



**REI Six Ten Retail Limited**

9<sup>th</sup> Annual Report 2015-2016

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Shri Sandip Jhunjhunwala	Managing Director
Shri Manoj Mishra	Independent Non Executive Director
Shri Asoke Chatterjee*	Independent Non Executive Director
Dr. ING Narpinder Kumar Gupta***	Independent Non Executive Director
Shri Krishna Dayal Ghosh	Independent Non Executive Director
Ms. Anishrava Agrawal**	Independent Non Executive Director

\*expires on 04.08.2015

\*\*resigned w.e.f 25.04.2015

\*\*\* resigned w.e.f 05.01.2016

## COMPANY SECRETARY cum COMPLIANCE OFFICER

Ms. Anuradha Gaur

## STATUTORY AUDITOR

P.K. Lilha & Co.  
Chartered Accountants

## CORPORATE OFFICE

58A/1, Sainik farm,  
New Delhi-110062

## REGISTERED OFFICE

“Everest House”  
46 C, Chowringhee Road  
15th Floor, Room No.-15B  
Kolkata-700071

## REGISTRAR & TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, 2nd Floor,  
Kolkata-700001

## CONTENTS

Directors’ Report .....	1
Management Discussion and Analysis.....	19
Corporate Governance.....	21
Independent Auditors’ Report.....	33
Financials.....	38

# DIRECTORS' REPORT

To the Members,

Your Directors have pleasure for presenting the 9th Board Report together with the audited annual accounts of the Company for the financial year ended 31st March 2016.

## 1. FINANCIAL RESULTS:

The financial performance of the Company for the year under review is summarized below:

(₹ In Lacs)

Particulars	2015-16	2014-15
Sales	-	4338.72
Other Income	5.22	0.54
Total	5.22	4339.26
Profit before Interest and Depreciation and Amortisation (PBIDA)	(26.51)	(93.46)
Less: Interest	-	0.13
Profit before Depreciation, Tax and Exceptional items (PBDT)	(26.51)	(93.59)
Less: Depreciation	5.38	34.96
Profit Before Tax (PBT) and Exceptional items	(31.89)	(128.55)
Less:		
Exceptional Items	8694.13	3036.99
Prior Period Tax Payments	-	-
Profit after Tax (PAT)	(8726.02)	(3165.54)

## 2 PERFORMANCE OF THE COMPANY

The Management of the Company is trying very hard to review the Company and to get the operations back on track. Earlier the Company was working on Company owned and Company operated (COCO) model of retail business, however after some time company opted for franchise model of business. Later on, due to some unfavorable market conditions, the franchise model opted by the company too failed to get desired results. During the year under review your Company had extended its losses to ₹ 8726 lacs in comparison to the losses of ₹ 3165 lacs during the financial year ended on 31st March, 2015.

## 3 DIVIDEND

Board of Directors of the Company, has not recommended any dividend for the equity shareholders of the Company for the financial year ended on March 31, 2016.

## 4 UNCLAIMED / UNPAID DIVIDEND (TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND)

Pursuant to the provisions of section 124 read with sub section (1) of section 125 of the Companies Act, 2013, unclaimed dividend which remains unpaid for a period of seven years shall be transfer to Investor Education & Protection Fund (IEPF). Unclaimed dividend for the financial year 2008-09 (Rs. 232,109/-) will be transfer to the said fund before the due date.

It may be noted that upon the transfer of dividend to Investor Education & Protection Fund, members lose their right to claim such dividend. Therefore, Members are requested to claim the amount of Unpaid/unclaimed dividend for the year 2008-09 (Rs. 232,109/-) before the due date.

## 5 TRANSFER TO GENERAL RESERVE

During the year under review, Your Company has not transferred any amount to any reserve of the Company.

## 6 BUSINESS SEGMENTS

Your Company does not have any reportable segment in accordance to Accounting Standard (AS) -17 issued by the Institute of Chartered Accountants of India as it deals in only one segment i.e. Retail segment.

## 7 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on the management discussion and analysis is annexed hereto and forms part of this report as required under Listing Regulations

## 8 CORPORATE GOVERNANCE

The Company has put in place the norms of Corporate Governance in compliance with the provisions of the Listing Regulations. A report on Corporate Governance as stipulated under Listing Regulations is annexed herewith as part of the Annual Report.

A certificate to that effect has been obtained by the Company from Practicing Company Secretary which is annexed to this report.

## 9 ENVIRONMENTAL ASPECT AND SOCIAL RESPONSIBILITY

The Company is committed to improve all aspects of environment. We always aspire to fuse business values, cultural pillars and operating principles to achieve the expectations of our customers, lenders, employees, investors, communities and the wider society. We always pay full attention to promote, improve and maintain our responsibility towards the society as a whole for better socio-economic condition.

## 10 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on 31.03.2016, Your Company don't have any subsidiary, associate or joint venture.

## 11 BOARD OF DIRECTORS

At the beginning of the financial year under review, your Company has an optimum combination of Independent Non executive and Executive Directors which constitute a competent Board in accordance with the Listing Regulations and applicable provisions of the Companies Act, 2013. However, during the year under review, due to sudden demise of one of the Independent Non-Executive Director i.e. Sh. A. Chatterjee (DIN:- 00266151) and resignations of Ms. Anishrava Agrawal (DIN: 00976083), Independent Non-Executive Woman Director of the Company and Dr. ING N.K Gupta (DIN no. 00032956), Independent Non-Executive Director, your Company had left with Three Directors on the Board of Directors of the Company.

Further in order to fulfill the requirement of minimum number of independent directors on the board of the company, Board of directors of the company with the consent of Mr. Manoj Mishra (DIN no. 00386578) existing Non-Executive Director of the Company, changed his designation as Independent Non-Executive Director of the Company. However decision of the Board of Directors is subject to the approval of the members of the company in the ensuing general meeting.

Therefore, the Board of Directors of the Company seeks approval of the Members of the Company in this ensuing Annual General Meeting for change in terms of appointment of Sh. Manoj Mishra as Independent Non-Executive Director of the Company.

## 12 DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the declarations from all the Independent directors confirming that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the Listing Regulation

## 13 KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Anuradha Gaur, an Associate member of the Institute of the Company Secretaries of India was appointed as the Company Secretary cum Compliance officer of the Company in the month of June, 2015

## 14 DIRECTORS RETIRING BY ROTATION

At the beginning of the financial year, the Company had an optimum combination of Executive, Non-Executive and Independent directors. However, during the year 2015-16, due to resignations by Directors, the Company is left with only three directors on the Board as on 31.03.2016, One Executive Managing Director and Two Independent Director.

Pursuant to the provision of section 152 of the Companies Act, 2013, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every AGM.

However, Your Company is unable to comply with the said provisions of section 152 of the Companies Act, 2013 for the year ended 31.03.2016, as the Board of the Company consist of One Managing Director, whose appointment is not subject to retire by rotation pursuant to the terms of his appointment and two Independent Directors, who cannot be retire by rotation pursuant to the provisions of section 152(6) of the Companies Act, 2013.

## 15 BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, performance of the Independent Directors, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Compliance Committees.

The Evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations etc.

## 16 NOMINATION AND REMUNERATION POLICY

The Board of Directors in consultation with the members of Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management, and their remuneration including criteria for determining qualifications, positive attributes, independence of a director. Details of the Remuneration and other fees paid to the Directors are provided in the Corporate Governance Report. Further, pursuant to the provisions of section 134(3)(e), the said policy is attached herewith as an Annexure "A"

## 17 MEETINGS

During the financial year under review, 6 (Six) Meetings of the Board of Directors and 1(One) Meeting of Independent Directors' of the Company were held. The Details of meetings are given in Corporate Governance Report. The provisions of Companies Act, 2013 and the Listing Regulations were adhered to while considering the time gap between two meetings.

## 18 COMMITTEES OF THE BOARD

Your Company has established various committees for the purpose of the best governance practices and which are in compliance with the requirements of relevant provisions of applicable laws and statutes which are as follows:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Share Transfer Committee
- d. Shareholders'/Investors' Grievance Committee( Stakeholders Relationship Committee)

The details with respect to the compositions, powers, duties etc of the above mentioned committees are mentioned in the Corporate Governance Report which forms part of this Annual Report.

## 19 RISK MANAGEMENT POLICY

Your Company has laid down procedures to inform members about the risk assessment and minimization procedures, which are periodically reviewed.

## 20 VIGIL MECHANISM

The Company has put in place a codified system, which welcome suggestions from the directors and employees and such directors and employees at all levels have access to the Audit Committee members and the Senior Management of the Company to report any kind of irregularity in the

Company's functioning or any unethical behavior or any kind of harassment or unequal treatment given to them. Company has always believed in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethics.

## 21 LISTING AGREEMENT

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was notified on September 2, 2015, with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company has entered into Listing Agreement with Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd.

## 22 LOANS, GUARANTEE AND INVESTMENT IN SECURITIES

During the year under review, the Company has not entered into any transactions of loans, guarantees or investments with any Body Corporate or any person and therefore the provisions of section 186 of the Companies Act, 2013 were not applicable on the company

## 23 CONTRACTS OR ARRANGEMENTS WITH THE RELATED PARTY

During the financial year ended 31st March, 2016, the Company has not entered into any contract or arrangement with its related parties and hence, the provisions of Section 188 of the Companies Act, 2013 are not applicable on the company and therefore, there are no transactions that are require to be reported in form AOC-2 for the financial year ended 31.03.2016.

## 24 AUDITORS

### a. Statutory Auditors

Pursuant to the provisions of section 139, 141 and other applicable provisions (if any) of the Companies Act, 2013, M/s P.K. Lilha & Co, Chartered Accountants, Kolkata were appointed as Statutory Auditors of the Company for a period of three years in the Annual General Meeting of the Company held on 30th September, 2014. However, as per the provision of section 139 of the Companies Act, 2013, the appointment of auditors is required to be ratified by the members of the Company at every Annual General Meeting.

Accordingly, the Board of Directors of the Company seeks consent of the members of the Company in the ensuing Annual General Meeting of the Company for the same.

#### **Auditors' Report**

The Report given by the Auditors on the financial statements of the company is part of this Annual Report. Further, there has been no qualification, reservation, adverse remark or disclaimer given by the Auditors' in their report.

#### **b. Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Your Company has appointed Mr. Astik Mani Tripathi (CP No. 10384) Practicing Company Secretary, Proprietor of M/s Astik Tripathi and Associates to undertake the Secretarial Audit of the Company for the financial year 2015-16.

#### **Secretarial Audit Report and Qualifications**

There is a qualification in the Secretarial audit report that during the year under review, Company has not appointed Woman Director and Chief Financial officer in the Company.

In this regard, Board of Directors hereby submits that there are no major business activities in the Company during last few years and management of the Company is trying very hard to adopted a fruitful business model for the Company and management is searching for eligible candidates as per the requirements of the Company.

Copy of the Secretarial Auditors Report is annexed to this Report as an annexure "B"

## **25 DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to requirement under Section 134(5) of the Companies Act, 2013 , with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanations relating to material departures, if any.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of

the Company at the end of the financial year and of the profit or loss of the Company for that period.

- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- The Directors have prepared the annual accounts of the Company on a 'going concern' basis.
- The Directors had laid down the internal financial control that is followed by the company and these internal financial controls are adequate and were operating effectively. Internal Financial controls means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Companies policies, the safeguarding of its assets, the prevention and detections of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of financial information.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **26 PUBLIC DEPOSITS**

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## **27 PARTICULARS OF EMPLOYEES**

- a) The information showing names and particulars of employees of the Company pursuant to rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. However, In terms of Section 136 of the Act, the Annual Report of the company is being sent to the members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the company secretary in advance.

- b) Further, disclosure pursuant to the provision of section 197(12) regarding the ratio of the remuneration of each director to the median employee's remuneration and such other details as required under rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached herewith as an Annexure "C"

## 28 ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption and foreign exchange earnings & outgo as required to be disclosed under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided as an Annexure "D" to this report. Your Company has taken adequate measures to reduce energy consumption wherever possible. The Company has not incurred any expenditure on Research & Development, Technology absorption, adoption & innovation during the current financial year.

## 29 ANNUAL RETURN

Extract of Annual Return Pursuant to the Section 92(3) of the Companies Act, 2013 is annexed to this report as Annexure "E".

## 30 MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

In view of unfavorable market situation the Company's Receivable and Advances become doubtful of recovery against which provision were made resulting in erosion of net worth by more than fifty percent, but management is of the view that these debts may be realized once the business of the Company again started.

## 31 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE.

During the year under review, no significant and material orders passed by the regulators or Courts or Tribunals which can impact the going concern status and Company's Operations in future

## 32 ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the company's policies, safeguarding of its assets, the prevention and detection of the frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of the reliable financial information.

For the financial year 2015-16, the Board is of the opinion that for the preparation of financial accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed and the internal financial controls with reference to the financial statements are found to be adequate and were operating effectively and that no material weaknesses were noticed.

## 33 SEXUAL HARASSMENT

During the year under review, there were no cases filed pursuant to the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 34 ACKNOWLEDGEMENT

The Board place on record their appreciation for the assistance and co-operation received from various government authorities, stakeholders, bankers, vendors and members during the year under review. Directors also wish to thank all the employees for their contribution commitment, support and co-operation.

**For and on behalf of Board of Directors**

sd/-	sd/-
<b>(Sandip Jhunjunwala)</b>	<b>(K D Ghosh)</b>
Managing Director	Director

Place: Kolkata

Date: 29th August, 2016

# ANNEXURE “A” TO THE BOARD REPORT

## NOMINATION AND REMUNERATION POLICY

(Disclosure Pursuant to the provisions of section 134(3) and section 178 of the Companies Act, 2013)

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of “REI SIX TEN RETAIL LIMITED” has constituted the Nomination and Remuneration Committee.

### Objective

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

### Scope

This policy is applicable to Directors, senior management including key managerial personnel (KMP)

### Role of the Committee

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate criteria for evaluation of performance of Independent Directors and the Board.
- c) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To recommend to the Board the appointment and removal of Directors and Senior Management.
- e) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- f) To perform such other functions as may be necessary or appropriate for the performance of its duties.

### Policy for appointment of Director, KMP and Senior Management

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding these positions may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- d) A whole time KMP of the company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole time KMP can be appointed as a director of any company, with the permission of the board of the company.
- e) Person proposes to be appointed as the independent director shall qualify the criteria specified under the provisions of the Companies Act, 2013 and the Listing Agreement.

### Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### Policy relating to the Remuneration for the Directors, KMP and Senior Management Personnel

- a) The remuneration / compensation / commission etc. to the Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to



the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

- b) The remuneration and commission to be paid to the Managing Director/ Whole time director shall be in accordance with the provisions of the Companies Act 2013, and the rules framed thereunder from time to time.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of managing and whole time directors.
- d) Remuneration payable to the independent and non-executing directors of the company shall be in accordance with the provisions of the Companies Act, 2013 and the Listing Agreement

#### Miscellaneous

This policy shall be updated from time to time, by the Company in accordance with the amendments, if any, to the Companies Act, 2013, rules made thereunder, Listing Agreement or any other applicable enactment for the time being in force.

#### For and on behalf of Board of Directors

sd/-	sd/-
<b>(Sandip Jhunjhunwala)</b>	<b>(K D Ghosh)</b>
Managing Director	Director

Place: Kolkata

Date: 29th August, 2016

# ANNEXURE “B” TO THE BOARD REPORT

FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

To,

The Members,

### REI SIX TEN RETAIL LIMITED

Everest House -46C,

Chowringhee Road, 15th Floor,

Room No. 15B, Kolkata-700071

Date of Incorporation: 23/08/2007

Authorized Share Capital: 500,000,000.00

Paid up Share Capital: 294,196,724.00

We have conducted the secretarial audit of the compliance of applicable statutory provisions REI Six Ten Retail Limited hereinafter referred to as (“the company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification ( documents furnished before us ) of the REI Six Ten Retail Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st Day of March, 2016 (‘Audit Period’) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes except appointment of CFO and woman director and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

As per the documents furnished before us, we have examined the books, papers, minute books, forms and returns filed and other records maintained by REI Six Ten Retail Limited (“The Company”) for the financial year ended on 31st Day of March, 2016 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company during the audit period)The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’): -(Not applicable to the company during the audit period)

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guidelines, 1999;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;