company of the respective listing criteria of the Stock Exchanges and also subject to such other terms and conditions as may be prescribed by the resepective Stock Exchanges at the time of the application made by our Company seeking approval for listing.

### Eligibility criterion

There being no initial public offering or rights issue, the eligibility criteria prescribed under the SEBI ICDR Regulations are not applicable. However, SEBI, *vide* its letter no. CFD/DIL-1/YJ/KB/733/2019 dated January 8, 2019, granted relaxation of clause (b) to sub-rule (2) of Rule 19 of SCRR thereof by making an application to SEBI under sub-rule (7) of Rule 19 of the SCRR as per the SEBI Circular. Our Company submitted this Information Memorandum, containing information about our Company, making disclosures in line with the disclosure requirement for public issues, as applicable to BSE, CSE and NSE and the Information Memorandum shall be made available to public through the respective websites of the Stock Exchanges i.e., www.bseindia.com, www.cse-india.com and www.nseindia.com. Our Company shall make the Information Memorandum available on its website at www.spencersretail.com. Our Company shall publish an advertisement in the newspapers containing its details as per the SEBI Circular with the details required in terms of Annexure A Part III (A) para 2 sub-clause 5 of the SEBI Circular. The advertisement shall draw specific reference to the availability of the Information Memorandum on our Company's website.

### Prohibition by Securities and Exchange Board of India

Our Company, Directors, Promoters, Promoter Group and the natural persons in control are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

### Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters, Promoter Group is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

### Fugitive Economic Offences

None of our Promoters or Directors is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

### Association with the Securities Market

Utsav Parekh, who is also a director of SMIFS Capital Markets Limited which is a company registered with SEBI as a merchant banker. None of our other Directors are associated with the securities market in any manner. No action has been initiated by SEBI against against any of our Directors in the past 5 years preceding the date of this Information Memorandum.

### Identification as wilful defaulter by Reserve Bank of India

Our Company, Promoters, Directors have not been identified as wilful defaulters by the Reserve Bank of India.

**Disclaimer Clause of the BSE**

BSE vide its letter (bearing reference no. DCS/AMAL/AC/R37/915/2017-18) dated September 15, 2017, approved the Scheme of Arrangement under Regulation 37 of the SEBI Listing Regulations and by virtue of the said approval, BSE's name has been included in this Information Memorandum as one of the stock exchanges on which our Company's Equity Shares are proposed to be listed.

As required, a copy of the Draft Information Memorandum and this Information Memorandum has been submitted to BSE.

**Disclaimer Clause of the CSE**

CSE vide its letter (bearing reference no. CSE/LD/13669/2017) dated September 20, 2017, approved the Scheme of Arrangement under Regulation 37 of the SEBI Listing Regulations and by virtue of the said approval, CSE's name has been included in this Information Memorandum as one of the stock exchanges on which our Company's Equity Shares are proposed to be listed.

As required, a copy of the Draft Information Memorandum and this Information Memorandum has been submitted to CSE.

**Disclaimer Clause of the NSE**

NSE has vide its letter (bearing reference no. NSE/LIST/12640) dated September 15, 2017, approved the Scheme of Arrangement under Regulation 37 of the SEBI Listing Regulations and by virtue of the said approval, NSE's name is included in this Information Memorandum as one of the stock exchanges on which this Company's Equity securities are proposed to be listed.

As required, a copy of the Draft Information Memorandum and this Information Memorandum has been submitted to NSE.

**General Disclaimer from our Company**

Our Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements to be published in terms of Annexure A Part III (A) para 2 sub-clause 5 of the SEBI Circular or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

**Listing**

Applications have been made to BSE, CSE and NSE for an official quotation of the Equity Shares of our Company. Our Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of the Equity Shares. Our Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within a period as approved by SEBI.

**Listing Approval from BSE, CSE and NSE**

Our Company has obtained in-principle listing approvals from BSE, CSE and NSE on December 26, 2018 January 4, 2019 and December 17, 2018. Our Company shall make the applications for final listing and trading approvals from BSE, CSE and NSE.

**Securities and Exchange Board of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957**

Our Company was granted an exemption from the application of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 by the SEBI *vide* the letter no. CFD/DIL-1/YJ/KB/733/2019 dated January 8, 2019.

**Filing**

A copy of this Information Memorandum has been filed with BSE, CSE and NSE.

**Demat Credit**

Our Company has executed a Tripartite Agreement with the Depositories i.e. NSDL and CDSL, both dated October 24, 2018, for admitting our Equity Shares in demat form. Our Company has been allotted INE020801028 number.

**Consent**

Our Company has obtained consent from our Directors, Statutory Auditor, Legal Advisor and Registrar.

**Expert Opinions**

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

**Dispatch of Share Certificates**

In accordance with the Scheme, new Equity Shares have been issued and allotted to the Eligible Shareholders of on the Record Date i.e. October 31, 2018. Our Company has dispatched the physical share certificates to Eligible Shareholders holding shares of CESC Limited in physical form on November 19, 2018 and credited the new Equity Shares to depository participant accounts of the Eligible Shareholders on November 22, 2018.

**Previous Rights and Public Issues**

Since incorporation, our Company has not issued Equity Shares to the public or had any Rights Issues.

**Capital Issue in the last 3 years**

Neither the Company, nor any listed Group Company has made any capital issue during the last 3 years.

**Commission and Brokerage on Previous Issues**

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares by our Company.

**Performance *vis-à-vis* objects**

This is for the first time our Company is getting listed on any stock exchange.

**Outstanding Debentures or Bonds and Redeemable Preference Shares and other Instruments issued by our Company**

Save as stated elsewhere in this Information Memorandum, there are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by our Company.

**Stock Market Data for Equity Shares of our Company**

The Equity Shares of our Company are not listed on any stock exchange. Through this Information Memorandum, our Company is seeking approval for listing of its Equity Shares from the Stock Exchanges.

**Disposal of Investor Grievances**

Our Company has the following platforms for addressing investors' grievances:

- E-mail id: spencers.secretarial@rp-sg.in
- SCORES

Shareholders can express their grievances by sending mails to above e-mail id or raise complaints in SCORES

(Common Portal introduced by SEBI). Further, the Shareholders can also raise their grievances with our Company Secretary. As on the date of this Information Memorandum our Company, has not received any investor complaints since incorporation.

**Company Secretary and Compliance Officer**

**Navin Kumar Rathi**
31, Netaji Subhas Road,
1st Floor, Duncan House,
Kolkata – 700001
**Tel**: 033-6625-7600
**E-mail**: spencers.secretarial@rp-sg.in

**Changes in auditors**

There has been no change in the auditors of our Company since incorporation.

**Capitalisation of reserves or profits or revaluation of assets**

There has been no capitalization of our reserves or profits or revaluation of our assets since incorporation to the date of this Information Memorandum.

## SECTION VIII– OTHER INFORMATION

## MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the annual general meeting of the Company held on 29 October 2018 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

**Applicability of Table F**

Subject as hereinafter provided and in so far as these presents do not modify or exclude them the regulations contained in Table 'F' of Schedule I of the Companies Act, 2013 shall apply to the Company only so far as they are not inconsistent with any of the provisions contained in these Articles or modification thereof or are not expressly or by implication excluded from these Articles.

### *I. Definitions and Interpretations*

1. In these Articles:

   a. the "**Act**" means the Companies Act, 2013 and the rules and regulations prescribed thereunder, as now enacted or as amended from time to time and shall include any statutory replacement or re-enactment thereof;

   b. the "**Articles**" or "**Articles of Association**" means the articles of association of the Company as amended from time to time;

   c. the "**Board**" or "**Board of Directors**" means the board of directors of the Company, as constituted from time to time;

   ***d.*** the "**Company**" means RP-SG Retail Limited, a public company limited by shares incorporated under the Companies Act, 2013;

   e. the "**Depository**" means a depository registered with the Securities and Exchange Board of India under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended or any other regulations formulated by the Securities and Exchange Board of India, as applicable;

   f. the "**Depositories Act**" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof, for the time being in force; and

   g. the "**Seal**" means the common seal of the Company.

2. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company. In these Articles, all capitalized items not defined herein below shall have the meanings assigned to them in the other parts of these Articles when defined for use.

3. Notwithstanding anything contained in these Articles, any reference to a "Person" in these Articles shall, unless the context otherwise requires, be construed to include a reference to a body corporate or an association, any individual, company, partnership, joint venture, firm, trust or body of individuals (whether incorporated or not).

### *II. Public Company*

4. The Company is a public company as defined in Section 2(71) of the Act.

### *III. Share capital and variation of rights*

5. The authorized share capital of the Company shall be such amount as set out in Clause V of the Memorandum of Association. The Company may increase, re-classify, sub-divided, consolidate the authorized share capital subject to complying with requisite procedure laid down by law.

6. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount as they may, and at such time as they may from time to time think fit.

7. The Company may issue the following kinds of shares in accordance with these Articles, the Act and other applicable laws:

   (i) Equity Share Capital:
      a. with voting rights; and/or
      b. with differential rights as to dividend, voting or otherwise; and

   (ii) Preference Share Capital

8. Except as otherwise provided by the conditions of issue of the shares or by these Articles, any capital raised by creation of new shares shall be considered as part of the existing share capital and shall be subject to the provisions of these Articles and the Act with reference to payment of calls and instalments, transfer, transmission, forfeiture, lien, surrender, voting rights and otherwise.

9. Subject to the provisions of the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before the issue of such shares may, by special resolution determine.

10. Subject to the provisions of the Act and these Articles, the Company shall have the power to issue preference share capital carrying a right of redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company, and the Board may, subject to the provisions of the Act, exercise such power in such manner as it may think fit. The period of redemption of such preference shares shall not exceed the maximum period for redemption provided under Section 55 of the Act.

11. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

    (ii) To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply.

12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

13. Subject to the provisions of the Act, the Company may issue bonus shares to its members out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account, in any manner as the Board may deem fit.

14. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, including the opportunity of attending (but not voting) general meetings where any subject affecting their interest is being discussed, appointment of Directors and otherwise. Debentures with the rights to conversion into or allotment of shares, either wholly or partly paid up

shall not be issued except with the sanction of the Company in general meeting by a special resolution and subject to the provisions of the Act.

15. Subject to the provisions of Sections 68 to 70 and other applicable provisions of the Act, the Company shall have the power to buy-back its own shares or other securities, as it may consider necessary.

16. Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with creditors and members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other applicable laws.

### *IV. Further issue of shares*

17. Where at any time, the Company proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(i) to persons who, as on the date specified under applicable law, are holders of equity shares of the Company in proportion, as nearly as circumstances admit, to the paid up share capital on those shares by sending a letter of offer subject to the following conditions, namely:

a. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

b. the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause (a) above shall contain a statement of this right; and

c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the shareholders and the Company;

(ii) to employees under a scheme of employees' stock option, subject to special resolution passed by the Company and subject to the rules and such other conditions, as may be prescribed under the law; or

(iii) to any Persons, if it is authorized by a special resolution, whether or not those Persons include the Persons referred to in clause (i) or clause (ii) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the such conditions prescribed in the Act.

18. The notice referred to in sub-clause (a) of clause (i) of Article 17 shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least 3 (three) days before the opening of the issue.

19. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company:

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in a general meeting.

20. Notwithstanding anything contained in Article 19 above, where any debentures have been issued or loan has been obtained from any Government by the Company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and in such manner as the Company before the issue of the shares may, by special resolution determine conditions as appear to the Government to be reasonable in the circumstances of the case even if

terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion.

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to the Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

21. In determining the terms and conditions of conversion under Article 20, the Government shall have due regard to the financial position of the Company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary.

22. Where the Government has, by an order made under Article 20, directed that any debenture or loan or any part thereof shall be converted into shares in the Company and where no appeal has been preferred to the Tribunal under Article 20 or where such appeal has been dismissed, the memorandum of the Company shall, where such order has the effect of increasing the authorized share capital of the Company, be altered and the authorized share capital of the Company shall stand increased by an amount equal to the amount of the value of shares which such debentures or loans or part thereof has been converted into.

23. The provisions contained in the Articles 17-22 shall be subject to the provisions of the section 42 and section 62 of the Act and other applicable provisions of the Act, wherever applicable.

### *V. Shares at disposal of the Board*

24. Subject to the provisions of section 62 and other applicable provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount at such time as they may, from time to time think fit, with the sanction of the Company in a general meeting.

25. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

### *VI. Commission*

26. The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section.

27. The rate or amount of the commission shall not exceed the rate or amount prescribed under sub-section (6) of Section 40 of the Act.

28. (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

### *VII. Shares and shares certificates*

29. The Company shall cause to be kept a register of members in accordance with Section 88 of the Act. The Company shall be entitled to maintain in any country outside India a "foreign register" of members or debenture holders resident in that country.

30. Every Person whose name is entered as a member in the register of members shall be entitled to receive:

*(i)* *one (1) or more certificates in marketable lots for all the shares of each class or denomination registered in his name, without payment of any charge; or*

*(ii)* *several certificates, if the Board so approves (upon paying such fee as the Board so determines), each for one (1) or more of such shares, and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within the prescribed time period as provided under the applicable law of the receipt of application of transmission, sub-division, consolidation or renewal of any of its shares as the case may be.*

31. Every certificate shall be under the Seal, if any, and shall specify the number and distinctive numbers of the shares to which it relates and the amount paid-up thereon and shall be in such form as the Board may prescribe and approve. The Seal of the Company shall be affixed to all instruments as per applicable provisions of the Act.

32. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than 1 (one) certificate, and delivery of a certificate for a share to 1 (one) or several joint holders shall be sufficient delivery to all such holders. Any member of the Company shall have the right to sub-divide, split or consolidate the total number of shares held by them in any manner and to request the Company to provide certificate(s) evidencing such sub-division, split or consolidation.

33. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given to the party whose certificate has been lost or destroyed. Every certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding INR 50 (Rupees fifty) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of shares. Notwithstanding the foregoing provisions of this Article, the Board shall comply with applicable law including the rules or regulations or requirements of any stock exchange, or the rules made under the Securities Contracts (Regulation) Act, 1956, or any statutory modification or re-enactment thereof, for the time being in force.

34. Subject to the provisions of the Act and the provisions of the foregoing Articles relating to issue of certificates shall *mutatis mutandis* apply to issue of certificates for any other securities including debentures of the Company.

35. If any share stands in the names of 2 (two) or more persons, the person first named in the register of members of the Company shall as regards voting at general meetings, service of notice and all or any matters connected with the Company, except the transfer of shares and any other matters herein otherwise provided, be deemed to be sole holder thereof but joint holders of the shares shall be severally as well as jointly liable for the payment of all deposits, instalments and calls due in respect of such shares and for all incidents thereof according to the Company's Articles.

36. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

### *VIII. Dematerialization of shares*

37. Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialize its shares, debentures and other securities and offer such shares, debentures and other securities in a dematerialized form pursuant to the Depositories Act.

38. Notwithstanding anything contained in the Articles, and subject to the provisions of the law for the time being in force, the Company shall on a request made by a beneficial owner, re-materialize the shares, which are in dematerialized form.

39. Every Person subscribing to the shares offered by the Company shall have the option to receive share certificates or to hold the shares with a Depository. Where a Person opts to hold any share with the Depository, the Company shall intimate such Depository of details of allotment of the shares to enable the Depository to enter in its records the name of such Person as the beneficial owner of such shares. Such a Person who is the beneficial owner of the shares can at any time opt out of a Depository, if permitted by the law, in respect of any shares in the manner provided by the Depositories Act and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of shares. In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

40. All shares held by a Depository shall be dematerialized and shall be in a fungible form.

(a) Notwithstanding anything to the contrary contained in the Act or the Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting any transfer of ownership of shares on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the shares shall not have any voting rights or any other rights in respect of shares held by it.

41. Every person holding shares of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be the owner of such shares and shall also be deemed to be a shareholder of the Company. The beneficial owner of the shares shall be entitled to all the liabilities in respect of his shares which are held by a Depository. The Company shall be further entitled to maintain a register of members with the details of members holding shares both in material and dematerialized form in any medium as permitted by law including any form of electronic medium.

42. Notwithstanding anything in the Act or the Articles to the contrary, where shares are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of disks, drives or any other mode as prescribed by law from time to time.

43. Nothing contained in the Act or the Articles regarding the necessity to have distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

### *IX. Call on shares*

44. (i) Subject to the provisions of the Act, the Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

45. Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

46. A call may be revoked or postponed at the discretion of the Board.

47. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments. The Board shall not give the option or right to call on shares to any Person except with the sanction of the Company in the general meeting.

48. All calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

49. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

50. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

51. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

52. The Board:

(a) may, if it thinks fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him;

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance provided that the money paid in advance of calls on any share may carry interest but shall not confer a right to participate in profits or dividend; and

(c) The member shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall *mutatis mutandis* apply to any calls on debentures of the Company.

### *X. Lien*

53. (i) The Company shall have a first and paramount lien on every share or debenture (not being a fully paid-up share or debenture) registered in the name of each member (whether solely or jointly with others) to the extent of monies called or payable in respect thereof, and upon the proceeds of sale thereof for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of such share or debenture and no equitable interest in any share or debenture shall be created except upon the footing and condition that this Article will have full effect. Fully paid-up shares shall be free from all liens and in case of partly paid-up shares, the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

(ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

54. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made:
(a) unless a sum in respect of which the lien exists is presently payable; or
(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

55. Unless otherwise agreed, the registration of a transfer of shares or debentures shall operate as a waiver of the Company's lien, if any, on such shares or debentures.

56. (i) To give effect to any such sale as set forth in Article 54 above, the Board may authorise some person to transfer the shares sold to the purchaser thereof;

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer;

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale;

(iv) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(v) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

57. A member shall not exercise any voting rights in respect of the shares in regard to which the Company has exercised the right of Lien.

### *XI. Transfer of shares*

58. (i) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(ii) The instrument of transfer shall be in writing and all provisions of Section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

(iii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

59. The Board may, subject to the right of appeal conferred by Section 58, decline to register:

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
(b) any transfer of shares on which the Company has a lien.
Provided that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons being indebted to the Company in any manner.

60. In case of shares held in physical form, the Board may decline to recognize any instrument of transfer unless:

(a) the instrument of transfer is in the form as prescribed in sub-section (1) of Section 56 and the said form is to be used as a common form for transfer of shares;
(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

61. Subject to the provisions of the Act, these Articles and any other applicable law for the time being in force, the Directors may, at their own discretion and by giving reasons, decline to register or acknowledge any transfer of Shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within 15 (fifteen) days from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration or transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.

62. On giving not less than seven days' previous notice in accordance with Section 91 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

63. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

### *XII. Transmission of Shares*

64. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

65. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:

(a) to be registered himself as holder of the share; or
(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

66. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share in accordance with the provisions of these Articles relating to transfer of shares.

(iii) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

67. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the

Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

68. No fee shall be payable to the Company, in respect of the registration of transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

### *XIII. Forfeiture of Shares*

69. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

70. The notice aforesaid shall -

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

71. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

72. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

73. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

74. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

75. The provisions of these Articles as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

## *XIV. Alteration of Capital*

76. Subject to the provisions of these Articles, the Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

77. Subject to the provisions of section 61, the Company may, by ordinary resolution, --

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner.

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person; and

(e) re-classify any or part of un-issued equity shares into preference shares and/or vice versa.

78. Where shares are converted into stock, -

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those Articles shall include “stock” and “stock-holder”, respectively.

79. Subject to the provisions of the Act, the Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law:

(a) its share capital;
(b) any capital redemption reserve account; or
(c) any share premium account.

## *XV. Capitalisation of Profits*

80. (i) The Company in general meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and
(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards --
(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
(c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
(d) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
(e) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

81. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power:
(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

## *XVI. Buy-back of shares*

82. Notwithstanding anything contained in these Articles but subject to the provisions of sections 68 to 70 of the Act and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

## *XVII. General Meetings*

83. An annual general meeting shall be held in each calendar year within the timeline prescribed under the applicable law. Not more than 15 (fifteen) months shall elapse between the date of one annual general meeting of the Company and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the registrar of companies under the provisions of Section 96 of the Act to extend the time within which any annual general meeting may be held. Every annual general meeting shall be called during business hours on a day that is not a national holiday, and shall be held either at the registered office or at some other place within the city in which the registered office of the Company is situate, as the Board may determine.

84. All general meetings other than annual general meeting shall be called extraordinary general meeting.

85. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

86. The Board shall on the requisition of such number of member or members of the Company as is specified in Section 100 of the Act, forthwith proceed to call an extra-ordinary general meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all other provisions of Section 100 of the Act shall for the time being apply.

87. A general meeting of the Company may be convened by giving not less than 21 (twenty-one) clear days' notice either in writing or through electronic mode in such manner as prescribed under the Act. However, subject to applicable law, any general meeting may be convened by giving a shorter notice than 21 (twenty one) days with the consent in writing or by electronic mode of the shareholders representing not less than 95% (ninety five percent) of the members of the Company entitled to vote thereat in case of an annual general meeting and with the consent in writing or by electronic mode of the majority in number of the members entitled to vote, representing not less than 95% (ninety five percent) of the paid up capital of the Company in case of an extra-ordinary general meeting. Where a member is entitled to vote on some resolution or resolutions to be moved at a general Meeting and not on the others, for the computation of the above, such members shall only be taken into account in respect of the former resolution or resolutions and not in respect of the latter.

88. Notice of every general meeting shall be given to the members and to such other person or persons as required by and in accordance with Section 101 and 102 of the Act and it shall be served in the manner authorized by Section 20 of the Act.

### *XVIII. Proceedings at general meetings*

89. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

90. The chairperson, if any, of the Board shall preside as chairperson at every general meeting of the Company.

91. If there is no such chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be chairperson of the meeting.

92. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

### *XIX. Adjournment of meeting*

93. (i) The chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) In the event a quorum as required herein is not present within 30 (thirty) minutes of the appointed time, then subject to the provisions of Section 103 of the Act, the general meeting shall stand adjourned to the same day in the next week at the same time and place, or such other date and such other time and place as the Board may determine, provided that the agenda for such adjourned general meeting shall remain the same. The said general meeting if called by requisitionists under Article 86 herein read with Section 100 of the Act shall stand cancelled.

(iii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iv) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(v) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(vi) The required quorum at any adjourned general meeting shall be the same as that required at the original general meeting.

(vii) If at the adjourned meeting also, a quorum is not present within half-an-hour from the time appointed for holding the meeting, the members present shall be the quorum.

### *XX. Voting Rights*

94. Subject to any rights or restrictions for the time being attached to any class or classes of shares,

(a) on a show of hands, every member present in person shall have one vote; and
(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

95. A member may exercise his vote at a meeting by electronic means in accordance with section 108 of the Act and shall vote only once.

96. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

97. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

98. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

99. No member shall be entitled to vote at any general meeting either personally or by proxy unless all calls or other sums presently payable by him in respect of shares in the Company have been paid

100. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

### *XXI. Proxy*

101. Subject to the provisions of the Act and these Articles, any member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint a proxy to attend and vote instead of himself and the proxy so appointed shall have no right to speak at the meeting.

102. The proxy need not be a member of the Company and shall not be entitled to vote except on a poll.

103. Unless otherwise set out in the notice, the instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

104. An instrument appointing a proxy shall be in the form as prescribed under Section 105 of the Act.

105. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### *XXII. Board of Directors*

106. (i) Subject to the provisions of the Act, the number of directors shall not be less than 3 (three) nor more than 15 (fifteen), provided that the Company may appoint more than 15 (fifteen) Directors after passing a special resolution. The Company shall have at the minimum such number of independent Directors on the Board of the Company, as may be required in terms of the provisions of applicable law.

(ii) Not less than two-thirds of the total number of directors shall be persons whose period of office is liable to determination by retirement of directors by rotation.

107. The following persons are the first Directors of the Company:

1. Sunil Bhandari
2. Gautam Ray
3. Rajarshi Banerjee

108. (i) Subject to Section 197 and other applicable provisions of the Act, the remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them -
(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
(b) in connection with the business of the Company.
Subject to compliance with the Companies Act, 2013 and other applicable law, If authorized by the Board, any of the Director performs or renders any special duty or service outside his or her ordinary duties as a director, he or she may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

(iii) Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

109. Subject to the provisions of the Act, every Director shall be paid out of the funds of the Company such sum as the Board may from time to time determine for attending every meeting of the Board or any committee of the Board, subject to the ceiling prescribed under the Act.

110. A Director shall not be required to hold any qualification shares in the Company.

111. Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint any other person as an additional or alternate director provided that the number of the Directors and additional Directors together shall not at any time exceed the maximum number fixed as above and any person so appointed as an additional Director shall retain his office only up to the date of the next annual general meeting or last date on which the annual general meeting should have been held, whichever is earlier, but shall then be eligible for re-appointment as Director of the Company. Any person so appointed as alternate Director shall not hold office for a period longer than that permissible to the original Director and shall vacate the office if and when the original Director returns to India.

112. The office of a Director shall automatically become vacant, if he is disqualified under any of the provisions of the Act. Further, subject to the provisions of the Act, a Director may resign from his office at any time by giving a notice in writing addressed to the Board and the Company shall intimate the registrar of companies and also place the fact of such resignation in the report of Directors laid in the immediately following general meeting. Such Director shall also forward a copy of his resignation along with detailed reasons for the resignation to the registrar of companies within 30 (thirty) days of resignation. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later. The Company may, subject to the provisions of Section 169 and other applicable provisions of the Act and these Articles remove any Director before the expiry of his period of office.

113. At any annual general meeting at which a Director retires, the Company may fill up the vacancy by appointing the retiring Director who is eligible for re-election or some other person if a notice for the said purpose has been left at the registered office of the Company in accordance with the provisions of the Act.

114. If the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board. Provided any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated.

115. The Board may, from time to time, at its discretion, subject to the provisions of Sections 73, 179 and 180 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company.

116. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

117. (i) In the event of the Company borrowing any money from any financial corporation or institution or government or any government body or a collaborator, bank, Person or Persons or from any other source ("**Lender(s)**"), while any money remains due to them or any of them, the Lender concerned may have and may exercise the right and power to appoint, from time to time, any person or persons to be a director or directors of the Company ("**Nominee Director**") on their own behalf and will take all corporate action to effectuate such right and the Directors so appointed, shall not be liable to retire by rotation, subject however, to the limits prescribed by the Act;

(ii) The Nominee Director(s) may also be appointed a member of committees of the Board, if so desired by the Lender(s);

(iii) Any expenditure incurred by the Lender(s) and/ or the Nominee Director(s) in connection with his/their appointment of directorship shall be borne and payable by the Company;

(iv) The Nominee Director(s) shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and meetings of the Board and meetings of any committees of the Board;

(v) The Nominee Director(s) shall furnish to the Lender(s), a report of the proceedings of all such meetings and the Company shall not have any objection to the same;(vi)The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s);

(vii) The appointment/removal of the Nominee Director(s) shall be by a notice in writing by the Lender(s) addressed to the Company and shall unless otherwise indicated by the Lender(s) take effect forthwith upon such a notice being delivered to the Company;

(viii) The Nominee Director(s) shall be entitled to all the rights, privileges and indemnities of other directors including the sitting fees, if any and expenses as are payable by the Company to the other directors, but if any other fees, commission, moneys or remuneration in any form are payable by the Company to the directors in their capacity as directors, the fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Lender(s) and the same shall accordingly be paid by the Company directly to the Lender(s) for their account; and

(ix) The Nominee Director(s) so appointed shall hold the said office only so long as any monies remain owing by the Company to the Lender(s) and the Nominee Director(s) so appointed in exercise of the said power shall ispo facto vacate such office as and when the moneys owing by the Company to the Lender(s) are paid off.

118. The Company may exercise the powers conferred on it by Section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

### *XXIII. Proceedings of the Board*

119. (i) The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A Director may, and the manager or secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

(iii) A minimum number of 4 (four) Board meetings shall be held every year in such a manner that not more than 120 (one hundred and twenty) days shall intervene between 2 (two) consecutive meetings of the Board, in accordance with the provisions of the Act.

120. No business shall be conducted at any meeting of the Directors unless a quorum is present. The quorum for the meeting of the Board shall be one third of its total strength or 2 (two) Directors, whichever is higher, and the participation of the Directors by video conferencing or by other audio-visual means or any other means (to the extent permitted under the Act or otherwise provided by the Ministry of Corporate Affairs), in each case from time to time, shall also be counted for the purposes of quorum under this Article, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength of the Board, the number of remaining Directors, that is to say the number of Directors who are not interested and present at the meeting being not less than 2 (two), shall be the quorum during such time.

121. If quorum is found to be not present within 30 (thirty) minutes from the time when the meeting should have begun or if during the meeting, valid quorum no longer exists, the meeting shall automatically stand adjourned to the same day at the same time and place in the next week or if that day is a national holiday, till the next succeeding day, which is not a national holiday, at the same time and place. At the adjourned meeting, the quorum for the meeting of the Board shall be one third of its total strength or 2 (two) Directors, whichever is higher and may transact the business for which the meeting was called and any resolution duly passed at such meeting shall be valid and binding on the Company.

122. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the chairperson of the Board, if any, shall have a second or casting vote.

123. The continuing Directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

124. Subject to these Articles and Section 175 other applicable provisions of the Act, a circular resolution in writing, executed by or on behalf of a majority of the Directors or members of a committee, shall constitute a valid decision of the Board or committee thereof, as the case may be, provided that a draft of such resolution together with the information required to make a fully-informed good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any necessary papers, if any, was sent to all of the Directors or members of the committee (as the case may be) at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed under the Act, and has been approved by a majority of the Directors or members who are entitled to vote on the resolution.

125. (i) The Board may elect a chairperson of its meetings who shall preside over the meetings of the Board and determine the period for which he is to hold office.

(ii) If no such chairperson is elected, or if at any meeting the chairperson is not present within thirty minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chairperson of the meeting.

126. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

127. (i) A committee may elect a chairperson of its meetings.

(ii) If no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be chairperson of the meeting.

128. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the chairperson shall have a second or casting vote.

129. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

130. Every Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then the first meeting held after such change, disclose his concern or interest in any company, companies or bodies corporate, firms or other associations of individuals which shall include the shareholding in such manner as may be prescribed under the Act.

131. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

### *XXIV. Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer*

132. Subject to the provisions of the Act,

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

133. The Board shall have the power to appoint an individual as the chairperson of the Company as well as the managing director or chief executive officer of the Company at the same time.

134. A whole time director / chief financial officer / company secretary of the Company are severally authorised to sign any document or proceeding requiring authentication by the Company or any contract made by or on behalf of the Company.

135. Any provision of the Act or these Articles requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

### *XXV. The Seal*

136. (i) The Board shall provide for the safe custody of the Seal.

(ii) The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of any two directors or by a director and the company secretary or one director or the company secretary and such other person as the Board may appoint who shall sign every instrument to which the Seal of the Company is so affixed in his presence.

### *XXVI. Dividends and Reserves*

137. The Company in a general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. No dividend shall be payable except out of the profits of the Company or any other undistributed profits.

138. Subject to the provisions of section 123 of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

139. (i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

140. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

141. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

142. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

143. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

144. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

145. No dividend shall bear interest against the Company.

146. The waiver in whole or in part of any dividend on any share by any document (whether or not under Seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

147. Nothing herein shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

148. The Company shall comply with the provisions of the Act in respect of any dividend remaining unpaid or unclaimed with the Company. Where the Company has declared a dividend but which has not been paid or claimed within 30 (thirty) days from the date of declaration, the Company shall, within 7 (seven) days from the date of expiry of the 30 (thirty) day period, transfer the total amount of dividend which remains so unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under the Act. Unless otherwise required for compliance with the provisions of the applicable laws, there will be no forfeiture of unclaimed dividends before the claim becomes barred by law.

## *XXVII. Accounts*

149. (i) Subject to the provisions of the Act, the Company shall keep at its registered office, proper books of accounts and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the Company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept and maintained on accrual basis and according to the double entry system of accounting, provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board may decide, in terms of the relevant provisions of the Act. Provided further that, the Company may keep such books of accounts or other relevant papers in electronic mode in such manner as provided in the Act.

(ii) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors. Each Director shall be entitled to examine the books, accounts and records of the Company, and shall have free access, at all reasonable times and with prior written notice, to any and all properties and facilities of the Company. The Company shall provide such information relating to the business, affairs and financial position of the Company as any Director may reasonably require.

(iii) No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

(iv) All the aforesaid books shall give a true and fair view of the Company’s affairs with respect to the matters aforesaid and explain its transactions.

(v) The books of accounts of the Company relating to a period of not less than 8 (eight) years immediately preceding the current year together with the vouchers relevant to any entry in such books of account shall be preserved in good order.

## *XXVIII. Audit*

150. The statutory auditors of the Company shall be appointed, their remuneration shall be fixed, rights, duties and liabilities shall be regulated and their qualifications and disqualifications shall be in accordance with the provisions of Sections 139 to 148 (both inclusive) of the Act read with the Companies (Audit and Auditors) Rules, 2014, as amended.

151. The Directors may fill up any casual vacancy in the office of the auditors within 30 (thirty) days subject to the provisions of Section 139 and 140 of the Act.

152. The remuneration of the auditors shall be fixed by the Company in the annual general meeting or in such a manner as the Company in the annual general meeting may determine except that, subject to the applicable provisions of the Act, remuneration of the first or any auditor appointed by the Directors may be fixed by the Directors.

153. The Company shall also appoint a accounting firm as the internal auditor to conduct internal audit of the functions and activities of the Company in accordance with the provisions of the Act.

### *XXIX. Borrowing Powers*

154. Subject to the provisions of the Act, the Board may from time to time, at their discretion raise or borrow or secure the payment of any sum or sums of money for and on behalf of the Company. Any such money may be raised or the payment or repayment thereof may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit by promissory notes or by opening loan or current accounts or by receiving deposits and advances at interest with or without security or otherwise and in particular by the issue of bonds, perpetual or redeemable debentures of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, machinery, plant, goods or other property and securities of the Company or by other means as the Board deems expedient.

155. The Board of Directors shall not except with the consent of the Company, by way of a special resolution or such other manner as may be prescribed by the applicable Act, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of paid up capital of the Company and its free reserves.

156. Subject to the Act and the provisions of these Articles, any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Board, who may issue them upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company.

### *XXX. Secrecy*

157. Subject to the provisions of the Act, no member shall be entitled to visit or inspect any work of the Company without the permission of the Directors, managing directors or secretary or to require inspection of any books of accounts or documents of the Company or any discovery of any information or any detail of the Company's business or any other matter, which is or may be in the nature of a trade secret, mystery of secret process or which may relate to the conduct of the business of the Company and which in the opinion of the Directors or the managing Director will be inexpedient in the collective interests of the members of the Company to communicate to the public or any member.

158. Every Director, manager, secretary, auditor, trustee, member of committee, officer, servant, agent, accountant or other person employed in the business of the Company will be upon entering his duties pledging himself to observe strict secrecy in respect of all matters of the Company including all transaction with customers, state of accounts with individual and other matters relating thereto and to not reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles and the provisions of the Act.

### *XXXI. Winding up*

159. The Company may be wound up in accordance with the Act and the Insolvency and Bankruptcy Code, 2016 (to the extent applicable).

### *XXXII. Indemnity*

160. Subject to the provisions of the Act, every Director, secretary and the other officers for the time being of the Company acting in relation to any of the affairs of the Company shall be indemnified out of the assets of the Company from and against all suits, proceedings, cost, charges, losses, damage and expenses which they or any of them shall or may incur or sustain by reason of any act done or committed in or about the execution of their duty in their respective office except such suits, proceedings, cost, charges, losses, damage and expenses, if any that they shall incur or sustain, by or through their own wilful neglect or default respectively.

161. The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former Directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly or reasonably.

### *XXXIII. General Authority*

162. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company cannot carry out any transaction unless the Company is so authorized by its Articles then in that case, these Articles hereby authorize and empower the Company to have such rights, privilege or authority and to carry out such transaction as have been permitted by the Act.

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of our Company on any working day (i.e. Monday to Friday and not being a bank holiday in Kolkata) between 10:00 AM and 2:00 PM for a period of seven days from the date of filing of this Information Memorandum with the Stock Exchanges.

*Documents for Inspection*:

- Memorandum and Articles of Association of the Company, as amended till date.
- Certificate of incorporation of our Company dated February 8, 2017
- Statement of tax benefits dated October 30, 2018 issued by the Statutory Auditor, along with the certificate dated October 30, 2018.
- Order dated March 28, 2018 of the National Company Law Tribunal, Kolkata bench approving the Composite Scheme of Arrangement.
- Letters issued by BSE, CSE and NSE under Regulation 37 of SEBI Listing Regulations, bearing reference no. DCS/AMAL/AC/R37/915/2017-18 dated September 15, 2017, no. CSE/LD/13669 dated September 20, 2017 and no. NSE/LIST/12640 dated September 15, 2017, respectively, approving the Scheme of Arrangement.
- SEBI’s letter (bearing reference no. CFD/DIL-1/YJ/KB/733/2019) dated January 8, 2019 granting relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 as per the SEBI Circular issued by SEBI dated March 10, 2017 for the purpose of listing of the shares of Spencer’s Retail Limited.
- BSE letter no. DCS/AMAL/SB/IP/1371/2018-19 dated December 26, 2018 granting in-principle approval for listing.
- CSE letter no. CSE/LD/14481/2019 dated January 4, 2019 granting in-principle approval for listing.
- NSE letter no. NSE/LIST/69491 dated December 17, 2018 granting in-principle approval for listing.
- Tripartite Agreement dated October 24, 2018 with NSDL, Registrar and Transfer Agent and our Company.
- Tripartite Agreement dated October 24, 2018 with CDSL, Registrar and Transfer Agent and our Company.

## DECLARATION

All relevant provisions of the the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Information Memorandum is contrary to the provisions of the the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. All statements made in this Information Memorandum are true and correct.

For and on behalf of the Board of Directors of Spencer's Retail Limited

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**Name**: Rahul Nayak

**Designation**: Whole-time Director (Additional)

**Place**: Kolkata

**Date**: January 18, 2019