

AUDITOR'S REPORT TO THE MEMBERS OF
RCL RETAIL LIMITED, CHENNAI

We have audited the attached Balance Sheet of **RCL RETAIL LIMITED, CHENNAI**, as at 31st March, 2012 the Statement of Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub section 4A of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph '1' above, we report that :-
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law, have been kept by the Company, so far as it appears from our examination of such books.
 - c. The Balance Sheet, Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account:
 - d. In our opinion and to the best of our information the Balance Sheet, Statement of Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.



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- e. On the basis of written representations received from the Directors as on March 31st, 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as at March 31, 2012 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2012 and
 - ii. in the case of the Statement of Profit and Loss Account of the Profit for the year ended as on that date.
 - iii. in the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

CHENNAI
Dated: 30/05/2012



For KRISHNAN & GIRI
Chartered Accountants

M. Jayantilal Jain

(M.JAYANTILAL JAIN)
Partner
M.No.29712

ANNEXURE

RE : RCL RETAIL LIMITED, CHENNAI
REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets have been physically verified by the management at the end of the year. No serious discrepancies were noticed on such verification. None of the Fixed Assets were disposed off during the year and therefore do not affect the going concern status of the company.
2. As explained to us, the stock of Traded goods have been physically verified at the year end by the management in accordance with the phased program of verification. In our opinion, having regard to the nature and location of stocks, frequency of verification is reasonable.
3. In our opinion, the company has not during the year, taken any loan, secured or unsecured, from any company, firm or any party listed in the register maintained under Sec. 301 of the Companies Act, 1956. The company has not advanced amounts to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of materials and acquisition of fixed assets and with regard to sale of goods.
5. In our opinion and according to the information and explanations given to us, the transactions in pursuance of Section 301 of the register, have been duly entered into in the register and these transactions have been made at reasonable prices with regard to the prevailing market price at the relevant time.
6. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records required to be maintained Under Section 209(1)(d) of the Companies Act, 1956.

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9. According to the information and explanations given to us, the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employees Insurance State Act, 1948 are not applicable to the company.

According to the information and explanations given to us, there are no arrears of undisputed statutory dues including Income Tax, Sales tax, Customs Duty, Provident Fund outstanding as on 31st March, 2012 for a period of more than six months from the date they became payable.

Further, according to the information and explanations given to us, there are no disputed statutory dues pending payment.

10. On the basis of the Audited Financial Statements, the company has neither accumulated loss as at the end of the year nor has incurred any cash loss both in the financial year under report and immediately preceding financial year.
11. The company has not issued any debentures. In respect of vehicle loan taken during the year from banks, and the company has not defaulted in the repayment of dues.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
13. The company is not a Chit fund, Nidhi, Mutual benefit fund or a Society. Accordingly, clause 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
15. On the basis of information and explanations given to us, the company has not given guarantee to any Bank on behalf of other parties.
16. The Company has not taken any term loan during the year, hence clause 16 is not applicable.
17. On the basis of our examination of the books of account and the information and explanation given to us, in our opinion, the funds raised on short term basis have not been used for long term investment and vice-versa.

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18. The company has not made any preferential allotment of shares to any party listed in the register maintained under Section 301 of the Companies Act,1956. Hence, clause 4 (xviii) of the Order is not applicable.
19. The company has not issued debentures. Hence, clause 4(xix) of the Order is not applicable.
20. The company has not raised any money by way of public issues during the year. Hence, clause 4(xx) of the Order is not applicable.
21. According the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

CHENNAI.
Dated: 30/05/2012



For KRISHNAN & GIRI
Chartered Accountants

M. Jayantilal Jain

(M.JAYANTILAL JAIN)
Partner
M.No.29712

RCL RETAIL LIMITED, CHENNAI
BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No	FIG AS AT 31.03.2012		FIG AS AT 31.03.2011	
				In Rs	
I EQUITY AND LIABILITIES:					
(1) Shareholders' funds:					
(a) Share Capital	1	55,350,000		27,850,000	
(b) Reserves and Surplus	2	<u>972,137</u>		<u>210,913</u>	
		56,322,137		28,060,913	
(2) Share application money pending allotment					9,400,000
(3) Non Current Liabilities:					
(a) Long Term Borrowings	3	14,105		105,022	
(b) Deferred Tax Liabilities (Net)	4	0		13,501	
(c) Long Term Provisions	5	<u>19,888</u>	33,993	<u>0</u>	118,523
(3) Current Liabilities:					
Short Term Borrowings	6	9,997,124		114,000	
(b) Trade Payables	7	404,790		5,717,163	
(c) Other Current Liabilities	8	306,253		6,618	
(a) Short Term Provisions	9	<u>475,000</u>	11,183,167	<u>85,000</u>	5,922,781
TOTAL		<u><u>67,539,296</u></u>		<u><u>43,502,217</u></u>	
II ASSETS:					
(1) Non Current Assets:					
(a) Fixed Assets	10				
(i) Tangible Assets		16,971,096		2,535,497	
(ii) Intangible Assets		<u>125,733</u>	17,096,829	<u>188,440</u>	2,723,937
(b) Long Term Loans and advances	11	19,458,028		11,852,860	
(c) Other Non current assets	12	340,150		420,200	
(d) Deferred Tax Assets (Net)	13	<u>66,771</u>	19,864,949	<u>0</u>	12,273,060
(2) Current Assets:					
(a) Inventories	14	216,029		6,483,456	
(b) Trade receivables	15	15,083,228		7,288,562	
(c) Cash and cash equivalents	16	4,828,272		14,585,230	
(d) Short Term Loans and advances	17	10,419,651		142,372	
(e) Other Current Assets	18	<u>30,338</u>	30,577,518	<u>5,600</u>	28,505,221
TOTAL		<u><u>67,539,296</u></u>		<u><u>43,502,217</u></u>	


The annexed notes form an integral part of these financial statements

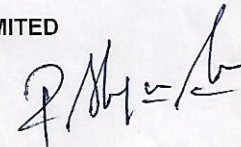
As per our Report of even date.

For and on behalf of the Board

for **KRISHNAN & GIRI**
Chartered Accountants

(M JAYANTILAL JAIN)
Partner
Place: Chennai
Date : 30/05/2012

for **RCL RETAIL LIMITED**

NITESH R LODHA
DIRECTOR

for **RCL RETAIL LIMITED**

SHREYANS LODHA
DIRECTOR

RCL RETAIL LIMITED, CHENNAI
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012.

PARTICULARS	NOTE No.	Figures for the Current Year	Figures for the previous year
I. Revenue from Operations	19	64,259,424	8,849,168
II. Other Income	20	2,408,082	206,527
III. Total revenue(I+II)		<u>66,667,506</u>	<u>9,055,695</u>
IV. EXPENSES :			
a. Purchases of stock - In -Trade	21	55,069,713	14,515,681
b. Changes in Inventories	22	6,267,427	-6,483,456
c. Employee Benefits Expense	23	989,599	75,000
d. Finance Costs	24	900,887	79,603
e. Depreciation and amortisation expenses		686,080	104,092
f. Other Expenses	25	1,597,849	455,361
Total Expenses		<u>65,511,555</u>	<u>8,746,281</u>
V. Profit Before Tax items and tax (III-IV)		1,155,951	309,414
VI Tax Expenses :			
a. Current Tax		475,000	85,000
b. Deferred Tax		(80,272)	13,501
VII Profit/(Loss) for the period (V-VI)		<u>761,223</u>	<u>210,913</u>
VIII Earnings per equity share :			
a. Basic		0.14	0.08
b. Diluted		0.78	0.08

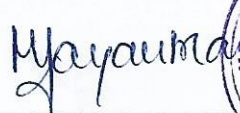
The annexed notes form an integral part of these financial statements

As per our Report of even date.

For and on behalf of the Board

for KRISHNAN & GIRI
Chartered Accountants

for RCL RETAIL LIMITED


(M JAYANTILAL JAIN)
Partner
Chennai
30/05/2012




NITESH R LODHA
DIRECTOR


SHREYANS LODHA
DIRECTOR

RCL RETAIL LIMITED - CHENNAI

NOTES FORMING PART OF INTEGRAL ACCOUNTS AS ON 31ST MARCH 2012

SIGNIFICANT ACCOUNTING POLICIES :

A. Basis of Preparation of Financial Statements :

The Financial Statements are prepared under the historic cost convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

B. Fixed Assets :

Fixed Assets are stated at Cost less accumulated depreciation.

C. Intangible Assets :

Intangible Assets are stated at Cost less accumulated amortisation/depletion.

D. Depreciation and Amortisation :

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

E. Inventories :

- i) Packing Materials are valued at cost.
- ii) Finished Goods/Traded Goods are valued at lower of cost or market price.

F. Gratuity :

Provision for Gratuity Liability to employees is made on the basis of actuarial valuation.

G. Provision for Current and Deferred Tax :

Provision for Current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is virtual certainty that the asset will be realised in future.



1 SHARE CAPITAL :

	At At 31st March, 2012	As At 31st March, 2011
1.1 Authorised :		
80,00,000 (Previous year 80,00,000) Equity Shares of Rs. 10/- each	80,000,000	80,000,000
	<u>80,000,000</u>	<u>80,000,000</u>
1.2 Issued, Subscribed & Paid-up :		
55,35,000 Equity shares (Previous year 27,85,000) of Rs. 10/- each fully paid up	55,350,000	27,850,000
TOTAL	<u>55,350,000</u>	<u>27,850,000</u>

1.3 List of Shareholders holding more than 5% Equity

Name of the Shareholder	No. of Equity Shares Held	No. of Equity Shares Held
RCL Foods Limited	300,000	
RCL Foods Limited		300,000
Premchand Jain		150,000
Mithoolal Jain		200,000

2 RESERVES & SURPLUS :

2.1 General Reserve:

Balance as per previous Balance Sheet	210,913	0
Add: Transfer from Profit & Loss Appn A/c	0	0
	<u>210,913</u>	<u>0</u>

2.2 Profit and Loss Account:

Surplus in Profit & Loss A/c	761,223	210,913
Less: Transfer to General Reserve	0	
	<u>761,223</u>	<u>210,913</u>

TOTAL

<u>972,137</u>	<u>210,913</u>
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3 LONG TERM BORROWINGS :

3.1 Term Loans : From Banks (Secured)

a Secured against Vehicle		
Loans are repayable over 14 months	14,105	105,022
	<u>14,105</u>	<u>105,022</u>

4 DEFERRED TAX LIABILITY (Net) :

On Account of Timing Difference		
- Depreciation		13,501
- Others		-
	<u>-</u>	<u>13,501</u>

Deferred Tax Liability has been recognized in accordance with the Accounting Standard "AS 22" on Accounting for taxes on Income.



5 LONG TERM PROVISIONS :

a. Provision for Gratuity	19,888	-
	<u>19,888</u>	<u>-</u>

6 SHORT TERM BORROWINGS :**6.1 Loans repayable on Demand- (From banks Secured - Guaranteed by Directors)**

(Secured by hypothecation of Stock-in-Trade, supply bills & additional charge by way of equitable mortgage of land and bldg)

a. Cash Credit	9,883,124	-
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6.2 Term Loans : From Banks (Secured)

a Secured against Vehicle

Loans are repayable over 14 months

	114,000	114,000
	<u>114,000</u>	<u>114,000</u>
	<u>9,997,124</u>	<u>114,000</u>

7 TRADE PAYABLES :

a. Sundry Creditors for Goods	299,995	5,120,638
b. Sundry Creditors for Expenses	104,795	596,525
	<u>404,790</u>	<u>5,717,163</u>

8 OTHER CURRENT LIABILITIES :

a. Other payables	306,253	6,618
	<u>306,253</u>	<u>6,618</u>

9 SHORT TERM PROVISIONS :

a. Provision for Taxation	475,000	85,000
	<u>475,000</u>	<u>85,000</u>

11 LONG TERM LOANS & ADVANCES :

a. Security Deposits - Considered Good	810,000	600,000
b. Other Loans & Advances	18,648,028	11,252,860
	<u>19,458,028</u>	<u>11,852,860</u>

12 OTHER NON- CURRENT ASSETS :

a. Others	340,150	-
	<u>340,150</u>	<u>-</u>



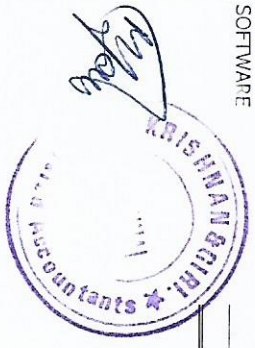
M/S. RCL RETAIL LIMITED

10. FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK			
	AS ON 01.04.2011 Rs.	ADDITION Rs.	(DELETIONS) Rs.	AS AT 31.03.2012 Rs.	AS ON 01.04.2011 Rs.	ADJUSTMENTS Rs.	FOR THE YEAR Rs.	ADJUSTMENT Rs.	AS AT 31.03.2012 Rs.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
LAND											
PLANT & MACHINERY	186,120.00	14,310,854.00	-	14,310,854.00	-	-	-	-	-	14,310,854.00	-
AIR CONDITIONER	121,852.00	38,850.00	-	224,970.00	-	-	28,845.00	-	28,845.00	196,125.00	186,120.00
FURNITURE & FIXTURES	990,455.00	69,900.00	-	191,752.00	3,715.00	-	21,401.00	-	25,116.00	166,636.00	118,137.00
MOTAR CAR	1,157,412.00	615,618.00	-	1,606,073.00	-	-	211,012.00	-	211,012.00	1,395,061.00	990,455.00
COMPUTER & PRINTER	183,750.00	9,750.00	-	1,157,412.00	88,599.00	-	276,716.00	-	365,315.00	792,097.00	1,068,813.00
				193,500.00	11,778.00	-	71,399.00	-	83,177.00	110,323.00	171,972.00
PREVIOUS YEAR FIGURES	2,639,589.00	15,044,972.00	-	17,684,561.00	104,092.00	-	609,373.00	-	713,465.00	16,971,096.00	2,535,497.00

INTANGIBLE ASSETS

SOFTWARE	188,440.00	14,000.00	-	202,440.00	-	-	76,707.00	-	76,707.00	125,733.00	188,440.00
	188,440.00	14,000.00	-	202,440.00	-	-	76,707.00	-	76,707.00	125,733.00	188,440.00



19 REVENUE FROM OPERATIONS :

a. Sales	64,243,635	8,822,795
b. Other Income	15,789	26,373
	<u>64,259,424</u>	<u>8,849,168</u>

20 OTHER INCOME :

20.1 Interest Receipts	2,408,082	206,527
	<u>2,408,082</u>	<u>206,527</u>

21 PARTICULARS OF TRADED GOODS/PURCHASES :

a. Purchases of Stock In Trade	54,035,533	14,431,406
b. Direct Expenses	1,034,180	84,275
	<u>55,069,713</u>	<u>14,515,681</u>

22 INCREASE IN STOCKS :

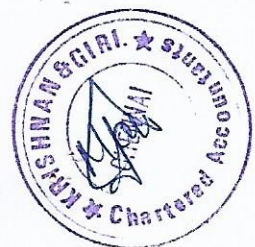
Closing Stock :		
Finished goods	216,029	6,483,456
	<u>216,029</u>	<u>6,483,456</u>
Opening Stock :		
Finished Goods	6,483,456	-
	<u>6,483,456</u>	<u>0</u>
(Increase)/decrease in Stocks	<u>6,267,427</u>	<u>-6,483,456</u>

23 EMPLOYEES REMUNERATION & BENEFITS :

23.1 Salaries, Bonus & Other Allowances	967,535	75,000
23.2 Welfare Expenses	2,176	0
23.3 Gratuity	19,888	-
	<u>989,599</u>	<u>75,000</u>

24 FINANCE COST :

24.1 Interest Payments	878,736	7,522
24.2 Bank Charges	22,151	72,081
	<u>900,887</u>	<u>79,603</u>



25 OTHER EXPENSES :

25.1 Freight & Cartage	5,685	0
25.2 Electricity Charges	47,142	0
25.3 Travelling, Conveyance & Vehicle Maintenance	118,314	30,146
25.4 Rent	783,620	181,000
25.5 Postage, Telegram, Telephone & Telex charges	15,886	4,650
25.6 Rates, Taxes, Fees & Insurance	92,820	83,135
25.7 Repairs & Maintenance :		
- Others	99,405	0
25.8 Auditors Remuneration :		
-Statutory Audit	44,944	33,090
- Tax Audit	22,472	11,030
25.9 Legal & Consultation fees	106,095	1,500
25.10 Printing & Stationery	103,193	2,520
25.11 Advertisement	41,400	0
25.12 Sales Promotion/Conference Expenses	3,717	0
25.13 Sundry balance written off	2,917	0
25.14 Charity & Donation	0	1,200
25.15 Preliminary Expenses written off	105,050	105,050
25.16 General Expenses	5,190	2,040
	1,597,849	455,361



ADDITIONAL INFORMATION

26 QUANTITATIVE PARTICULARS :

A. In respect of Traded Goods

	Value	Value
iii) a) Opening Stock	6,483,456	-
b) Turnover value	64,243,635	8,822,795
c) Closing Stock	216,029	6,483,456

27 SEGMENT INFORMATION (AS 17)

The company is engaged in only one Segment in Retail Trade of Food and Food Products, hence AS 17 is not applicable.

28 Related Party disclosure:- (AS 18)

Remuneration to Director including perks	400,000.00	-
Towards Purchases (RCL Foods Ltd.,)	1,264,475.95	-
Towards Sales (RCL Foods Ltd.,)	38,640.00	-
Balance Due to Directors:		
- Nitesh R Lodha	130,037.00	-
Balance Due from RCL Foods Ltd.,	341,524.00	-

29 Value of Imports (On C.I.F Basis)

NIL NIL

30 Earnings in Foreign Currency :

Export of Goods - At F.O.B. Value NIL NIL

31 Expenditure in Foreign Currency :

NIL NIL

32 Contingent Liabilities and Commitments :

NIL NIL

32 Employees Benefit obligation - AS 15

* Rate of Mortality:	As per LIC (1994 – 96) (Ultimate) Mortality Table
* Date of Valuation:	31-03-12
* Rate of Discount:	8.00% per annum
* Rate of Salary Escalation:	10.00% per annum
* Rate of exit due to reasons other than death or retirement:	10.00% per annum
* Rate of Return on Plan Assets:	Does not arise
* Actuarial gain / loss	Fully recognized by the Company. (That is, no amortization)



Net Liability Recognized in the Balance Sheet (All amounts are in Rupees)	As on 31/03/2012
Value of Current Year Obligation (Estimated):	30
Present Value of Non-current Year Obligation (Estimated):	19,858
Present Value of Obligation	19,888
Fair Value of Assets	0
Net Asset / (Liability) Recognized	19,888

Expenses Recognized in P/L account (All amounts are in Rupees)	As on 31/03/2012
Current Service Cost for the accounting period:	19,888
Net Expenses as at the end of the accounting period	19,888

The Disclosure Tables associated with the above estimates are given below:

Accrued Gratuity Liability

Disclosure Tables

12 Months

Company: RCL Retail Limited

Valuation Date: 31/3/2012

As on

Earlier Valuation Considered: None

31-Mar-12

Movements in Accrued Liability	
	In Rupees
Accrued Liability as at beginning of the period:	0
Interest Cost	0
Current Service Cost	19,888
Past Service Cost	0
Curtailement Cost	0
Settlement Cost	0
Benefits Paid	0
Actuarial gain / loss	0
Accrued Liability as at the end of the period	19,888

(No Fund is being maintained)

Amounts to be recognized in the Balance Sheet	
	In Rupees
Present Value of obligations as on the accounting date	19,888
Fair Value of the Plan Assets: (Zero as no fund is being maintained)	0
Liability to be recognized in the Balance Sheet:	-19,888



Amounts to be recognized in the Balance Sheet	
	In Rupees
Present Value of obligations as on the accounting date	19,888
Fair Value of the Plan Assets: (Zero as no fund is being maintained)	0
Liability to be recognized in the Balance Sheet:	-19,888

Expenses to be recognized in P/L Account	
	In Rupees
Interest Cost	0
Current Service Cost	19,888
Past Service Cost	0
Expected Return on Plan Assets	0
Curtailment Cost (Credit)	0
Settlement Cost (Credit)	0
Net Actuarial (gain) / loss	0
Net Expenses to be recognized in P/L a/c	19,888

Reconciliation

	In Rupees
Net Liability as at the beginning of the period:	0
Net Expenses in P/L a/c	19,888
Benefits Paid	0
Net Liability as at the end of the period:	19,888

Principal Actuarial Assumptions

Interest (Discount) Rate (Liabilities)	8.00%
Rate of Return on Assets	N.A.
Mortality Table	LIC (94-96)
Resignation Rate per annum	10.00%
Salary Escalation Rate	10.00%

Experience Rated Adjustments

	In Rupees
Liability Side	0
Asset Side	N.A.

Previous years figures have been regrouped/rearranged wherever necessary.

for KRISHNAN & GIRI
Chartered Accountants

M Jayantilal Jain
(M JAYANTILAL JAIN)
Partner



On behalf of the Board
RCL RETAIL LIMITED

Nitesh R Lodha
NITESH R LODHA
Director

Shreyans Lodha
SHREYANS LODHA
Director