

SURESH & ASSOCIATES

CHARTERED ACCOUNTANTS

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SUNIL AGARWAL
B. Sc., F.C.A.

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ASHA TANEJA
B. Com., F.C.A.

AMIT KUMAR
B. Com., A.C.A.

AUDITOR'S REPORT

To

The Members of
CANTABIL RETAIL INDIA LIMITED

We have audited the attached Balance Sheet of CANTABIL RETAIL INDIA LIMITED, B-47 1st FLOOR, LAWRENCE ROAD INDUSTRIAL AREA, DELHI-110035, as at 31st March, 2012 and the Profit and Loss Account and also 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 audit in accordance with 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:-

- (i) 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;
- (ii) 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;
- (iii) The Balance Sheet and Profit and Loss Account, dealt with by this report, are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account, dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - (a) in the case of the balance Sheet, of the state of affairs of the Company as at 31st March, 2012 and
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
 - (c) In the case of cash flow statement, of the cash flows of the company for the year ended on that date.

For SURESH & ASSOCIATES
FRN: 003316N
CHARTERED ACCOUNTANTS

(CA SURESH K GUPTA)
PARTNER
M. No. 080050

DATE : 28.05.2012
PLACE : DELHI



ANNEXURE TO AUDITOR'S REPORT

Referred to Paragraph 1 of our report of even date attached

- (i) a) The company is maintaining proper records showing full particulars including quantitative details and situation of the assets on basis of the information available.
- b) According to information and explanation given to us, the fixed assets of the company have been physically verified by the management at reasonable intervals during the year. No material discrepancies have been noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, there was no substantial disposal of fixed assets by the company, which may affect the going concern concept.
- (ii) a&b) As explained to us, the inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable considering size and nature of the business.
- c) In our opinion and according to information and explanation given to us, the procedures of physical verification of inventory, followed by the management, are reasonable and adequate. No serious discrepancies have been noticed in physical verification.
- (iii) Company has not granted any loans to companies, firms or other parties covered in the register maintained u/s 301 of the Act. However, Company has accepted unsecured loans from two persons aggregating Rs 1,46,12,799/- out of which Rs 35,66,260/- has since been repaid. In our opinion, terms of acceptance of loans are not prejudicial to the interest of company.
- (iv) In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size and nature of the company for purchase of inventory and fixed assets and sale of goods.
- (v) a) According to the information and explanation given to us, the company has entered into transaction pursuance of contract or arrangement entered in register maintained under section 301 of the Companies Act, 1956.
- b) In respect of the transactions made in pursuance of such contracts or arrangements and exceeding value Rupees Five Lacs in respect of any party during the year, because of the absence of the comparable prices and variation in the quality of the goods involved, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) In our opinion and explanation given to us, the company has not accepted any public deposit and the directives issued by the RBI and the provisions of 58A and 58AA of the Act and rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of business.
- (viii) The maintenance of the cost record has been prescribed by the Central Government under section 209(1)(d) of Companies Act, 1956 to the company. As explained to us such accounts and records have been made & maintained.
- (ix) (a) According to the books of accounts examined by us company is generally regular in depositing undisputed statutory dues in respect of PF, ESI, Income Tax, VAT, Sales Tax, Wealth Tax Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) Except for cases detailed hereunder, there are no disputed liability in respect of PF, ESI, Income Tax, Sales Tax, Wealth Tax Custom Duty, Excise Duty, Cess and other statutory dues which are outstanding as at 31st March, 2012:-

S No.	Period of Demand	Amount Involved	Particulars of Demand	Authority where appeal is pending
1.	Financial Year 2003-04	4.38 Lacs	ESI on Job work	Civil Court, Rohini, Delhi
2.	Financial Year 2008-09, 2009-10 & 2010-11	15.81 Lacs	Under Labour Act	Labour Court, Karkardooma Court, Delhi
3.	Financial Year 2011-12	2.00 Lac	Under Delhi Pollution Control Committee	Karkardooma Court, Delhi




CANTABIL RETAIL INDIA LIMITED

Regd. Office: B-47, First Floor, Lawrence Road Industrial Area, Delhi - 110035

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH, 2012.

(Rs. In Lacs)

S. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Twelve Months ended	Twelve Months ended
		31.03.2012 (Unaudited)	31.12.2011 (Unaudited)	31.03.2011 (Unaudited)	31.03.2012 (Audited)	31.03.2011 (Audited)
1	(a) Net Sales/Income from Operations	2,960.58	4,387.37	4,202.34	16,441.52	16,604.41
	(b) Other Operating Income	5.93	1.76	28.81	12.09	36.81
	Total	2,966.49	4,389.13	4,231.15	16,453.61	16,641.22
2	Expenditure					
	(a) (Increase) / decrease in Stock in trade and work in progress	2,189.20	1,364.21	(920.23)	6,319.89	(2,267.05)
	(b) Consumption of Raw Materials	428.85	463.04	677.24	1,992.04	3,649.37
	(c) Purchase of Traded Goods	458.03	561.05	1,478.47	2,398.58	4,820.38
	(d) Employee cost	305.39	338.68	387.21	1,389.19	1,816.87
	(e) Depreciation	66.48	70.48	71.60	284.68	262.83
	(f) Other Expenditure	1,856.20	1,568.84	2,119.71	7,138.91	6,341.08
Total	5,304.13	4,874.36	3,813.80	18,447.38	18,322.08	
3	Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	(2,347.64)	(285.23)	417.26	(1,993.78)	2,321.17
4	Other income	6.98	-	2.23	6.98	13.64
5	Profit before Interest and Exceptional Items (3+4)	(2,340.67)	(285.23)	419.48	(1,986.80)	2,334.81
6	Interest	166.22	206.58	169.43	793.72	777.64
7	Profit after Interest but before Exceptional Items (5-6)	(2,496.89)	(493.82)	230.05	(2,770.52)	1,656.97
8	Exceptional Items	(68.32)	-	-	(68.32)	80.39
9	Profit (+)/ Loss (-) from Ordinary Activities before Tax (7+8)	(2,565.21)	(493.82)	230.05	(2,828.84)	1,637.36
10	Tax Expense	9.80	(127.19)	12.68	(38.99)	470.66
11	Net Profit (+)/ Loss (-) from Ordinary Activities after Tax (9-10)	(2,563.80)	(366.63)	217.47	(2,791.66)	1,166.80
12	Extraordinary Items (net of tax)	89.08	62.63	41.40	246.03	70.98
13	Net Profit(+)/ Loss(-) for the period (11+12)	(2,474.75)	(304.10)	258.87	(2,546.82)	1,237.78
14	Paid-up equity share capital (Face Value of Rs. 10/-)	1,632.76	1,632.76	1,632.76	1,632.76	1,632.76
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	9,638.68	12,066.70
16	Earnings Per Share (EPS) (Rs. Per Share)					
	a) Basic and diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year	(15.70)	(2.25)	1.33	(17.10)	9.64
	b) Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year	(16.15)	(1.88)	1.69	(16.60)	10.12
17	Public Shareholding					
	- Number of shares	77,78,098	77,78,098	77,78,098	77,78,098	77,78,098
	- Percentage of shareholding	47.84%	47.84%	47.84%	47.84%	47.84%
18	Promoters and Promoter Group Shareholding					
	a) Pledged/Encumbered					
	- Number of shares	NII	NII	NII	NII	NII
	- Percentage of shares (as a % of the total shareholding of Promoter and Promoter group)	NII	NII	NII	NII	NII
	- Percentage of shares (as a % of the total Share Capital of the Company)	NII	NII	NII	NII	NII
	b) Non-encumbered					
- Number of Shares	85,49,510	85,49,510	85,49,510	85,49,510	85,49,510	
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter group)	100.00%	100.00%	100.00%	100.00%	100%	
- Percentage of shares (as a % of the total Share Capital of the Company)	62.36%	62.36%	62.36%	62.36%	62.36%	



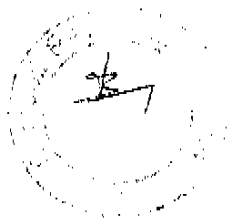
CANTABIL RETAIL INDIA LIMITED

Regd. Office: B-47, First Floor, Lawrence Road Industrial Area, Delhi - 110 035

Audited Statement of Assets and Liabilities as on 31st March, 2012

(Rs. in Lacs)

PARTICULARS		As at 31 March, 2012	As at 31 March, 2011
		Rs.	Rs.
A	EQUITY AND LIABILITIES		
1	Shareholders Funds		
	(a) Share Capital	1,632.76	1,632.76
	(b) Reserve & Surplus	9,539.88	12,086.70
		11,172.64	13,719.46
2	Non-Current Liabilities		
	(a) Long-term borrowings	79.76	41.98
	(b) Deferred tax liabilities (Net)	-	-
	(c) Other long-term liabilities	1,153.49	2,665.60
	(d) Long-term provisions	97.71	103.06
		1,330.96	2,810.64
3	Current Liabilities		
	(a) Short-term borrowings	3,458.61	6,609.04
	(b) Trade payables	1,058.20	2,050.06
	(c) Other current liabilities	263.12	275.80
	(d) Short-term provisions	88.14	99.48
		4,868.07	7,934.38
	TOTAL	17,381.66	24,484.72
B	ASSETS		
1	Non-Current Assets		
	(a) Fixed assets		
	(i) Tangible assets	1,818.44	2,027.53
	(ii) Intangible assets	4.27	1.77
	(iii) Capital work-in-progress	840.08	31.18
	(iv) Intangible assets under development	-	-
	(v) Fixed assets held for sale	-	-
		2,662.79	2,060.48
	(b) Non-current investments	-	-
	(c) Deferred tax assets (net)	176.94	136.61
	(d) Long-term loans and advances	1,362.64	1,613.96
	(e) Other non-current assets	-	-
		1,539.58	1,762.67
2	Current Assets		
	(a) Current Investments	1,556.23	3,482.66
	(b) Inventories	8,773.83	14,286.40
	(c) Trade Receivables	2,278.56	2,666.66
	(d) Cash And Cash Equivalents	271.87	207.80
	(e) Short-Term Loans And Advances	286.80	138.26
	(f) Other Current Assets	-	-
		13,169.29	20,661.69
	TOTAL	17,381.66	24,484.72



Notes:

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 28 May 2012.
2. As the Company's business activity falls within a single segment, therefore disclosure requirements of the Accounting Standard (AS) 17 "Segment Reporting" prescribed by Companies (Accounting Standard) Rules 2006 are not applicable.
3. The figures of the last Quarter are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
4. Pursuant to the provisions of Clause 43A of the Listing Agreement with the Exchanges, the IPO proceeds have been utilized as follows:

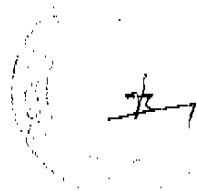
(Rs. in Lacs)		
Particulars	Objects as per Prospectus**	Actual Utilization
Amount received from IPO		10,000.0
Utilization of funds upto March 31, 2012		
Establishment of new manufacturing facility	3,202.5	1,213.9
Expansion of our Retail Network**	1,247.5	676.4
Additional Working Capital**	3,250.0	3,250.0
Repayment of Debt**	3,000.0	3,000.0
General Corporate Purposes	200.0	68.7
Expenses of the Issue	977.5	1,006.6
Unutilized Amount	11,577.5	9,218.4
Temporary deployment of unutilized amount as follows:		
Investment in Units of Mutual Funds		1,238.6
Balance with Banks		25.8
Cash		16.3
Total		10,000.0

** As approved by the shareholders in the EGM through Postal Ballot, the object of Retail Expansion has been scaled down by Rs. 12.50 cr and the same amount has been utilised for debt repayment of Rs. 10 cr and for additional Working Capital of Rs. 3.50 cr.

5. Status of Investor Complaints: Op Pending-Nil, Received during the quarter-Nil, Disposed of during the quarter- Nil, Pending- Nil.
6. The figures of the Previous periods (quarter/year) have been regrouped/rearranged wherever considered necessary.

Place: Delhi

Date: May 28, 2012



Notes:

- The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 28 May 2012.
- As the Company's business activity falls within a single segment, therefore disclosure requirements of the Accounting Standard (AS) 17 "Segment Reporting" prescribed by Companies (Accounting Standard) Rules 2008 are not applicable.
- The figures of the last Quarter are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
- Pursuant to the provisions of Clause 43A of the Listing Agreement with the Exchanges, the IPO proceeds have been utilized as follows:

Particulars	(Rs. in Lacs)	
	Objects as per Prospectus**	Actual Utilization
Amount received from IPO		10,000.0
Utilization of funds upto March 31, 2012		
Establishment of new manufacturing facility	3,202.6	1,215.0
Expansion of our Retail Network**	1,247.6	675.4
Additional Working Capital**	3,250.0	3,250.0
Repayment of Debt**	3,000.0	3,000.0
General Corporate Purposes	200.0	66.7
Expenses of the Issue	177.8	1,006.6
Unutilized Amount	11,877.6	9,218.4
Temporary deployment of unutilized amount as follows:		
Investment in Units of Mutual Funds		1,238.6
Balance with Banks		26.6
Cash		16.3
Total		10,000.0

** As approved by the shareholders in the EOM through Postal Ballot, the object of Retail Expansion has been scaled down by Rs. 12.40 cr and the same amount has been utilized for debt repayment of Rs. 10 cr and for additional Working Capital of Rs. 2.50 cr.

- Status of Investor Complaints: Op Pending-NII, Received during the quarter-NII, Disposed of during the quarter-NII, Pending- NII.
- The figures of the Previous periods (quarter/year) have been regrouped/rearranged wherever considered necessary.

Place: Delhi

Date: May 28, 2012

