

Reliance-GrandOptical Private Limited

Independent Auditor's Report

To the Members of Reliance-GrandOptical Private Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

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- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact on its financial position.
 - ii. The Company did not have any long term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.
 - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **Chaturvedi & Shah**
Chartered Accountants
Registration No : 101720W

Place : Mumbai
Date : April 13, 2015

Jignesh Mehta
Partner
Membership No. : 102749

Balance Sheet as at 31st March, 2015

| | Note | As at 31st March, 2015 | ₹ As at 31st March, 2014 |
|---------------------------------|---------|---------------------------|--------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 1 | 5 00 000 | 5 00 000 |
| Reserves and surplus | 2 | <u>(2 49 520)</u> | <u>(2 23 771)</u> |
| | | 2 50 480 | 2 76 229 |
| Non-current liabilities | | | |
| Long-term borrowings | 3 | - | 1 00 000 |
| Current liabilities | | | |
| Trade payables | 4 | 19 754 | 18 397 |
| Other current liabilities | 4 | <u>1 900</u> | <u>1 910</u> |
| Total | | <u>2 72 134</u> | <u>3 96 536</u> |
| ASSETS | | | |
| Non - current assets | | | |
| Long-term loans and advances | 5 | 2 00 000 | 2 00 000 |
| Current assets | | | |
| Cash and bank balances | 6 | 70 651 | 1 95 053 |
| Short-term loans and advances | 7 | <u>1 483</u> | <u>1 483</u> |
| Total | | <u>2 72 134</u> | <u>3 96 536</u> |
| Significant accounting policies | | | |
| Notes on financial statements | 1 to 15 | | |

As per our Report of even date

For Chaturvedi & ShahChartered Accountants
Firm Registration No. 101720W**Jignesh Mehta**Partner
Membership No. 102749Place: Mumbai
Dated : 13th April, 2015

For and on behalf of the Board

Gaurav JainDirector
DIN: 02697278**Ramesh Kumar Damani**Director
DIN: 00049764**Rajkumar Pugalia**Director
DIN: 00047360

Statement of Profit and Loss for the year ended 31st March, 2015

| | Note | 2014-15 | 2013-14 ₹ |
|--|---------|-----------------|-----------------|
| INCOME | | | |
| Revenue from operations | | - | - |
| Total revenue | | <u>-</u> | <u>-</u> |
| EXPENDITURE | | | |
| Other expenses | 8 | <u>25 749</u> | <u>25 619</u> |
| Total expenses | | <u>25 749</u> | <u>25 619</u> |
| Profit/(loss) before tax | | <u>(25 749)</u> | <u>(25 619)</u> |
| Tax expenses | | - | - |
| Profit/(loss) for the year | | <u>(25 749)</u> | <u>(25 619)</u> |
| Earnings per equity share of face value of ₹ 10 each | | | |
| Basic and Diluted (in ₹) | 11 | (0.51) | (0.51) |
| Significant accounting policies Notes on financial statements | 1 to 15 | | |

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No. 101720W

Jignesh Mehta

Partner

Membership No. 102749

Place: Mumbai

Dated : 13th April, 2015

For and on behalf of the Board

Gaurav Jain

Director

DIN: 02697278

Ramesh Kumar Damani

Director

DIN: 00049764

Rajkumar Pugalia

Director

DIN: 00047360

Cash Flow Statement for the year 2014-15

| | 2014-15 | 2013-14 |
|--|-------------------|-----------------|
| ₹ | | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/ (loss) before tax as per Statement of Profit and Loss | (25 749) | (25 619) |
| Adjusted for | - | - |
| Operating profit/ (loss) before working capital changes | <u>(25 749)</u> | <u>(25 619)</u> |
| Adjusted for: | | |
| Trade and other payables | <u>1 347</u> | 6 518 |
| Cash used in operations | <u>(24 402)</u> | (19 101) |
| Taxes (paid)/ refund | - | - |
| Net cash used in operating activities | <u>(24 402)</u> | <u>(19 101)</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | <u>-</u> | <u>-</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term borrowings | <u>(1 00 000)</u> | - |
| Net cash from/(used in) financing activities | <u>(1 00 000)</u> | <u>-</u> |
| Net decrease in cash and cash equivalents | <u>(1 24 402)</u> | (19 101) |
| Opening balance of cash and cash equivalents | <u>1 95 053</u> | 2 14 154 |
| Closing balance of cash and cash equivalents (Refer Note 6) | <u>70 651</u> | <u>1 95 053</u> |

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No. 101720W

Jignesh Mehta

Partner

Membership No. 102749

Place: Mumbai

Dated : 13th April, 2015

For and on behalf of the Board

Gaurav Jain

Director

DIN: 02697278

Ramesh Kumar Damani

Director

DIN: 00049764

Rajkumar Pugalia

Director

DIN: 00047360

Significant accounting policies

A. Basis of preparation of financial statements

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in lakh.

B. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

C. Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

D. Revenue recognition

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations include sale of goods and services, adjusted for discounts (net), service tax and value added tax. Dividend income is recognised when right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

E. 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 or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual or reasonable certainty that the asset will be realised in future.

F. Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Notes on financial statements for the year ended 31st March, 2015

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------------|---------------------------------|
| 1. Share capital | | ₹ |
| Authorised: | | |
| 50,000 Equity shares of ₹ 10 each (50,000) | 5 00 000 | 5 00 000 |
| Total | <u>5 00 000</u> | <u>5 00 000</u> |
| Issued, subscribed and paid-up: | | |
| Fully paid-up | | |
| 50,000 Equity shares of ₹ 10 each (50,000) | 5 00 000 | 5 00 000 |
| Total | <u>5 00 000</u> | <u>5 00 000</u> |
| (i) All the above 50,000 (previous year 50,000) equity shares of ₹ 10 each fully paid-up are held by Reliance Retail Limited (formerly Reliance Fresh Limited), the holding company along with its nominees. | | |
| (ii) The details of Shareholders holding more than 5% shares : | As at | As at |
| Name of the Shareholders | 31st March, 2015 | 31st March, 2014 |
| | No. of % held Shares | No. of % held Shares |
| Reliance Retail Limited (formerly Reliance Fresh Limited) | 50 000 100 | 50,000 100 |
| (iii) Reconciliation of opening and closing number of shares | As at | As at |
| Particulars | 31st March, 2015 | 31st March, 2014 |
| | No. of shares | No. of shares |
| Equity shares outstanding at the beginning of the year | 50,000 | 50,000 |
| Add: Equity shares issued during the year | - | - |
| Equity shares outstanding at the end of the year | <u>50,000</u> | <u>50,000</u> |
| 2. Reserves and surplus | | ₹ |
| Surplus | | |
| Profit and Loss Account | | |
| As per last Balance Sheet | (2 23 771) | (1 98 152) |
| Add: Profit/ (loss) for the year | (25 749) | (25 619) |
| Total | <u>(2 49 520)</u> | <u>(2 23 771)</u> |
| 3. Long-term borrowings | | ₹ |
| Unsecured | | |
| Loans and advances from related parties ⁽ⁱ⁾ | - | 1 00 000 |
| Total | <u>-</u> | <u>1 00 000</u> |

⁽ⁱ⁾ Represents loan from the holding company for a period of 5 years.

Notes on financial statements for the year ended 31st March, 2015

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---------------------------|---------------------------|
| 4. Trade payables and other current liabilities | | ₹ |
| Trade payables | | |
| Micro and Small Enterprises ⁽ⁱ⁾ | - | - |
| Others | <u>19 754</u> | <u>18 397</u> |
| | 19 754 | 18 397 |
| Other current liabilities | | |
| Others ⁽ⁱⁱ⁾ | <u>1 900</u> | <u>1 910</u> |
| Total | <u><u>21 654</u></u> | <u><u>20 307</u></u> |
| ⁽ⁱ⁾ Refer note "12" | | |
| ⁽ⁱⁱ⁾ Represents statutory liabilities. | | |
| 5. Long-term loans and advances <i>(unsecured and considered good)</i> | As at 31st March, 2015 | As at 31st March, 2014 |
| Advance income tax (net of provision) | <u>2 00 000</u> | <u>2 00 000</u> |
| Total | <u><u>2 00 000</u></u> | <u><u>2 00 000</u></u> |
| 6. Cash and bank balances | As at 31st March, 2015 | As at 31st March, 2014 |
| Bank balance | | |
| Balance with banks | <u>70 651</u> | <u>1 95 053</u> |
| Total | <u><u>70 651</u></u> | <u><u>1 95 053</u></u> |
| 7. Short-term loans and advances <i>(unsecured and considered good)</i> | As at 31st March, 2015 | As at 31st March, 2014 |
| Balance with service tax authorities | <u>1 483</u> | <u>1 483</u> |
| Total | <u><u>1 483</u></u> | <u><u>1 483</u></u> |
| 8. Other expenses | 2014-15 | 2013-14 |
| Establishment expenses | | |
| Rates and taxes | 4 401 | 900 |
| Payments to auditor | | |
| Audit fees | 14 607 | 13 483 |
| Certification and consultation fees | <u>6 741</u> | <u>11 236</u> |
| | <u>21 348</u> | <u>24 719</u> |
| Total | <u><u>25 749</u></u> | <u><u>25 619</u></u> |

Notes on financial statements for the year ended 31st March, 2015

9. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.
10. The Company is mainly engaged in 'organised retail' in India. All the activities of the Company revolve around this main business. Accordingly, the Company has only one identifiable segment reportable under Accounting Standard 17 "Segment Reporting".

| 11. Earnings per share (EPS) | 2014-15 | 2013-14 |
|--|-----------|-----------|
| (i) Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to equity shareholders (Amount in ₹) | (25 749) | (25 619) |
| (ii) Weighted average number of equity shares used as denominator for calculating EPS | 50,000 | 50,000 |
| (iii) Basic and diluted earnings/ (loss) per share of face value of ₹ 10 each (Amount in ₹) | (0.51) | (0.51) |

12. Dues to micro and small enterprises

The details of amounts outstanding to Micro and Small Enterprises bases on available information with the Company is as under:-

| | 2014-15 | 2013-14 * |
|--|---------|-----------|
| 1. Principal amount due and remaining unpaid | - | - |
| 2. Interest due on above and the unpaid interest | - | - |
| 3. Interest paid | - | - |
| 4. Payment made beyond the appointed day during the year | - | - |
| 5. Interest due and payable for the period of delay | - | - |
| 6. Interest accrued and remaining unpaid | - | - |
| 7. Amount of further interest remaining due and payable in succeeding year | - | - |

* The Company has not received the required information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosure relating to amounts unpaid as at the year end together with interest paid/ payable if any, as required under the said Act could not be made.

13. Deferred tax assets (net) as on 31st March 2015 consist mainly of carried forward loss and as a matter of prudence, the company has not recognised deferred tax assets in the books of accounts.
14. There are no employees during the year therefore Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006, is not applicable to the company.
15. As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

(i) List of related parties with whom transactions have taken place and relationships:

| Name of the related party | Relationship |
|--|--------------------------|
| 1. Reliance Industries Limited | Ultimate holding company |
| 2. Reliance Retail Ventures Limited (formerly Reliance commercial associates Limited) | } Holding company |
| 3. Reliance Retail Limited (formerly Reliance Fresh Limited) | } |

Notes on financial statements for the year ended 31st March, 2015

(ii) Transactions during the year with related parties (excluding reimbursements):

| S N. | Nature of transactions | Holding company | ₹ Total |
|---------|---------------------------------------|----------------------|----------------------|
| 1. | Unsecured Loan taken/ (repaid) | (1 00 000) | (1 00 000) |
| | | - | - |
| | Balance as at 31st March, 2015 | | |
| 2. | Share capital | 5 00 000 5 00 000 | 5 00 000 5 00 000 |
| 3. | Unsecured loan | - 1 00 000 | - 1 00 000 |

Figures in italic represents previous year's amount.

Disclosure in respect of material related party transactions during the year:

| S.N. Particulars | Relationship | 2014-15 | ₹ 2013-14 |
|---|-----------------|-------------|--------------|
| 1. Unsecured Loan taken/ (repaid) | | | |
| Reliance Retail Limited <i>(formerly Reliance Fresh Limited)</i> | Holding company | (1 00 000) | - |

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No. 101720W

Jignesh Mehta

Partner

Membership No. 102749

Place: Mumbai

Dated : 13th April, 2015

For and on behalf of the Board

Gaurav Jain

Director

DIN: 02697278

Ramesh Kumar Damani

Director

DIN: 00049764

Rajkumar Pugalia

Director

DIN: 00047360