

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the members of Tesco Hindustan Wholesaling Private Limited

Report on the Standalone Financial Statements

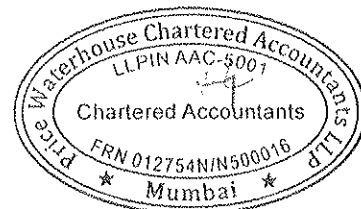
1. We have audited the accompanying standalone financial statements of **Tesco Hindustan Wholesaling Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tesco Hindustan Wholesaling Private Limited

Report on the Financial Statements

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Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as March 31, 2015, and its profit and its cash flows for the year ended on that date.

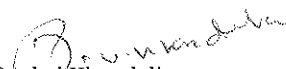
Emphasis of Matter

9. We draw your attention to Note 35 to the financial statements regarding proposed merger of the Company with Trent Hypermarket Limited, for which a Scheme of amalgamation has been filed with the High Court of Karnataka and the sanction of the High Court is awaited. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its standalone financial statements.
 - ii. The Company has long-term contracts as at March 31, 2015 for which there were no material foreseeable losses. The Company does not have long-term derivative contracts as at March 31, 2015.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse Chartered Accountant LLP
Firm Registration Number: 012754N/N500016


Pankaj Khandelia
Partner

Membership Number: 102022

Place: Mumbai

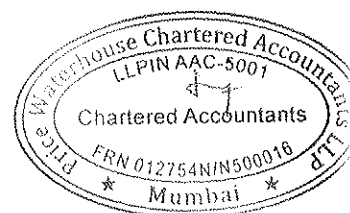
Date: May 22, 2015

Price Waterhouse Chartered Accountants LLP

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tesco Hindustan Wholesaling Private Limited on the standalone financial statements as of and for the year ended March 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, duty of customs, value added tax as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, sales tax, duty of customs, value added tax which have not been deposited on account of any dispute.
(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has accumulated losses exceeding fifty percent of its networth as at the end of the financial year.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee, and loans taken by others from banks and explanations given to us during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.



Price Waterhouse Chartered Accountants LLP

Annexure to Independent Auditors' Report

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- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse Chartered Accountant LLP
Firm Registration Number: 012754N/N500016



Pankaj Khandelia
Partner
Membership Number 102022

Place: Mumbai
Date: May 22, 2015

Tesco Hindustan Wholesaling Private Limited
Balance Sheet

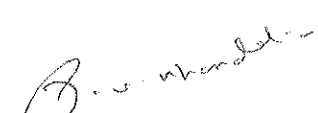
(All amounts in Rupees Lakhs, unless stated otherwise)

	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	42,082	42,082
Reserves and surplus	4	(27,107)	(27,567)
Non-current liabilities			
Long-term provisions	5	23	62
Current liabilities			
Trade payables	6	1,523	6,752
Other current liabilities	7	153	817
Short-term provisions	8	123	147
Total		16,797	22,293
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	4,488	4,986
Intangible assets	10	32	55
Capital work-in-progress		-	4
Long-term loans and advances	11	6,491	4,009
Current assets			
Inventories	12	-	1,735
Trade receivables	13	5,620	9,740
Cash and bank balances	14	33	295
Short-term loans and advances	15	133	1,469
Total		16,797	22,293

The notes are an integral part of these financial statements.

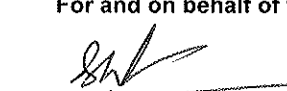
This is the Balance Sheet referred to in our report of even date.

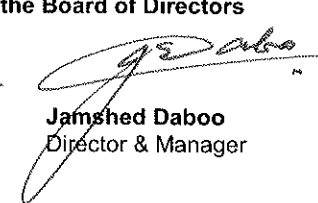
For Price Waterhouse Chartered Accountants LLP
 Firm Registration Number: 012754N / N500016


Pankaj Khandelia
 Partner
 Membership Number: 102022

Place: Mumbai
 Date: May 22, 2015

For and on behalf of the Board of Directors


Sanjay Gupta
 Director & CFO


Jamshed Daboo
 Director & Manager


Rakeshkumar Saini
 Company Secretary

Place: Mumbai
 Date: 19/5/2015

Tesco Hindustan Wholesaling Private Limited
Statement of Profit and Loss

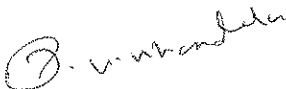
(All amounts in Rupees Lakhs, unless stated otherwise)

	Note	Year ended March 31, 2015	Year ended March 31, 2014
REVENUE			
Revenue from operations	16	41,880	68,686
Other income	17	622	422
Total revenue		42,502	69,108
EXPENSES			
Purchases of traded goods	18	36,021	65,636
Changes in inventories of traded goods	19	1,735	201
Employee benefits expense	20	1,004	1,516
Finance costs	21	68	32
Depreciation and amortisation expense	22	580	558
Other expenses	23	2,634	5,645
Total expenses		42,042	73,588
Profit / (Loss) before tax		460	(4,480)
Tax expense		-	-
Profit / (Loss) for the year		460	(4,480)
Earnings / (Loss) per equity share - Basic and Diluted (Rs.) [Nominal value per share of Rs.10 each (Previous year: Rs.10)]	24	0.11	(1.18)

The notes are an integral part of these financial statements.


This is the Statement of Profit and Loss referred to in our report of even date.


For Price Waterhouse Chartered Accountants LLP
 Firm Registration Number: 012754N / N500016

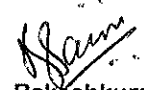

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Tesco Hindustan Wholesaling Private Limited
Cash Flow Statement

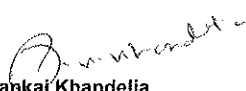
(All amounts in Rupees Lakhs, unless stated otherwise)

	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from operating activities		
Profit / (Loss) before taxation	460	(4,480)
Adjustments for:		
Depreciation and amortisation	580	558
Net (profit) / loss on sale or disposal of fixed assets	(2)	139
Finance costs	68	32
Interest income	(2)	(29)
Liability written back to the extent no longer required	(495)	(389)
Bad debts / advances written off	-	85
Provision for doubtful debts and advances	170	10
Operating profit / (loss) before working capital changes	779	(4,074)
Changes in working capital :		
(Decrease) in provisions	(63)	(2)
Increase / (decrease) in trade and other payables	(5,403)	439
(Decrease) in loans and advances	(923)	(3,227)
Decrease in inventories	1,735	201
Decrease in trade receivables	3,920	64
Cash generated from operations	45	(6,599)
Income taxes paid	183	66
Net cash used in operating activities (A)	(138)	(6,665)
B. Cash flow from investing activities		
Purchase of fixed assets	(91)	(712)
Sale of fixed assets	33	30
Interest received	2	29
Net cash used in investing activities (B)	(56)	(653)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	8,000
Proceeds from / repayment of short-term borrowings (Net)	-	(500)
Finance costs	(68)	(34)
Net cash from financing activities (C)	(68)	7,466
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(262)	148
Cash and cash equivalents at the beginning of the year	295	147
Cash and cash equivalents at the end of the year	33	295
Cash and cash equivalents comprise of		
Cash on hand	1	*
Bank balances - in current accounts	32	295
	33	295

* Amount is below the rounding off norm adopted by the Company

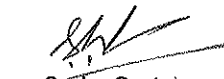
This is the Cash Flow Statement referred to in our report of even date

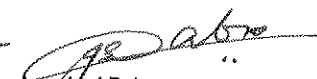
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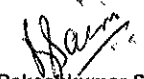

Pankaj Khandelia
 Partner
 Membership Number: 102022

Place: Mumbai
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For and on behalf of the Board of Directors


Sanjay Gupta
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Rakeshkumar Saini
 Company Secretary

Place: Mumbai
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Tesco Hindustan Wholesaling Private Limited
Notes to the financial statements as at and for the year ended March 31, 2015

1. General Information

Tesco Hindustan Wholesaling Private Limited (the 'Company') is engaged in the business of wholesale trading of variety of food and non-food products, including fast moving consumer goods, general merchandise, fruits, vegetables and staples.

2. Summary of significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

(b) Tangible assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

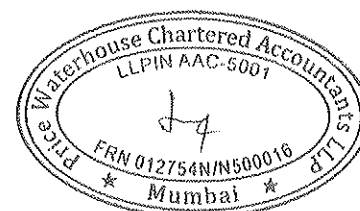
Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets which are higher than the rates prescribed under Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The estimates of useful lives of the assets based on a technical evaluation, have not undergone a change on account of transition to the Companies Act, 2013.

Asset	Useful life
Building	61 years
Electrical installation	5 years
Furniture and fixtures	5 years
Office equipment	5 years
Computer hardware other than servers and networking equipment	3 years
Computer hardware -servers and networking equipment	5 years
Vehicles	5 years
Machinery	5 years

Leasehold improvements are amortised equally over the period of lease.

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.



Tesco Hindustan Wholesaling Private Limited
Notes to the financial statements as at and for the year ended March 31, 2015

(c) Intangible assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortisation rates used are:

Asset	Useful life
Computer software	5 years

(d) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

(e) Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(f) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using weighted average method. The cost of traded goods comprises of purchase cost and other direct costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(g) Foreign currency translation

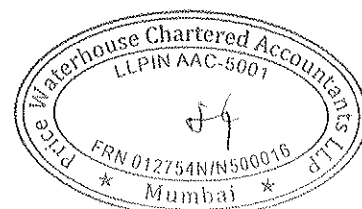
Initial recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent recognition:

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of all monetary items (excluding long term foreign currency monetary items) are recognised in the Statement of Profit and Loss.



Tesco Hindustan Wholesaling Private Limited
Notes to the financial statements as at and for the year ended March 31, 2015

(h) Revenue recognition

Sale of goods:

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates and sales taxes.

Sale of services:

Income from services is recognised, net of service tax, upon performance of services and in accordance with contractual arrangements.

Interest income:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Employee benefits

Provident fund:

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity:

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

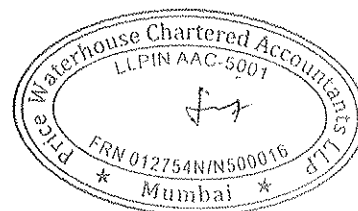
Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(j) Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.



Tesco Hindustan Wholesaling Private Limited
Notes to the financial statements as at and for the year ended March 31, 2015

(k) Provisions and contingent liabilities

Provisions:

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(l) Leases

As a lessee:

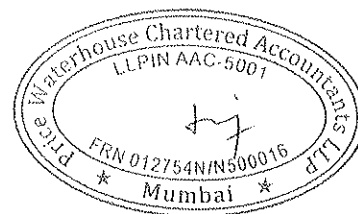
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(m) Earnings per share

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

(n) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



Tesco Hindustan Wholesaling Private Limited
Notes to the financial statements as at and for the year ended March 31, 2015

(All amounts in Rupees Lakhs, unless stated otherwise)

3. Share capital

	As at March 31, 2015	As at March 31, 2014
Authorised:		
422,000,000 (March 31, 2014 - 422,000,000) equity shares of Rs. 10 each	42,200	42,200
Issued, subscribed and paid-up:		
420,816,667 (March 31, 2014 - 420,816,667) equity shares of Rs. 10 each (fully paid-up)	42,082	42,082
Total	42,082	42,082

(a) Reconciliation of number of shares

	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	420,816,667	42,082	340,816,667	34,082
Add: Shares issued during the year	-	-	80,000,000	8,000
Balance as at the end of the year	420,816,667	42,082	420,816,667	42,082

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares held by holding company and subsidiary of holding company

	As at March 31, 2015	As at March 31, 2014
Equity shares :		
Nil (March 31,2014: 420,816,666) equity shares held by Tesco Mauritius Holdings Limited, the erstwhile holding company	-	42,082
Nil (March 31,2014:1) equity share held by Tesco Overseas Investment Limited, a subsidiary of Tesco Plc, the erstwhile ultimate holding company	-	*
420,816,667 (March 31,2014 : Nil) equity shares held by Trent Hypermarket Limited, the holding company	42,082	-

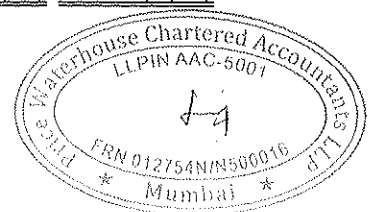
* Amount is below the rounding off norm adopted by the Company

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Holding in percentage	Number of shares	Holding in percentage
Tesco Mauritius Holdings Limited, the erstwhile holding company	-	0.00%	420,816,666	99.99%
Trent Hypermarket Limited, the holding company	420,816,667	100.00%	-	0.00%

4. Reserves and surplus

	As at March 31, 2015	As at March 31, 2014
Surplus / (Deficit) in Statement of Profit and Loss:		
Balance as at the beginning of the year	(27,567)	(23,087)
Profit / (Loss) for the year	460	(4,480)
Balance as at the end of the year	(27,107)	(27,567)



Tesco Hindustan Wholesaling Private Limited

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

*(All amounts in Rupees Lakhs, unless stated otherwise)***5. Long-term provisions**

	<u>As at March 31, 2015</u>	<u>As at March 31, 2014</u>
Provision for employee benefits (Refer note 20) :		
Provision for compensated absences	23	62
	<u>23</u>	<u>62</u>

6. Trade payables

Trade payables*	1,523	6,752
	<u>1,523</u>	<u>6,752</u>

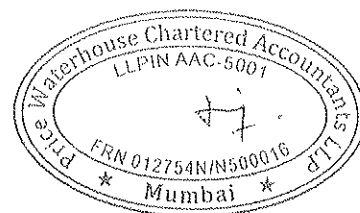
* Based on the information and records available with the Company. There are no suppliers, who fall under the categories defined under the Micro, Small and Medium Enterprises Development Act, 2006.

7. Other current liabilities

Employee benefits payable	124	591
Statutory dues (including provident fund and tax deducted at source)	19	50
Liabilities towards purchase of fixed assets	3	13
Advance from customers	7	163
	<u>153</u>	<u>817</u>

8. Short-term provisions

Provision for employee benefits (Refer note 20):		
Provision for gratuity	-	17
Provision for compensated absences	3	10
Other provisions:		
Provision for litigation	120	120
	<u>123</u>	<u>147</u>



Tesco Hindustan Wholesaling Private Limited
Notes to the financial statements as at and for the year ended March 31, 2015

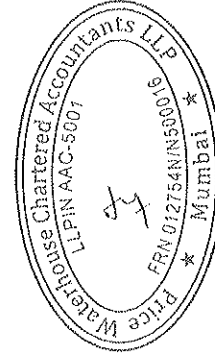
(All amounts in Rupees Lakhs, unless stated otherwise)

9. Tangible assets

Particulars	Gross block (at cost)		Depreciation / Amortisation		Net block	
	As at April 1, 2014	As at March 31, 2015	As at April 1, 2014	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Building	3,919	3,919	118	183	3,736	3,801
Leasehold improvements	215	216	42	73	143	173
Electrical installation	109	110	46	65	45	63
Furniture and fixtures	731	768	395	553	215	336
Office equipment	94	60	47	34	26	47
Computer hardware	995	951	603	753	198	392
Machinery	262	265	88	140	125	174
Total	6,325	6,289	1,339	1,801	4,488	4,986
Previous year	5,538	6,325	863	1,339		

10. Intangible assets

Particulars	Gross block (at cost)		Depreciation / Amortisation		Net block	
	As at April 1, 2014	As at March 31, 2015	As at April 1, 2014	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Computer software	138	140	83	108	32	55
Total	138	140	83	108	32	55
Previous year	138	138	56	83		



Tesco Hindustan Wholesaling Private Limited
Notes to the financial statements as at and for the year ended March 31, 2015

(All amounts in Rupees Lakhs, unless stated otherwise)

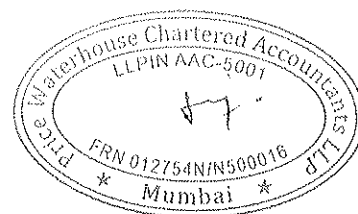
11. Long-term loans and advances

(Unsecured and considered good, unless stated otherwise)

	As at March 31, 2015	As at March 31, 2014
Capital advances		
-Considered good	-	3
-Considered doubtful	28	28
Less: Provision for doubtful advances	(28)	(28)
	-	3
Security deposits	127	151
Advance income tax	356	173
Advances recoverable in cash or in kind	-	27
Other loans and advances		
Balances with government authorities	6,008	3,655
	6,491	4,009

12. Inventories

Traded goods [includes goods in transit: Rs. 21.46 (March 31, 2014: Rs. 39.12)]	31	1,967
Provision for obsolete and slow moving inventories	(31)	(232)
	-	1,735



Tesco Hindustan Wholesaling Private Limited

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

(All amounts in Rupees Lakhs, unless stated otherwise)

13. Trade receivables

	<u>As at March 31, 2015</u>	<u>As at March 31, 2014</u>
Unsecured, considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	1,713	40
Others	3,907	9,700
Unsecured, considered doubtful:		
Outstanding for a period exceeding six months from the date they are due for payment	102	45
Less: Provision for doubtful debts	(102)	(45)
	<u>5,620</u>	<u>9,740</u>

14. Cash and bank balances

Cash and cash equivalents:

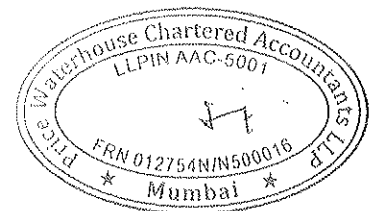
Cash on hand	1	*
Bank balances:		
-in current accounts	32	295
	<u>33</u>	<u>295</u>

* Amount is below the rounding off norm adopted by the Company

15. Short-term loans and advances

(Unsecured and considered good, unless stated otherwise)

Security deposits	15	-
Advances recoverable in cash or kind		
Considered good	51	675
Considered doubtful	63	106
Less: Provision for doubtful loans and advances	(63)	(106)
	<u>51</u>	<u>675</u>
Advances to related party	-	1
Other loans and advances :		
Prepaid expenses	30	87
Balances with government authorities	37	706
	<u>133</u>	<u>1,469</u>



Tesco Hindustan Wholesaling Private Limited

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

(All amounts in Rupees Lakhs, unless stated otherwise)

16. Revenue from operations

	Year ended March 31, 2015	Year ended March 31, 2014
Sale of products		
Traded goods	39,386	66,720
Other operating revenue:		
Service income*	1,203	1,886
Warehousing fee	1,260	-
Scrap sales	11	20
Supplier registration fees	20	60
	41,880	68,686
Details of sales (Traded goods) :		
Cigarettes	10,592	16,139
Others	28,794	50,581
	39,386	66,720

* Service income represents the amount billed to vendors towards sale of space for visibility of their products in the retail outlets of the customer.

17. Other income

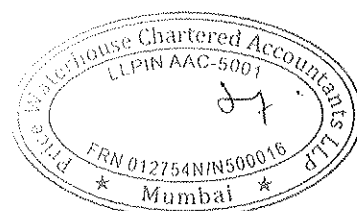
Interest income	2	29
Liabilities written back to the extent no longer required	495	389
Profit on sale of fixed assets	2	-
Miscellaneous income	123	4
	622	422

18. Purchases of traded goods

Purchases of traded goods	36,021	65,636
	36,021	65,636

19. Changes in inventory of traded goods

Inventory at the end of the year	-	1,735
Inventory at the beginning of the year	1,735	1,936
Decrease in inventory	1,735	201



Tesco Hindustan Wholesaling Private Limited

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

(All amounts in Rupees Lakhs, unless stated otherwise)

20. Employee benefits expense

	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, wages and bonus	939	1,444
Contributions to provident and other funds (Refer Note 'A' below)	35	64
Gratuity (Refer Note 'B' below)	29	3
Staff welfare expenses	1	5
	1,004	1,516

Disclosures under Accounting Standards (AS) 15

The Company has classified the various employee benefits as under:

(A) Defined contribution plan

Amounts recognised in the statement of profit and loss

	Year ended March 31, 2015	Year ended March 31, 2014
Provident fund paid to the authorities	35	64

(B) Defined benefit plan

Gratuity (funded)

The Company operates a gratuity plan through the "Tesco Hindustan Wholesaling Private Limited Employees Group Gratuity Assurance Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

(i) Actuarial assumptions

Discount rate	7.90%	9.35%
Rate of increase in compensation levels	7.00%	7.00%
Average future working life	10.97	10.97
Expected return on plan assets	8.00%	9.00%
Attrition rate	1-9%	1-9%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

(ii) Present value of defined benefit obligation

Balance at beginning of the year	50	48
Interest cost	6	5
Current service cost	12	12
Benefits paid	(4)	(4)
Actuarial (gain) / loss on obligations	4	(11)
Liabilities settled on divestiture	(47)	-
Balance at the end of the year	21	50

(iii) Fair value of plan assets

Balance at beginning of the year	33	22
Expected return on plan assets	4	3
Actuarial gain / (loss) on plan assets	(1)	*
Contribution by the company	12	12
Assets distributed on divestiture	(13)	-
Benefits paid	(4)	(4)
Balance at the end of the year	31	33

* Amount is below the rounding off norm adopted by the Company



Tesco Hindustan Wholesaling Private Limited

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

(All amounts in Rupees Lakhs, unless stated otherwise)

(iv) Assets and liabilities recognised in the Balance sheet

	Year ended March 31, 2015	Year ended March 31, 2014
Present value of obligation as at the year end	21	50
Fair value of plan assets as at the year end	(31)	(33)
Amount not recognised as an asset	1	-
Amounts recognised as liability / (asset)	(9)*	17

* expensed out during the year

Recognised under:

Short-term provisions (Refer Note 8)

- 17

(v) Expenses recognised in the Statement of Profit and Loss

Current service cost	12	12
Interest cost	6	5
Expected return on plan assets	(4)	(3)
Net actuarial (gain) / loss	5	(11)
Effect of the limit in Para 59(b)	1	-
Total Expenses	20	3

(vi) Major category of plan assets as a % of total plan assets

Administered by Life Insurance Corporation of India 100% 100%

(vii) Disclosure as required under para 120(a) of AS-15

	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
Present value of defined benefit obligation as at the year end	21	50	48	21	9
Fair value of plan assets as at the year end	31	33	23	14	14
Surplus / (Deficit) in the plan	10	(17)	(25)	(7)	5
Experience adjustments on plan liabilities	*	(2)	12	6	(7)
Experience adjustments on plan assets	(1)	*	*	*	1

* Amount is below the rounding off norm adopted by the Company

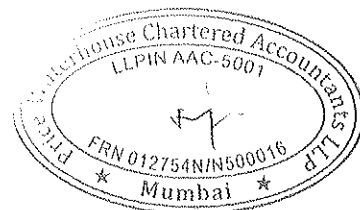
(viii) Expected contribution to the fund in the next year

	Year ended March 31, 2015	Year ended March 31, 2014
Gratuity fund	20	20

(C) Compensated absences

Compensated absences is payable to disable employees who have earned leaves, during the employment and / or separation as per the Company's policy. The amount payable as at the year end is as follows:

Liability recognised in the Balance sheet	26	72
Recognised as under:		
Long-term provisions (Refer note 5)	23	62
Short-term provisions (Refer Note 8)	3	10



Tesco Hindustan Wholesaling Private Limited

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

(All amounts in Rupees Lakhs, unless stated otherwise)

21. Finance costs

	Year ended March 31, 2015	Year ended March 31, 2014
Interest on short-term borrowings	67	27
Other finance cost	1	5
	68	32

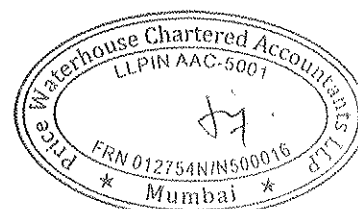
22. Depreciation and amortisation expense

On tangible assets	555	531
On intangible assets	25	27
	580	558

23. Other expenses

Rent (Refer note 30)	362	359
Rates and taxes	72	387
Repairs and maintenance - building	23	48
Repairs and maintenance - other	106	148
Insurance	29	35
Freight and handling	330	638
Electricity charges	72	90
Communication	55	87
Travelling and conveyance	43	119
Warehousing expenses	470	823
Payment to auditors		
Audit fee	21	21
Tax audit fee	4	4
Reimbursement of expenses	1	1
Legal and professional fees	216	359
Printing and stationery	42	54
Service charges*	545	2,041
Provision for doubtful debts and advances	170	10
Bad debts / advances written off	156	85
Less: Adjusted against provision for doubtful debts	<u>156</u>	-
Training charges	25	26
Net loss on sale or disposal of fixed assets	-	139
Net loss on foreign currency transaction and translation	2	64
Miscellaneous expenses	46	107
	2,634	5,645

* Service charges represent the amount charged by the customer to the Company for using the space for visibility of vendors products.



Tesco Hindustan Wholesaling Private Limited

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

(All amounts in Rupees Lakhs, unless stated otherwise)

24. Earnings per share :

	Year ended March 31, 2015	Year ended March 31, 2014
Profit / (Loss) for the year	460	(4,480)
Weighted average number of equity shares (Nos.)	420,816,667	379,446,804
Earning / (Loss) per equity share - Basic and Diluted (Rs.)	0.11	(1.18)
Nominal value of an equity share (Rs.)	10	10

25. Capital Commitments

Estimated value of contracts in capital account remaining to be executed	-	66
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26. CIF value of imports

Purchase of traded goods	60	106
	60	106

27. Earnings in foreign currency

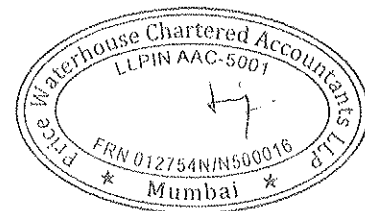
Reimbursement of expenses**		
Salaries, wages and bonus	65	-
Travelling and conveyance	10	5
Miscellaneous	*	12
	75	17

* Amount is below the rounding off norm adopted by the Company

** These expenses have been incurred by the Company on behalf of other group companies and accordingly have been disclosed net in the respective line items of the financial statements.

28. Expenditure in foreign currency

Salaries, wages and bonus	-	97
Legal and professional fees	3	2
Training charges	25	26
Travelling and conveyance	-	1
Miscellaneous expenses	-	2
	28	128



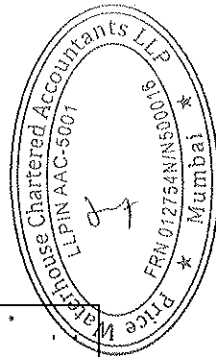
Tesco Hindustan Wholesaling Private Limited

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

(All amounts in Rupees Lakhs, unless stated otherwise)

(b) Transactions/Balances	Ultimate holding company		Holding company		Fellow subsidiaries					
	(upto January 09, 2015)		(upto January 09, 2015)		(upto January 09, 2015)					
	Tesco Plc	TMHL	THL	TISL	TSL	TISOL	HCL	THSCPL		
Issuance of Equity shares	-	-	-	-	-	-	-	-	-	
Purchase of traded goods	-	8,000	-	-	-	-	-	-	-	
Legal and professional fees	-	-	-	-	33	-	-	-	-	
Training charges	-	-	-	-	89	-	-	-	-	
Warehousing fee	-	-	607	-	-	3	-	-	22	
Sale of goods	-	-	184	-	-	2	-	-	38	
Reimbursements paid										
Salaries, wages and bonus	-	-	80	-	-	-	-	-	-	
Travelling and conveyance	-	-	-	46	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	-	-	-	
Reimbursements received										
Salaries, wages and bonus	-	-	-	-	-	-	-	-	-	
Travelling and conveyance	-	-	-	-	1	-	-	-	-	
Miscellaneous	-	-	-	-	-	2	-	-	-	
Balances as at year end :										
Trade payables	-	-	157	-	-	-	-	-	-	
Other current liabilities	-	-	-	-	-	-	-	-	-	
Short - term loans and advances	-	-	-	-	-	-	-	-	-	
Trade receivable	-	-	5,468	-	-	-	-	-	-	

Note: Figures in italics represents previous year figures.
Amount is below the rounding off norm adopted by the Company



Tesco Hindustan Wholesaling Private Limited

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

*(All amounts in Rupees Lakhs, unless stated otherwise)***(c) Details relating to key management personnel**

	Year ended March 31, 2015	Year ended March 31, 2014
Remuneration paid:		
Kanaiya Parekh	-	74
Rahul Nayak	85	61
Uday Varma	81	64
	<u>166</u>	<u>199</u>

* Amount is below the rounding off norm adopted by the Company

30. Leases**Operating lease**

The Company has significant operating leases for office and residential premises. The aggregate lease rentals of Rs. 362 Lakhs (Previous Year: Rs. 359 Lakhs) have been included under the head Other Expenses - Rent under Note 23 in the Statement of Profit and Loss. The leasing arrangements range between one to five years which are cancellable leases and are renewable for future period by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given to landlords.

31. Provisions

In accordance with Accounting Standard 29 'Provisions,Contingent Liabilities and Contingent Assets', the particulars of provisions as at March 31, 2015 are as follows:

Description	April 1, 2014	Created during the year	Utilised / reversed during	March 31, 2015
Litigation*	120.00	-	-	120.00

* Provision for litigation relates to a petition filed by the Company before Bombay High Court under Essential Commodities Act. The timing of the outflow with regards to the said matter depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow.



Tesco Hindustan Wholesaling Private Limited
Notes to the financial statements as at and for the year ended March 31, 2015

(All amounts in Rupees Lakhs, unless stated otherwise)

32. Unhedged Foreign currency exposure

Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	As at March 31, 2015				As at March 31, 2014			
	Trade payables (in GBP)	GBP	74,556	Rs.	69	GBP	137,003	Rs.
Trade payables (in KRW)	KRW	-	Rs.	-	KRW	72,940,005	Rs.	40
Trade payables (in USD)	USD	6,985	Rs.	4	USD	2,262	Rs.	1
Other current liabilities (in GBP)	GBP	-	Rs.	-	GBP	372,697	Rs.	373
Short term loan and advances (in GBP)	GBP	23,957	Rs.	22	GBP	1,400	Rs.	1

33. Provision for taxation

Provision for taxation:

No provision for income tax for the year has been made in the absence of book profits, and in view of taxable loss computed under the provisions of the Income Tax Act, 1961, of India.

Deferred Tax:

In view of the absence of virtual certainty of taxable profits arising in future, the cumulative deferred tax assets as at March 31, 2014 and net deferred tax assets of the current financial year have not been recognised.

34. Segment Reporting

As the Company's business activity falls within a single business segment viz. wholesale trade and the sales substantially being in the domestic market, the financial statements are reflective of the information required by Accounting Standard 17 "Segment Reporting" notified under the Companies (Accounting Standards) Rules, 2006.

35. Merger application

During the year, Trent Hypermarket Limited (THL) has acquired 420,816,667 Equity shares of Rs. 10 each of Tesco Hindustan Wholesaling Private Limited (THWPL) through share purchase agreement with Tesco Mauritius Holdings Limited. As a result, THWPL has become a wholly owned subsidiary of THL.

Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on January 14, 2015, the Company decided to amalgamate with Trent Hypermarket Limited. The scheme of amalgamation under Section 391 to 394 of The Companies Act, 1956 and the Companies Act, 2013 (to the extent notified and applicable) has been filed with the High Court of Karnataka and the sanction to the scheme of amalgamation by the Honourable High Court is awaited. The amalgamation when sanctioned, will be effected from February 1, 2015.

36. Previous Year Figures

Previous year figures have been reclassified, wherever considered necessary, to conform to this year's classification.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N / N500016


Pankaj Khandelia

Partner

Membership Number: 102022

Place: Mumbai

Date: *May 22, 2015*

For and on behalf of the Board of Directors


Sanjay Gupta
 Director & CFO


Jamshed Daboo
 Director & Manager


Rakeshkumar Saini
 Company Secretary

Place: Mumbai

Date: *19/5/2015*