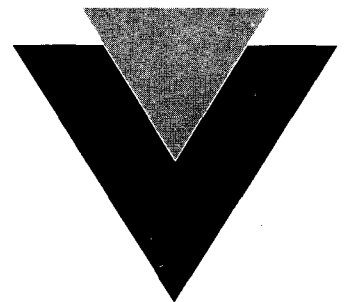


Vishal Retail Ltd

Annual Report 2009-10



BOARD OF DIRECTORS

Shri Ram Chandra Agarwal	<i>Chairman & Managing Director</i>
Smt. Uma Agarwal	<i>Executive Director</i>
Shri Jay Prakash Shukla	<i>Executive Director</i>
Smt. Seema Kukreja	<i>Independent Director</i>

PRESIDENT, COMPANY SECRETARY AND MANAGER

Shri Arun Gupta	<i>Head Legal & Company Secretary</i>
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STATUTORY AUDITORS

Haribhakti & Co., Chartered Accountants
42-43, Press Free House, 215, Nariman Point
Mumbai-400021 (Maharashtra)

REGISTERED & CORPORATE OFFICE

Plot No. 332, Near Telco Service Station
Rangpuri, New Delhi - 110037
Phone(011)-32431314-15
Fax: (011)-26784281

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(W)
Mumbai -400 018
Phone: (022)-25963838
Fax: (022)-25946969
Email: Mumbai@linkintime.co.in

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NOTICE

NOTICE IS HEREBY GIVEN THAT NINTH ANNUAL GENERAL MEETING OF THE VISHAL RETAIL LIMITED WILL BE HELD ON 29TH DAY OF OCTOBER 2010 AT NCUI, SIRI INSTITUTIONAL AREA, AUGUST KRANTI MARG, NEW DELHI-110016 AT 10:30 AM TO TRANSACT THE FOLLOWING BUSINESS

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss account for the year ended March 31, 2010 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Ms. Uma Agarwal who retires by rotation and being eligible offers herself for reappointment.
3. To reappoint M/s. Haribhakti & Co., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if through fit, pass with or without modification (s), the following resolution for approval of appointment of Mr. Jay Prakash Shukla as Whole time Director of the Company who has been appointed as an additional Director with effect from September 30, 2009 and was appointed as the Whole time Director of the Company with effect from the same date and in respect of whom the Company has received a notice in writing from the Member proposing his candidature for the office of Director and to move the following as Special Resolution :-

"RESOLVED that pursuant to the provisions of the section 257, 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and/or any statutory modification or re-enactment thereof from time to time and in force, the consent be and is hereby accorded to the appointment of Mr. Jay Prakash Shukla as Director, who was appointed as Additional Director w.e.f 30.09.2009 and on the same date as the Whole time Director of the Company for a period of 5 years with effect from 30.09.2009, liable to retire by rotation,

"RESOLVED FURTHER that pursuant to the discussion with the Remuneration Committee, Mr. Shukla would not be liable to receive any remuneration from the Company till the time the financial condition of the company improves and the remuneration committee is further authorized to vary / modify / amend any of the aforesaid terms and conditions provided such variation / modification / amendment is in conformity with the applicable provisions of the Act, as amended from time to time.

"RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution."

By the Order of the board of directors
For Vishal Retail Limited

sd/-

Date : 30.09.2010
Place : New Delhi

Ram Chandra Agarwal
Chairman & Managing Director

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out in the notice is enclosed.
3. All documents referred to in the notice or in the accompanying explanatory statement are open for inspection at the registered office of the Company between 11:00 a.m and 1:00 p.m. on all working days upto the date of Annual General Meeting.
4. The details pertaining to the appointment / reappointment of Directors are furnished in statement of Corporate Governance in the Directors' Report/ in the Explanatory Statement in the notice.
5. The register of members and the share transfer books of the Company will be closed from 25th October 2010 to 29th October, 2010 both days inclusive.
6. Members/ proxies should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.
7. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The company shall provide additional forms on written request only.
8. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
9. Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request).
10. In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
11. The communication address of our Registrar and Share Transfer Agent (RTA) Link Intime India Private Limited, A-40, 2nd floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028.
12. Details of Ms. Uma Agarwal who is proposed to be reappointed at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement, are as under:-

Name of Director	: Ms. Uma Agarwal
Date of Birth	: 15.11.1975
Brief Resume	: Bachelor in Arts

Date of Appointment : 23.07.2001

Expertise in specific Functional Area : Holds eight years of experience in retail industry

Qualifications :

Directorship held in other public Companies : VRL fashions Limited
VRL Consumer Goods Limited
VRL Knowledge Process Limited
VRL Retail Ventures Limited
VRL Foods Limited
VRL Movers Limited
VRL Infrastructure Limited

Membership/chairmanship of

other public companies : None

Shareholding in the Company : 344000 equity shares as on 31st March 2010

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Mr. Jay Prakash Shukla was appointed as Additional Director of the Company and consent has been accorded in this meeting to regularize the appointment. He was appointed as Additional Director at the Board of Directors Meeting held on 30th September 2009 and he was simultaneously appointed as the Whole time Director for a period of 5 years with effect from 30.09.2009 and is liable to retire by rotation as a director. The provisions of the section 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and/or any statutory modification or re-enactment requires the appointment of Whole time Director to be approved by the Shareholders of the Company. The re-appointment of Mr. Shukla has been made as per the terms approved by the Board and the Remuneration Committee as per the applicable legal provisions. The remuneration will be paid to him after there is improvement in financial condition of the company.

His office as the Additional Director expires at the forthcoming Annual General Meeting of the Company. A notice has been received from a member seeking his appointment as a regular director of the Company. The requisite details for the purpose of reappointment are given below:-

Name of Director : Jay Prakash Shukla

Date of Birth : 11.02.1976

Brief Resume : Overcome complex business challenges and make high-stakes decisions using experience-backed judgment, strong work ethic and irreproachable integrity. Respected as a proponent of empowerment and accountability.

Date of Appointment : 30.09.2009

Expertise in specific Functional Area : Holds expertise in retail industry for the approx period of 17 years

Qualifications : B Com, Pursuing MBA

Directorship held in other public Companies:None

Membership/chairmanship of other public companies : None

Shareholding in the Company : 1 Equity share as on March 31, 2010

The above mentioned resolutions and connected documents are open for inspection at the registered office of the Company on any working day during office hours.

None of the Directors is interested in the aforesaid resolution except Mr. Jay Prakash Shukla.

**By the Order of the board of directors
For Vishal Retail Limited**

sd/-

Date : 30.09.2010

Place : New Delhi

**Ram Chandra Agarwal
Chairman & Managing Director**

DIRECTOR'S REPORT

Your Directors have great pleasure in presenting the Ninth Director's Report of the company with the audited statements of accounts for the year ended March 31, 2010.

Financial Highlights

(Rs. in million)

PARTICULARS	Year ended 31.03.2010	Year ended 31.03.2009
Income from Operations	11054.59	13232.34
Other Income	130.28	94.84
Total Income	11184.87	13327.18
Total Expenditure except interest cost	16139.32	13778.09
Interest	894.43	925.03
Profit(+) & Loss(-) before tax (3)-(4+5+6)	(5848.88)	(1375.94)
Provision for Taxation	Nil	Nil
Tax Adjustments	2238.89	458.81
Net Profit (+) & Loss (-) after tax(7-8)	(3609.99)	(917.13)
Brought forward from Previous year	(121.83)	823.02
Extra Ordinary Item & Prior Period Adjustment	(537.18)	(27.73)
Amount available for appropriation	Nil	Nil
Less: Provision for Preference Dividend	Nil	Nil
Less: Provision for Dividend Distribution Tax	Nil	Nil
Balance carried to Balance Sheet	(4269.00)	(121.84)
EPS(In Rs for Equity Shares of par value of Rs.10/- each)		
Basic (before extraordinary items)	(162.47)	(42.18)
Basic (after extraordinary items)	(185.15)	(42.18)
Diluted (before extraordinary items)	(162.47)	(42.18)
Diluted (after extraordinary items)	(185.15)	(42.18)

PERFORMANCE REVIEW

Retail industry has faced various challenges due to economic melt down. Most of the companies in the organized retail sector have seen a decline. Similarly it has not been a year of growth for the company. The Company has seen decline in turnover by 16.46%. Due to reduction in sales and consequential rise in expense burden your company has seen increased losses during the year 2009-10 which reached to Rs. 4269 Million.

The Company has attempted to recover from the situation during the current year and several corrective measures have been taken in operational restructuring, cost reduction to sustain in the current situation of the Company.

Continuing the cost control exercise, 15 unviable stores of the Company have been closed and the Company has adopted centralized warehousing system, 22 regional warehouses have been closed down. The operations have been rationalized based on the current size of operations of the company.

The Company has also closed down all manufacturing set-ups.

The company is under process of restructuring its debts through corporate debt restructuring mechanism. During the financial year 2009-2010 company has submitted its proposal under corporate debt restructuring mechanism to CDR cell for restructuring its secured as well as unsecured debts. SBI, HDFC, HSBC, ING Vyasa, UCO bank and BOI are participating banks under the CDR mechanism. CDR empowered group has approved the proposal of the Company

As per market analysis the retail industry in India is expected to grow during the time to come with many retailers maturing in the trade and with new entrants joining the business. The customer base of organized retail is growing rapidly.

The company has made several efforts during the year and will be continuing its efforts to minimize losses and improve profitability during the ensuing year.

OPERATIONS REVIEW

- During the year, the Company closes down 15 unviable stores and 11 new stores have added across various locations. The company has 171 stores and has reduced 0.78 Lakh Sq. Ft. of Retail Space during the financial year ended March 31, 2010.
- The Company has now adopted the centralized warehousing system. The number of warehouses have been reduced to 4 only from the previous 26 warehouses, 22 of the regional warehouses have been closed down during the year.
- Considering all the restructuring measures taken during the year by the company and based on those actions which will follow as per the planned action mechanism instituted, the company is expected to witness the changes/ benefits of all those actions during the following year.

INDUSTRIAL RELATIONS

The relations between the Company and its employees continued to be cordial and harmonious throughout the year under review.

However, due to economic meltdown several employees left the Company during the financial year.

MATERIAL CHANGES AFTER BALANCE SHEET DATE**Memorandum of Understanding with strategic Investor**

The Company has entered into Memorandum of Understanding (MOU) with Texas Pacific Group (TPG) in accordance with Corporate Debt Restructuring scheme approved by the lenders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis has been dealt extensively in the Annexure I to this Report.

DIVIDEND

In view of the loss for the current financial year, your directors do not propose to declare any dividend for this year.

PUBLIC DEPOSIT

During the year, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956.

DIRECTORS

Ms. Uma Agarwal Whole time Director of the Company retires by rotation and being eligible offers herself for reappointment at the ensuing Annual General Meeting.

Mr. Jai Prakash Shukla, Director of the company liable to retire by rotation, whose term as additional director lapse at the ensuing Annual General Meeting, is proposed to be reappointed in the ensuing Annual General Meeting, pursuant to the receipt of Notice u/s 257 in his favor. Mr. Jai Prakash Shukla was appointed as Additional Director on September 30, 2009 and on the same date appointed as the Whole time Director of the Company for a term of 5 years.

Mr. Surendra Kumar Agarwal, Director, resigned from the company on 30th September 2009.

Mr. Rakesh Agarwal, Director, resigned from the company on 30th October, 2009.

Mr. Bharat Jain, Director, resigned from the company on 2nd August 2010.

Mr. Sandeep Kumar, Director, resigned from the company on 1st September, 2010.

SUSIDIARY COMPANIES

The Company has 7 subsidiary Companies namely, VRL Foods Limited, VRL Movers Limited, VRL Consumer Goods Limited, VRL Fashions Limited, VRL Infrastructure Limited, VRL Retail Ventures Limited and VRL Knowledge Process Limited. Out of the same 4 Companies viz. VRL Movers Limited, VRL Infrastructure Limited, VRL Retail Ventures Limited and VRL Knowledge Process Limited are subsidiaries by virtue of control over composition of the Board of Directors. None of the subsidiaries companies have commenced business operations during the year.

AUDITORS

The existing auditors M/s Haribhakti & Co., Chartered Accountants, retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Auditor's have put certain qualifications to which the management has put forward the following below mentioned replies;

Qualification and response to Auditor's Report

Para 4 (a) (i) The accumulated losses of Rs.4269 Mn as at March 31, 2010 exceed the net worth of the Company. Para 4 (a) (ii) Certain lenders have filed winding up petition against the Company in High Court. However the accounts have been drawn on going concern assumption as the company has made a proposal under corporate debt restructuring scheme to CDR cell for restructuring of its secured as well as unsecured debts and expects turnaround.

Company's business is supported by lenders/ creditors and working capital is positive. Further company has become EBITDA positive in the first quarter. Considering the above, excess of accumulated losses over net worth of the company will have no negative impact on the operations and running of the company.

Winding up petitions have been filed by certain lenders, but Honorable Courts have not given decision which has any negative impact on running of business. Further we are seeking legal opinions to vacate those orders. We are also approaching our lenders for amicable solution.

From the above, management do not see any event which may lead to a reason wherein company should not be considered as going concern. Based on the same assessment, accounts have been drawn on going concern assumption.

Para 5 (i) (a) Basis and supporting for write off of inventory amounting to Rs.3,41,71,59,919 on account of pilferage, shrinkage, slow moving, non moving, obsolete and damaged goods.

The company started the process of identification of inventory which were slow-moving, non-moving, dead, obsolete and damaged during the year. The company has substantially completed this exercise during the financial year. Now the perpetual controls have been put in place to continuously monitor the inventory.

Para 5 (i) (b) Adequate documentary evidence for display charges included in 'other Income' amounting to Rs. 2,86,02,715 recognized in the Profit & loss Account.

The arrangements of display where company allows vendors/ companies to display their products are seasonal and not regular in nature, though we have adequate control on the collections from all the vendors. The above amounts are not material and significant in size in each arrangement. Though company obtains/ keeps contracts in cases where each arrangement is regular and material in nature.

Para 5 (i) (d) Basis for write off of sundry balances amounting to Rs. 1,40,33,201 included in other expenses in schedule 16.

The company made an assessment and has written off deposits/ advances which were not expected to realize in future.

Para 5 (iv) (a) Accounting Standard 2-"Valuation of Inventories" The cost of valuation of inventories does not include Octroi, mandi tax, entry tax, input VAT, freight inwards and discount received on the purchase. The impact of such valuation from AS2 is currently unascertainable.

Considering the complexity of transaction, movement of stock and number of SKU's, current system is not supportive to charge expenses like octroi, mandi tax, entry tax, input VAT etc on specifically identified inventory, hence we have not taken them in account for valuation of inventory but same have been charged to profit and loss account. Further the quantum of amount involved in not too high.

Para 5 (iv) (b) Accounting Standard 28-"Impairment of Assets": whereby no assessment for impairment of assets if any was carried out during the year by the management.

The company has valued assets at cost less accumulated depreciation and is following the same policy consistently and due to scattered stores, huge asset base and the nature of assets the company has not accounted for loss on account of impairment.

Para 5 (iv)(c) Accounting Standard-22 "Accounting for taxes on income" The company has recognized Deferred Tax Asset amounting to Rs. 2,62,64,99,840 as at 31st March 2010 even though the company has incurred operating losses in the current year and in earlier years and there is no convincing evidence as to virtual certainty of future income.

We have seen economic slowdown in past years due to which company operating profit margins went under pressure and there was some financial imbalance. Now, the company has been witnessing growth in sales and EBITDA margins gradually. All required mark down in the value of slow moving, non moving and obsolete stock has already been provide for. From all these indicator we found that there is virtual certainty that company will be able to make sufficient profits and accordingly Deferred Tax Asset has been recognized.

Para 5 (vi) (a) The balances of unsecured loans amounting to Rs. 1,60,45,87,755 from various banks and financial institutions are subject to confirmation and reconciliation.

We have made full efforts for getting confirmation from unsecured lenders but due to CDR process going on, some of the lenders were unable to given confirmations.

Para 5 (vi) (b) The balance of sundry debtors Rs. 2,91,57,235 and Sundry creditors Rs. 1,23,51,04,887 are subject to confirmation and reconciliation.

The company has taken note of the same and will act upon the same for getting reconciliation/ confirmation. The creditors as at 31st March 2010 have been paid in the months of April, May and June in majority and hence major portion is reconciled. As the numbers of suppliers are more and reconciliation is expected to take time, the company will complete the exercise of reconciliation in due course of time.

Para 5 (i) (c) Adequate documentary evidence to support write off of capital work in progress amounting to Rs. 78,69,388 included in prior period expenses.

The company has identified certain capital assets under progress which were not to be installed due to closing down of respective projects. The identified assets were written off accordingly from the books of accounts.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby confirm:

That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

That the Directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period under review;

That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

That the Directors had prepared the annual accounts for the year ended 31st March 2010 on a 'going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A Statement giving details of Conservation of energy, technology absorption and foreign exchange earnings and outgo as required u/s 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules 1988, has been enclosed as Annexure- II to this report

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance along with Auditors Certificate on the same has been enclosed as an Annexure III to this Report.

OTHER INFORMATION

Information as per section 217 (2A) of Companies Act, 1956, read with companies (particular of employees) Rules, 1975 forms part of this report. However, as per the provisions of section 219 (b) (iv) of Companies Act, 1956, the reports and the accounts are being sent to all members of the Company, excluding the information required under sec 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended. Any member interested in obtaining such information may write to the Company Secretary at the registered office. The said information is also available for inspection at the corporate office during working hours up to the date of Annual General Meeting.

ACKNOWLEDGEMENT

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Central Government, the State Governments, the Company's Bankers, the Shareholders, the dealers, vendors of the company in the success and growth of the Company. The Directors also wish to place on

record appreciation for the co-operation and contribution made by the employees at all levels.

On behalf of the Board of Directors

Date : 30.09.10
Place : New Delhi

sd/-
Ram Chandra Agarwal
Chairman
Din:-00491885

Annexure – I

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

According to the estimates by the Ministry of Statistics and Programme Implementation, the Indian economy has registered a growth of 7.4% in 2009-10, with 8.6% year on year growth in its fourth quarter. The growth is driven by robust performance of manufacturing sector on the back of government and consumer spending. GDP growth rate of 7.4% in 2009-10 exceeded the government forecast of 7.2% for the full year.

The Indian retail market, which is the fifth largest retail destination globally, has been ranked third most attractive market for investment after China and Kuwait by AT Kearney's Annual Global Retail Development Index (GRDI), in 2010. India's GDP dipped to 6.7% in 2008-09 but is expected to reach 7.2% in 2009-10, and between 8-8.5% beyond that. The retail market is worth about \$410 billion, but only 5% of sales are through organized retail, meaning that the opportunity in India remain immense. Retail should continue to grow rapidly-up to \$535 billion in 2013, with 10% coming from organized retail, reflecting a fast growing middle class demanding higher quality shopping environments and stronger brands.

India continues to be among the most attractive countries for global retailers. Foreign direct investment (FDI) inflows as on July 2010, in single-brand retail trading, stood at approx. US\$ 196.13 million (FDI inflows since April 2000), according to the Department of Industrial Policy and Promotion (DIPP). (Source: DIPP, Ministry of Commerce and Industry)

The Indian Retail sector has caught the world's imagination in the last few years. Retail sales In India are estimated at US \$ 405 billion and organized retailing still accounts for 5% only. As per estimates by Crisil, the Indian retail industry is poised to grow at a rate of 19 per cent over the next five years. The organized retail segment is expected to grow from 5 per cent to about 7 to 8 per cent by 2012-13.

According to report titled "India Organised Retail Market-2010" published by Knight Frank India in 2010, During 2010-12, around 55 million square feet of retail space will be ready in Mumbai, NCR, Bangaluru, Chennai, Hyderabad and Pune. Besides, between 2010-12, the organized retail estate stock will grow from existing 41 million sq. ft to 95 million sq. ft.

The year gone by was packed with several significant developments for the Indian retail industry, including the entry of many global players, growing acceptance of the modern formats, the success of many specialty retail formats, and the rising competition in the regional markets beyond the metros and Tier 1 cities. On the other

hand, the after effects of the global economic turmoil are being felt in India as well, and the economy is expected to grow at a significantly lower rate over the next 2 years (between 5 to 7 percent according to various estimates*). Consequently, overall consumption levels, particularly discretionary spend and impulse purchases have been affected, which, in turn, has resulted in a lower growth rate for the industry for the current year. Moreover, the trend is expected to continue.

Given the industry's changing landscape and emerging challenges, the focus of industry players too is changing; with a strong emphasis on profitable growth in the current scenario. Hence, retail companies are increasingly concentrating on strengthening existing operations and assessing options for growth through consolidation, while continuing to innovate. Looking at the changing contours of the industry, there are certain drivers which are likely to have an impact across retail categories.

Factors like renegotiating rentals, store rationalization, working capital management, regionalization, cost optimization and manpower resizing are some of the key issues for retailers in the current context of the downturn.

A large number of retailers have experienced a drop in footfalls which is mirrored by slowing Same Store Sales (SSS) growth figures. This also adversely impacts the time taken to break-even for new stores. SSS at some of India's biggest retail groups have become negative for the first time in six years

The slowing sales are resulting in lower inventory turnover and increasing working capital requirements for retailers. This in turn has resulted in liquidity pressures for many retailers.

Retailers have been trying to compensate for falling sales by curtailing expenses. This has countered the effect of the top line on operating margins leaving it largely unaffected. However, with working capital requirements and expansion capital being financed through sizeable debt, interest costs have significantly affected the bottom line.

KEY GROWTH DRIVERS OF RETAIL INDUSTRY

India is third most emerging retail markets of A.T. Kearney's Global Retail Development Index. As compared to other emerging markets, India has a more stable and stronger economy and the penetration levels are low. Due to these reasons, India is still the most attractive destination for international retailers looking at expanding into emerging markets. The Key drivers for Growth of the Industry are as follows:-

Growing Economy: - India recorded a gross domestic product (GDP) growth rate of 7.2 per cent in rupee terms during the year 2009-10. The fast pace of GDP growth is, in turn, driving Indian consumerism, with Indian consumers today more confident and willing to splurge.

Maturing Metros and Cities: - While India's top 20 cities account for just 10 per cent of the country's population, they earn more than 30 per cent of the country's income and spend 21 per cent of the country's total income, and your Company mainly focusing development in Tier I and Tier II Cities, which may have a positive impact on the growth of your Company.

Mall Space Availability: The number of malls in the top seven cities (Delhi NCR, Mumbai, Hyderabad, Pune, Bangalore, Kolkata and Chennai) is expected to go up to 600 by 2010 from present situation. From the setting up of India's first mall in 1999, there has been a steady migration of retail from the traditional to the organized format, the trend being more pronounced in urban areas.

Changing Face of Indian Consumerism: Lifestyle patterns of India's middle class are being redefined with the adoption of western values and growing brand consciousness. Retail revenues are soaring with increased consumer exposure, driven by the mass media, to latest trends and brands.

Integrated Retailing Formats: Modern Retailing Formats, Malls, Department Stores, Discounters, Cash and Carry are rapidly integrating and diversifying store formats to cater to emerging trends in consumer behavior. These formats are expanding into emerging cities with modest store formats as opposed to the glitzy mall formats adopted in metros.

Higher Disposable Incomes: Disposable incomes are on the rise with the economy providing new avenues of employment in IT/ITeS and other sunrise sectors such as biotech, hospitality, etc. Indians have an ability to spend over US\$ 30,000 a year (PPP terms) on conspicuous consumption. Disposable incomes are expected to rise at an average of 8.5 per cent per annum until 2015.

Easy Credit: Banks and financial institutions have increased their range and volume of retail credit and service offerings. The growing acceptance of plastic money across small and medium retail outlets has been observed which is a good sign for the future of Retail Industry and your Company.

OPPORTUNITIES

Rationalization of Costs: The Company would be rationalizing/optimizing its operational costs. The Company is already in the process of renegotiation of rentals, rationalizing operational expenses etc. Further, the Company is standardizing the Manpower requirements at each store level and for each process. The Company would be initiating more steps to optimize rational costs in future.

Increasing Technology Adoption: With modern retail store formats growing in size, players are increasingly deploying advanced IT tools for managing supply chain, warehousing and logistics requirements. Apart from industry giants, small-scale retailers are also embracing IT solutions to spruce up their operations. These technologies have driven the Companies to grow much faster than at its existing pace.

Planning for product mix- The Company will be using IT system and reports effectively in planning the product mix at the store level.

Improvement in logistics and supply chain system- The Company plans to improve supply chain, logistics and delivery system to ensure product reaches destination timely.

Further growth through Franchising- The Company intend to close loss making owned/ leased stores and increase further stores through franchisee route. There is potential of franchising in the country and many retailers have already forayed in similar manner and have succeeded in expansion to Tier-II to Tier-III cities.

STRENGTHS

Transition from Traditional to Modern Retailing: The Company has focused mainly on Tier I and Tier II cities which is expected to be mostly affected from the transition of traditional retailing to modern retailing. This transition would allow the focus of consumers which would be beneficial for your Company.

Regional Merchandising- The Company has focused on merchandising suitable as per regional needs and that has fetched benefits for the company.

Strong network base- The Company has strong network/ presence pan India with 170 stores. It becomes easier to penetrate products all across.

Human Resources- The Company has well trained and efficient staff who understand needs of the business, regional strengths. They have capability, knowledge and ability to implement things as desired by the company.

Future Outlook and Strategies

- Effective utilization of IT system
- Productively employing staff at all location
- Reducing manpower wherever possible.
- Improvement of labeling system of the product.
- Reduce the Debt burden and interest rates of the Company through Corporate Debt Restructuring.
- Increasing Private Label
- Expansion of the business of the Company through Franchisee and Revenue Sharing Model.
- Increased focus on Shop in Shop Format i.e. excess space renting Arrangements.
- Focus on Core competencies of the Company i.e. retailing.
- Consolidation/Closure of non viable business lines/units.

RISKS AND CONCERNS**Debt Burden**

The Company debts have risen from Rs. 7508.07 Mn to 7662.33 Mn thereby recording an increase of 154.26 Mn as on March 31, 2010.

The rise in the debt burden is on account of interest accruals during the year.

To overcome, the company is in mode of implementing the decisions of the Corporate Debt Restructuring (CDR) scheme entered into with its Bankers.

Increase in Competition to Impact Margins

With the entry of big players in retail Industry the competition will become intense. Increase in competition is expected to alter the dynamics of business and further sustaining/ acquiring space and manpower resources.

Opening of FDI in Retail

The Government of India has come up with a proposal to allow 100% foreign direct investment in the retail business. Thus many foreign players may be entering India. The market dynamics will see a major

change by this move wherein a lot of organized players will be competing for retail space, percentage share of the market, trained manpower from other players of the trade.

Higher rentals

Despite economic meltdown and recessionary phase there has been very little change in the rentals. The market is still on a high rental level, leaving very little margin for the retailers to sustain in the market. The balancing/ correction of rentals to the right proportion as per industry standards abroad has yet to take place in India.

Internal Control Systems and Their Adequacy

We believe that Internal Control is a necessary concomitant to the principle of Governance that freedom of Management should be exercised within a framework of appropriate checks and balances. We are committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

The Company has Internal Auditor(s) at each store to monitor and strengthen the Internal Control of its stores. The Company also appoints consultants, advisors, professionals from time to time to guide the company to improve its operations.

HUMAN RESOURCE MANAGEMENT

Your Company has always valued its employees. The Company has developed Human Resource Management system and process, which aim to create a responsive, customer centric and market focused culture that enhances organizational capability and vitality. These systems and processes are operating in an enabling and empowering work environment, which supports winning performance.

COMPANY PERFORMANCE REVIEW

This year witnessed downturn in terms of sales growth. Few stores have been opened up in the normal course of business alongside closures.

Your Company has reported a loss of Rs. 4147 Millions during the financial year ended March 31, 2010.

The Company has shelved out its expansion plans and also closed down its non viable stores this year.

The turnover from operations of the company during the financial year ended March 31, 2010 was Rs. 11055 Mn as compared to Rs. 13232 Mn during the previous year ended March 31, 2009. The turnover of the company decreased by 16.46% from the previous year.

During the year the company added 11 and closed 15 stores. The Company also focused only on retail business and closed down all its manufacturing set-ups.

The Company has entered into Shop in Shop arrangements with the third parties at the store, wherever it has excess area to utilise the area effectively and provide better portfolio of its products to the customers and at the same time generate additional revenues.

The contribution from private labels decreased during the year as company closed down all its manufacturing facilities. The company also registered increase in private labeling in FMCG by 1.40% during the year.

Cost of Goods sold

Cost of goods sold increased by 37.74% to Rs 12585.19 Mn FY'10 from Rs 9136.81Mn FY'09.

The increase is on account of write off for an amount of Rs. 3417.15 Mn which has been identified as non-moving, slow moving, obsolete, damaged, shortages due to pilferage in all the categories.

The Company also accounted a loss of inventory of Rs. 507.89 Mn due to fire at the warehouse in Gurgaon.

Administrative & Other Expenses

Administrative & Other Expenses declined by Rs. 636.33 Mn i.e 26.98% in FY'10. The decline in the cost is mainly on account of renegotiation of the stores rentals. The other expenses were also pruned.

Personnel Expenses

The personnel expenses decreased by 27.66% to Rs. 885 mn in FY'10 from 1224 Mn in FY'09. The decrease in personnel expenses is mainly on account of rationalization of salary/ staff.

Depreciation

The Company provided for depreciation of Rs. 465 Mn during FY' 10 compared to Rs 488 Mn in FY'09. For the year under consideration, cumulative depreciation was 39.09% of gross block, from 27.39% in the previous year. Your Company uses the Written down Value (WDV) method to compute depreciation charges.

Finance Charges

Interest expense reduced by 6.81% to Rs 898 Mn during FY' 10 compared to 963 Mn during FY'09. The Company has also filed proposal under CDR for debt restructuring and expect the same to benefit company in the ensuing year.

Provision for Taxation

Being in losses, the company has not made any provisions for taxation.

EPS

EPS has decreased by 285.15% reporting a negative EPS of Rs. (162.47) compared to previous year EPS of Rs. (42.18). The Diluted Earnings per Share (DPS) was Rs (185.15) in FY'10 compared to Rs 42.18 in FY'09.

Balance Sheet Position

Share Capital

Your Company has an authorised equity share capital of Rs. 300mn comprising 30mn equity shares of Rs 10 each and an authorised preference share capital of Rs 58.4 mn divided into 400,000 preference shares of Rs 146 each.

The Company has made preferential allotment of 3,910,000 convertible warrants to the promoters.

Reserves & Surpluses

The reserves and surplus as on March 31, 2010 is Rs. 1713 Mn as compared to Rs. 1665 Mn as on March 31, 2009 due to the addition of premium of Share Warrants.

Profit and Loss Account

Your Company incurred a loss of Rs. 4147 Mn during the financial year ended March 31, 2010. Resultantly the balance in P&L as on March 31, 2010 was Rs. (4269) Mn compared to Rs 122 mn as on March 31, 2009.

Debt

The total amount of the debt has remained stagnant at Rs. 7662 mn from the previous year Rs. 7508 mn.

Resultantly, the Debt-equity ratio has slightly decreased to 3.93:1 in FY'10 compared to 3.97: 1 in FY'09.

The Company has submitted its proposal under CDR mechanism for the restructuring of its secured as well as unsecured debts and the same has been considered by the CDR empowered Group.

Deferred Tax

Deferred tax assets/liabilities represent impact of timing differences in the financial and tax books. Your Company incurred a net loss of Rs. 4147 Mn. The deferred tax asset as on March 31, 2010 was Rs. 2626 Mn.

Investments

Your Company has made net additions of Rs 1.3 Mn to gross investment amounting at Rs. 3.8 Mn compared to Rs. 2.6 Mn in the previous financial year.

Cash & Bank Balances

As on March 31, 2010, your Company is having a cash balance of Rs. 110 Mn compared to Rs 1499 Mn as on March 31, 2009.

Inventories

Inventories decreased by 67.02% to Rs. 2199.61Mn during FY'10 from 6670.81 Mn during FY'09. The decrease in inventories is mainly on account of rationalization of inventory at store level/ decreased operations by the Company. The company also wrote down non-moving, slow moving, obsolete, damaged, shortages due to pilferage in all the categories. The exercise was done by the company for the first time since inception of operations.

Loans and Advances

Loans and Advances as on March 31, 2010 was Rs. 597 Mn compared to Rs. 715 Mn compared as on March 31, 2009. The change is on account of reduction in security deposits for the stores closed by the company during the year.

Current Liabilities & Provisions

Current liabilities increased by 38.58% to Rs 2398.73 Mn compared to Rs. 1473.16 Mn during FY'09. The creditors increased during the year as company negotiated for better credit terms and utilized suppliers credit.

On behalf of the Board of Directors

Date 30.09.10
Place : New Delhi

sd/-
Ram Chandra Agarwal
Chairman

ANNEXURE II

FORM A of "THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988"

Power and fuel Consumption	2009-10	2008-09
Electricity		
Purchased		
Unit	*	
Total Amount	381656157	229322303
Rate/Unit	*	
Furnace Oil		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL
HSD		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL

- Due to scattered stores information could not be determined.

Foreign Exchange Earnings and outgo

Particulars	2009-10	2008-09
Foreign Exchange Outgo		
Traveling	13,26,450	10,48,122
Consultancy	Nil	Nil
Others	Nil	Nil
Imports		
Raw Materials	Nil	Nil
Finished Goods	Nil	Nil
Capital Goods	Nil	Nil
Others	Nil	Nil
Foreign Exchange Earnings	Nil	Nil
Earnings in foreign exchange	Nil	Nil

On behalf of the Board of Directors

sd/-

Date: 30.09.2010

Ram Chandra Agarwal

Place: New Delhi

Chairman

Disclosure of particulars with respect to technology absorption Research and Development(R & D)

We are engaged in the Retail Industry. During the financial year the Company has shut down the entire manufacturing operations. All our products are being procured from outside. We have not imported any technology during the financial year 2009-10.

Specific areas in which R & D carried out by the company	Nil
Benefits derived as a result of the above R & D	NA
Expenditure on R & D	
Capital	Nil
Recurring	Nil
Total	Nil
Total R & D expenditure as a percentage of total turnover.	Nil
Technology absorption, adaptation and innovation :	NA
Technology imported	Nil
Year of import	Nil
Has technology been fully absorbed?	Nil

On behalf of the Board of Directors

sd/-

Date : 30.09.2010

Ram Chandra Agarwal

Place : New Delhi

Chairman

Annexure III

CORPORATE GOVERNANCE REPORT

Corporate Governance is concerned with holding the balance between economic and social goals and between individual and collective goals. A Good Corporate Governance makes good business sense. Transparency is very critical component for good governance. Without transparency, new laws and governance codes can do little to boost investor confidence. Various steps like use of standardized accounting practices, free flow of information and clear policies are needed.

Transparency has its costs and benefits. The benefits include increased shareholder confidence, reduced cost of capital. The main benefit is however seen in times when company is not doing well. Companies with strong corporate governance records have found it easier to sail through bad times and secure support of all stakeholders even in the companies' bad times. Being transparent runs the risk of competitor knowing about your policies, styles of functioning and get useful competitive information. However in the long run, the benefits of transparency far outweigh its costs.

The Company has always believed in strong transparent relationship with its investors and that is its strength.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company is conscious of the fact that the success of a corporation is a reflection of professionalism, conduct, and ethical values of its management and employees. Transparency, accountability and high professional ethical standards leading to management reliability are the touchstone of the principles of Corporate Governance at the Company.

BOARD OF DIRECTORS

As on March 31, 2010, the Board comprised of [06] directors out of which [03] were Executive Non-Independent Directors and [03] Non-

Executive Independent Directors. The Composition of Board of Directors on 31.03.2010 is as follows:

Category	DIN	Name of the Director
Executive Promoter Director	00491885	Mr. Ram Chandra Agarwal
	00495945	Mrs. Uma Agarwal
	00911911	Mr. Jay Prakash Shukla \$
Independent Non Executive Director	02670462	Mrs. Seema Kukreja
	00030012	Mr. Bharat Jain @
	02676537	Mr. Sandeep Kumar @
Nominee Director		NIL

\$ Mr. Jay Prakash Shukla was appointed as additional director on 30th September 2009

@ Mr. Surendra Kumar Agarwal resigned on 30th September 2009, Mr. Rakesh Agarwal resigned on 30th October 2009, Mr. Bharat Jain resigned on 2nd August 2010 and Mr. Sandeep Kumar resigned on 1st September, 2010.

INFORMATION SUPPLIED TO THE BOARD

Board Members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committee(s). In addition to the regular business items, the items as required under listing agreement particularly relating to the following items/information is regularly placed before the board to the extent possible:-

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.

- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, Implementation of Voluntary Retirement Scheme etc.,
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

ATTENDANCE AT BOARD MEETINGS

During the Financial Year 2009-10, [20] Board Meetings were held till 31st March 2010, as per following details:-

Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1.	20-Apr-09	2.	11-May-09
3.	30-May-09	4.	02-Jun-09
5.	12-Jun-09	6.	30-Jun-09
7.	31-Jul-09	8.	31-Aug-09
9.	15-Sep-09	10.	30-Sep-09
11.	06-Oct-09	12.	22-Oct-09
13.	30-Oct-09	14.	16-Nov-09
15.	26-Dec-09	16.	04-Jan-10
17.	29-Jan-10	18.	04-Feb-10
19.	03-Mar-10	20.	09-Mar-10

Composition of Board of Directors and their Attendance in the Board Meetings as on 31st March 2010;

Name of Director	Designation of Director	Board Meeting	Last AGM
Ram Chandra Agarwal	Managing Director & Executive Promoter	20	Yes
Uma Agarwal	Executive Promoter	20	Yes
Surendra Kumar Agarwal*	Whole Time Director & Executive Promoter	10	No
Bharat Jain	Independent Non-Executive	10	No
Jay Prakash Shukla\$	Whole Time director	10	No
Rakesh Aggarwal@	Independent Non-Executive	12	No
Seema Kukreja\$1	Independent Non-Executive	15	Yes
Sandeep Kumar\$1	Independent Non-Executive	15	Yes

\$1 Appointed w.e.f 12th June 2009

\$ Appointed w.e.f 30th September 2009

* Resigned w.e.f 30th September 2009

@ Resigned w.e.f 30th October 2009

Name of Director	No of other Directorships	Committee Membership	Committee Chairmanship
Ram Chandra Agarwal	09	Nil	Nil
Uma Agarwal	09	Nil	Nil
Surendra Kumar Agarwal	03	Nil	Nil
Bharat Jain	00	Nil	Nil
Jay Prakash Shukla	00	Nil	Nil
Rakesh Aggarwal	01	Nil	Nil
Seema Kukreja	Nil	Nil	Nil
Sandeep Kumar	Nil	Nil	Nil

BOARD LEVEL COMMITTEES

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the company. However with the objective of smooth functioning of the operation, some powers have been delegated to the four standing committees, namely Audit Committee, Remuneration Committee, Shareholder/Investor Grievance Committee and Share Transfer Committee.

Due to the resignation of Mr. Rakesh Aggarwal as Independent Director and appointment of 2 new Non-Executive and Independent Directors, namely Mrs. Seema Kukreja and Mr. Sandeep Kumar, w.e.f 12th June 2009 and therefore all the four Standing Committees, namely Audit Committee, Remuneration Committee, Shareholder/Investor Grievance Committee, and Share Transfer Committee have been reconstituted at the Board meeting held on 12th June 2009.

The details of the members of the committees as on March 31, 2010 are as under;

Name of the Director	Audit	Remuneration	Investors Grievances	Share Transfer
Seema Kukreja	Chairperson	Chairperson	Chairperson	Chairperson
Sandeep Kumar	Member	Member	Member	Member
Bharat Jain	Member	Member	NA	Member
Jay Prakash Shukla	NA	NA	Member	NA
Arun Gupta	Secretary	NA	NA	Member

All decisions pertaining to the constitution of the Committees, appointment of members of the Committee and fixing of terms of service for committee members are taken by the Board of Directors. Details of the role and composition of these Committees, including the number of meetings held during the financial year and attendance, are provided below:

AUDIT COMMITTEE

The Constitution of the Audit Committee as on 31st March 2010 was as follows:

Name of the Director	Designation	Chairman/ Member
Seema Kukreja@	NEID ^	Chairman
Sandeep Kumar@	NEID ^	Member
Bharat Jain	NEID	Member
Arun Gupta	Company Secretary	Secretary

@ Appointed w.e.f. 12.06.09

^ NEID – Non Executive Independent Director

Audit Committee meetings & presence

The details of Audit Committee meetings & presence of Members till 31st March 2010 are as follows:-

Date of Audit Committee Meetings	Name of the Audit Committee Member			
	Bharat Jain	Seema Kukreja	Sandeep Kumar	Rakesh Agarwal*
21-04-09	Yes	No	No	Yes
29-06-09	Yes	Yes	Yes	Yes
30-10-09	Yes	Yes	Yes	No
29-01-10	Yes	Yes	Yes	No

* Resigned w.e.f 30-10-09

The functions and Powers of the Audit Committee comprises of the same powers and functions as are elaborated in Clause 49 of the Listing Agreement.

Remuneration Committee

The Remuneration Committee of the Board is constituted to formulate and recommend to the Board from time to time, a compensation structure for the Whole-time Directors.

Composition

The details of Members of the Remuneration Committee as on 31st March 2010 are as follows:-

Name	Designation	Chairman/ Member
Seema Kukreja	NEID ^	Chairperson
Sandeep Kumar	NEID ^	Member
Bharat Jain	NEID ^	Member

^ NEID – Non Executive Independent Director

The functioning and terms of reference of the Committee are as prescribed under Section 198, 309 of the Companies Act, 1956 read with the Schedule XIII of the Companies Act, 1956 and as specified under the listing Agreement with the Stock Exchanges. The Remuneration paid to the Directors during last financial year is mentioned below;

Remuneration Committee Attendance

During the year one meeting for the remuneration committee held on 9th March, 2010.

Details of remuneration paid to Directors are given below;

Because of the losses incurred by the Company no remuneration has been paid to any director of the Company during the year.

The Non Executive Independent Directors of the Company do not hold any shares of the Company.

Mr. Ram Chandra Agarwal, Chairman & Managing Director is the younger brother of Mr. Surendra Kumar Agarwal and husband to the Mrs. Uma Agarwal, and no other Directors are in any way related to each other.

No salary excluding sitting fee is being paid to the Non-Executive Directors of the Company.

Shareholders'/Investors' Grievance Committee
Terms of Reference

The Committee inter alia looks into redressal of shareholders'/investors' complaints related to, non-receipt of Balance sheet, non-receipt of declared dividends, non receipt of refund order, etc. The Company oversees the performance of the Registrar and Share Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

Composition

The details of Members of the Shareholders'/Investors' Grievance as on 31st March 2010 was as follows:-

Name	Designation	Member
Seema Kukreja	NEID	Chairperson
Sandeep Kumar	NEID	Member
Jay Prakash Shukla	NEID	Member

The committee meets regularly to conduct such businesses.

The Shareholders'/Investors' Grievance Committee met 3 times during the year on 15th April 2009, 05th May 09, 11th June 2009.

Name	Present
Rakesh Agarwal	3
Bharat Jain	2
Surendra Kumar Agarwal	3

Compliance Officer

Mr. Arun Gupta, Company Secretary of the Company is the Compliance officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchange(s) in India. The Company Secretary acts as Secretary of all the committees as names here above.

Investor Grievance Redressal

During the year the company has not received any complaints from investors/shareholders as per the information provided by the Registrar and Share Transfer Agent of the company. There was no investor/shareholder grievance pending as at 31st March 2010.

SHARE TRANSFER COMMITTEE

The details of Members of the Share Transfer Committee as on March 31, 2010 are as follows:-

Name	Designation	Member
Seema Kukreja	NEID ^	Chairperson
Bharat Jain	NEID ^	Member
Sandeep Kumar	NEID ^	Member

^ NEID – Non Executive Independent Director

The responsibilities of the Shareholders' Transfer Committee is to approve transfer/transmission of shares/debentures/ bonds of the Company; to issue certificates of shares/debentures/ bonds on

allotment thereof and on split/ consolidation/ renewal thereof; and to issue duplicate certificates under the seal of the Company.

The shares transfer committee has met 3 times during the year on 15th April 2009, 05th May 09, 11th June 2009.

Name	Present
Rakesh Aggarwal	3
Bharat Jain	2
Surendra Kumar Agarwal	3

GENERAL BODY MEETINGS

The details of the last three Annual General Meetings are as follows:

Annual General Meeting

Financial Year	Venue	Date	Time
2008-09	NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi - 110017	26.09.09	10:30AM
2007-08	NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi - 110017	09.08.08	10:00AM
2006-07	NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi - 110017	19.09.07	10:00AM

Special Resolutions
Annual General Meeting (AGM) (26.09.2009)

- Issue of Shares on Private Placement basis.
- Payment of Remuneration to Mr. Ram Chandra Agarwal, Managing Director in the event of losses.
- Payment of Remuneration to Mr. Surendra Kumar Agarwal, Whole Time Director in the event of losses.

Annual General Meeting (AGM) (08.09.2008)

- Further Issue of Share Capital

Annual General Meeting (AGM) (19.09.2007)

- Employee Stock Option Plan

Postal Ballot

During the last financial year ended 31st March 2010 the Company has not passed any resolution through postal ballot. Whereas the board in the current financial year has approved to conduct the postal ballot to seek the approval of the members of the company by an ordinary resolution under section 293(1) (A) for sale and transfer of the under taking (retail, wholesale, franchisee and institutional) on a slump sale basis pursuant to the approval of CDR lenders.

DISCLOSURES
Disclosure of Related Party transactions

A Disclosure of all related party transactions has been made in the notes to the accounts of the Balance Sheet presented in this Annual Report.

There are no material individual transactions with related parties of business and which are not on an arm length basis.

There are no materially significant transactions made by the Company with its promoters, directors or Management or relatives etc. that may have potential conflict with the interest of the Company at large.

Disclosure of Accounting Treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Code for Prevention of Insider trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has altered the code of conduct for its management and staff in accordance with the amended regulations. The compliance with respect to the Insider trading code of conduct is being made by the Directors, Officers and Specified Employees on regular basis.

Code of Conduct for the Directors and the Senior Management of the Company

The Company has a Code of Conduct in place for Management Cadre Staff (including Executive Directors). In terms of the revised Clause 49 of the Listing Agreement and contemporary practices of good corporate governance, the Board has adopted the Code of Conduct for all Board Members and Senior Management of the Company and the same is available on the Company's website www.vishalmegamart.net. All the Board Members and Senior Management Personnel have affirmed compliance with the Code. A certificate pursuant to clause 49 of the listing agreement is mentioned below.

To,

Members of Vishal Retail Limited

Sub: Declaration by CEO under clause 49 (I)(D)(II) of the Listing Agreement

I, Ram Chandra Agarwal, Managing Director & CEO of Vishal Retail Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2010

Date : 30.09.10
Place : New Delhi

Sd/
Ram Chandra Agarwal
Chairman & Managing Director

Compliances by the Company

There has neither been any non compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the stock exchange or SEBI or any other authorities, on any matter related to capital market during the last three years.

CEO/CFO Certification

A certificate from the Chairman & Managing Director on the financial statements of the Company was placed before the Board.

Certificate pursuant to clause 49(V) of the Listing Agreement

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2010 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting, if any, during the year;
 - (ii) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting..

Date : 30.09.10
Place : New Delhi

Sd/
Ram Chandra Agarwal
Chairman & Managing Director

Risk Management

We have established an effective risk assessment and minimization procedures, which are reviewed by the board periodically. There is a structure to identify and mitigate various risks faced by the company from time to time.

Compliance to Non-Mandatory Requirement

The Company has not specifically complied with any of the non-mandatory requirement of the listing agreement.

Means of Communication

Quarterly Results: Quarterly and Annual Results are published generally in the Financial Express / Economic Times / Times of India and Navbharat Times/Jansatta.

Website: The Company's website www.vishalmegamart.net contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Shareholding Pattern, Quarterly results as well as the Annual Report of the company is also available on the website in a user friendly and downloadable form.

Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Director's Report, Auditor's Report and other information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.

INFORMATION TO SHAREHOLDERS

DATE, TIME AND VENUE OF THE 9TH ANNUAL GENERAL MEETING

The Ninth Annual General Meeting of the Company will be held on October 29, 2010 at NCUI Auditorium 3, Siri Institutional Area, August Kranti Marg, New Delhi at 10:30 AM.

Financial Year:

The Financial year of the Company shall commence from April 1, 2009 and ends on March 31, 2010.

For the Financial year ended on March 31, 2010 the results were announced on:-

First Quarter ended June 30, 2009 : August 01, 2009
 Second Quarter ended September 30, 2009 : October 30, 2009
 Third Quarter ended December 31, 2009 : January 29, 2010
 Fourth Quarter ended March 31, 2010 : NA*

* The Company has opted for the audited result within 60 days of the end of the financial year. The same has been published in Jansata and Financial Express on 02.06.2010.

For the Financial year ending on March 31, 2011 the results will be announced as per the time schedule prescribed under Clause 41 of the Listing Agreement being 45 days from the end of the quarter or within 60 days of the end of the financial year (annual) if audited, as the case may be.

Dividend

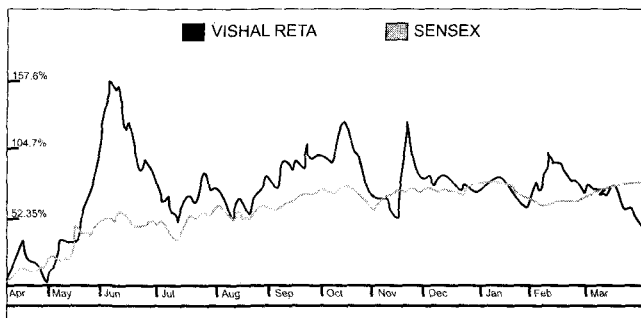
Considering the losses incurred in the financial year ended March 31, 2010, the board of directors does not recommend any dividend for the financial year ending March 31, 2010.

Date of Book Closure

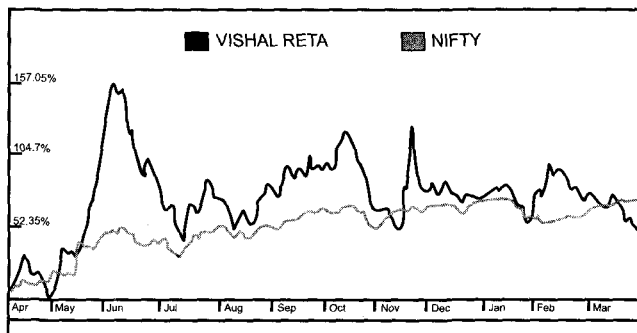
The Date of Book closure will be 25th October 2010 to 29th October 2010 both days inclusive.

Market Price Data

The share price of the Company vis a vis the Sensex and Nifty performance during the year ended March 31, 2010 are mentioned below;



S. No.	Month	BSE	
		High	Low
1.	April - 09	51.25	34.95
2.	May-09	73.75	37.60
3.	June-09	98.45	64.60
4.	July - 09	71.55	53.25
5.	August - 09	70.20	53.20
6.	September - 09	77.50	62.00
7.	October - 09	83.85	59.05
8.	November - 09	86.30	54.00
9.	December - 09	70.00	61.30
10.	January - 10	68.00	54.05
11.	February - 10	75.90	55.05
12.	March - 10	67.90	52.75



S. No.	Month	NSE	
		High	Low
1.	April - 09	51.35	35.05
2.	May-09	74.90	38.90
3.	June-09	100.10	64.30
4.	July - 09	72.00	51.15
5.	August - 09	69.45	52.50
6.	September - 09	78.00	62.10
7.	October - 09	84.00	58.05
8.	November - 09	86.40	54.80
9.	December - 09	70.90	61.00
10.	January - 10	67.50	54.60
11.	February - 10	76.10	56.00
12.	March - 10	68.90	52.00

Listing on Stock Exchanges

The Equity Shares of the Company are listed on the following Stock Exchanges across India:

Bombay Stock Exchange Limited - Mumbai

National Stock Exchange of India Limited - Mumbai

Stock Exchange Code

Bombay Stock Exchange Limited : 532867

National Stock Exchange of India Limited : VISHALRET

Listing fees

Listing Fees as prescribed has been paid fully to all the Stock Exchanges where the shares of the Company are listed

Details of Public Funding obtained in last Three years

The company came out with its IPO & raised Rs. 1100 Million from the public during 2007-08 and the entire fund has been utilized for the purpose it has been raised.

Dematerialization of Shares

The equity shares of your company are under compulsory dematerialization mode as on March 31, 2010. The ISIN for the Equity Shares of the Company is INE945H01013.

91.38% of shares of the Company have been dematerialized as on March 31, 2010. Trading in Equity shares of the company is permitted only in demat mode.

The Equity shares of your company are frequently traded

	BSE	NSE
No. of Shares	23493405	45967153
Turnover (Amount in Lakhs)	16551.84	32452.44

Source: BSE & NSE website

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on equity:

Not Applicable

SHARE TRANSFER AGENTS:

Link Intime India Private Limited
(formerly known as Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, L B S Marg,
Bhandup (West), Mumbai 400 078
Telephone No. : 022-25960320-28
Fax No. : 022-25960329
Email: investors@vrpl.in

Distribution of Shareholding-As on March 31, 2010

Share holding of nominal value (Rs.)	Share Holders Number	Share Amount		
		% to total	Rs.	% to total
(1)	(2)	(3)	(4)	(5)
Upto 2500	17376	85.994	9665270	4.315
2501-5000	1426	7.057	5671370	2.532
5001-10000	693	3.43	5540690	2.474
10001-20000	312	1.544	4700610	2.099
20001-30000	111	0.549	2836400	1.266
30001-40000	52	0.257	1863780	0.832
40001-50000	49	0.243	2305610	1.029
50001-100000	94	0.465	7037570	3.142
100001 and above	93	0.46	184367390	82.311
Total	20206	100.00	223988690	100.00

Shareholding Pattern as on March 31, 2010

Category of Shareholders	No. of Shares	% of total shares	Number of shares pledged
Promoters	1,28,42,881	57.34%	953770
Foreign Institutional Investors	43,400	0.19%	0
Financial Institutions / Banks	3,227	0.01%	0
Mutual Funds	00	00.00%	0
Venture Capital	00	00.00%	0
Insurance	00	00.00%	0
Body Corporate	49,08,821	21.92%	0
Individuals	42,66,962	19.05%	0
Others	2,83,578	1.26%	0
Total	22398869	100.00	953770

Plant Location

The Company has closed its manufacturing operations situated at Gurgaon, Dehradun in the financial year 2008-09. The other plant located in IMT Manesar was closed on 31st July 2009.

Address for Correspondence

Registered Office & Corporate Office

Khasra No. 332, Near Telco Service Station, Behind Shokeen Farm Lands, Rangpuri, New Delhi-110037

On behalf of the Board of Directors

Date : 30.09.10
Place : New Delhi

Sd/
Ram Chandra Agarwal
Chairman & Managing Director

AUDITORS REPORT ON CORPORATE GOVERNANCE

To the shareholders of Vishal Retail Limited

We have examined the compliance of conditions of corporate governance by Vishal Retail Limited for the year ended on March 31, 2010, as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the provisions relating to Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given us, we certify that the Company has complied in all material aspects with the conditions of corporate governance as stipulated in the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ashish Kapoor & Associates
Company Secretaries

Date : 30.09.10
Place : New Delhi

Sd/-
Ashish Kapoor
Membership No: 20479

Auditors' Report

To
The Members of
Vishal Retail Limited
New Delhi

1. We have audited the attached Balance Sheet of **Vishal Retail Limited** ('the Company') as at March 31, 2010 and also the 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.
2. We conducted our 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.
3. As required by the Companies (Auditor's 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' of India (the 'Act') 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 4 and 5 of the said Order.

4. a) *We report that*

- i. *The accumulated losses of Rs. 4,269,001,402 as at March 31, 2010 exceed the net worth of the company;*
- ii. *Certain lenders have filed winding up petition against the company in the high court.*

However, the accounts have been drawn on going concern assumption as the company has made a proposal under Corporate Debt Restructuring Scheme to CDR Cell for restructuring of its secured as well as unsecured debts and expects turnaround (Refer Note B-8 of Schedule 20).

- b) We draw attention to NoteB-12 of Schedule 20 with regards to inventory of Rs. 2,199,612,291 lying at various stores and warehouses of the Company which is physically verified by other Chartered Accountants and relied upon by us.
5. Further to our comments in the paragraph 3 & 4 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 purposes of our audit, except that we have not been provided:
 - a. *Basis and supporting for write off of inventory amounting to Rs. 3,417,159,919 on account of pilferage, shrinkages, slow-moving, non-moving, obsolete and damaged goods.*
 - b. *Adequate documentary evidence for Display Charges included in 'Other Income' amounting Rs. 28,602,715 recognised in the Profit & Loss Account*
 - c. *Adequate documentary evidence to support write-off of capital work in progress amounting to Rs. 7,869,388 included in prior period expenses;*
 - d. *Basis for write-off of sundry balances amounting to Rs. 14,033,201 included in Other expenses in Schedule 16;*
 - 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except:
 - a) *Accounting Standard 2 "Valuation of Inventories": The cost for valuation of inventories does not include Octroi, mandi tax, entry tax, input VAT, freight inwards and discount received on the purchase. The impact of such deviation from AS 2 is currently unascertainable.*
 - b) *Accounting Standard 28 "Impairment of Assets": whereby no assessment for impairment of assets, if any, was carried out during the year by the management;*

- c) *Accounting Standard 22 "Accounting for Taxes on Income": The Company has recognized Deferred Tax Assets amounting to Rs. 2,626,499,840 as at 31- March 2010 even though the Company has incurred operating losses in the current year & in the earlier years and there is no convincing evidence as to virtual certainty of future income;*
- v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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. We further report as under:
- a) *The balances of unsecured loans amounting Rs. 1,604,587,755 from various banks and financial institutions are subject to confirmation and reconciliation.*
- b) *The balance of Sundry Debtors Rs. 29,157,235 and Sundry Creditors Rs. 1,235,104,887 are subject to confirmation and reconciliation.*
- Subject to these observations and other observations in paragraphs 4(a), 5(i)(a), 5(i)(b), 5(i)(c), 5(i)(d) & 5(iv)(a), 5(iv)(b) and 5(iv)(c) above, the consequential effect of which on relevant assets, liabilities and loss for the year is not quantifiable;*
- 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 March 31, 2010;
- b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W

[Raj Kumar Agarwal]
Partner
Membership No. 074715

Place : New Delhi
Date : May 31, 2010

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Vishal Retail Limited on the financial statements for the year ended 31- March 2010]

- (I) (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have not been physically verified by the management during the year ended March 31, 2010. Hence, discrepancies if any, could not be ascertained.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory has been physically verified by the management and other Chartered Accountants at stores and warehouses during the year. In our opinion, the frequency of verification is reasonable.
- (b) 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, except in relation to identification of slow moving, non moving, obsolete and damaged items of inventory.
- (c) The Company is maintaining proper records of inventory and material discrepancies noticed on physical verification were properly adjusted in books of accounts.
- (iii) (a) The company had in a prior year granted unsecured loan to two parties covered in the register maintained under section 301 of the Companies Act, 1956. Further during the year the Company granted additional unsecured loan to one of these parties. The maximum amount involved during the year was Rs. 1,970,972 and the year- end balance of loans granted to such parties was Rs. Nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.

- (c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company.
- (d) There is no overdue amount in excess of Rs.1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company had in a prior year taken an unsecured interest free loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. During the year, the Company had taken further interest free unsecured loan from such party. The maximum amount involved during the year was Rs.19,105,112 and the year-end balance of loans taken from such parties was Rs. 7,196,145.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, the existing internal control system is not adequate and commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have observed that there is a continuing failure to correct weakness in internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, there is no internal audit system at the Corporate Office and warehouses. In respect of branches, the internal audit system should be further strengthened and scope widened to be commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax and customs duty. Further, as explained to us, the provisions of regarding investor education and protection fund and excise duty are presently not applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which it relates
Various Statutes of respective states	Labour Welfare Fund	208,686	2008-09
Various Statutes of respective states	Professional Tax	47,448	2006-07
Various Statutes of respective states	Professional Tax	15,830	2007-08
Various Statutes of respective states	Professional Tax	55,231	2008-09
Employees' State Insurance Corporation	Employees State Insurance	192,153	2007-08
Employees' State Insurance Corporation	Employees State Insurance	194,522	2008-09
Employees' Provident Fund	Provident Fund	87,580	2009-10

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to Which It Relates(FY)	Forum where dispute is pending
Excise Duty Act, 1944	Excise Duty	500,000	2007-08	Assistant Commissioner , Central Excise, Agra
Sales Tax Act (West Bengal)	Sales Tax	1,527,586	2002-03	Additional Asst. commissioner of Commercial Tax
Sales Tax Act (Delhi)	Sales Tax	1,149,937	2002-03	Deputy Commissioner of Sales Tax
Sales Tax Act (Guwahati)	Sales Tax	2,009,712	2002-03	Superintendent of Taxes
Income Tax Act, 1961	Income Tax	3,323,879	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	62,305,573	2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	61,536,850	2007-08	Commissioner of Income Tax (Appeals)

(x) The accumulated losses of the Company at the year end are more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. The effect of qualifications in our audit report is currently unascertainable and accordingly accumulated losses have not been adjusted for consequential effect resulting from such qualifications.

(xi) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to a financial institution, bank and debenture holders. Details of such default is reported as under:

Name of Banker	Nature Of Facility	Nature Of Dues	Amount Of Default	Due date	Date of rectifying the Default
State Bank Of India	Term Loan	Principal Repayment	8,400,000.00	01-Apr-09	23-May-09
			8,400,000.00	01-May-09	23-Jun-09
			8,400,000.00	01-Jun-09	29-Jul-09
			8,400,000.00	01-Jul-09	29-Sep-09
			8,400,000.00	01-Aug-09	30-Oct-09
			8,400,000.00	01-Sep-09	30-Oct-09
			8,400,000.00	01-Oct-09	31-Dec-09
			8,400,000.00	01-Nov-09	30-Jan-10
			8,400,000.00	01-Dec-09	30-Jan-10
			8,400,000.00	01-Jan-10	10-Jan-10
			8,400,000.00	01-Feb-10	31-Jan-10
			8,400,000.00	01-Mar-10	04-May-10
	SLC		45,000,000.00	21-Sep-09	29-Dec-09
HDFC Bank	Term Loan	Principal Repayment	10,000,000.00	28-Jun-09	15-Sep-09
			10,000,000.00	28-Dec-09	Still Continuing
			10,000,000.00	28-Mar-10	Still Continuing
LIC Mutual Fund . Asset Management Co. Ltd	Non Convertible Debentures	Principal Repayment	1,000,000.00	11-Jul-09	Still Continuing
			1,000,000.00	31-Aug-09	Still Continuing
			17,000,000.00	30-Sep-09	Still Continuing
			25,000,000.00	31-Oct-09	Still Continuing
			1,000,000.00	30-Nov-09	Still Continuing
			1,000,000.00	31-Dec-09	Still Continuing
			1,000,000.00	31-Jan-10	Still Continuing
			1,000,000.00	28-Feb-10	Still Continuing
			1,000,000.00	31-Mar-10	Still Continuing

Name of Banker	Nature Of Facility	Nature Of Dues	Amount Of Default	Due date	Date of rectifying the Default
Deutsche Asset management (India) pvt. Ltd.	Non Convertible Debentures	Principal Repayment	500,000,000.00	25-Aug-09	Still Continuing
ING Vysya Bank Ltd.	Short Term Loan	Principal Repayment	600,000,000.00	04-Oct-09	Still Continuing
UCO Bank Ltd.	Short Term Loan	Principal Repayment	600,000,000.00	10-Aug-09	Still Continuing
Barclays Bank PLC	WCDL	Principal Repayment	400,000,000.00	30-Jun-09	Still Continuing.
HSBC	WCDL	Principal Repayment	200,000,000.00	06-Sep-09	Still Continuing
			200,000,000.00	07-Sep-09	Still Continuing
			100,000,000.00	26-Aug-09	Still Continuing
			100,000,000.00	06-Sep-09	Still Continuing
			100,000,000.00	25-Sep-09	Still Continuing
DBS	Bill Discounting	Principal Amount	12,002,848.00	19-Nov-09	Still Continuing
			10,338,871.00	20-Nov-09	Still Continuing
			5,491,195.00	21-Nov-09	Still Continuing
			7,068,467.00	23-Nov-09	Still Continuing
			12,195,897.00	24-Nov-09	Still Continuing
			16,097,106.00	25-Nov-09	Still Continuing
			17,342,878.00	26-Nov-09	Still Continuing
			8,168,656.00	27-Nov-09	Still Continuing
			17,311,142.00	28-Nov-09	Still Continuing
			20,314,190.00	30-Nov-09	Still Continuing
			8,656,597.00	1-Dec-09	Still Continuing
			5,104,997.00	2-Dec-09	Still Continuing
			5,072,076.00	5-Dec-09	Still Continuing
			6,978,643.00	7-Dec-09	Still Continuing
			15,481,656.00	8-Dec-09	Still Continuing
			14,690,245.00	9-Dec-09	Still Continuing
			7,218,741.00	14-Dec-09	Still Continuing
			12,301,904.00	15-Dec-09	Still Continuing
			21,140,723.00	16-Dec-09	Still Continuing
			5,610,551.00	17-Dec-09	Still Continuing
			5,155,489.00	18-Dec-09	Still Continuing
			25,864,383.00	29-Dec-09	Still Continuing
			5,483,315.00	31-Dec-09	Still Continuing
			6,922,929.00	7-Jan-10	Still Continuing
			6,778,191.00	13-Jan-10	Still Continuing
			11,363,014.00	14-Jan-10	Still Continuing
			16,305,994.00	21-Jan-10	Still Continuing
			6,888,316.00	27-Jan-10	Still Continuing
			6,109,387.00	28-Jan-10	Still Continuing
			6,282,998.00	29-Jan-10	Still Continuing
			9,953,526.00	3-Feb-10	Still Continuing
			8,753,214.00	4-Feb-10	Still Continuing
			4,491,994.00	5-Feb-10	Still Continuing
			6,402,498.00	6-Feb-10	Still Continuing
			7,457,756.00	8-Feb-10	Still Continuing
			3,691,204.00	11-Feb-10	Still Continuing
DEUTSCHE BANK	Bill Discounting	Principal Amount	5,113,486.00	13-Jan-10	Still Continuing
			2,087,508.00	15-Jan-10	Still Continuing
			5,245,309.00	18-Jan-10	Still Continuing
			6,665,801.00	22-Jan-10	Still Continuing
			11,410,311.00	25-Jan-10	Still Continuing
			7,926,882.00	27-Jan-10	Still Continuing

Name of Banker	Nature Of Facility	Nature Of Dues	Amount Of Default	Due date	Date of rectifying the Default
			6,746,561.00	28-Jan-10	Still Continuing
			18,742,626.00	29-Jan-10	Still Continuing
			2,837,203.00	30-Jan-10	Still Continuing
			8,929,753.00	1-Feb-10	Still Continuing
			8,560,211.00	2-Feb-10	Still Continuing
			2,240,225.00	5-Feb-10	Still Continuing
			10,298,907.00	8-Feb-10	Still Continuing
			9,629,532.00	10-Feb-10	Still Continuing
SICOM	Bill Discounting	Principal Amount	4,096,793.00	2-Dec-09	Still Continuing
			7,169,423.00	9-Dec-09	Still Continuing
			8,284,957.00	17-Dec-09	Still Continuing
			9,115,663.00	21-Dec-09	Still Continuing
			9,832,380.00	25-Dec-09	Still Continuing
			5,240,889.00	31-Dec-09	Still Continuing
			6,939,782.00	22-Feb-10	Still Continuing
State Bank Of India	Term Loan	Interest Payment	3,169,447.00	30-Apr-09	23-Jun-09
			3,272,810.00	31-May-09	29-Jul-09
			3,074,778.00	30-Jun-09	29-Sep-09
			2,909,824.00	31-Jul-09	30-Oct-09
			2,794,093.00	31-Aug-09	30-Oct-09
			2,723,477.00	30-Sep-09	30-Oct-09
State Bank Of India			2,718,905.00	31-Oct-09	30-Jan-10
			2,454,145.00	30-Nov-09	30-Jan-10
			2,556,860.00	31-Dec-09	30-Jan-10
			2,459,158.00	31-Jan-10	10Feb-10
			1,937,818.00	28-Feb-10	31-Mar-10
			2,109,699.00	31-Mar-10	03-May-10
State Bank Of India	SLC	Interest Payment	441,699.00	30-Apr-09	23-Jun-09
			698,978.00	31-May-09	10-Jun-09
			509,116.00	30-Jun-09	01-Jul-09
			509,795.00	31-Jul-09	01-Aug-09
			555,103.00	31-Aug-09	30-Oct-09
			514,835.00	30-Sep-09	30-Oct-09
			537,818.00	31-Oct-09	29-Dec-09
			515,082.00	30-Nov-09	29-Dec-09
HSBC	TL-I	Interest Payment	1,566,478.64	31-May-09	01-Jun-09
			1,341,297.34	31-Jan-10	01-Feb-10
HSBC	TL-II	Interest Payment	1,447,832.39	25-Oct-09	27-Oct-09
			1,447,832.39	25-Dec-09	27-Dec-09
HSBC	WCDL-200000000	Interest Payment	13,263,013.70	31-Mar-10	Still Continuing
			13,198,630.14	31-Mar-10	Still Continuing
HSBC	WCDL-100000000	Interest Payment	7,017,808.22	31-Mar-10	Still Continuing
			5,559,178.08	31-Mar-10	Still Continuing
			6,052,054.79	31-Mar-10	Still Continuing
LIC Mutual Fund Asset management Co. Ltd.	Non Convertible Debentures	Interest Payment	8,424,657.53	30-Apr-09	30-Jun-09
			8,705,479.45	31-May-09	30-Jun-09
			8,696,773.97	31-Jul-09	Still Continuing
			8,696,773.97	31-Aug-09	Still Continuing
			8,416,233.00	30-Sep-09	Still Continuing
			8,696,773.97	31-Oct-09	Still Continuing
			8,416,233.00	30-Nov-09	Still Continuing
			8,696,773.97	31-Dec-09	Still Continuing
			8,696,774.00	31-Jan-10	Still Continuing

Name of Banker	Nature Of Facility	Nature Of Dues	Amount Of Default	Due date	Date of rectifying the Default
			8,135,692.00	28-Feb-10	Still Continuing
			8,696,774.00	31-Mar-10	Still Continuing
Deutsche Asset management (india) pvt. Ltd.	Non Convertible Debentures	Interest Payment	3,205,479.45	24-Apr-09	21-May-09
			4,006,849.00	24-May-09	25-May-09
			4,140,410.96	24-Jun-09	25-Jun-09
			4,006,849.00	24-Jul-09	27-Oct-09
			4,140,410.96	24-Aug-09	Still Continuing
			4,140,410.96	24-Sep-09	Still Continuing
			4,006,849.00	24-Oct-09	Still Continuing
			4,140,411.00	24-Nov-09	Still Continuing
			4,006,849.00	24-Dec-09	Still Continuing
			4,140,411.00	24-Jan-10	Still Continuing
			4,140,411.00	24-Feb-10	Still Continuing
			4,674,658.60	24-Mar-10	Still Continuing
ING Vysya Bank Ltd.	Short Term Loan	Interest Payment	4,808,219.00	30-Jun-09	03-Jul-09
			4,978,284.56	31-Jul-09	27-Oct-09
			5,009,657.63	31-Aug-09	27-Oct-09
			4,912,239.57	30-Sep-09	27-Oct-09
			4,870,653.40	30-Nov-09	Still Continuing
			5,017,970.44	31-Dec-09	Still Continuing
			5,051,196.00	31-Jan-10	Still Continuing
			4,600,150.60	28-Feb-10	Still Continuing
			5,089,289.00	31-Mar-10	Still Continuing
UCO Bank Ltd.	Short Term Loan	Interest Payment	5,838,247.14	31-May-09	01-Jun-09
			5,661,268.34	30-Jun-09	02-Jul-09
			5,735,446.00	31-Jul-09	Still Continuing
			5,564,715.00	31-Aug-09	Still Continuing
			6,552,825.00	30-Sep-09	Still Continuing
			7,583,017.00	31-Oct-09	Still Continuing
			6,737,084.00	30-Nov-09	Still Continuing
			7,037,748.00	31-Dec-09	Still Continuing
			7,116,444.00	31-Jan-10	Still Continuing
			6,499,917.00	28-Feb-10	Still Continuing
			7,270,568.00	31-Mar-10	Still Continuing
Barclays Bank PLC	WCDL	Interest Payment	3,908,493.00	30-Apr-09	09-Jun-09
			3,991,781.00	31-May-09	25-Jul-09
			3,863,013.00	30-Jun-09	Still Continuing
			3,991,781.00	31-Jul-09	Still Continuing
			3,991,781.00	31-Aug-09	Still Continuing
			3,863,013.00	30-Sep-09	Still Continuing
			3,991,781.00	31-Oct-09	Still Continuing
			3,863,013.00	30-Nov-09	Still Continuing
			3,991,781.00	31-Dec-09	Still Continuing
			3,991,781.00	31-Jan-10	Still Continuing
			3,605,479.61	28-Feb-10	Still Continuing
			3,991,781.00	31-Mar-10	Still Continuing
HDFC Bank	Cash Credit	Interest Payment	440,257.48	31-Jan-10	Still Continuing
			1,368,804.75	28-Feb-10	Still Continuing
			1,378,872.17	31-Mar-10	Still Continuing
HDFC Bank	TL-II	Interest Payment	728,767.12	30-Apr-09	04-May-09
			584,109.60	30-Jun-09	15-Sep-09
			517,808.22	31-Jul-09	15-Sep-09
			509,589.00	31-Aug-09	25-Sep-09
			2,069,979.70	31-Mar-10	Still Continuing

Name of Banker	Nature Of Facility	Nature Of Dues	Amount Of Default	Due date	Date of rectifying the Default
DBS	Bill Discounting	Interest Payment	499,186.94	19-Nov-09	Still Continuing
			426,726.28	20-Nov-09	Still Continuing
			224,913.33	21-Nov-09	Still Continuing
			285,062.56	23-Nov-09	Still Continuing
			488,002.95	24-Nov-09	Still Continuing
			639,033.06	25-Nov-09	Still Continuing
			683,024.30	26-Nov-09	Still Continuing
			319,137.08	27-Nov-09	Still Continuing
			670,866.04	28-Nov-09	Still Continuing
			774,443.71	30-Nov-09	Still Continuing
			327,290.52	1-Dec-09	Still Continuing
			566,333.93	2-Dec-09	Still Continuing
			185,373.96	5-Dec-09	Still Continuing
			250,657.56	7-Dec-09	Still Continuing
			551,189.37	8-Dec-09	Still Continuing
			518,384.54	9-Dec-09	Still Continuing
			243,360.57	14-Dec-09	Still Continuing
			410,849.89	15-Dec-09	Still Continuing
			699,381.45	16-Dec-09	Still Continuing
			183,841.62	17-Dec-09	Still Continuing
			167,306.21	18-Dec-09	Still Continuing
			749,712.80	29-Dec-09	Still Continuing
			155,485.78	31-Dec-09	Still Continuing
			181,039.34	7-Jan-10	Still Continuing
			164,440.77	13-Jan-10	Still Continuing
			272,089.71	14-Jan-10	Still Continuing
			354,487.84	21-Jan-10	Still Continuing
			136,728.35	27-Jan-10	Still Continuing
			119,342.27	28-Jan-10	Still Continuing
			120,754.06	29-Jan-10	Still Continuing
			175,618.38	3-Feb-10	Still Continuing
			151,682.41	4-Feb-10	Still Continuing
			76,425.43	5-Feb-10	Still Continuing
			106,912.95	6-Feb-10	Still Continuing
			119,834.90	8-Feb-10	Still Continuing
			55,823.14	11-Feb-10	Still Continuing
DEUTSCHE BANK	Bill Discounting	Interest Payment	129,448.25	13-Jan-10	Still Continuing
			51,472.80	15-Jan-10	Still Continuing
			124,162.93	18-Jan-10	Still Continuing
			149,021.74	22-Jan-10	Still Continuing
			243,836.78	25-Jan-10	Still Continuing
			164,184.19	27-Jan-10	Still Continuing
			137,518.94	28-Jan-10	Still Continuing
			375,879.51	29-Jan-10	Still Continuing

Name of Banker	Nature Of Facility	Nature Of Dues	Amount Of Default	Due date	Date of rectifying the Default
DEUTSCHE BANK	Bill Discounting	Interest Payment	55,966.74	30-Jan-10	Still Continuing
			170,276.93	1-Feb-10	Still Continuing
			160,416.01	2-Feb-10	Still Continuing
			39,771.67	5-Feb-10	Still Continuing
			172,683.04	8-Feb-10	Still Continuing
			155,127.80	10-Feb-10	Still Continuing
			193,671.68	2-Dec-09	Still Continuing
			318,990.22	9-Dec-09	Still Continuing
SICOM	Bill Discounting	Interest Payment	342,293.57	17-Dec-09	Still Continuing
			362,129.08	21-Dec-09	Still Continuing
			374,977.34	25-Dec-09	Still Continuing
			187,379.73	31-Dec-09	Still Continuing
			102,005.29	22-Feb-10	Still Continuing

- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short term basis aggregating to Rs. 4,492,265,502 for long term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the prices at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

sd/-
[Raj Kumar Agarwal]
Partner
Membership No. 074715

Place : New Delhi
Date : May 31, 2010

VISHAL RETAIL LIMITED

Balance Sheet as at 31st March 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	223,988,690	223,988,690
Share Warrants	2	9,775,000	-
Reserves & Surplus	3	1,713,495,845	1,664,620,845
		1,947,259,535	1,888,609,535
Loan Funds			
Secured Loan	4	3,816,877,365	3,720,704,762
Unsecured Loan	5	3,845,452,206	3,787,365,263
		7,662,329,571	7,508,070,025
Total		9,609,589,106	9,396,679,560
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	3,636,980,389	3,725,293,218
Less: Accumulated Depreciation & Amortization		1,421,887,350	1,020,686,489
Net Block		2,215,093,039	2,704,606,729
Capital Work in Progress		-	62,560,072
		2,215,093,039	2,767,166,801
Investments			
Deferred Tax Assets (Net)	7	3,806,280	2,556,280
		2,626,499,840	447,970,695
Current Assets, Loans & Advances			
Sundry Debtors	8	29,157,235	28,559,388
Inventories	9	2,199,612,291	6,670,812,612
Cash & Bank Balances	10	109,774,213	149,389,527
Loans & Advances	11	596,930,402	715,042,441
		2,935,474,141	7,563,803,968
Less: Current Liabilities & Provisions			
Current Liabilities	12	2,398,731,409	1,473,166,550
Provisions	13	41,554,187	33,483,494
		2,440,285,596	1,506,650,044
Net Current Assets		495,188,545	6,057,153,924
Profit & Loss Account		4,269,001,402	121,831,860
Total		9,609,589,106	9,396,679,560
Significant Accounting Policies & Notes on Accounts forming integral part of balance sheet	20		

As per our report of even date attached
For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

For and on behalf of the Board
Vishal Retail Limited

Raj Kumar Agarwal
Partner
M. No. 074715

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Arun Gupta
Company Secretary

Place: New Delhi
Date: May 31, 2010

VISHAL RETAIL LIMITED

Profit and Loss Account for the year ended 31st March 2010

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME			
Turnover		11,054,592,502	13,232,343,073
Other Income	14	130,276,274	94,835,402
Total (A)		11,184,868,776	13,327,178,475
EXPENDITURE			
Cost of goods sold	15	12,585,194,915	9,136,813,725
Manufacturing, Administrative and other expenses	16	1,722,486,074	2,358,819,266
Employee Cost	17	885,453,260	1,224,069,482
Selling & Distribution Expenses	18	477,613,656	532,118,380
Finance Cost	19	897,578,522	963,264,324
Depreciation & Amortization	6	465,421,751	488,032,515
Total (B)		17,033,748,178	14,703,117,692
Loss Before Tax, Extraordinary & Prior Period Items (A - B)		(5,848,879,402)	(1,375,939,217)
-Prior Period Tax Adjustment		60,427,202	-
-Deferred Tax Adjustments		2,178,529,145	469,936,497
-Fringe Benefit Tax		-	(11,055,592)
-Wealth Tax		(65,971)	(68,454)
Loss After Tax And Before Extraordinary & Prior Period Items		(3,609,989,026)	(917,126,766)
Extra Ordinary Item [Refer Note B-10 of Schedule 20]		(507,897,976)	-
Prior Period Adjustment(Net) [Refer Note B-28 of Schedule 20]		(29,282,541)	(27,729,636)
Net Loss		(4,147,169,543)	(944,856,402)
Balance brought forward from last year		(121,831,859)	823,024,543
BALANCE CARRIED TO BALANCE SHEET		(4,269,001,402)	(121,831,859)
Earnings Per Share			
(Refer Note B-25 in Schedule 20)			
Basic Earning Per Share (before extra ordinary items)(Rs.)		(162.47)	(42.18)
Basic Earning Per Share (after extra ordinary items)(Rs.)		(185.15)	(42.18)
Diluted Earning Per Share (before extra-ordinary items) (Rs.)		(162.47)	(42.18)
Diluted Earning Per Share (after extra ordinary items) (Rs.)		(185.15)	(42.18)
Nominal Value per share (Rs.)		10.00	10.00
Significant Accounting Policies & Notes on Accounts forming integral part of profit & loss accounts	20		

As per our report of even date attached
For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

For and on behalf of the Board
Vishal Retail Limited

Raj Kumar Agarwal
Partner
M. No. 074715

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Arun Gupta
Company Secretary

Place: New Delhi
Date: May 31, 2010

VISHAL RETAIL LIMITED

Cash Flow Statement for the year ended 31st March 2010

(Amount in Rs.)

PARTICULARS	31st March 2010	31st March 2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(5,848,879,402)	(1,375,939,217)
Adjustments For :		
Depreciation/Amortisation	465,421,751	488,032,515
Prior Period Items	(28,347,491)	(27,729,636)
Extraordinary Items	(507,897,976)	-
Loss on Sale of Fixed Assets	36,867,992	1,120,547
Provision for Interest on MSME	3,652,688	3,181,680
Provision for Bonus	36,576,519	19,274,701
Provision for Gratuity	6,379,394	10,148,341
Provision for Leave Encashment	1,625,329	(10,858,742)
Provision for other Expenses	190,920,073	93,326,632
Interest on Loans	893,925,834	963,264,324
Interest & Dividend Income	(3,590,505)	(16,483,990)
Operating Profit before working capital changes	(4,753,345,794)	147,337,155
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Advances & Receivables	178,854,223	141,676,048
(Increase)/Decrease in Inventories	4,471,200,321	(1,096,135,693)
Increase/(Decrease) in Payables	681,393,365	225,845,958
	5,331,447,909	(728,613,687)
Cash generated from operations	578,102,115	(581,276,532)
Direct Taxes Paid	(912,825)	(77,418,504)
Cash generated from operations before Extraordinary Items	577,189,290	(658,695,036)
Net Cash from Operating Activities [A]	577,189,290	(658,695,036)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(44,306,455)	(1,100,831,310)
Proceeds from Sale of Fixed Assets	93,155,424	1,682,800
Investment in Subsidiaries	(1,250,000)	(1,306,280)
Interest received	3,590,505	16,483,990
Net Cash from Investing Activities [B]	51,189,474	(1,083,970,800)
C. Cash Flow from Financing Activities		
Proceeds from issuance of share warrants	9,775,000	-
Securities Premium on issue of warrants	48,875,000	-
Proceeds from issuance of Debentures	(1,000,000)	1,200,000,000
Proceeds/(Repayment) of Secured Loans (net)	4,466,658	(768,333,718)
Proceeds/(Repayment) of Unsecured Loan (net)	34,359,053	1,768,855,801
Interest paid on loan	(764,469,785)	(865,747,329)
Net Cash from Financing Activities [C]	(667,994,074)	1,334,774,754
Net Increase/(Decrease) in Cash & Cash Equivalents [A+B+C]	(39,615,310)	(407,891,082)
Cash & Cash equivalents as at 01.04.2009	10	557,280,610
Cash & Cash equivalents as at 31.03.2010	10	109,774,217
Significant Accounting Policies & Notes	20	

Notes:

- The above cash flow statement has been prepared under the indirect method set out in AS-3 notified under section 211(3)(C) of the Companies Act, 1956
- Figures in brackets indicate cash outflow.
- Cash and Cash equivalents includes Rs. 8,556,525 (P.Y. Rs.9,708,297) pledged with Bank against Bank Guarantees, which are not available for use by the Company

As per our report of even date attached
For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

Raj Kumar Agarwal
Partner
M. No. 074715

Place: New Delhi
Date: May 31, 2010

For and on behalf of the Board
Vishal Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Arun Gupta
Company Secretary

VISHAL RETAIL LIMITED

Schedules Forming Part of Balance Sheet as at March 31, 2010

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
1	SHARE CAPITAL		
	Authorised		
	Equity Share Capital	300,000,000	300,000,000
	30,000,000 (30,000,000) Equity Shares of Rs. 10/- each		
	Preference Share Capital	58,400,000	58,400,000
	400,000 (400,000) Preference Shares of Rs. 146/- each		
		358,400,000	358,400,000
	Issued, Subscribed & Paid up		
	Equity Share Capital		
	22,398,869 (22,398,869) Equity Shares of Rs. 10/- each, fully paid up in cash	223,988,690	223,988,690
		223,988,690	223,988,690
2	SHARE WARRANT		
	3,910,000 (Nil) Convertible Share Warrants of Rs. 10/- each (against which Rs.2.5 per warrant has been received) issued on 30th October, 2009 are to be converted on or before 18 Months from date of issue[Refer Note B-14 of Schedule 20]	9,775,000	-
		9,775,000	-
3	RESERVES & SURPLUS		
	Securities Premium		
	Balance brought forward	1,664,620,845	1,664,620,845
	Add: Additions during the year on Share warrants	48,875,000	
		1713495845	1,664,620,845
4	SECURED LOAN		
	Term Loan		
	- From banks	1,022,164,630	1,178,774,754
	Working Capital Loans		
	- From banks	2,549,295,896	2,320,849,360
	(Refer note B-5 in Schedule 20 for the securities given on these loans)		
	Vehicle Loan		
	-From banks	21,952,078	33,589,333
	-From others	-	611,258
	(Refer note B-5 in Schedule 20 for the securities given on these loans)		
	Other Loans		
	-From banks	112,189,175	106,477,347
	-From others	19,569,641	80,402,710
	(Secured by specific charge on fixed assets acquired out of the loan and personal guarantee of Managing Director)		
	Interest accrued & Due on Secured Loans	91,705,945	-
		3,816,877,365	3,720,704,762
5	UNSECURED LOAN		
	1). Non Convertible Debentures		
	LIC Mutual Fund 10.25%	999,000,000	1,000,000,000
	(Refer Note B-7 of Schedule 20)		
	Deutsche Trustee Services (I) Pvt. Ltd. 9.75%	500,000,000	500,000,000
	(Refer Note B-7 of Schedule 20)		
	2). Bill Discounting :		
	-From banks	513,958,086	493,811,919
	-From others	50,679,887	86,180,656
	3). Short Term Loans		
	-From banks	1,693,180,757	1,626,534,896
	-From others	8,928,825	20,837,792
	4). Loan		
	a). From Directors	54,976,761	60,000,000
	[Maximum amount outstanding during the year Rs. 80,000,000 (P.Y. Rs. 85,500,000)]		
	5). Interest accrued & due on Unsecured Loans	24,727,890	
		3,845,452,206	3,787,365,263

VISHAL RETAIL LIMITED

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE : 6 - FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As at 01.04.2009	Additions during the Year	Adjustments/ Sold during the Year	As at 31.03.2010	As at 01.04.2009	Depreciation for the Year the Year	Adjustments/ Sold during	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS										
Freehold Land	107,995,114	-	-	107,995,114	-	-	-	-	107,995,114	107,995,114
Leasehold Land	69,181,044	-	-	69,181,044	3,677,020	4,394,102	-	8,071,122	61,109,922	65,504,024
Buildings on Leasehold Land	49,154,953	-	-	49,154,953	2,612,619	2,176,684	-	4,789,303	44,365,650	46,542,334
Buildings	228,790,673	-	-	228,790,673	17,010,088	10,589,030	-	27,599,118	201,191,555	211,780,585
Plant & Machinery	118,046,296	2,506,036	48,912,307	71,640,025	29,827,828	8,234,401	10,308,295	27,753,934	43,886,091	88,218,468
Lift	19,724,154	-	-	19,724,154	6,985,001	1,772,016	-	8,757,017	10,967,137	12,739,153
Generator Set	256,100,589	14,421,897	34,769,281	235,753,205	58,946,713	26,887,727	11,672,420	74,162,020	161,591,185	197,153,876
Furniture & Fixture	1,139,396,559	34,606,489	73,321,395	1,100,681,653	321,539,795	148,295,326	24,884,187	444,950,934	655,730,719	817,856,764
Electrical Equipments & Fittings	354,010,156	15,260,758	560,520	368,710,394	78,369,852	39,241,832	122,615	117,489,069	251,221,325	275,640,304
Office Equipments	193,960,346	3,037,588	1,367,734	195,630,200	32,008,059	22,658,383	413,644	54,252,798	141,377,402	161,952,287
Air Conditioner	412,451,956	8,684,858	12,183,333	408,953,481	81,685,839	46,010,300	3,819,814	123,876,325	285,077,156	330,766,117
Computer	555,675,635	24,819,301	11,408,205	569,086,731	280,433,145	113,313,825	7,412,649	386,334,321	182,752,410	275,242,490
Video Conference Systems	52,987,306	-	-	52,987,306	26,038,459	10,779,538	-	36,817,997	16,169,309	26,948,847
Motor Vehicles	126,406,112	-	12,656,581	113,749,531	53,613,916	18,532,229	6,522,316	65,623,829	48,125,702	72,792,196
INTANGIBLE ASSET										
Computer Software	41,412,325	3,529,600	-	44,941,925	27,938,155	13,471,408	-	41,409,563	3,532,362	13,474,170
TOTAL	3,725,293,218	106,866,527	195,179,356	3,636,980,389	1,020,686,489	466,356,801	65,155,940	1,421,887,350	2,215,093,039	2,704,606,729
PREVIOUS YEAR	2,623,006,801	1,106,102,163	3,815,746	3,725,293,218	533,666,371	488,032,515	1,012,397	1,020,686,489	2,704,606,729	-

Note: Depreciation for the year includes Prior period depreciation on leasehold land amounting Rs.935,050

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
7	INVESTMENTS		
	Long Term at Cost		
	Unquoted		
	In subsidiary companies		
	[Refer Note B-15 in Schedule 20]		
	VRL Infrastructure Limited	250,000	250,000
	(25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Consumer Goods Limited	500,000	500,000
	(50,000 [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Movers Limited	1,500,000	250,000
	(1,50,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Fashions Limited	500,000	500,000
	(50,000 [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Foods Limited		
	(50,000 [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Retail Ventures Limited	250,000	250,000
	(25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Knowledge Process Limited	250,000	250,000
	(25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)		
	In Joint Venture companies		
	VRL Retailer Business Solutions Limited		
	(5,628[P.Y. 5,628] equity shares of Rs. 10/- each , fully paid up)	56,280	56,280
		3,806,280	2,556,280

VISHAL RETAIL LIMITED

Schedules Forming Part of Balance Sheet as at March 31, 2010

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
8	SUNDRY DEBTORS		
	(Unsecured Considered Goods, unless otherwise stated)		
	Outstanding for period exceeding Six months	5,878,194	105,000
	Other Debt	23,279,041	28,454,388
		29,157,235	28,559,388
9	INVENTORIES		
	(as taken, valued & certified by the management)		
	Raw Materials	15,789,526	146,612,871
	Semi Finished Goods	14,681,885	72,236,279
	Stitching Materials & Consumables	33,177,975	65,317,317
	Finished Goods	2,135,962,905	6,386,646,145
		2,199,612,291	6,670,812,612
10	CASH & BANK BALANCES		
	Cash on hand (as certified by the management)	45,827,551	45,142,622
	Cash in Transit (CMS)	16,113,923	24,887,841
	Cheques/ Demand drafts on hand	1,835,702	-
	Balance with Scheduled Banks		
	In Current Accounts	34,951,313	53,558,066
	In Fixed Deposit Accounts [Refer Note B-4 of schedule 20]	11,045,724	25,800,998
		109,774,213	149,389,527
11	LOANS & ADVANCES		
	(Unsecured & considered good, unless otherwise stated)		
	Advance Income Tax, including taxes deducted at source [net of provision for tax aggregating to Rs.Nil (Upto P.Y. Rs.409,462,865)]	78,264,487	16,924,456
	Security Deposits/Advances	268,980,166	410,237,928
	Advances to Subsidiary Companies		
	VRL Infrastructure Limited (Refer Note B-19 of Schedule 20)		
	VRL Movers Limited (Refer Note B-19 of Schedule 20)		
	Advances receivable in cash or in kind or for value to be received	249,685,749	287,259,085
		596,930,402	715,042,441
12	CURRENT LIABILITIES		
	Sundry Creditors		
	-Due to Micro, Medium & Small Enterprises	26,617,302	25,815,984
	-Sundry Creditors-Other	1,758,999,654	911,040,870
	Provision for interest payable to MSME	6,834,368	3,181,680
	Refer Note B-18 of Schedule 20]		
	Interest Accrued But Not Due	110,539,211	97,516,996
	Book Overdraft	124,281,640	115,381,468
	Advances from Directors [Max. Balance Rs. 749,850 (P.Y. Rs. 749,850)]	749,850	749,850
	Other Liabilities	370,709,384	319,479,702
		2,398,731,409	1,473,166,550
13	PROVISIONS		
	Provision for Gratuity	26,531,920	20,152,526
	Provision for Leave Encashment	8,556,409	6,931,080
	Provision for Fringe Benefit Tax [Net of Advance FBT Rs. 15,419,647 (P.Y. Rs.15,419,647)]	6,095,253	6,095,253
	Provision for Wealth Tax	370,605	304,635
		41,554,187	33,483,494

VISHAL RETAIL LIMITED

Schedules Forming part of Profit and Loss Account for the year ended March 31, 2010

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
14	OTHER INCOME		
	Interest [T.D.S. Rs. 491,365 (P.Y. Rs.2,174,544)]	3,590,505	12,174,746
	Misc Income [T.D.S. Rs. 433,170 (P.Y. Rs.303,739)]	98,083,054	55,781,797
	Display Charges [T.D.S. 69,868(P.Y. Rs.163,445)]	28,602,715	22,569,615
	Dividend Income	-	4,309,244
		130,276,274	94,835,402
15	COST OF GOODS SOLD		
	Cost of Goods Sold	12,585,194,915	9,136,813,725
	[Refer Note B-9 of Schedule 20]	12,585,194,915	9,136,813,725
16	MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES		
	Fabrication & Other Manufacturing Expenses	7,114,756	87,369,357
	Power & Fuel Expenses	383,067,513	476,728,829
	Rent Charges	861,983,117	1,005,833,837
	Repairs & Maintenance-		
	- Building	18,449,497	42,388,184
	- Plant & Machinery	2,274,148	4,497,714
	- Others	66,608,468	210,988,108
	Insurance Charge	8,551,017	12,243,412
	Rates & Taxes	22,383,414	39,503,364
	Bank Charges	16,251,942	20,384,443
	Consultancy & Legal	54,922,281	64,722,640
	Motor Vehicle Expenses	7,347,127	12,287,028
	Printing & Stationery	15,128,115	70,981,455
	Security Service Charges	48,669,135	75,066,314
	Housekeeping Expenses	33,617,659	73,825,555
	Telephone Expenses	32,095,497	49,683,421
	Travelling & Conveyance	21,399,577	38,115,325
	Other Expenses	58,487,419	38,415,079
	Postage & Couriers Expenses	3,121,656	3,053,009
	Auditor Remuneration	2,649,045	2,120,914
	Directors' Sitting Fee	108,000	-
	Loss on Fixed Asset Sales	36,867,992	1,120,547
	Credit Cards Charges	21,388,699	29,490,731
		1,722,486,074	2,358,819,266

VISHAL RETAIL LIMITED

Schedules Forming part of Profit and Loss Account for the year ended March 31, 2010

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
17	EMPLOYEE COSTS		
	Salary, Wages & Bonus	801,611,896	1,096,374,905
	Director's Remuneration	-	9,937,176
	Gratuity Expenses	8,084,408	10,148,341
	Contribution to PF & others	50,895,883	65,596,180
	Staff Welfare Expenses	24,861,073	42,012,880
		885,453,260	1,224,069,482
18	SELLING & DISTRIBUTION EXPENSES		
	Advertisement & Sales Promotion	148,770,486	293,506,916
	Commission Charges	35,743,469	35,632,936
	Transportation Charges	169,288,794	165,448,878
	Packing Materials & Expenses	123,810,907	37,529,650
		477,613,656	532,118,380
19	FINANCE COST		
	Loan Processing Charges	3,145,000	38,239,006
	Interest on Bill Discounting	78,771,643	88,987,421
	Interest on Term Loans	72,058,750	108,549,523
	Interest on Unsecured Loans	4,899,447	14,937,877
	Interest on Vehicle Loans	2,848,886	5,045,393
	Interest on Working Capital Loans	583,288,711	536,292,559
	Interest on Debentures	152,566,085	171,212,545
		897,578,522	963,264,324

VISHAL RETAIL LIMITED

Schedules 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010.

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Revenue Recognition

- a. Revenue for retail sales are recognized on delivery of the merchandize to the customer, when the significant risk and rewards of the ownership of goods have been transferred to the buyer. Sales are net off discounts and sales return, sales tax/ Value Added Tax are reduced from turnover.
- b. In respect of gift vouchers, revenue is recognized when the gift vouchers are redeemed.
- c. Revenue from display are recognized based on the period for which product are displayed.
- d. Dividend income is recognized, when the right to receive the same is established.
- e. Interest is recognized on accrual basis.

4. Inventories

Inventories are valued as follows:

- a) Raw materials, stores/consumables & packing material: at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- b) Work in Progress : at lower of cost and net realizable value
- c) Finished goods: at lower of cost and net realizable value

Cost of inventory comprises of cost of purchase and other cost incurred in bringing the inventory to their present location and condition. Cost is determined by the weighted moving average cost method.

5. Fixed Assets and Depreciation / Amortization

a) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation on all fixed assets, except certain assets as mentioned below is provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956. In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis with reference to the number of days.

Individual assets costing equal to or less than Rs. 5,000/- is written off fully in the year of purchase.

Cost of leasehold land is amortized over the period of lease. Buildings on lease hold land are depreciated over the period of respective lease or over 20 years whichever is lower. The leasehold improvements are amortised over the period of lease.

b) Intangible Assets

Intangible Assets (Computer software) are stated at their cost of acquisition, less accumulated amortization and impairment loss thereon. An intangible asset is recognized where it is probable that future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

Computer software is amortized over a period of three years.

6. Impairment of Assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

7. Foreign Currency Transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions is recognised in the Profit and Loss Account.

8. Employee Benefits**(a) Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. Benefits such as salaries, wages, and bonus etc are recognized in the Profit and Loss Account in the period in which the employee renders the related service.

(b) Long term employee benefits:**(i) Defined contribution plans:**

The Contributions for Provident Funds & E.S.I.C. are deposited with the appropriate government authorities and are recognized in the Profit & Loss Account in the financial year to which they relate and there is no further obligation in this regard.

(ii) Defined Benefit Plans:

The Company provides for retirement benefits in the form of Gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under the defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

(iii) Other long term employee benefits

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gain and losses are recognized immediately in the Profit and Loss Account.

9. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments including investments in subsidiaries are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

10. Leases

Lease arrangements where the risk & rewards incidental to ownership of assets substantially vest with the Lessor, are recognized as Operating Leases. Lease rental under operating leases are recognized in the profit/loss account as per terms & conditions of the Lease Agreements.

11. Taxation

- a) Tax expenses comprises of Current Tax, Deferred Tax & Fringe Benefit Taxes. Current Income Tax and Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.
- b) Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax law enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each balance sheet date.

12. Earnings per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity anti-dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

13. Provisions & Contingent Liabilities

Provisions are recognized when the Company has a present obligation as a result of past events and it is more likely that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

Disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

B. NOTES TO ACCOUNTS

1. The financial statements as on 31st March, 2010 have been prepared by the Management on a "going concern basis" taking into account the present operations of the company.
2. **Contingent liabilities**

(Amount in Rs.)

Particulars	31 st March 2010	31 st March 2009
a. Outstanding Bank Guarantees	1,225,000	6,263,297
b. Disputed Sales Tax Demands - matter under appeal	4,687,235	4,687,235
c. Disputed Excise Duty demands – matter under appeal	500,000	3,201,968
d. Disputed Liability in respect of Income Tax demands - matter under appeal	127,166,302	3,323,879
e. Claims against the Company not acknowledged as debts	296,461,235	134,613,270
f. Claims by Provident Fund Department	113,929,006	Nil
Total	543,968,778	152,089,649

The Company has made provision in the books of account in the current year with respect to amount payable to Labour Welfare Fund. The liability on account of the same was not provided for in the earlier years and the same cannot be ascertained, which in the view of the management is not likely to be material.

3. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of accounts (net of advances):

(Amount in Rs.)

Particulars	31 st March 2010	31 st March 2009
a. Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	462,000	19,367,312

4. There is a lien on Fixed Deposits of Rs. 8,556,525 (Rs. 9,708,297) towards Bank Guarantee provided by Banks for the company.

5. Securities for Loans.

Bank	Security
State Bank of India, HSBC & HDFC Bank	<ul style="list-style-type: none"> First charge on pari passu basis on all the fixed assets of the company. First pari passu charge over all the receivables and stocks and current assets of the company. First Pari passu charge by way of equitable mortgage of property in the name of Vishal Water World Pvt. Ltd. situated at Kouchapukur, PO Hatgachia, dist 24 Parganas (West Bangal) First pari passu charge by way of equitable mortgage of property in the name of VRL situated at Khasra No. 122/43,122/44, Mouza Central Hope town (Selakui), Paragana Pachwodoon, Tehsil Vikas Nagar, district Dehradun. First pari passu charge by way of equitable mortgage of property in the name of VRL situated at Krishnanagar Village, Taluq Hubli, District Dharwad. First pari passu charge by way of equitable mortgage of property in the name of VRL situated at PJE Plaza, deg No.77-78,81,82 Khasra B no.655-11-5-12, Mauza -Kyenjara, VIP road, Kolkata (except ground floor which is exclusively mortgaged to HDFC Bank) Personal Guarantee of Mr. Ram Chandra Agarwal, Mr. Surendra Kumar Agarwal, Mrs. Uma Agarwal Corporate Guarantee of Vishal World Pvt. Limited.
HDFC Bank	<p>Loan against property)also available for HDFC Term Loans</p> <ul style="list-style-type: none"> First charge on the basement and ground floor of property at 52/6 VIP Road, Kolkata, West Bengal in the name of VRL. First charge on property at 896, Golbazar, Wright Town, Jabalpur
Bank of India	<ul style="list-style-type: none"> Exclusive charge of property at industrial land Khata no.329, Khasra No. 122/43,122/44 Mouza Central Hope town, (Saelakui), Paragana Pachwodoon, Tehsil Vikas Nagar, District Dehradun (Note: this is a small piece of land measuring 0.57 acres distinct from the other property at Dehradun over which SBI,HDFC and HSBC have a charge) Subservient charge on Current Assets Personal Guarantee of Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal. Pledge of 953,770 shares of VRL. Corporate Guarantee of Unicorn Marketing Private Limited.(Liability limited to the extent of shares pledged(7,70,000 shares of VRL) Post dated Cheques for Principal Amount + FITL
ICICI Bank	<p>Vehicle Loan</p> <ul style="list-style-type: none"> First Charge on Vehicle under finance and Personal guarantee of Promoters
Kotak Mahindra Bank	<p>Vehicle Loan</p> <ul style="list-style-type: none"> Charge on Vehicle under finance and Personal guarantee of Promoters
ICICI Bank	<p>Equipment Loan</p> <ul style="list-style-type: none"> Charge on Fixed Assets under finance, and Personal Guarantee of Promoters

6. Secured Loan repayable within a year is Rs. 592,081,863 (P. Y. Rs.352,357,918).

7. Unsecured Non-convertible Debentures issued to LIC Mutual Fund Asset Management Company Limited are redeemable on monthly basis from 30th June, 2009 to 31st May, 2011 as per the agreed schedule. Unsecured Non-convertible Debentures issued to Deutsche Trustee Services (I) Private Limited were repayable on 25th August, 2009. These debentures have not been redeemed/ repaid as per terms of the related debentures.

8. During the year, the Company has submitted its proposal under Corporate Debt Restructuring (CDR) mechanism to CDR cell for restructuring its secured as well as unsecured debts. SBI, HDFC, HSBC, ING Vyasa, UCO Bank and BOI are participating banks under the CDR mechanism.

The CDR Empowered Group has considered the proposal of the Company.

9. The Company had initiated the process of identifying non-moving, slow moving, obsolete, damaged inventory, shortages due to pilferage in all the categories i.e. Raw material and finished goods for all the stores and warehouses across India during the previous year, which is now completed. The company has recognized an aggregate amount of Rs. 3,417,159,919 as write off on account of the above, which is charged to Profit & loss account for the year ended 31st March 2010 and is included in Cost of Goods Sold in Schedule 15.
10. The company has recognized Rs. 507,897,976 as Extra-ordinary item during the year on account of Loss of Inventory due to fire in distribution centre at Gurgaon, on 4th June, 2009.
11. In the opinion of the management, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
12. Inventory valued at Rs.2,199,612,291 lying at various stores and warehouses of the Company spread across the country are as physically verified by other Chartered Accountants and relied upon by the auditors of the Company.
13. During the year the company shut down 15 stores and added 11 new stores across various locations.

14. Preferential Issue of Warrants

In order to meet the fund requirement of the company, the company has come out with preferential allotment of 3,910,000 Warrants to the promoters during the year at an issue price of Rs. 60/- calculated under SEBI (DIP) Guidelines, 2000 on preferential basis duly approved by Shareholders and Board of Directors of the company. These warrants issued on 30th October, 2009 are convertible into equity shares on or before 18 months from the date of issue.

15. Details of Investments required by Schedule VI are as under:-

(Amount in Rs.)

Particulars	As at 31 st March 2009		Purchase during the year		As at 31 st March 2010	
	Units	Value(Rs.)	Units	Value(Rs.)	Units	Value(Rs.)
VRL Movers Limited	25,000	250,000	125,000	1,250,000	150,000	1,500,000

16. The details of Auditors' remuneration(excluding Service Tax) is as under

(Amount in Rs.)

Particulars	2009-10	2008-09
Statutory Audit	1,725,000	1,500,000
Limited Review	450,000	375,000
Other Matters	65,000	-
Out of Pocket Expenses	178,325	45,064
Total	2,418,325	1,920,064

17. The details of Managerial Remuneration paid to Directors

(Amount in Rs.)

Name of The Directors	2009-10	2008-09
Mr. R.C. Agarwal	Nil	6,000,000
Mrs. Uma Agarwal	Nil	900,000
Mr. S.K. Agarwal	Nil	3,037,176
Total	Nil	9,937,176

The above managerial remuneration does not include expense towards gratuity since the same is based on actuarial valuations carried out for the company as a whole.

Remuneration amounting Rs.2,623,572 paid during the year has been subsequently reversed. The unrecovered amount of Rs. 1,600,333 has been shown as recoverable from directors under the head Loans & Advances.

18. The company has provided for interest amounting Rs. 3,652,688 (Previous Year Rs. 3,181,680) on delayed payments and outstanding balance of MSME Creditors as on 31st March, 2010. This information is required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. In terms of notification no. G.S.R. 719(E) dated November 16, 2007 issued by the Central Government of India, the disclosure of payments due to any supplier as at March 31, 2010 are as follows:

(Amount in Rs.)

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Balance of Sundry Creditors		
- Principal amount due to Micro, Small and Medium Enterprises	26,617,302	25,815,984
- Principal amount due to Others	1,758,999,654	911,040,870
Total	1,785,616,956	936,856,854
Interest accrued and due at the end of the year		
- Interest on payments due to Micro, Small and Medium Enterprises	6,834,368	3,181,680
- Interest on payments due to others	-	-
- Interest due and payable on amounts paid during the year to Micro, Small and Medium Enterprises beyond the appointed date	-	-
Total	6,834,368	3,181,680
Paid during the year		
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	Nil	Nil
- Principal amount	-	-
- Interest thereon	-	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	148,867,019	NA
Others		
- Interest accrued in the prior year and paid during the year	-	-
- Interest accrued during the year and paid during the year	-	-

19. Disclosure in respect of Loans and Advances in nature of Loans pursuant to Clause 32 of the Listing agreement:

Loans given to subsidiaries and associate companies

(Amount in Rs.)

S No.	Name of the Company	Type of Loan/ Advance	As at 31.03.2010		As at 31.03.2009	
			Outstanding Balance	Maximum Balance	Outstanding Balance	Maximum Balance
1	VRL Infrastructure Limited	Short Term	NIL	438,386	438,386	438,386
2	VRL Movers Limited	Short Term	NIL	1,532,586	182,586	182,586

20. The Company is engaged in the business of retail sales of garments, textiles, accessories and FMCG in India and there are no separate reportable segments as per AS-17 "Segment reporting" notified by Companies (Accounting Standards) Rules, 2006.
21. Deferred Tax

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of Rs.2,178,529,145 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at 31st March, 2010 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2010.

(Amount in Rs.)

Particulars	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liabilities		
On account of Depreciation	-	35,468,232
Total Deferred Liabilities	-	35,468,232
Deferred Tax Assets		
On account of Depreciation	6,571,867	-
Provision for Gratuity	9,018,200	6,849,844
Provision for Leave Encashment	2,908,322	2,355,874
Bonus	12,432,359	6,551,471
Carry Forward of Losses	2,595,569,092	467,681,738
Total Deferred Assets	2,626,499,840	483,438,927
Net Deferred Tax Assets/ (Liabilities)	2,626,499,840	447,970,695

22. Disclosures Pursuant to Accounting Standard 15 "Employee Benefits":

a) Defined Contribution Plans

- i. Provident Fund
- ii. State Defined Contribution Plans

The Company has recognized the following amounts in the Profit and Loss Account for the year:

(Amount in Rs.)

Particulars	2009-10	2008-09
Contribution to Provident Fund	34,628,288	44,218,223
Contribution to Employee's State Insurance Scheme	16,210,550	21,256,115

b) Defined Benefit Plans

Gratuity: Valuation of liability in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date.

Particulars	31.3.2010 (Amount in Rs.)	31.3.2009 (Amount in Rs.)
(i) Actuarial Assumptions		
(i) Discount Rate (Per annum)	7.60%	7.00%
(ii) Rate of increase in Compensation levels	10.00%	10.00%
(iii) Rate of Return on Plan Assets	—	—
(iv) Expected Avg. remaining working lives of employees in no. of Years	30.56 Years	31 Years
(ii) Changes in present Value of Obligation		
(a) Present value of Obligation as at 1 st April 2009	20,152,526	10,004,185
(b) Interest Cost	1,410,677	800,335
(c) Past Service Cost	1,189,703	—
(d) Current Service Cost	7,735,658	8,254,984
(e) Benefit Paid	(1,705,014)	—
(f) Actuarial(Gains)/Loss	(2,251,630)	1,093,022
(g) Present value of Obligation as at 31 st March, 2010	26,531,920	20,152,526
(iii) Changes in Fair value of Plan Assets	-	-
(iv) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets		
(a) Present value of Funded Obligation as at 31 st March, 2010	-	-
(b) Fair value of Plan Assets as at 31 st March, 2010	-	-
(c) Funded (Asset)/Liability recognized in the Balance Sheet	-	-
(d) Present value of Unfunded Obligation as at 31 st March, 2010	26,531,920	20,152,526
(e) Unrecognized Past Service Cost	-	-
(f) Unrecognized Actuarial(Gain)/Loss	-	-
(g) Unfunded Net Liability recognized in the Balance Sheet	26,531,920	20,152,526
(v) Amounts recognized in the Balance Sheet		
(i) Present Value of Obligation as at 31 st March 2010	26,531,920	20,152,526
(ii) Fair value of Plan Assets as at 31 st March 2010	-	-
(iii) Asset)/ Liability recognized in the Balance Sheet	26,531,920	20,152,526
(vi) Expenses recognized in the Profit and Loss Account		
(a) Current Service Cost	7,735,658	82,54,984
(b) Past Service Cost	1,189,703	-
(c) Interest Cost	1,410,677	800,335
(d) Expected Return on Plan Assets	-	-
(e) Net Actuarial(Gain)/Loss	(2,251,630)	1,093,022
(f) Employees' Contribution	-	-
(g) Total Expenses recognized in the Profit and Loss Account	8,084,408	10,148,341

(vii) Amount for the Current Period		
(a) Present Value of Obligation	26,531,920	20,152,526
(b) Plan Assets	-	-
(c) Surplus (Deficit)	(26,531,920)	(20,152,526)
(d) Experience adjustments on plan liabilities - (Loss)/Gain	2,848,209	(2,36,251)
(e) Experience adjustments on plan assets - (Loss)/Gain	-	-

Note: The Payment of Gratuity (Amendment) Act 2010 has been notified by the Central Government to be effective from 24th May, 2010 vide Notification No. S.O. 1217(E), dated 24-5-2010 enhancing the limit for gratuity to Rs.10,00,000 as against Rs.3,50,000 earlier. The Company has accounted for gratuity provision based on revised limit of Rs.10,00,000.

c) Defined Benefit Plans

Leave Encashment: Valuation of liability in respect of Leave Encashment has been carried out by independent actuary, as at the Balance Sheet date.

	Particulars	31.3.2010 (Amount in Rs.)	31.3.2009 (Amount in Rs.)
(i) Actuarial Assumptions			
i)	Discount Rate (Per annum)	7.60%	7.00%
ii)	Rate of increase in Compensation levels	10.00%	10.00%
iii)	Rate of Return on Plan Assets	-	-
iv)	Expected Avg. remaining working lives of employees in no. of Years	30.56 Years	31.04 Years
(ii) Changes in present Value of Obligation			
(a)	Present value of Obligation as at 1 st April 2009	6,931,080	-
(b)	Interest Cost	485,176	-
(c)	Past Service Cost	-	-
(d)	Current Service Cost	5,424,517	6,931,080
(e)	Benefit Paid	(2,951,754)	(2,502,211)
(f)	Actuarial(Gains)/Loss	(1,332,610)	2,502,211
(g)	Present value of Obligation as at 31 st March, 2010	8,556,409	6,931,080
(iii) Changes in Fair value of Plan Assets		-	-
(iv) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets			
(a)	Present value of Funded Obligation as at 31 st March, 2010	-	-
(b)	Fair value of Plan Assets as at 31 st March, 2010	-	-
(c)	Funded (Asset)/Liability recognized in the Balance Sheet	-	-
(d)	Present value of Unfunded Obligation as at 31 st March, 2010	8,556,409	6,931,080
(e)	Unrecognized Past Service Cost	-	-
(f)	Unrecognized Actuarial(Gain)/Loss	-	-
(g)	Unfunded Net Liability recognized in the Balance Sheet	8,556,409	6,931,080
(v) Actuarial gain / loss recognized for the period			
	Actuarial (gain) / loss recognized for the period-Obligation	(1,332,610)	(2,502,211)
	Actuarial (gain) / loss recognized for the period-Plan Assets	-	-
	Total (gain) / loss for the period	(1,332,610)	2,502,211
	Actuarial (gain) / loss recognized in the period	(1,332,610)	2,502,211
	Unrecognized actuarial (gains) / losses at the end of period	-	-
(vi) Amounts recognized in the Balance Sheet			
(i)	Present Value of Obligation as at 31 st March 2010	8,556,409	6,931,080
(ii)	Fair value of Plan Assets as at 31 st March 2010	-	-
(iii)	Asset/ Liability recognized in the Balance Sheet	8,556,409	6,931,080

(vii) Expenses recognized in the Profit and Loss Account		
(a) Current Service Cost	5,424,517	6,931,080
(b) Past Service Cost	-	-
(c) Interest Cost	485,176	-
(d) Expected Return on Plan Assets	-	-
(e) Net Actuarial(Gain)/Loss	(1,332,610)	2,502,211
(f) Employees' Contribution	-	-
(g) Total Expenses recognized in the Profit and Loss Account	4,577,083	9,433,291
(viii) Amount for the current period		
Present value of obligation	8,556,409	6,931,080
Plan Assets	-	-
Surplus (Deficit)	(8,556,409)	(6,931,080)
Experience adjustments on plan liabilities-(Loss) / gain	1,229,104	2,502,211
Experience adjustments on plan liabilities-(Loss) / gain	-	-

23. The Disclosure as required by the Accounting Standard -18 (Related Party Disclosure) are given below:-

Names of related parties with whom transactions have taken place and relationship

Name	Designation	Relationship
Mr. Ram Chandra Agarwal	Director	Key Managerial Personnel
Mr. Surendra Kumar Agarwal	Director	Key Managerial Personnel(upto 30 th September, 2009)
Mrs. Uma Agarwal	Director	Key Managerial Personnel
Mr. Jai Prakash Shukla	Director	Key Managerial Personnel (from 30 th September, 2009)
VRL Infrastructure Limited		Subsidiary Company
VRL Consumer Goods Limited		Subsidiary Company
VRL Movers Limited		Subsidiary Company
VRL Fashions Limited		Subsidiary Company
VRL Retailer Business Solutions Pvt. Limited		Joint Venture Company
VRL Retailer Ventures Limited		Subsidiary Company
VRL Knowledge Process Limited		Subsidiary Company
VRL Foods Limited		Subsidiary Company
Unicon Marketing Pvt. Ltd.		Two directors of Vishal Retail Limited are directors in the Company.
Ricon Commodities Pvt. Ltd.		Two directors of Vishal Retail Limited are directors in the Company.
Vishal Water World Private Ltd.		Two directors of Vishal Retail Limited are directors in the Company.

Details of Transaction with related parties

Particulars	31-03-2010	31-03-2009
1. Loans Repaid/ (Refunded)		
VRL Infrastructure Ltd.	(438,386)	-
VRL Mover Ltd.	(1,532,586)	-
Ram Chandra Agarwal	116,023,239	35,500,000
Unicon Marketing Pvt Ltd.	65,300,000	7,600,000
2. Loans Granted		
VRL Movers Limited	1,350,000	2,600,000
VRL Infrastructure Limited	-	416,984
VRL Retailer Business Solutions Pvt. Ltd.	-	33,600
3. Loans Accepted		
VRL Mover Ltd.	-	-
Unicon Marketing Pvt Ltd.	53,391,033	2,900,000
Mr. Ram Chandra Agarwal	111,000,000	95,500,000

4. Managerial Remuneration		
Mr. Ram Chandra Agarwal	-	6,000,000
Mrs. Uma Agarwal	-	900,000
Mr. Surendra Kumar Agarwal	-	3,037,176
5. Investment in Subsidiaries and Joint Ventures		
VRL Retailer Business Solutions Pvt. Ltd.	-	56,280
VRL Retail Ventures Limited	-	250,000
VRL Knowledge Process Limited	-	250,000
VRL Consumer Goods Limited	-	250,000
VRL Movers Limited	1,250,000	-
VRL Fashions Limited	-	250,000
VRL Foods Limited	-	250,000
6. Investment Purchased From Directors		
Mr. Ram Chandra Agarwal	-	749,850
7. Interest Recived		
VRL Movers Ltd.	-	82,586
VRL Infrastructure Limited	-	21,402
Outstanding as at the Balance Sheet Date		
7. Amount Receivable		
Remuneration Recoverable from S.K. Agarwal	1,287,912	-
Remuneration Recoverable from Uma Agarwal	312,421	-
VRL Infrastructure Limited	-	438,386
VRL Movers Limited	-	182,586
8. Amount Payable		
Mr. Surendra Kumar Agarwal	-	5,784
Mr. Ram Chandra Agarwal	54,976,761	60,867,772
Mrs. Uma Agarwal	-	99,997
Unicon Marketing Pvt Ltd.	7,196,145	19,105,112
Vishal Water World Pvt Ltd.	1,732,680	1,732,680
9. Issue of Share Warrant		
39,10,000 Convertible Share Warrant Issued to Mr. R.C. Agarwal, Managing Director, 25% of Total Consideration received	58,650,000	-

24. Details of Interest in Joint Ventures :

The Company's share of Assets, Liabilities, Income & Expenses of jointly controlled entity are as follows:

Name of the Company	Description of Interest	Country of Incorporation	Percentage Interest as at 31.03.10	Percentage Interest as at 31.03.09
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%
Name	As at 31.03.2010		As at 31.03.2009	
	Assets (Rs.)	Liability (Rs.)	Assets (Rs.)	Liability (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	1,418,699	161,415	2,326,308	122,343
Name	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Income (Rs.)	Expenditure (Rs.)	Income (Rs.)	Expenditure (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	10,373	1,355,293	1,406	75,437

There are no contingent liabilities in respect of the Joint Venture. The above figures are based on latest available unaudited accounts, drawn on the respective dates as certified by the management.

25. The calculation of Earning per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 notified by Companies Accounting Standard Rules, 2006. A statement on calculation of Basic and Diluted EPS is as under:

Particulars	UNIT	31-03-2010	31-03-2009
Profit/(Loss) After Tax & prior period items and Before Extraordinary Items	Rs.	(3,639,271,567)	(944,856,402)
Profit/ (Loss) after Tax , prior period items & extraordinary items	Rs.	(4,147,169,543)	(944,856,4042)
Weighted average number of equity shares	Nos.	22,398,869	22,398,869
Weighted average number of equity shares for Dilutive EPS	Nos.	22,398,869	22,398,869
Basic Earning Per Share (before extra ordinary items)	Rs.	(162.47)	(42.18)
Basic Earning Per Share (after extra ordinary items)	Rs.	(185.15)	(42.18)*
Diluted Earning Per Share (before extra-ordinary items)	Rs.	(162.47)	(42.18)
Diluted Earning Per Share (after extra ordinary items)	Rs.	(185.15)	(42.18)

26. Disclosure as per Accounting Standard -29, "Provisions, Contingent Liabilities and Contingent Assets:" for earned points on Co-branded SBI Credit Cards

(Amounts in Rs.)

Particulars	2009-10	2008-09
Opening	100,000	100,000
Provision During the Year	NIL	NIL
Closing Balance	NIL	100,000

27. Lease

The company has taken premises for showroom for 12 years lease/license period with lock in period of one to three year. The escalation clause is variable between 12% to 15% after every three years and the company generally takes three month rent free time from the date of possession given by the landlord.

Obligations on long term, non-cancelable operating leases.

The lease rentals charged during the year and maximum obligations on long term non-cancelable operating leases payable as per the rentals stated in the respective agreements.

(Amount in Rs)

Particular	2009-10	2008-09
A). Lease Rentals recognized during the year in Profit & Loss Account*	861,983,117	1,005,833,837
Obligations		
Within one year of the balance sheet date	116,113,070	323,389,396
Due in a period between one year and five years	23,532,253	152,644,155
Due after five years (as lease are cancelable by the Company after three to five years)	NIL	NIL

* Lease rental for the year includes contingent rent amounting Rs. 4,869,084 calculated on the basis of sales.

In respect of residential premises taken on lease on short term basis, relevant agreement had not been executed as per the practice prevalent in that area. The relevant disclosure for future lease commitments, if any in respect of such leases is not ascertainable.

28. Prior Period Items

Items of prior period debited to the Profit & Loss Account are as under:

Particulars	31 st March 2010(Amount Rs)
Expenses	
Service Tax	22,004,388
Depreciation	935,050
Rent	5,906,463
Capital Work in progress written off	7,869,388
Others	1,670,242
Total Expenses	38,385,531
Income	
Miscellaneous Income	9,102,990
Total Income	9,102,990
Net Prior Period Expense	29,282,541

29. Additional information in pursuance of the provisions of the paragraph 3, 4C, 4D, Part II of Schedule VI of the Companies Act, 1956, as certified by the Management of the Company.

a) **Licensed / Installed annual capacity and production (apparels) - in Units**

Particulars	2009-10	2008-09
Licensed Capacity	N.A.	Not applicable
Installed Capacity (own)	N.A.	6,000,000*
Actual Production including through job work for the year	N.A.	3,243,315*
Installed Capacity is as certified by the management and relied upon by the auditors, being a technical matter.		

b) **Value of Import on CIF Basis**

(Amount in Rs)

Particulars	2009-10	2008-09
Fixed Assets	NIL	46,926,421
Purchase of merchandise	NIL	338,477,717

c) **Expenditure in Foreign Currency**

(Amount in Rs)

Particulars	2009-10	2008-09
Traveling Expenses	1,326,450	1,048,122

d) **Quantitative movement of finished goods (Qty in units, and Value in Rs.)**

Quantitative Details for the year ended March 31, 2010

Category	Opening Qty 01.04.09	Opening Value	Purchase (Qty)	Purchase Value	Sales (Qty)	Sales Value	Closing Stock Qty	Closing Stock Value 31.03.10
Apparel	20237630	3907648754	37023798	4215073292	39838676	5723014537	10430477	1171088143
FMCG	-	327290960	-	2448369546	-	2577132978	-	287982965
Non Apparel	-	2151706431	-	2086322243	-	2754444987	-	676891797
Grand Total	20237630	6386646145	37023798	8749765081	39838676	11054592502	10430477	2135962905

Quantitative Details for the year ended March 31, 2009

Category	Opening Qty 01.04.08	Opening Value	Purchase (Qty)	Purchase Value	Sales (Qty)	Sales Value	Closing Stock Qty	Closing Stock Value 31.03.09
Apparel	21849413	2873747589	37475386	5198860106	39087169	7791254575	20237630	3907648754
FMCG	-	778793088	-	2248346204	-	3374606707	-	327290960
Non Apparel	-	1664862603	-	2878228033	-	2764451579	-	2151706431
Grand Total	21849413	5317403280	37475386	10325434343	39087169	13930312861	20237630	6386646145

Notes:

- The Company is dealing in a large number of products at several locations across the country. The quantitative information required in terms of Schedule VI of the Companies Act, 1956 has been furnished only in respect of major items, namely, apparels. Other items have been broadly grouped as FMCG and Non-Apparels (household goods and other accessories) and the quantitative information in respect of these groups is not practically possible in view of numerous different units of measurement and the nature of retailing operations of the Company.
- It is not practicable to furnish quantitative information/ consumption of raw material in view of large number of items which differ in size, units of measurement and nature.

30. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date attached
For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

Raj Kumar Agarwal
Partner
M. No. 074715

For and on behalf of the Board
Vishal Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Arun Gupta
Company Secretary

Place: New Delhi
Date: May 31, 2010

VISHAL RETAIL LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sl. No.	NAME OF THE SUBSIDIARY	VRL Fashions Limited	VRL Consumer Goods Limited	VRL Knowledge Process Limited	VRL Retail Ventures Limited	VRL Foods Limited	VRL Movers Limited	VRL Infrastructure Limited
1.	Financial year of the subsidiary	01.04.09 – 31.03.10	01.04.09 – 31.03.10	01.04.09 – 31.03.10	01.04.09 – 31.03.10	01.04.09 – 31.03.10	01.04.09 – 31.03.10	01.04.09 – 31.03.10
2.	Extent of holding company's interest in the subsidiary	100%	100%	50%	50%	100%	50%	50%
	- No. of shares	50000	50000	25000	25000	50000	150000	25000
	- % holding (equity)	100%	100%	50%	50%	100%	50%	50%
	- % holding (preference)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Net aggregate amount of subsidiary's profit /losses so far as they concern members of the holding company and not dealt with in the holding company's accounts.							
	a) for subsidiary's financial year	NA	NA	NA	NA	NA	NA	NA
	b) for subsidiary's previous financial year since it became subsidiary	NA	NA	NA	NA	NA	NA	NA
4.	Net aggregate amount of subsidiary's profit /losses so far as they concern members of the holding company and dealt with in the holding company's accounts.							
	a) for subsidiary's financial year	NA	NA	NA	NA	NA	NA	NA
	b) for subsidiary's previous financial year since it became subsidiary	NA	NA	NA	NA	NA	NA	NA
5.	Change in the interest of holding company between the end of subsidiary's financial year and the end of holding company's financial year.	NA	NA	NA	NA	NA	NA	NA
6.	Material changes between the end of subsidiary's financial year and the end of holding company's financial year.							
	a) Fixed Assets	NA	NA	NA	NA	NA	NA	NA
	b) Investments disposed off.	NA	NA	NA	NA	NA	NA	NA
	c) Monies lent by subsidiary	NA	NA	NA	NA	NA	NA	NA
	d) Monies borrowed by the subsidiary other than for meeting current liabilities	NA	NA	NA	NA	NA	NA	NA

New Delhi
Date: 30.09.2010

Sd/-
Ram Chandra Agarwal
Chairman & Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Balance sheet abstract and Company 's general Business Profile

I. CIN No. U74999DL2001PLC147724 State Code 55

Balance sheet date 31st March 2010

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Share Warrant	58650

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	9609589	Total Assets	9609589
Sources of Funds		Application of Funds	
Paid-up Capital	233764	Net Fixed Assets	2215093
Reserves & Surplus	1713496	Investments	3806
Secured Loans	3816877	Net Current Assets	495189
Unsecured Loans	3845452	Deferred Tax Assets	2626500
		Accumulated Loss	4269001

IV. Performance of Company : (Amount in Rs. thousand)

Turnover	11054592	Total Expenditure	16496568
Profit/(Loss) before tax	(4086743)	Profit/(Loss) after tax &	(4147170)
Earning per Share (Rs.)	(185.15)	Provision	(60427)
		Dividend Rate %	Nil

V. Generic Names of principal products, services of the Company :

Item Code No.	N.A.
Product Description	Garments & Accessories

As per our report of even date attached
For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

Raj Kumar Agarwal
Partner
M. No. 074715

For and on behalf of the Board
Vishal Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Arun Gupta
Company Secretary

Place: New Delhi
Date: May 31, 2010

VRL CONSUMER GOODS LIMITED

DIRECTORS' REPORT -

To

The Members

VRL Consumer Goods Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2010.

Performance

The company did not carry any business activities during the financial year ended March 31, 2010.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2010, the Board of Directors of the company do not recommend any dividend for the financial year ended March 31, 2010.

Public Deposits

The company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under, during the period.

Auditors

The existing auditors **M/S Chhaparia & Associates** Chartered Accountants retire at the conclusion of this AGM and being eligible offer themselves for reappointment.

Material changes and events

There have been no material changes/events after the balance sheet date.

Directors

Mr. Ram Chandra Agarwal, Director of the Company retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

There was no employee of the Company during the period, whose particulars are required to be given in the Director's Report under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The particulars regarding conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) rules, 1988 are not applicable to the company.

Details of Foreign Exchange Earnings and Outgoing are as follows:

	Current Year (Rs.)
(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

The observations made in the Auditor's Report are self explanatory and therefore do not call any further comments under Section 217(3) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the directors had prepared the annual accounts for the financial year ended 31st March, 2010, on a going concern basis.

Acknowledgement

Your Directors wish to place on record their deep appreciation for valuable co-operation from the various departments of Government, Shareholders, associates, banker etc.

**On behalf of the Board of Directors
For VRL Consumer Goods Limited**

Date: 18-8-10
Place : New Delhi

Sd/-
Ram Chandra Agarwal
Chairman

VRL CONSUMER GOODS LIMITED

AUDITORS' REPORT

To

The Members of

VRL Consumer Goods Limited

1. We have audited the attached Balance Sheet of VRL Consumer Goods Limited as at 31st March, 2010 of the Company, the Profit and Loss Account and Cash Flow Statement for the period 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.
2. We conducted our 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's 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 of the company as we considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) 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:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2010;
 - (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - (iii) in the cash of Cash Flow Statement, of the cash flows for the period ended on that date.

This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

For Chhaparia & Associates
Chartered Accountants
Registration No. 3221698E
(Govind Prasad Basaiwala)

Place : New Delhi
Dated: 29-May-2010

(Partner)
Membership No. 062389

VRL CONSUMER GOODS LIMITED**Balance Sheet as at 31st March 2010**

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Share Capital	A	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	B	65,690.00	82,050.00
Loans & Advances	C	192,250.00	192,250.00
		<u>257,940.00</u>	<u>274,300.00</u>
Less: Current Liabilities & Provisions	D	<u>4,412.00</u>	<u>13,360.00</u>
Net Current Asset		253,528.00	260,940.00
Miscellaneous Expenditure	E	-	239,060.00
<i>(to the extent not written off or adjusted)</i>			
Profit & Loss a/c			
<i>(debit balance as per annexed A/c)</i>		246,472.00	-
		<u>500,000.00</u>	<u>500,000.00</u>
Significant accounting policies and notes on accounts G			
In terms of our attached report of even date			

For Chhaparia & Associates**Chartered Accountants****VRL Consumers Goods Limited****Sd/-****Ram Chandra Agarwal****DIN -00491885****Sd/-****Uma Agarwal****Din - 00495945****(Govind Prasad Basaiwala)****Partner****Membership No : 062389**

Place : New Delhi.

Dated : 29 May 2010

VRL CONSUMER GOODS LIMITED**Profit and Loss Account for the year ended 31st March 2010**

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME		-	-
		-	-
EXPENDITURE			
Administrative & Other Expenses	F	246,472.00	-
		246,472.00	-
		246,472.00	-
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(246,472.00)	-
<i>Prior Period Adjustments (Net)</i>		-	-
PROFIT/(LOSS) AFTER TAX		(246,472.00)	-
Balance brought forward from last year		-	-
BALANCE CARRIED TO BALANCE SHEET		(246,472.00)	-
Significant accounting policies and notes on accounts	G		

For Chhaparia & Associates

Chartered Accountants

VRL Consumers Goods Limited

Sd/-

Ram Chandra Agarwal

DIN -00491885

Sd/-

Uma Agarwal

Din - 00495945

(Govind Prasad Basaiwala)

Partner

Membership No : 062389

Place : New Delhi.

Dated : 29 May 2010

VRL CONSUMER GOODS LIMITED

Cash Flow Statement for the year ended 31st March 2010

		(Amount in Rs.)	
PARTICULARS	31st March 2010	31st March 2009	
A. Cash Flow from Operating Activities			
Net Profit Before Tax and Extra Ordinary Items	(246,472)	-	
Adjustments For :			
Preliminary/Preoperative Expenses Written Off	239,060	-	
Operating Profit before working capital changes	(7,412)	-	
Adjustment for Changes in Working Capital			
Increase/(Decrease) in Other Payable	(8,948)	-	
Net Cash from Operating Activities	(16,360)	-	
B. Cash Flow from Investing Activities			
Net Cash from/ (used in) Investing Activities	-	-	
C. Cash Flow from Financing Activities			
Proceeds from issue of Equity Share Capital	-	57,700	
Preliminary/Preoperative Expenses	-	(67,700)	
Net Cash from/ (used in) Financing Activities	-	(10,000)	
Net Increase / (Decrease) in Cash & Cash Equivalents	(16,360)	(10,000)	
(A+B+C)			
Cash & Cash Equivalents as at 01.04.2009	82,050	92,050	
Cash & Cash Equivalents as at 31.03.2010	65,690	82,050	
In terms of our report of even date annexed			

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

VRL Consumers Goods Limited

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

VRL CONSUMER GOODS LIMITED

Schedules Attached to Balance Sheet

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
A	SHARE CAPITAL		
	Authorised		
	1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
	(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
	Issued, Subscribed & Paid-up		
	50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
	(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)	500,000.00	500,000.00
B	CASH & BANK BALANCES		
	Cash in hand (as certified by the Management)	65,690.00	82,050.00
		65,690.00	82,050.00
C	LOANS & ADVANCES		
	(unsecured, considered good)		
	Advances		
	(receivable in cash or in kind or for value to be received)	192,250.00	192,250.00
		192,250.00	192,250.00
D	CURRENT LIABILITIES & PROVISIONS		
	Current Liabilities		
	For Expenses	4,412.00	13,360.00
		4,412.00	13,360.00
E	MISCELLANEOUS EXPENDITURE		
	(to the extent not written off or adjusted)		
	Preliminary Expenses	-	225,700.00
	Preoperative Expenses	-	13,360.00
		-	239,060.00
F	ADMINISTRATIVE & OTHER EXPENSES		
	(to the extent not written off or adjusted)		
	Filing Fees	3,000.00	-
	Audit Fees	4,412.00	-
	Other Expenses	239,060.00	-
		246,472.00	-

VRL CONSUMER GOODS LIMITED

Schedules Attached to Balance Sheet

SCHEDULE - G

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

1 GENERAL

- i) The Financial Statements have been prepared under the Historical Cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies, not specially referred to, are consistent with generally accepted accounting principles. The same are prepared on a going concern basis.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B NOTES ON ACCOUNTS

- 1 The disclosure as required by the AS - 18 (Related Party Disclosure) are given below:

(a) List of Related Parties

Key Management Personnel

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Sunil Hirawat	Director

Others

Vishal Retail Limited	Holding Company
-----------------------	-----------------

(b) Transactions with Related Parties (Amount in Rs.)

Nature of Transactions	Key Management Personnel	Others
(c) Balance as on 31.03.2010	192,250.00	-
	(192,250.00)	(-)

- 2 The Company does not have any deferred tax liabilities. The deferred tax assets in the form of carry forward of business loss has not accounted for in view of prudence.
- 3 As per information available in the records, the company does not owe any sum to any Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures are not required.
- 4 Figures in the bracket indicates previous year figures.
- 5 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL CONSUMER GOODS LIMITED

Balance Sheet Abstract and Company's General Business Profile

I.	CIN No.	U52399DL2008PLC173419	State Code	55
	Balance Sheet Date	31st March, 2010.		
II.	Capital raised during the year (Amount in Rs. thousands)			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	500
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)			
	Total Liabilities	500	Total Assets	500
	Sources of Funds		Application of Funds	
	Paid-up Capital	500	Net Fixed Assets	-
	Reserves & Surplus	-	Investments	-
	Secured Loans	-	Net Current Assets	254
	Unsecured Loans	-	Miscellaneous Expenditure	-
	Accumulated Loss	246		
IV.	Performance of Company : (Amount in Rs. thousand)			
	Turnover	-	Total Expenditure	246
	Profit/(Loss) before tax	(246)	Profit/(Loss) after tax &	(246)
	Earning per Share (Rs.)	(4.93)	Provision	-
	Dividend Rate %	-		
V.	Generic Names of principal products, services of the Company :			
	Item Code No.	N.A.		
	Product Description	N.A.		

For Chhaparia & Associates

Chartered Accountants

VRL Consumers Goods Limited

(Govind Prasad Basaiwala)

Partner

Membership No : 062389

Sd/-

Ram Chandra Agarwal

DIN -00491885

Sd/-

Uma Agarwal

Din - 00495945

Place : New Delhi.

Dated : 29 May 2010

VRL MOVERS LTD

DIRECTORS' REPORT

To

The Members

VRL Movers Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2010.

Performance

The company did not carry any business activities during the financial year ended March 31, 2010.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2010, the Board of Directors of the company cannot recommend any dividend for the financial year ended March 31, 2010.

Public Deposits

The company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under, during the period.

Auditors

The existing auditors **M/S Chhaparia & Associates**, Chartered Accountants retire at the conclusion of this AGM and being eligible offer themselves for reappointment.

Secretarial Auditors

The Company has taken a Compliance Certificate from M/s. Neelu Goyal & Associates, Company Secretaries. The Compliance Certificate is enclosed herewith for the perusal of the Members.

Material changes and events

There have been no material changes/events after the balance sheet date.

Directors

Mr. Deepak Sharma who was appointed as an additional director of the company w.e.f. April 15, 2009 was appointed as director on September 26, 2009 at the annual General meeting.

Mr. Ram Chandra Agarwal, Director of the Company retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

There was no employee of the Company during the period, whose particulars are required to be given in the Director's Report under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The particulars regarding conservation of energy and technology

absorption, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) rules, 1988 are not applicable to the company.

Details of Foreign Exchange Earnings and Outgoing are as follows:

	Current Year (Rs.)
(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

The observations made in the Auditor's Report are self explanatory and therefore do not call any further comments under Section 217(3) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the directors had prepared the annual accounts for the financial year ended 31st March, 2010, on a going concern basis.

Acknowledgement

Your Directors wish to place on record their deep appreciation for valuable co-operation from the various departments of Government, Shareholders, associates, banker etc.

**On behalf of the Board of Directors
For VRL Movers Limited**

Date: 18-8-10
Place : New Delhi

Sd/-
Ram Chandra Agarwal
Chairman

VRL MOVERS LTD AUDITORS' REPORT

To

The Members of

VRL Movers Limited

1. We have audited the attached Balance Sheet of VRL Movers Ltd. as at 31st March, 2010 of the Company, the Profit and Loss Account and Cash Flow Statement for the period 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.
2. We conducted our 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's 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 of the company as we considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 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 the books.
 - c) The Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) 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:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2010;
 - (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - (iii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For Chhaparia & Associates
Chartered Accountants
Registration No. 3221698E

(Govind Prasad Basaiwala)
(Partner)
Membership No. 062389

Place: New Delhi.
Dated: 29-May-2010.

VRL MOVERS LTD

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

- | | |
|--|--|
| <p>i. (a) The Company does not have any fixed asset and hence clause 4(i) of the said order is not applicable to the Company.</p> <p>ii. The Company does not have inventory at any time during the financial year and hence clause 4(ii) of the said order is not applicable to the Company.</p> <p>iii. (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Act. Therefore, the provisions of the clause 4 (iii) (a), (c) and (d) of the Order, 2004 is not applicable to the Company.</p> <p style="padding-left: 40px;">(b) The Company has taken unsecured loan from one party covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 1,82,586/- and the year end balance was Rs. NIL.</p> <p>iv. In our opinion and according to the information and explanations given to us, the Company has not yet started its operations and hence clause 4 (iv) of the Order, 2004 is not applicable to the Company.</p> <p>v. (a) In our opinion and according to the information and explanations given to us, the contracts or arrangements that need to be entered into the register maintained u/s 301 of the Companies Act, have been so entered.</p> <p style="padding-left: 40px;">(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Act, during the year have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time.</p> <p>vi. The Company has not accepted any deposits from the public within the meaning of the provisions of section 58A and 58AA or any other relevant provisions of the companies Act, 1956 and rules made thereunder. Hence, clause 4(vi) of the Order is not applicable.</p> <p>vii. The Company is not liable to conduct internal audit as such and hence clause 4 (vii) of the Order is not applicable to the Company.</p> <p>viii. As per information and explanations given to us, the Central Government has not prescribed maintenance of cost records for any of the products of the Company u/s 209(1)(d) of the Companies Act, 1956.</p> <p>ix. (a) According to the information and explanations given to us and according to the books and records produced to us and examined, in our opinion, the Company has been regular in depositing undisputed statutory dues including Income Tax, Service Tax, Cess and any other statutory dues as applicable to it with the appropriate authorities.</p> | <p style="padding-left: 40px;">(b) According to the records of the company and information and explanations given to us, there are no disputed statutory demands as on 31.03.2009.</p> <p>x. The Company has accumulated losses of Rs. 3,57,103.23 at the end of the financial year. It has incurred cash loss amounting Rs. 17,366.63 during the current year and has not incurred any cash loss in the immediately preceding financial year.</p> <p>xi. In our opinion and according to the information and explanations given to us, the clause 4(xi) of the Order is not applicable to the Company.</p> <p>xii. In our opinion and according to the information and explanations given to us, the clause 4(xii) of the Order is not applicable to the Company.</p> <p>xiii. The Company is not a chit fund, nidhi or mutual benefit fund /society and hence provisions of clause 4(xiii) of the said Order are not applicable to the Company.</p> <p>xiv. In our opinion and according to the information and explanation given to us, the clause 4(xiv) of the said Order is not applicable to the Company.</p> <p>xv. The Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>xvi. Clause 4(xvi) of the Order is not applicable to the company, as the Company has not taken any term loan.</p> <p>xvii. Clause 4(xvii) of the Order is not applicable to the Company as the Company has not raised any funds.</p> <p>xviii. The Company has not allotted shares during the year, hence clause 4 (xviii) of the said Order is not applicable to the Company.</p> <p>xix. No debentures have been issued by the Company and hence, the question of creating securities/charges in respect thereof does not arise.</p> <p>xx. The Company has not raised any money by public issue.</p> <p>xxi. On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.</p> |
|--|--|

For Chhaparia & Associates
Chartered Accountants
Registration No. 3221698E

(Govind Prasad Basaiwala)
Partner
Membership No: 062389

Place: New Delhi
Dated: 29-May-2010

VRL MOVERS LTD

Balance Sheet as at 31st March 2010

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Share Capital	A	3,000,000.00	1,750,000.00
Reserves & Surplus	B	3,750,000.00	3,750,000.00
Unsecured Loans	C	-	182,586.00
		<u>6,750,000.00</u>	<u>5,682,586.00</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	D	705,058.77	164,072.40
Loans & Advances	E	692,250.00	192,250.00
		<u>1,397,308.77</u>	<u>356,322.40</u>
Less: Current Liabilities & Provisions	F	6,232,131.00	6,241,203.00
Net Current Asset		(4,834,822.23)	(5,884,880.60)
Miscellaneous Expenditure (to the extent not written off or adjusted)	G	11,227,719.00	11,567,466.60
Profit & Loss a/c (debit balance as per annexed a/c)		357,103.23	-
		<u>6,750,000.00</u>	<u>5,682,586.00</u>
Significant accounting policies and notes on accounts I			

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

For VRL Movers Limited

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

VRL MOVERS LTD**Profit and Loss Account for the year ended 31st March 2010**

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME		-	-
EXPENDITURE			
Administrative & Other Expenses	H	357,103.23	-
		357,103.23	-
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(357,103.23)	-
<i>Prior Period Adjustments (Net)</i>		-	-
PROFIT/(LOSS) AFTER TAX		(357,103.23)	-
Balance brought forward from last year		-	-
BALANCE CARRIED TO BALANCE SHEET		(357,103.23)	-
Significant accounting policies and notes on accounts	I		

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

For VRL Movers Limited

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

VRL MOVERS LTD**Cash Flow Statement for the year ended 31st March 2010**

(Amount in Rs.)

PARTICULARS	31st March 2010	31st March 2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(357,103)	-
Adjustments For :		
Preliminary/Preoperative Expenses Written off	339,748	-
Operating Profit before working capital changes	(17,356)	-
Adjustment for Changes in Working Capital		
Increase/(Decrease) in Advances	(500,000)	-
Increase/(Decrease) in Other Payable	(9,072)	-
Net Cash from Operating Activities	(526,428)	-
B. Cash Flow from Investing Activities		
Net Cash from/ (used in) Investing Activities	-	-
C. Cash Flow from Financing Activities		
Unsecured Loan Received	1,350,000	2,600,000
Unsecured Loan Repayment	(1,532,586)	(2,500,000)
Proceeds from issue of Equity Share Capital	1,250,000	5,057,700
Preliminary Expenses/Preoperative Expenses	-	(5,085,678)
Net Cash from/ (used in) Financing Activities	1,067,414	72,022
Net Increase / (Decrease) in Cash & Cash Equivalents	540,986	72,022
(A+B+C)		
Cash & Cash Equivalents as at 01.04.2009	164,072	92,050
Cash & Cash Equivalents as at 31.03.2010	705,058	164,072

For Chhaparia & Associates
Chartered Accountants

For VRL Movers Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL MOVERS LTD

Schedules Attached to Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
A	SHARE CAPITAL		
	Authorised		
	1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
	(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
	Issued, Subscribed & Paid-up		
	300,000 Equity Shares of Rs.10/- each fully paid in cash	3,000,000.00	1,750,000.00
	300,000 Equity Shares of Rs.10/- each fully paid in cash	3,000,000.00	1,750,000.00
	(Previous Year 175,000 Equity Shares of Rs.10/- each fully paid in cash)	3,000,000.00	1,750,000.00
B	Reserves & Surplus		
	Securities Premium		
	Opening balance b/f	3,750,000.00	-
	Add: Raised during the year	-	3,750,000.00
		3,750,000.00	3,750,000.00
		3,750,000.00	3,750,000.00
C	UNSECURED LOANS		
	(including interest accrued thereon)		
	From Holding Company	-	182,586.00
		-	182,586.00
D	CASH & BANK BALANCES		
	Balance with Scheduled Bank		
	On Current a/c	643,992.77	82,022.40
	Cash in hand (as certified by the Management)	61,066.00	82,050.00
		705,058.77	164,072.40
E	LOANS & ADVANCES		
	(unsecured, considered good)		
	Advances		
	(receivable in cash or in kind or for value to be received)	692,250.00	192,250.00
		692,250.00	192,250.00
E	CURRENT LIABILITIES & PROVISIONS		
	Current Liabilities		
	For Expenses	4,960,030.00	4,969,102.00
	For Other Finance	1,272,101.00	1,272,101.00
		6,232,131.00	6,241,203.00
G	MISCELLANEOUS EXPENDITURE		
	(to the extent not written off or adjusted)		
	Preliminary Expenses	-	225,700.00
	Preoperative Expenses	11,227,719.00	11,341,766.60
		11,227,719.00	11,567,466.60
H	ADMINISTRATIVE & OTHER EXPENSES		
	(to the extent not written off or adjusted)		
	Bank Charges	5,443.63	-
	Audit Fees	4,412.00	-
	ROC Filing Fee	7,500.00	-
	Other Expenses	339,747.60	-
		357,103.23	-

VRL MOVERS LTD

Schedules Attached to Balance Sheet

SCHEDULE -I**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

- i) The Financial Statements have been prepared under the Historical Cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies, not specially referred to, are consistent with generally accepted accounting principles. The same are prepared on a going concern basis.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provisions is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B NOTES ON ACCOUNTS

- 1 The disclosure as required by the AS - 18 (Related Party Disclosure) are given below:

(a) List of Related Parties**Key Management Personnel**

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Manmohan Agarwal	Director

Others

Vishal Retail Limited	Holding Company
-----------------------	-----------------

(b) Transactions with Related Parties

Nature of Transactions	Key Management Personnel	Others	(Amount in Rs.)
Share Allotment	-	1,250,000.00	
	(-)	(-)	
Loan Received	-	1,350,000.00	
	(-)	(2,600,000.00)	
Loan Payment	-	1,432,586.00	
	(-)	(2,500,000.00)	
Interest Payable	-	-	
	(-)	(82,586.00)	

(C) Balance as on 31.03.2010	692,250.00	-	cr
	(249,950.00)	(182,586.00)	cr

- 2 The Company does not have any Deferred Tax Asset/(Liability). Hence, the same is not reported.
- 3 As per information available in the records, the company does not owe any sum to any Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures are not required.
- 4 Figures in the bracket indicates previous year figures.
- 5 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL MOVERS LTD**Balance Sheet Abstract and Company's General Business Profile**

I. CIN No.	U74900DL2008PLC173420	State Code	55
Balance Sheet Date	31st March, 2010.		
II. Capital raised during the year (Amount in Rs. thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	1,750
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)			
Total Liabilities	6,750	Total Assets	6,750
Sources of Funds		Application of Funds	
Paid-up Capital	3,000	Net Fixed Assets	-
Reserves & Surplus	3,750	Investments	-
Secured Loans	-	Net Current Assets	(4,835)
Unsecured Loans	-	Miscellaneous Expenditure	11,228
Accumulated Loss	357		
IV. Performance of Company : (Amount in Rs. thousand)			
Turnover	-	Total Expenditure	357
Profit/(Loss) before tax	(357)	Profit/(Loss) after tax &	(357)
Earning per Share (Rs.)	(1.19)	Provision	-
Dividend Rate %	-		
V. Generic Names of principal products, services of the Company :			
Item Code No.	N.A.		
Product Description	N.A.		

For Chhaparia & Associates
Chartered Accountants

For VRL Movers Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL FOODS LIMITED

DIRECTORS' REPORT

To

The Members

VRL Foods Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2010.

Performance

The company did not carry any business activities during the financial year ended March 31, 2010.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2010, the Board of Directors of the company do not recommend any dividend for the financial year ended March 31, 2010.

Public Deposits

The company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under, during the period.

Auditors

The existing auditors **M/S Chhaparia & Associates**, Chartered Accountants retire at the conclusion of this AGM and being eligible offer themselves for reappointment.

Material changes and events

There have been no material changes/events after the balance sheet date.

Directors

Mr. Ram Chandra Agarwal, Director of the Company retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

There was no employee of the Company during the period, whose particulars are required to be given in the Director's Report under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The particulars regarding conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) rules, 1988 are not applicable to the company.

Details of Foreign Exchange Earnings and Outgoing are as follows:

	Current Year (Rs.)
(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

The observations made in the Auditor's Report are self explanatory and therefore do not call any further comments under Section 217(3) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the directors had prepared the annual accounts for the financial year ended 31st March, 2010, on a going concern basis.

Acknowledgement

Your Directors wish to place on record their deep appreciation for valuable co-operation from the various departments of Government, Shareholders, associates, banker etc.

**On behalf of the Board of Directors
For VRL Foods Limited**

Date: 18-8-2010
Place : New Delhi

Sd/-
Ram Chandra Agarwal
Chairman

VRL FOODS LIMITED

AUDITORS' REPORT

To

The Members of

VRL Foods Limited

1. We have audited the attached Balance Sheet of VRL Foods Ltd. as at 31st March, 2010 of the Company, the Profit and Loss Account and Cash Flow Statement for the period 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.
2. We conducted our 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's 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 of the company as we considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) 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:
 - i. in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2010;
 - ii. in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - iii. in the cash of Cash Flow Statement, of the cash flows for the period ended on that date.

This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

For Chhaparia & Associates
Chartered Accountants
Registration No. 3221698E
(Govind Prasad Basaiwala)

Place: New Delhi.
Dated: 29-May-2010.

(Partner)
Membership No. 062389

VRL FOODS LIMITED

Balance Sheet as at 31st March 2010

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Share Capital	A	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	B	65,690.00	82,050.00
Loans & Advances	C	192,250.00	192,250.00
		<u>257,940.00</u>	<u>274,300.00</u>
Less: Current Liabilities & Provisions	D	4,412.00	13,360.00
Net Current Asset		253,528.00	260,940.00
Miscellaneous Expenditure	E	-	239,060.00
<i>(to the extent not written off or adjusted)</i>			
Profit & Loss a/c			
<i>(debit balance as per annexed a/c)</i>		246,472.00	
		<u>500,000.00</u>	<u>500,000.00</u>
Significant accounting policies and notes on accounts	G		

For Chhaparia & Associates
Chartered Accountants

For VRL Foods Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL FOODS LIMITED**Profit and Loss Account for the year ended 31st March 2010**

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME		-	-
		-	-
EXPENDITURE			
Administrative & Other Expenses	F	246,472.00	-
		246,472.00	-
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(246,472.00)	-
<i>Prior Period Adjustments (Net)</i>		-	-
PROFIT/(LOSS) AFTER TAX		(246,472.00)	-
PROFIT/(LOSS) AFTER TAX		(246,472.00)	-
Balance brought forward from last year		-	-
BALANCE CARRIED TO BALANCE SHEET		(246,472.00)	-
Significant accounting policies and notes on accounts	G		

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.

Dated : 29 May 2010

For VRL Foods Limited

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

VRL FOODS LIMITED

Cash Flow Statement for the year ended 31st March 2010

PARTICULARS	(Amount in Rs.)	
	31st March 2010	31st March 2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(246,472)	-
Adjustments For		
Preliminary/Preoperative Expenses	239,060	-
Operating Profit before working capital changes	(7,412)	-
Adjustment for Changes in Working Capital		
Increase/(Decrease) in Other Payable	(8,948)	-
Net Cash from Operating Activities	(16,360)	-
B. Cash Flow from Investing Activities		
Net Cash from/ (used in) Investing Activities	-	-
C. Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	-	57,700
Preliminary/Preoperative Expenses	-	(67,700)
Net Cash from/ (used in) Financing Activities	-	(10,000)
Net Increase / (Decrease) in Cash & Cash Equivalents	(16,360)	(10,000)
(A+B+C)		
Cash & Cash Equivalents as at 01.04.2009	82,050	92,050
Cash & Cash Equivalents as at 31.03.2010	65,690	82,050

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

For VRL Foods Limited

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

VRL FOODS LIMITED

Schedules Attached to Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
A	SHARE CAPITAL		
	Authorised		
	1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
	(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
	Issued, Subscribed & Paid-up		
	50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
	(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)	500,000.00	500,000.00
B	CASH & BANK BALANCES		
	Cash in hand (as certified by the Management)	65,690.00	82,050.00
		65,690.00	82,050.00
C	LOANS & ADVANCES		
	(unsecured, considered good)		
	Advances		
	(receivable in cash or in kind or for value to be received)	192,250.00	192,250.00
		192,250.00	192,250.00
D	CURRENT LIABILITIES & PROVISIONS		
	Current Liabilities		
	For Expenses	4,412.00	13,360.00
		4,412.00	13,360.00
E	MISCELLANEOUS EXPENDITURE		
	(to the extent not written off or adjusted)		
	Preliminary Expenses	-	225,700.00
	Preoperative Expenses	-	13,360.00
		-	239,060.00
F	ADMINISTRATIVE & OTHER EXPENSES		
	(to the extent not written off or adjusted)		
	Filing Fees	3,000.00	-
	Audit Fees	4,412.00	-
	Other Expenses	239,060.00	-
		246,472.00	-

VRL FOODS LIMITED

Schedules Attached to Balance Sheet

SCHEDULE - G**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

- i) The Financial Statements have been prepared under the Historical Cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies, not specially referred to, are consistent with generally accepted accounting principles. The same are prepared on a going concern basis.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provisions is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B NOTES ON ACCOUNTS

- 1 The disclosure as required by the AS - 18 (Related Party Disclosure) are given below:

(a) List of Related Parties**Key Management Personnel**

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Sunil Hirawat	Director

Others

Vishal Retail Limited	Holding Company
-----------------------	-----------------

(b) Transactions with Related Parties (Amount in Rs.)

Nature of Transactions	Key Management Personnel	Others
------------------------	--------------------------	--------

(c) Balance as on 31.03.2010	192,250.00	-
	(192,250.00)	(-)

- 2 The Company does not have any deferred tax liabilities. The deferred tax assets in the form of carry forward of business loss has not accounted for in view of prudence.
- 3 As per information available in the records, the company does not owe any sum to any Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures are not required.
- 4 Figures in the bracket indicates previous year figures.
- 5 Additional information as required under part IV of Schedule VI to the Companies Act, 1956

VRL FOODS LIMITED**Balance Sheet Abstract and Company's General Business Profile**

I.	CIN No.	U74120DL2008PLC173834	State Code	55
	Balance Sheet Date	31st March, 2010.		
II.	Capital raised during the year (Amount in Rs. thousands)			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	500
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)			
	Total Liabilities	500	Total Assets	500
	Sources of Funds		Application of Funds	
	Paid-up Capital	500	Net Fixed Assets	-
	Reserves & Surplus	-	Investments	-
	Secured Loans	-	Net Current Assets	254
	Unsecured Loans	-	Miscellaneous Expenditure	-
	Accumulated Loss	246		
IV.	Performance of Company : (Amount in Rs. thousand)			
	Turnover	-	Total Expenditure	246
	Profit/(Loss) before tax	(246)	Profit/(Loss) after tax &	(246)
	Earning per Share (Rs.)	(4.93)	Provision	-
	Dividend Rate %	-		
V.	Generic Names of principal products, services of the Company :			
	Item Code No.	N.A.		
	Product Description	N.A.		

In terms of our attached report of even date

For Chhaparia & Associates
Chartered Accountants

For VRL Foods Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL FASHIONS LIMITED

DIRECTORS' REPORT

To

The Members

VRL Fashions Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2010.

Performance

The company did not carry any business activities during the financial year ended March 31, 2010.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2010, the Board of Directors of the company do not recommend any dividend for the financial year ended March 31, 2010.

Public Deposits

The company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under, during the period.

Auditors

The existing auditors **M/S Chhaparia & Associates**, Chartered Accountants retire at the conclusion of this AGM and being eligible offer themselves for reappointment.

Material changes and events

There have been no material changes/events after the balance sheet date.

Directors

Mr. Ram Chandra Agarwal, Director of the Company retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

There was no employee of the Company during the period, whose particulars are required to be given in the Director's Report under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The particulars regarding conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) rules, 1988 are not applicable to the company.

Details of Foreign Exchange Earnings and Outgoing are as follows:

	Current Year (Rs.)
(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

The observations made in the Auditor's Report are self explanatory and therefore do not call any further comments under Section 217(3) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the directors had prepared the annual accounts for the financial year ended 31st March, 2010, on a going concern basis.

Acknowledgement

Your Directors wish to place on record their deep appreciation for valuable co-operation from the various departments of Government, Shareholders, associates, banker etc.

For VRL Fashions Limited
Sd/-

Date: 18-8-2010
Place : New Delhi

Ram Chandra Agarwal
Chairman

VRL FASHIONS LIMITED

AUDITORS' REPORT

To

The Members of

VRL Fashions Limited

1. We have audited the attached Balance Sheet of VRL Fashions Ltd. as at 31st March, 2010 of the Company, the Profit and Loss Account and Cash Flow Statement for the period 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.
2. We conducted our 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's 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 of the company as we considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 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 the books.
 - c) The Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) 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:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2010;
 - (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - (iii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

For Chhaparia & Associates
Chartered Accountants
Registration No. 3221698E
(Govind Prasad Basaiwala)

Place: New Delhi.
Dated: 29-May-2010

(Partner)
Membership No. 062389.

VRL FASHIONS LIMITED

Balance Sheet as at 31st March 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Share Capital	A	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	B	65,690.00	82,050.00
Loans & Advances	C	192,250.00	192,250.00
		<u>257,940.00</u>	<u>274,300.00</u>
Less: Current Liabilities & Provisions	D	4,412.00	13,360.00
Net Current Asset		253,528.00	260,940.00
Miscellaneous Expenditure	E	-	239,060.00
<i>(to the extent not written off or adjusted)</i>			
Profit & Loss a/c (debit balance as per annexed a/c)		246,472.00	-
		<u>500,000.00</u>	<u>500,000.00</u>
Significant accounting policies and notes on accounts	G		
In terms of our attached report of even date			

For Chhaparia & Associates
Chartered Accountants

For VRL Fashions Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL FASHIONS LIMITED
Profit and Loss Account for the year ended 31st March 2010

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME		-	-
		-	-
EXPENDITURE			
Administrative & Other Expenses	F	246,472.00	-
		246,472.00	-
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(246,472.00)	-
<i>Prior Period Adjustments (Net)</i>		-	-
PROFIT/(LOSS) AFTER TAX		(246,472.00)	-
Balance brought forward from last year		-	-
BALANCE CARRIED TO BALANCE SHEET		(246,472.00)	-
Significant accounting policies and notes on accounts			
In terms of our attached report of even date			

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
 Partner
 Membership No : 062389

Place : New Delhi.
 Dated : 29 May 2010

For VRL Fashions Limited

Sd/-
 Ram Chandra Agarwal
 DIN -00491885

Sd/-
 Uma Agarwal
 Din - 00495945

VRL FASHIONS LIMITED

Cash Flow Statement for the year ended 31st March 2010

PARTICULARS	31st March 2010	(Amount in Rs.) 31st March 2009
A. Cash Flow from Operating Activities		
<i>Net Profit Before Tax and Extra Ordinary Items</i>	(246,472)	-
Adjustments For :		
<i>Preliminary/Preoperative Expenses Written Off</i>	239,060	-
<i>Operating Profit before working capital changes</i>	(7,412)	-
Adjustment for Changes in Working Capital		
<i>Increase/(Decrease) in Other Payable</i>	(8,948)	-
<i>Net Cash from Operating Activities</i>	(16,360)	-
B. Cash Flow from Investing Activities		
<i>Net Cash from/ (used in) Investing Activities</i>	-	-
C. Cash Flow from Financing Activities		
<i>Proceeds from issue of Equity Share Capital</i>	-	57,700
<i>Preliminary Expenses</i>	-	(67,700)
<i>Net Cash from/ (used in) Financing Activities</i>	-	(10,000)
Net Increase / (Decrease) in Cash & Cash Equivalents	(16,360)	(10,000)
<i>(A+B+C)</i>		
<i>Cash & Cash Equivalents as at 01.04.2009</i>	82,050	92,050
<i>Cash & Cash Equivalents as at 31.03.2010</i>	65,690	82,050

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

For VRL Fashions Limited

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

VRL FASHIONS LIMITED

Schedules Attached to Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
A	SHARE CAPITAL		
	Authorised		
	1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
	(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
	Issued, Subscribed & Paid-up		
	50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
	(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)	500,000.00	500,000.00
B	CASH & BANK BALANCES		
	Cash in hand (as certified by the Management)	65,690.00	82,050.00
		65,690.00	82,050.00
C	LOANS & ADVANCES (unsecured, considered good)		
	Advances		
	(receivable in cash or in kind or for value to be received)	192,250.00	192,250.00
		192,250.00	192,250.00
D	CURRENT LIABILITIES & PROVISIONS		
	Current Liabilities		
	For Expenses	4,412.00	13,360.00
		4,412.00	13,360.00
E	MISCELLANEOUS EXPENDITURE		
	(to the extent not written off or adjusted)		
	Preliminary Expenses	-	225,700.00
	Preoperative Expenses	-	13,360.00
		-	239,060.00
F	ADMINISTRATIVE & OTHER EXPENSES		
	(to the extent not written off or adjusted)		
	Filing Fees	3,000.00	-
	Audit Fees	4,412.00	-
	Other Expenses	239,060.00	-
		246,472.00	-

VRL FASHIONS LIMITED

Schedules Attached to Balance Sheet

SCHEDULE - G

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

1 GENERAL

- i) The Financial Statements have been prepared under the Historical Cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies, not specially referred to, are consistent with generally accepted accounting principles. The same are prepared on a going concern basis.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provisions is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B NOTES ON ACCOUNTS

- 1 The disclosure as required by the AS - 18 (Related Party Disclosure) are given below:

(a) List of Related Parties

Key Management Personnel

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Dipu Gupta	Director

Others

Vishal Retail Limited	Holding Company
-----------------------	-----------------

(b) Transactions with Related Parties (Amount in Rs.)

Nature of Transactions	Key Management Personnel	Others
(c) Balance as on 31.03.2010	192,250.00	-
	(192,250.00)	(-)

- 2 The Company does not have any deferred tax liabilities. The deferred tax assets in the form of carry forward of business loss has not accounted for in view of prudence.
- 3 As per information available in the records, the company does not owe any sum to any Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures are not required.
- 4 Figures in the bracket indicates previous year figures.
- 5 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL FASHIONS LIMITED**Balance Sheet Abstract and Company's General Business Profile**

I.	CIN No.	U17291DL2008PLC173446	State Code	55
	Balance Sheet Date	31st March, 2010.		
II.	Capital raised during the year (Amount in Rs. thousands)			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	500
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)			
	Total Liabilities	500	Total Assets	500
	Sources of Funds		Application of Funds	
	Paid-up Capital	500	Net Fixed Assets	-
	Reserves & Surplus	-	Investments	-
	Secured Loans	-	Net Current Assets	254
	Unsecured Loans	-	Miscellaneous Expenditure	-
	Accumulated Loss	246		
IV.	Performance of Company : (Amount in Rs. thousand)			
	Turnover	-	Total Expenditure	246
	Profit/(Loss) before tax	(246)	Profit/(Loss) after tax &	(246)
	Earning per Share (Rs.)	(4.93)	Provision	-
	Dividend Rate %	-		
V.	Generic Names of principal products, services of the Company :			
	Item Code No.	N.A.		
	Product Description	N.A.		

In terms of our attached report of even date

For Chhaparia & Associates
Chartered Accountants

For VRL Fashions Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL INFRASTRUCTURE LIMITED

DIRECTORS' REPORT

To

The Members

VRL Infrastructure Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2010.

Performance

The company did not carry any business activities during the financial year ended March 31, 2010.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2010, the Board of Directors of the company do not recommend any dividend for the financial year ended March 31, 2010.

Public Deposits

The company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under, during the period.

Auditors

The existing auditors **M/S Chhaparia & Associates**, Chartered Accountants retire at the conclusion of this AGM and being eligible offer themselves for reappointment.

Material changes and events

There have been no material changes/events after the balance sheet date.

Directors

Mr. Deepak Sharma who was appointed as an additional director of the company w.e.f. June 30, 2009 was appointed as director on September 26, 2009.

Mr. Ram Chandra Agarwal, Executive Director of the Company retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

There was no employee of the Company during the period, whose particulars are required to be given in the Director's Report under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The particulars regarding conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) rules, 1988 are not applicable to the company.

Details of Foreign Exchange Earnings and Outgoing are as follows:

	Current Year (Rs.)
(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

The observations made in the Auditor's Report are self explanatory and therefore do not call any further comments under Section 217(3) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

and

- d) That the directors had prepared the annual accounts for the financial year ended 31st March, 2010, on a going concern basis.

Acknowledgement

Your Directors wish to place on record their deep appreciation for valuable co-operation from the various departments of Government, Shareholders, associates, banker etc.

On behalf of the Board of Directors
Sd/-

Date: 18-8-2010
Place: New Delhi

Ram Chandra Agarwal
Chairman

VRL INFRASTRUCTURE LIMITED**AUDITORS' REPORT****AUDITORS' REPORT**

To
The Members of
VRL Infrastructure Limited

1. We have audited the attached Balance Sheet of VRL Infrastructure Ltd. as at 31st March, 2010 of the Company, the Profit and Loss Account and Cash Flow Statement for the period 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.
2. We conducted our 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's 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 of the company as we considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 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 the books.
 - c) The Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) 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:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2010;
 - (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - (iii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

For Chhaparia & Associates

Chartered Accountants

Registration No. 3221698E

Sd/-

(Govind Prasad Basaiwala)

Place: New Delhi.
Dated: 29-May-2010

(Partner)

Membership No. 062389

VRL INFRASTRUCTURE LIMITED

Balance Sheet as at 31st March 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Share Capital	A	500,000.00	500,000.00
Unsecured Loans	B	-	438,386.00
		500,000.00	938,386.00
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	B	168,780.87	429,180.00
Loans & Advances	C	-	239,750.00
		168,780.87	668,930.00
Less: Current Liabilities & Provisions	D	4,412.00	13,360.00
Net Current Asset		164,368.87	655,570.00
Miscellaneous Expenditure	E	-	282,816.00
<i>(to the extent not written off or adjusted)</i>			
Profit & Loss a/c (debit balance as per annexed a/c)		335,631.13	-
<i>(to the extent not written off or adjusted)</i>		500,000.00	938,386.00
Significant accounting policies and notes on accounts	G	-	-

For Chhaparia & Associates
Chartered Accountants

For VRL Infrastructure Limited

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)I
Din - 00495945

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

VRL INFRASTRUCTURE LIMITED**Profit and Loss Account for the year ended 31st March 2010**

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME		-	-
		-	-
EXPENDITURE			
Administrative & Other Expenses	F	335,631.13	-
		335,631.13	-
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(335,631.13)	-
<i>Prior Period Adjustments (Net)</i>		-	-
PROFIT/(LOSS) AFTER TAX		(335,631.13)	-
Balance brought forward from last year		-	-
BALANCE CARRIED TO BALANCE SHEET		(335,631.13)	-
Significant accounting policies and notes on accounts	G		

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

On behalf of the Board
For VRL Infrastructure Limited

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

VRL INFRASTRUCTURE LIMITED

Cash Flow Statement for the year ended 31st March 2010

		(Amount in Rs.)	
PARTICULARS		31st March 2010	31st March 2009
A. Cash Flow from Operating Activities			
Net Profit Before Tax and Extra Ordinary Items	(335,631.13)	-	-
Adjustments For :			
Preliminary/Preoperative Expenses written off	282,816.00	-	-
Operating Profit before working capital changes	(52,815.13)	-	-
Adjustment for Changes in Working Capital			
Increase/(Decrease) in Other Payable	(8,948.00)	-	-
Net Cash from Operating Activities		(61,763)	-
B. Cash Flow from Investing Activities			
Net Cash from/ (used in) Investing Activities		-	-
C. Cash Flow from Financing Activities			
Unsecured Loan Received	-	4,416,984	
Unsecured Loan Repayment	(438,386)	(4,000,000)	
Proceeds from issue of Equity Share Capital	239,750	10,200	
Preliminary/Preoperative Expenses	-	(40,054)	
Net Cash from/ (used in) Financing Activities		(198,636)	387,130
Net Increase / (Decrease) in Cash & Cash Equivalents		(260,399)	387,130
(A+B+C)			
Cash & Cash Equivalents as at 01.04.2009		429,180	42,050
Cash & Cash Equivalents as at 31.03.2010		168,781	429,180

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

On behalf of the Board
For VRL Infrastructure Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL INFRASTRUCTURE LIMITED

Schedules Attached to Balance Sheet

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
A	SHARE CAPITAL		
	Authorised		
	1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
	(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
	Issued, Subscribed & Paid-up		
	50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
	(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)	500,000.00	500,000.00
B	UNSECURED LOANS		
	(including interest accrued thereon)		
	From Holding Company	-	438,386.00
		-	438,386.00
C	CASH & BANK BALANCES		
	Balance with Scheduled Bank		
	On Current a/c	153,590.87	397,130.00
	Cash in hand (as certified by the Management)	15,190.00	32,050.00
		168,780.87	429,180.00
D	LOANS & ADVANCES		
	(unsecured, considered good)		
	Advances		
	(receivable in cash or in kind or for value to be received)	-	239,750.00
		-	239,750.00
E	CURRENT LIABILITIES & PROVISIONS		
	Current Liabilities		
	For Expenses	4,412.00	13,360.00
		4,412.00	13,360.00
F	MISCELLANEOUS EXPENDITURE		
	(to the extent not written off or adjusted)		
	Preliminary Expenses	-	228,200.00
	Preoperative Expenses	-	54,616.00
		-	282,816.00
G	ADMINISTRATIVE & OTHER EXPENSES		
	(to the extent not written off or adjusted)		
	Bank Charges	44,903.13	-
	Audit Fees	4,412.00	-
	ROC Filing Fee	3,500.00	-
	Other expenses	282,816.00	-
		335,631.13	-

VRL INFRASTRUCTURE LIMITED

Schedules Attached to Balance Sheet

SCHEDULE - G

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

1 GENERAL

- i) The Financial Statements have been prepared under the Historical Cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies, not specially referred to, are consistent with generally accepted accounting principles. The same are prepared on a going concern basis.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B NOTES ON ACCOUNTS

- 1 The disclosure as required by the AS - 18 (Related Party Disclosure) are given below:

(a) List of Related Parties

Key Management Personnel

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Amit Kumar Chaturvedi	Director
Manmohan Agarwa	Director

Others

Vishal Retail Limited	Holding Company
-----------------------	-----------------

(b) Transactions with Related Parties

(Amount in Rs.)

Nature of Transactions	Key Management Personnel	Others
Loan Received	-	-
	(-)	(4,416,984.00)
Loan Repayment	-	(438,386.00)
	(-)	(4,000,000.00)
Interest Payable	-	-
	(-)	(21,402.00)
(c) Balance as on 31.03.2010	-	-
	(239,750.00)	(438,386.00)

- 2 The Company does not have any deferred tax liabilities. The deferred tax assets in the form of carry forward of business loss has not accounted for in view of prudence.
- 3 As per information available in the records, the company does not owe any sum to any Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures are not required.
- 4 Figures in the bracket indicates previous year figures.
- 5 Additional information as required under part IV of Schedule VI to the Companies Act, 1956

VRL INFRASTRUCTURE LIMITED

Balance Sheet Abstract and Company's General Business Profile

I. CIN No.	U45500DL2007PLC171213	State Code	55
Balance Sheet Date	31st March, 2010.		
II. Capital raised during the year (Amount in Rs. thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)			
Total Liabilities	500	Total Assets	500
Sources of Funds		Application of Funds	
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	164
Unsecured Loans	-	Miscellaneous Expenditure	-
Accumulated Loss	336		
IV. Performance of Company : (Amount in Rs. thousand)			
Turnover	-	Total Expenditure	336
Profit/(Loss) before tax	(336)	Profit/(Loss) after tax &	(336)
Earning per Share (Rs.)	(6.71)	Provision	-
Dividend Rate %	-		
V. Generic Names of principal products, services of the Company :			
Item Code No.	N.A.		
Product Description	N.A.		

In terms of our attached report of even date

For Chhaparia & Associates
Chartered Accountants

On behalf of the Board
For VRL Infrastructure Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
DIN -00491885

Sd/-
Uma Agarwal
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL RETAIL VENTURES LTD

DIRECTORS' REPORT

To

The Members

VRL Retail Ventures Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2010.

Performance

The company did not carry any business activities during the financial year ended March 31, 2010.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2010, the Board of Directors of the company do not recommend any dividend for the financial year ended March 31, 2010.

Public Deposits

The company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under, during the period.

Auditors

The existing auditors **M/S Chhaparia & Associates**, Chartered Accountants retire at the conclusion of this AGM and being eligible offer themselves for reappointment.

Material changes and events

There have been no material changes/events after the balance sheet date.

Directors

Mr. Ram Chandra Agarwal, Director of the Company retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

There was no employee of the Company during the period, whose particulars are required to be given in the Director's Report under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The particulars regarding conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) rules, 1988 are not applicable to the company.

Details of Foreign Exchange Earnings and Outgoing are as follows:

Current Year (Rs.)

(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

The observations made in the Auditor's Report are self explanatory and therefore do not call any further comments under Section 217(3) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the directors had prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

Acknowledgement

Your Directors wish to place on record their deep appreciation for valuable co-operation from the various departments of Government, Shareholders, associates, banker etc.

For VRL Retail Ventures Limited
Sd/-

Date: 18-8-10
Place: New Delhi

Ram Chandra Agarwal
Chairman

VRL RETAIL VENTURES LTD AUDITORS' REPORT

To

The Members of

VRL Retail Venture Limited

1. We have audited the attached Balance Sheet of VRL Retail Venture Ltd. as at 31- March, 2010 of the Company, the Profit and Loss Account and Cash Flow Statement for the period 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.
2. We conducted our 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's 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 of the company as we considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 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 the books.
 - c) The Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31- March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) 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:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31- March 2010;
 - (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - (iii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

his report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

For Chhaparia & Associates
Chartered Accountants
Registration No. 3221698E
(Govind Prasad Basaiwala)

Place: New Delhi.
Dated: 29-May-2010.

(Partner
Membership No. 062389

VRL RETAIL VENTURES LTD
Balance Sheet as at 31st March 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Share Capital	A	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	B	81,932.00	90,050.00
Other Current Assets	C	184,250.00	249,950.00
		<u>266,182.00</u>	<u>340,000.00</u>
Less: Current Liabilities & Provisions	D	4,412.00	65,700.00
Net Current Asset		261,770.00	274,300.00
Miscellaneous Expenditure	E	-	225,700.00
<i>(to the extent not written off or adjusted)</i>			
Profit & Loss a/c (debit balance as per annexed a/c)		238,230.00	-
		<u>500,000.00</u>	<u>500,000.00</u>
Significant accounting policies and notes on accounts	G		
In terms of our attached report of even date			

For Chhaparia & Associates
Chartered Accountants

For VRL Retail Ventures Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL RETAIL VENTURES LTD
Profit and Loss Account for the year ended 31st March 2010

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME		-	-
		-	-
EXPENDITURE			
Administrative & Other Expenses	F	238,230.00	-
		238,230.00	-
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(238,230.00)	-
<i>Prior Period Adjustments (Net)</i>		-	-
PROFIT/(LOSS) AFTER TAX		(238,230.00)	-
Balance brought forward from last year		-	-
BALANCE CARRIED TO BALANCE SHEET		(238,230.00)	-
Significant accounting policies and notes on accounts	G		

In terms of our attched report of even date

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

For VRL Retail Ventures Limited

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)I
Din - 00495945

VRL RETAIL VENTURES LTD
Cash Flow Statement for the year ended 31st March 2010

(Amount in Rs.)

PARTICULARS	31st March 2010	31st March 2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(238,230)	-
Adjustments For :		
Preliminary/Preoperative Expenses Written Off	225,700	-
Operating Profit before working capital changes	(12,530)	-
Adjustment for Changes in Working Capital		
Increase/(Decrease) in Other Advances	65,700	-
Increase/(Decrease) in Other Payable	(61,288)	-
Net Cash from Operating Activities	(8,118)	-
B. Cash Flow from Investing Activities		
Net Cash from/ (used in) Investing Activities	-	-
C. Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	-	250,050
Preliminary/Preoprative Expenses	-	(160,000)
Net Cash from/ (used in) Financing Activities	-	90,050
Net Increase / (Decrease) in Cash & Cash Equivalents	(8,118)	90,050
(A+B+C)		
Cash & Cash Equivalents as at 01.04.2009	90,050	-
Cash & Cash Equivalents as at 31.03.2010	81,932	90,050

In terms of our report of even date annexed

For Chhaparia & Associates

Chartered Accountants

For VRL Retail Ventures Limited

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)
Din - 00495945

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

VRL RETAIL VENTURES LTD

Schedules Attached to Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
A	SHARE CAPITAL		
	Authorised		
	1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
	Issued, Subscribed & Paid-up		
	50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
	(Out of above 25000 Shares have been held by Vishal Retail Limited)	500,000.00	500,000.00
B	CASH & BANK BALANCES		
	Cash in hand <i>(as certified by the Management)</i>	81,932.00	90,050.00
		81,932.00	90,050.00
C	Other Current Assets		
	Other Current Assets	184,250.00	249,950.00
		184,250.00	249,950.00
D	CURRENT LIABILITIES & PROVISIONS		
	Current Liabilities	-	
	For Other Finance	4,412.00	65,700.00
		4,412.00	65,700.00
E	MISCELLANEOUS EXPENDITURE		
	<i>(to the extent not written off or adjusted)</i>		
	Preliminary Expenses	-	225,700.00
		-	225,700.00
F	ADMINISTRATIVE & OTHER EXPENSES		
	<i>(to the extent not written off or adjusted)</i>		
	Filing Fees	11,030.00	-
	Audit Fees	1,500.00	-
	Other Expenses	225,700.00	-
		238,230.00	-

VRL RETAIL VENTURES LTD

Schedules Attached to Balance Sheet

SCHEDULE-G

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

1 GENERAL

- i) The Financial Statements have been prepared under the Historical Cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies, not specially referred to, are consistent with generally accepted accounting principles. The same are prepared on a going concern basis.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B NOTES ON ACCOUNTS

- 1 The disclosure as required by the AS - 18 (Related Party Disclosure) are given below:

(a) List of Related Parties

Key Management Personnel

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Surender Kumar Agarwal	Director

Others

Vishal Retail Limited	Holding Company
-----------------------	-----------------

(b) Transactions with Related Parties (Amount in Rs.)

Nature of Transactions	Key Management Personnel	Others
Share Allotment	-	-
	(249,980.00)	(250,000.00)
(c) Balance as on 31.03.2010	184,250.00	-
	(249,950.00)	(-)

- 2 The Company does not have any deferred tax liabilities. The deferred tax assets in the form of carry forward of business loss has not accounted for in view of prudence.
- 3 As per information available in the records, the company does not owe any sum to any Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures are not required.
- 4 Figures in the bracket indicates previous year figures.
- 5 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL RETAIL VENTURES LTD

Balance Sheet Abstract and Company's General Business Profile

I.	CIN No.	U74120DL2008PLC180381	State Code	55
	Balance Sheet Date	31st March, 2010.		
II.	Capital raised during the year (Amount in Rs. thousands)			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	500
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)			
	Total Liabilities	500	Total Assets	500
	Sources of Funds		Application of Funds	
	Paid-up Capital	500	Net Fixed Assets	-
	Reserves & Surplus	-	Investments	-
	Secured Loans	-	Net Current Assets	262
	Unsecured Loans	-	Miscellaneous Expenditure	-
	Accumulated Loss	238		
IV	Performance of Company : (Amount in Rs. thousand)			
	Turnover	-	Total Expenditure	238
	Profit/(Loss) before tax	(238)	Profit/(Loss) after tax &	(238)
	Earning per Share (Rs.)	(4.76)	Provision	-
	Dividend Rate %	-		
V.	Generic Names of principal products, services of the Company :			
	Item Code No.	N.A.		
	Product Description	N.A.		

In terms of our attached report of even date

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

For VRL Retail Ventures Limited

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL KNOWLEDGE PROCESS LTD

DIRECTORS' REPORT

To

The Members

VRL Knowledge Process Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2010.

Performance

The company did not carry any business activities during the financial year ended March 31, 2010.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2010, the Board of Directors of the company cannot recommend any dividend for the financial year ended March 31, 2010.

Public Deposits

The company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under, during the period.

Auditors

The existing auditors **M/S Chhaparia & Associates**, Chartered Accountants retire at the conclusion of this AGM and being eligible offer themselves for reappointment.

Material changes and events

There have been no material changes/events after the balance sheet date.

Directors

Mr. Deepak Sharma was appointed as an additional director of the company w.e.f. June 30, 2009 was appointed as director August 25, 2009

Mr. Ram Chandra Agarwal, Director of the Company retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

There was no employee of the Company during the period, whose particulars are required to be given in the Director's Report under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The particulars regarding conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the

report of Board of Directors) rules, 1988 are not applicable to the company.

Details of Foreign Exchange Earnings and Outgoing are as follows:

	Current Year (Rs.)
(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

The observations made in the Auditor's Report are self explanatory and therefore do not call any further comments under Section 217(3) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the directors had prepared the annual accounts for the financial year ended 31st March, 2010, on a going concern basis.

Acknowledgement

Your Directors wish to place on record their deep appreciation for valuable co-operation from the various departments of Government, Shareholders, associates, banker etc.

**On behalf of the Board of Directors
For VRL Knowledge Process Limited**

Date: 18-8-2010
Place: New Delhi

Sd/-
Ram Chandra Agarwal
Chairman

VRL KNOWLEDGE PROCESS LTD

AUDITORS' REPORT

To

The Members of

VRL Knowledge Process Limited

1. We have audited the attached Balance Sheet of VRL Knowledge Process Ltd. as at 31st March, 2010 of the Company, the Profit and Loss Account and Cash Flow Statement for the period 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.
2. We conducted our 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's 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 of the company as we considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss account & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) 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:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2010;
 - (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - (iii) in the cash of Cash Flow Statement, of the cash flows for the period ended on that date.

This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Department of Company Affairs, in terms of section 227 (4A) of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

For Chhaparia & Associates
Chartered Accountants
Registration No. 3221698E

(Govind Prasad Basaiwala)
(Partner)
Membership No. 062389

Place: New Delhi.
 Dated: 29-May-2010.

VRL KNOWLEDGE PROCESS LTD

Balance Sheet as at 31st March 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Share Capital	A	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	B	80,932.00	90,050.00
Other Current Assets	C	184,250.00	249,950.00
		<u>265,182.00</u>	<u>340,000.00</u>
Less: Current Liabilities & Provisions	D	4,412.00	65,700.00
Net Current Asset		260,770.00	274,300.00
Miscellaneous Expenditure	E	-	225,700.00
(to the extent not written off or adjusted)			
Profit & Loss a/c (debit balance as per annexed a/c)		239,230.00	
		<u>500,000.00</u>	<u>500,000.00</u>
Significant accounting policies and notes on accounts	G		
In terms of our attched report of even date			

For Chhaparia & Associates
Chartered Accountants

On behalf of the Board of Directors
For VRL Knowledge Process Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)I
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL KNOWLEDGE PROCESS LTD
Profit and Loss Account for the year ended 31st March 2010

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME		-	-
		-	-
EXPENDITURE			
Administrative & Other Expenses	F	239,230.00	-
		239,230.00	-
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(239,230.00)	-
<i>Prior Period Adjustments (Net)</i>		-	-
PROFIT/(LOSS) AFTER TAX		(239,230.00)	-
Balance brought forward from last year		-	-
BALANCE CARRIED TO BALANCE SHEET		(239,230.00)	-
Significant accounting policies and notes on accounts	G		
In terms of our attched report of even date			

For Chhaparia & Associates
Chartered Accountants

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.
Dated : 29 May 2010

On behalf of the Board of Directors
For VRL Knowledge Process Limited

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)
Din - 00495945

VRL KNOWLEDGE PROCESS LTD

Cash Flow Statement for the year ended 31st March 2010

		(Amount in Rs.)	
PARTICULARS	31st March 2010	31st March 2009	
A. Cash Flow from Operating Activities			
Net Profit Before Tax and Extra Ordinary Items	(239,230)	-	
Adjustments For :			
Preliminary/Preoperative Expenses Written Off	225,700	-	
Operating Profit before working capital changes	(13,530)	-	
Adjustment for Changes in Working Capital			
Increase/(Decrease) in Other Advances	65,700	-	
Increase/(Decrease) in Other Payable	(61,288)	-	
Net Cash from Operating Activities	(9,118)	-	
B. Cash Flow from Investing Activities			
Net Cash from/ (used in) Investing Activities	-	-	
C. Cash Flow from Financing Activities			
Proceeds from issue of Equity Share Capital	-	250,050	
Preliminary/Preoperative Expenses	-	(160,000)	
Net Cash from/ (used in) Financing Activities	-	90,050	
Net Increase / (Decrease) in Cash & Cash Equivalents	(9,118)	90,050	
(A+B+C)			
Cash & Cash Equivalents as at 01.04.2000	90,050	-	
Cash & Cash Equivalents as at 31.03.2010	80,932	90,050	

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

On behalf of the Board of Directors
For VRL Knowledge Process Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

VRL KNOWLEDGE PROCESS LTD**Schedules Attached to Balance Sheet**

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
A	SHARE CAPITAL		
	Authorised		
	1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
	Issued, Subscribed & Paid-up		
	50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
	(Out of above 25000 Shares have been held by Vishal Retail Limited)	500,000.00	500,000.00
B	CASH & BANK BALANCES		
	Cash in hand (as certified by the Management)	80,932.00	90,050.00
		80,932.00	90,050.00
C	Other Current Assets		
	Other Current Assets	184,250.00	249,950.00
		184,250.00	249,950.00
D	CURRENT LIABILITIES & PROVISIONS		
	Current Liabilities		
	For Other Finance	-	65,700.00
	For Expenses	4,412.00	
		4,412.00	65,700.00
E	MISCELLANEOUS EXPENDITURE		
	(to the extent not written off or adjusted)		
	Preliminary Expenses		225,700.00
F	ADMINISTRATIVE & OTHER EXPENSES		
	Audit Fees	11,030.00	-
	Filing Fees	2,500.00	-
	Other Expenses	225,700.00	
		239,230.00	-

VRL KNOWLEDGE PROCESS LTD

Schedules Attached to Balance Sheet

SCHEDULE - G**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

- i) The Financial Statements have been prepared under the Historical Cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies, not specially referred to, are consistent with generally accepted accounting principles. The same are prepared on a going concern basis.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B NOTES ON ACCOUNTS

- 1 The disclosure as required by the AS - 18 (Related Party Disclosure) are given below:

(a) List of Related Parties**Key Management Personnel**

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Ritesh Rathi	Director

Others

Vishal Retail Limited	Holding Company
-----------------------	-----------------

(b) Transactions with Related Parties (Amount in Rs.)

Nature of Transactions	Key Management Personnel	Others
Share Allotment	-	-
	(249,980.00)	(250,000.00)

(c) Balance as on 31.03.2010	184,250.00	-
	(249,950.00)	(-)

- 2 The Company does not have any deferred tax liabilities. The deferred tax assets in the form of carry forward of business loss has not accounted for in view of prudence.
- 3 As per information available in the records, the company does not owe any sum to any Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures are not required.
- 4 Figures in the bracket indicates previous year figures.
- 5 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL KNOWLEDGE PROCESS LTD**Balance Sheet Abstract and Company's General Business Profile**

I. CIN No.	U74120DL2008PLC180693	State Code	55
Balance Sheet Date	31st March, 2010.		
II. Capital raised during the year (Amount in Rs. thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)			
Total Liabilities	500	Total Assets	500
Sources of Funds		Application of Funds	
Paid-up Capital	500	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	261
Unsecured Loans	-	Miscellaneous Expenditure	-
Accumulated Loss	239		
IV. Performance of Company : (Amount in Rs. thousand)			
Turnover	-	Total Expenditure	239
Profit/(Loss) before tax	(239)	Profit/(Loss) after tax &	(239)
Earning per Share (Rs.)	(4.78)	Provision	-
Dividend Rate %			
V. Generic Names of principal products, services of the Company :			
Item Code No.	N.A.		
Product Description	N.A.		

In terms of our attached report of even date

For Chhaparia & Associates
Chartered Accountants

On behalf of the Board of Directors
For VRL Knowledge Process Limited

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Sd/-
Ram Chandra Agarwal
(Director)
DIN -00491885

Sd/-
Uma Agarwa
(Director)
Din - 00495945

Place : New Delhi.
Dated : 29 May 2010

Auditors' Report to the Board of Directors of Vishal Retail Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of **Vishal Retail Limited** ("the Company") and its Subsidiaries (collectively referred to as "the group") as at 31st March, 2010 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We 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.
3. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total net assets of (Rs. 3,387,329) as at 31st March, 2010, total net revenues of Rs. NIL and net cash inflows of Rs. 214,271 for the year then ended. The financial statements of the Joint Venture in whose financial statements the Group's share of loss is Rs. 1,344,920 for the year ended 31st March, 2010 are unaudited and have been consolidated on the basis of financial statements certified by the management. These financial statements and other financial information of the subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" and Accounting standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Vishal Retail Limited, its subsidiaries and Joint Venture company.
5. (a) We report that
 - i. *The accumulated losses of Rs. 4,269,001,402 as at March 31, 2010 exceed the net worth of the company;*
 - ii. *Certain lenders have filed winding up petition against the company in the high court.*

However, the accounts have been drawn on going concern assumption as the company has made a proposal under Corporate Debt Restructuring Scheme to CDR Cell for restructuring of its secured as well as unsecured debts and expects turnaround (Refer Note B-8 of Schedule 19).
- (b) We draw attention to NoteB-12 of Schedule 19 with regards to inventory of Rs. 2,199,612,291 lying at various stores and warehouses of the Company which is physically verified by other Chartered Accountants and relied upon by us.
6. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit, except that we have not been provided:
 - a. *Basis and supporting for write off of inventory amounting to Rs. 3,417,159,919 on account of pilferage, shrinkages, slow-moving, non-moving, obsolete and damaged goods.*
 - b. *Adequate documentary evidence for Display Charges included in 'Other Income' amounting Rs. 28,602,715 recognised in the Profit & Loss Account*
 - c. *Adequate documentary evidence to support write-off of capital work in progress amounting to Rs. 7,869,388 included in prior period expenses;*
 - d. *Basis for write-off of sundry balances amounting to Rs. 14,033,201 included in Other expenses in Schedule 16;*
7. In our opinion, the Consolidated Balance Sheet, Consolidated Profit and loss account and Consolidated Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except;
 - a) *Accounting Standard 2 "Valuation of Inventories": The cost for valuation of inventories does not include Octroi, mandi tax, entry tax, input VAT, freight inwards and discount received on the purchase. The impact of such deviation from AS 2 is currently unascertainable.*
 - b) *Accounting Standard 28 "Impairment of Assets": whereby no assessment for impairment of assets, if any, was carried out during the year by the management;*

- c) *Accounting Standard 22 "Accounting for Taxes on Income": The Company has recognized Deferred Tax Assets amounting to Rs. 2,626,499,840 as at 31st March 2010 even though the Company has incurred operating losses in the current year & in the earlier years and there is no convincing evidence as to virtual certainty of future income;*
8. We further report as under:
- a) *The balances of unsecured loans amounting Rs. 1,604,587,755 from various banks and financial institutions are subject to confirmation and reconciliation.*
- b) *The balance of Sundry Debtors Rs. 29,157,235 and Sundry Creditors Rs. 1,235,104,887 are subject to confirmation and reconciliation.*
9. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, and subject to observations in paragraphs 5(a), 6(a), 6(b), 6(c), 6(d) & 7(a), 7(b), 7(c), 8(a) and 8(b) above, the consequential effect of which on relevant assets, liabilities and loss for the year is not quantifiable, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;
- (b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Haribhakti & Co.
Chartered Accountant
FRN No.103523W

sd/-
[Raj Kumar Agarwal]
Partner
Membership No.74715

Place: New Delhi
Date: May 31, 2010

VISHAL RETAIL LIMITED

Consolidated Balance Sheet as at 31st March 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	223,988,690	223,988,690
Share Warrant	2	9,775,000	
Reserves & Surplus	3	1,713,495,845	1,668,370,845
Capital Reserve on Consolidation of Joint Venture		2,149,160	2,223,060
		1,949,408,695	1,894,582,595
Minority Interest		-	2,250,000
Loan Funds			
Secured Loan	4	3,816,877,366	3,720,704,762
Unsecured Loan	5	3,845,452,206	3,787,365,263
		7,662,329,572	7,508,070,025
Total		9,611,738,267	9,404,902,620
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	3,636,980,389	3,725,293,218
Less: Accumulated Depreciation & Amortization		1,421,887,350	1,020,718,990
Net Block		2,215,093,039	2,704,574,228
Capital Work in Progress		-	62,560,070
		2,215,093,039	2,767,134,298
Share in Joint Venture		742,883	839,071
Deferred Tax Assets (Net)		2,215,835,922	2,767,973,369
		2,626,896,604	447,995,860
Current Assets, Loans & Advances			
Sundry Debtors	7	29,157,235	28,559,388
Inventories	8	2,199,612,291	6,670,812,612
Cash & Bank Balances	9	111,278,048	151,892,327
Loans & Advances	10	598,576,892	715,966,562
		2,938,624,466	7,567,230,889
Less: Current Liabilities & Provisions			
Current Liabilities	11	2,405,151,428	1,479,728,916
Provisions	12	41,554,187	33,483,494
		2,446,705,615	1,513,212,410
Net Current Assets		491,918,851	6,054,018,479
Profit & Loss Account		4,277,086,890	121,880,725
Misc Expenditure		-	13,032,843
Share in Joint Venture			1,344
Total		9,611,738,267	9,404,902,620
Significant Accounting Policies & Notes on Accounts forming integral part of balance sheet			
	19		

As per our report of even date attached
For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

Raj Kumar Agarwal
Partner
M. No. 074715

Place: New Delhi
Date: May 31, 2010

For and on behalf of the Board
Vishal Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Arun Gupta
Company Secretary

VISHAL RETAIL LIMITED

Consolidated Profit and Loss Account for the year ended 31st March 2010

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2010	31st March 2009
INCOME			
Turnover		11,054,592,502	13,232,343,073
Other Income	13	130,286,647	94,836,808
Total (A)		11,184,879,149	13,327,179,881
EXPENDITURE			
Cost of goods sold	14	12,585,194,915	9,136,813,725
Manufacturing, Administrative and other expenses	15	1,728,630,918	2,358,862,203
Employee Cost	16	885,453,260	1,224,069,482
Selling & Distribution Expenses	17	477,613,656	532,118,380
Finance Cost	18	897,578,522	963,264,324
Depreciation & Amortization	6	465,421,751	488,032,515
Share in Joint Venture		273,823	32,503
Total (B)		17,040,166,845	14,703,193,132
Loss Before Tax, Extraordinary & Prior Period Items(A - B)		(5,855,287,696)	(1,376,013,251)
Less			
Prior Period Tax Adjustment		60,501,233	
Deferred Tax Adjustments		2,178,900,744	469,961,661
Fringe Benefit Tax		-	(11,055,592)
Wealth Tax		(65,972)	(68,454)
Loss After Tax And Before Extraordinary & Prior Period Items		(3,615,951,691)	(917,175,636)
Extra Ordinary Item [Refer Note B-10 of Schedule 19]		(507,897,976)	
Prior Period Adjustment(Net) [Refer Note 19 of Schedule 19]		(29,282,541)	(27,729,636)
Net Loss		(4,153,132,208)	(944,905,272)
Balance brought forward from last year		(121,880,725)	823,024,547
Loss attributable to Minority		(2,073,957)	-
BALANCE CARRIED TO BALANCE SHEET		(4,277,086,890)	(121,880,725)
Earnings Per Share			
(Refer Note B-17 in Schedule 19)			
Basic Earning Per Share (before extra ordinary items)(Rs.)		(162.74)	(42.19)
Basic Earning Per Share (after extra ordinary items)(Rs.)		(185.42)	(42.19)
Diluted Earning Per Share (before extra-ordinary items) (Rs.)		(162.74)	(42.19)
Diluted Earning Per Share (after extra ordinary items) (Rs.)		(185.42)	(42.19)
Nominal Value per share (Rs.)		10.00	10.00
Significant Accounting Policies & Notes on Accounts forming integral part of profit & loss accounts	19		

As per our report of even date attached
For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

Raj Kumar Agarwal
Partner
M. No. 074715

Place: New Delhi
Date: May 31, 2010

For and on behalf of the Board
Vishal Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Arun Gupta
Company Secretary

VISHAL RETAIL LIMITED

Consolidated Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rs.)

PARTICULARS	31st March 2010	31st March 2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(5,857,361,652)	(1,376,013,252)
Adjustments For :		
Depreciation/Amortisation	465,421,751	488,065,018
Prior Period Items	(28,347,491)	(27,729,636)
Extraordinary Items	(507,897,976)	-
Loss on Sale of Fixed Assets	36,867,992	1,120,547
Provision for Interest on MSME	3,652,688	3,181,680
Provision for Bonus	36,576,519	19,274,701
Provision for Gratuity	6,379,394	10,148,341
Provision for Leave Encashment	1,625,329	(10,858,742)
Provision for other Expenses	190,920,076	93,326,632
Interest on Loans	893,925,834	963,264,323
Interest & Dividend Income	(3,590,505)	(16,483,990)
Operating Profit before working capital changes	(4,761,828,041)	147,295,623
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Advances & Receivables	178,131,854	142,001,679
(Increase)/Decrease in Inventories	4,471,200,321	(1,096,135,693)
Increase/(Decrease) in Payables	681,251,014	232,117,324
	5,330,583,189	(722,016,690)
Cash generated from operations	568,755,148	(574,721,067)
Direct Taxes Paid	(838,798)	(77,418,504)
Cash generated from operations before Extraordinary Items	567,916,350	(652,139,571)
Net Cash from Operating Activities [A]	567,916,350	(652,139,571)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(44,306,457)	(1,101,670,383)
Proceeds from Sale of Fixed Assets	93,219,109	1,682,800
Investment in Subsidiaries	-	1,000,000
Interest received	3,590,505	16,483,990
Net Cash from Investing Activities [B]	52,503,157	(1,082,503,593)
C. Cash Flow from Financing Activities		
Proceeds from issuance of share warrants	9,775,000	-
Securities Premium on issue of warrants	45,051,100	5,973,060
Proceeds from issuance of Debentures	(1,000,000)	1,200,000,000
Proceeds/(Repayment) of Secured Loans (net)	4,466,659	(768,333,717)
Minority Interest	(2,250,000)	-
Misc Expenditure	13,034,187	(11,903,187)
Proceeds/(Repayment) of Unsecured Loan (net)	34,359,053	1,768,855,802
Interest paid on loan	(764,469,785)	(865,747,328)
Net Cash from Financing Activities [C]	(661,033,786)	1,328,844,631
Net Increase/(Decrease) in Cash & Cash Equivalents [A+B+C]	(40,614,279)	(405,798,533)
Cash & Cash equivalents as at 01.04.2009	9	557,690,860
Cash & Cash equivalents as at 31.03.2010	9	151,892,327
Significant Accounting Policies & Notes	19	

Notes:-

- The above cash flow statement has been prepared under the indirect method set out in AS-3 notified under section 211(3)(C) of the Companies Act, 1956.
- Figures in brackets indicate cash outflow
- Cash and Cash equivalents includes Rs. 8,556,525 (P.Y. Rs.9,708,297) pledged with Bank against Bank Guarantees, which are not available for use by the Company

As per our report of even date attached
For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

For and on behalf of the Board
Vishal Retail Limited

Raj Kumar Agarwal
Partner
M. No. 074715

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Arun Gupta
Company Secretary

Place: New Delhi
Date: May 31, 2010

VISHAL RETAIL LIMITED

Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
1	SHARE CAPITAL		
	Authorised		
	Equity Share Capital	300,000,000	300,000,000
	30,000,000 (30,000,000) Equity Shares of Rs. 10/- each		
	Preference Share Capital	58,400,000	58,400,000
	400,000 (400,000) Preference Shares of Rs. 146/- each		
		358,400,000	358,400,000
	Issued, Subscribed & Paid up		
	Equity Share Capital		
	22,398,869 (22,398,869) Equity Shares of Rs. 10/- each, fully paid up in cash	223,988,690	223,988,690
		223,988,690	223,988,690
2	SHARE WARRANT		
	3,910,000 (Nil) Convertible Share Warrants of Rs. 10/- each (against which Rs.2.5 per warrant has been received) issued on 30th October, 2009 are to be converted on or before 18 Months from date of issue[Refer Note B-13 of Schedule 19]	9,775,000	-
		9,775,000	-
3	RESERVES & SURPLUS		
	Securities Premium		
	Balance brought forward	1,664,620,845	1,664,620,845
	Add: Additions during the year on Share warrants	48,875,000	3,750,000
		1,713,495,845	1,668,370,845
4	SECURED LOAN		
	Term Loan		
	- From banks	1,022,164,630	1,178,774,754
	Working Capital Loans		
	- From banks	2,549,295,896	2,320,849,360
	Vehicle Loan		
	-From banks	21,952,078	33,589,333
	-From others	-	611,258
	(Refer note B-5 in Schedule 20 for the securities given on these loans)		
	Other Loans		
	-From banks	112,189,175	106,477,347
	-From others	19,569,642	80,402,710
	(Secured by specific charge on fixed assets acquired out of the loan and personal guarantee of Managing Director)		
	Interest accrued & Due on Secured Loans	91,705,945	-
		3,816,877,366	3,720,704,762
5	UNSECURED LOAN		
	1). Non Convertible Debentures		
	LIC Mutual Fund 10.25%	999,000,000	1,000,000,000
	(Refer Note B-7 of Schedule 19)		
	Deutsche Trustee Services (I) Pvt. Ltd. 9.75%	500,000,000	500,000,000
	(Refer Note B-7 of Schedule 19)		
	2). Bill Discounting :		
	-From banks	513,958,086	493,811,919
	-From others	50,679,887	86,180,656
	3). Short Term Loans		
	-From banks	1,693,180,757	1,626,534,896
	-From others	8,928,825	20,837,792
	4). Loan		
	a). From Directors	54,976,761	60,000,000
	[Maximum amount outstanding during the year Rs. 80,000,000 (P.Y. Rs. 85,500,000)]		
	Interest accrued & due on Unsecured Loans	24,727,890	-
		3,845,452,206	3,787,365,263

VISHAL RETAIL LIMITED

Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

SCHEDULE : 6 - FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As at 01.04.2009	Additions during the Year	Adjustments/ Sold during the Year	As at 31.03.2010	As at 01.04.2009	Depreciation for the Year	Adjustments/ Sold during the Year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS										
Freehold Land	107,995,114	-	-	107,995,114	-	-	-	-	107,995,114	107,995,114
Leasehold Land	69,181,044	-	-	69,181,044	3,677,020	4,394,102	-	8,071,122	61,109,922	65,504,024
Buildings on Leasehold Land	49,154,953	-	-	49,154,953	2,612,619	2,176,684	-	4,789,303	44,365,650	46,542,334
Buildings	228,790,673	-	-	228,790,673	17,010,088	10,589,030	-	27,599,118	201,191,555	211,780,585
Plant & Machinery	118,046,296	2,506,036	48,912,307	71,640,025	29,827,828	8,234,401	10,308,295	27,753,934	43,886,091	88,218,468
Lift	19,724,154	-	-	19,724,154	6,985,001	1,772,016	-	8,757,017	10,967,137	12,739,153
Generator Set	256,100,589	14,421,897	34,769,281	235,753,205	58,946,713	26,887,727	11,672,420	74,162,020	161,591,185	197,153,876
Furniture & Fixture	1,139,396,559	34,606,489	73,321,395	1,100,681,653	321,539,795	148,295,326	24,884,187	444,950,934	655,730,719	817,856,764
Electrical Equipments & Fittings	354,010,156	15,260,758	560,520	368,710,394	78,369,852	39,241,832	122,615	117,489,069	251,221,325	275,640,304
Office Equipments	193,960,346	3,037,588	1,367,734	195,630,200	32,008,059	22,658,383	413,644	54,252,798	141,377,402	161,952,287
Air Conditioner	412,451,956	8,684,858	12,183,333	408,953,481	81,685,839	46,010,300	3,819,814	123,876,325	285,077,156	330,766,117
Computer	555,675,635	24,819,301	11,408,205	569,086,731	280,465,646	113,313,825	7,445,150	386,334,321	182,752,410	275,209,989
Video Conference Systems	52,987,306	-	-	52,987,306	26,038,459	10,779,538	-	36,817,997	16,169,309	26,948,847
Motor Vehicles	126,406,112	-	12,656,581	113,749,531	53,613,916	18,532,229	6,522,316	65,623,829	48,125,702	72,792,196
INTANGIBLE ASSET										
Computer Software	41,412,325	3,529,600	-	44,941,925	27,938,155	13,471,408	-	41,409,563	3,352,362	13,474,170
TOTAL	3,725,293,218	106,866,527	195,179,356	3,636,980,389	1,020,718,990	466,356,801	65,188,441	1,421,887,350	2,215,093,039	2,704,574,228
PREVIOUS YEAR	2,623,006,801	1,106,102,163	3,815,746	3,725,293,218	533,698,872	488,032,515	1,012,397	1,020,718,990	2,704,574,228	-

Note: Depreciation for the year includes Prior period depreciation on leasehold land amounting Rs.935,050

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
7	SUNDRY DEBTORS		
	(Unsecured Considered Goods, unless otherwise stated)		
	Outstanding for period exceeding Six months	5,878,194	105,000
	Other Debt	23,279,041	28,454,388
		29,157,235	28,559,388
8	INVENTORIES		
	(as taken, valued & certified by the management)		
	Raw Materials	15,789,526	146,612,871
	Semi Finished Goods	14,681,885	72,236,279
	Stitching Materials & Consumables	33,177,975	65,317,317
	Finished Goods	2,135,962,905	6,386,646,145
		2,199,612,291	6,670,812,612
9	CASH & BANK BALANCES		
	Cash on hand (as certified by the management)	47,061,325	46,162,125
	Cash in Transit (CMS)	16,113,923	24,887,841
	Cheques/ Demand drafts on hand	1,835,702	-
	<u>Balance with Scheduled Banks</u>		
	In Current Accounts	34,951,313	53,558,066
	In Fixed Deposit Accounts [Refer Note B-4 of schedule 20]	11,045,724	25,800,998
		111,007,987	150,409,030
	Share in Joint Venture	270,061	1,483,297
		111,278,048	151,892,327

VISHAL RETAIL LIMITED

Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
10	LOANS & ADVANCES		
	(Unsecured & considered good, unless otherwise stated)		
	Advance Income Tax, including taxes deducted at source [net of provision for tax aggregating to Rs.Nil (Upto P.Y. Rs.409,462,865)]	78,264,487	16,924,456
	Security Deposits/Advances	270,617,666	411,746,578
	Advances receivable in cash or in kind or for value to be received	249,685,748	287,259,085
		598,567,901	715,930,119
	Share in Joint Venture	8,991	36,443
		598,576,892	715,966,562
11	CURRENT LIABILITIES		
	Sundry Creditors		
	-Due to Micro, Medium & Small Enterprises	26,617,302	25,815,984
	-Sundry Creditors-Other	1,765,258,257	917,480,893
	Provision for interest payable to MSME	6,834,368	3,181,680
	Interest Accrued But Not Due	110,539,211	97,516,996
	Book Overdraft	124,281,641	115,381,468
	Advances from Directors [Max. Balance Rs. 749,850 (P.Y. Rs. 749,850)]	749,850	749,850
	Other Liabilities	370,709,384	319,479,702
		2,404,990,013	1,479,606,573
	Share in Joint Venture	161,415	122,343
		2,405,151,428	1,479,728,916
12	PROVISIONS		
	Provision for Gratuity	26,531,920	20,152,526
	Provision for Leave Encashment	8,556,409	6,931,080
	Provision for Fringe Benefit Tax [Net of Advance FBT Rs. 15,419,647 (upto P.Y. Rs.15,419,647)]	6,095,253	6,095,253
	Provision for Wealth Tax	370,605	304,635
		41,554,187	33,483,494

Schedules Forming Part of Consolidated Profit & Loss Account for the year ended March 31, 2010

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
13	OTHER INCOME		
	Interest [T.D.S. Rs. 491,365 (P.Y. Rs.2,174,544)]	3,590,505	12,174,746
	Misc Income [T.D.S. Rs. 433,170 (P.Y. Rs.303,739)]	98,083,054	55,781,797
	Display Charges [T.D.S. 69,868(P.Y. Rs.163,445)]	28,602,715	22,569,615
	Dividend Income	-	4,309,244
		130,276,274	94,835,402
	Share in Joint Venture	10,373	1,406
		130,286,647	94,836,808
14	COST OF GOODS		
	Cost of Goods Sold	12,585,194,915	9,136,813,725
	[Refer Note B-9 of Schedule 19]		
		12,585,194,915	9,136,813,725

VISHAL RETAIL LIMITED

Schedules Forming Part of Consolidated Profit & Loss Account for the year ended March 31, 2010
(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2010	31st March 2009
15	MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES		
	Fabrication & Other Manufacturing Expenses	7,114,756	87,369,363
	Power & Fuel Expenses	383,067,513	476,728,829
	Rent Charges	861,983,117	1,005,833,837
	Repairs & Maintenance-		
	- Building	18,449,497	42,388,184
	- Plant & Machinery	2,274,148	4,497,714
	- Others	66,608,468	210,988,108
	Insurance Charge	8,551,017	12,243,412
	Rates & Taxes	22,383,414	39,503,364
	Bank Charges	16,251,942	20,384,443
	Consultancy & Legal	54,922,281	64,465,140
	Motor Vehicle Expenses	7,347,127	12,287,028
	Printing & Stationery	15,128,115	70,981,455
	Security Service Charges	48,669,135	75,066,314
	Housekeeping Expenses	33,617,659	73,825,555
	Filing Fees	-	257,500
	Telephone Expenses	32,095,497	49,683,421
	Travelling & Conveyance	21,399,577	38,115,325
	Other Expenses	63,550,793	38,415,077
	Postage & Couriers Expenses	3,121,656	3,053,009
	Auditor Remuneration	2,649,045	2,120,914
	Directors' Sitting Fee	108,000	-
	Loss on Fixed Asset Sales	36,867,992	1,120,547
	Credit Cards Charges	21,388,699	29,490,730
		1,727,549,448	2,358,819,269
	Share in Joint Venture	1,081,470	42,934
		1,728,630,918	2,358,862,203
16	EMPLOYEE COSTS		
	Salary, Wages & Bonus	801,611,896	1,096,374,905
	Director's Remuneration	-	9,937,176
	Gratuity Expenses	8,084,408	10,148,341
	Contribution to PF & others	50,895,883	65,596,180
	Staff Welfare Expenses	24,861,073	42,012,880
		885,453,260	1,224,069,482
17	SELLING & DISTRIBUTION EXPENSES		
	Advertisement & Sales Promotion	148,770,486	293,506,916
	Commission Charges	35,743,469	35,632,936
	Transportation Charges	169,288,794	165,448,878
	Packing Materials & Expenses	123,810,907	37,529,650
		477,613,656	532,118,380
18	FINANCE COST		
	Loan Processing Charges	3,145,000	38,239,006
	Interest on Bill Discounting	78,771,643	88,987,421
	Interest on Term Loans	72,058,750	108,549,523
	Interest on Unsecured Loans	4,899,447	14,937,877
	Interest on Vehicle Loans	2,848,886	5,045,393
	Interest on Working Capital Loans	583,288,711	536,292,559
	Interest on Debentures	152,566,085	171,212,545
		897,578,522	963,264,324

VISHAL RETAIL LIMITED

Schedule 19 forming part of Consolidated Financial Statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Accounts

The financial statements of Vishal Retail Limited, "the company", its subsidiary companies, and Joint ventures ("the Group") have been prepared in compliance with the mandatory Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

1A Principles of Consolidation

The Companies considered in the Consolidated Financial Statements are :

Name of the Subsidiaries	Country of Incorporation	Ownership Interest	Financial Year ends on
VRL Infrastructure Limited *	India	50%	31st March, 2010
VRL Consumer Goods Limited	India	100%	31st March, 2010
VRL Movers Limited *	India	50%	31st March, 2010
VRL Fashions Limited	India	100%	31st March, 2010
VRL Foods Limited	India	100%	31st March, 2010
VRL Retail Ventures Limited*	India	50%	31st March, 2010
VRL Knowledge Process Limited*	India	50%	31st March, 2010

* These are subsidiary companies by virtue of control over the composition of board of director.

The Joint Venture considered in the Consolidated Financial Statements are :

Name of the Company	Description of Interest	Country of Incorporation	Percentage Interest as at at 31.03.10	Percentage Interest as at 31.03.09
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%

1B. The consolidated Financial Statements have been prepared on the following basis:

- The consolidated financial statements of the Group have been prepared in accordance with the Accounting Standard 21, "Consolidated Financial Statements", and Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures" notified by Companies (Accounting Standards) Rules, 2006 as amended.
- The financial statements of the Company and its subsidiary Companies have been consolidated on a line -by- line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra- group balances and intra-group transactions resulting in unrealized profits/ losses, if any.
- The Consolidated Financial Statements have been prepared by using uniform accounting policies for like transaction and other events in similar circumstances and are presented to the extent possible in the same manner as those of the parent company's independent financial statements unless stated otherwise.
- The difference between cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- Minority Interest in the consolidated Financial statement is identified and recognized after taking into consideration, the minority share of movement in equity since the date parent- subsidiary relationship came into existence
- Investments in Joint Ventures are dealt with in accordance with Accounting Standard (AS-27) "Financial Reporting of Interests in Joint Ventures". The Company's interest in jointly controlled entities are reported using proportionate consolidation method, whereby the Company's share of jointly controlled assets and liabilities and the share of income and expenses of the jointly controlled entities are reported as separate line items. The Company's share of the post acquisition profits or losses is included in the carrying cost of investments.

1C. Other significant accounting policies are as set out as under.**1. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2. Revenue Recognition

- a. Revenue for retail sales are recognized on delivery of the merchandise to the customer, when the significant risk and rewards of the ownership of goods have been transferred to the buyer. Sales are net off discounts and sales return, sales tax/ Value Added Tax are reduced from turnover.
- b. In respect of gift vouchers, revenue is recognized when the gift vouchers are redeemed.
- c. Revenue from display are recognized based on the period for which product are displayed.
- d. Dividend income is recognized, when the right to receive the same is established.
- e. Interest is recognized on accrual basis.

3. Inventories

Inventories are valued as follows:

- a) Raw materials, stores/consumables & packing material: at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- b) Work in Progress : at lower of cost and net realizable value
- c) Finished goods: at lower of cost and net realizable value

Cost of inventory comprises of cost of purchase and other cost incurred in bringing the inventory to their present location and condition. Cost is determined by the weighted moving average cost method.

4. Fixed Assets and Depreciation / Amortization**a) Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation on all fixed assets, except certain assets as mentioned below is provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956. In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis with reference to the number of days.

Individual assets costing equal to or less than Rs. 5,000/- is written off fully in the year of purchase.

Cost of leasehold land is amortized over the period of lease. Buildings on lease hold land are depreciated over the period of respective lease or over 20 years whichever is lower. The leasehold improvements are amortised over the period of lease.

b) Intangible Assets

Intangible Assets (Computer software) are stated at their cost of acquisition, less accumulated amortization and impairment loss thereon. An intangible asset is recognized where it is probable that future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

Computer software is amortized over a period of three years.

5. Impairment of Assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

6. Foreign Currency Transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions is recognised in the Profit and Loss Account.

7. Employee Benefits**(a) Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. Benefits such as salaries, wages, and bonus etc are recognized in the Profit and Loss Account in the period in which the employee renders the related service.

(b) Long term employee benefits:**(i) Defined contribution plans:**

The Contributions for Provident Funds & E.S.I.C. are deposited with the appropriate government authorities and are recognized in the Profit & Loss Account in the financial year to which they relate and there is no further obligation in this regard.

(ii) Defined Benefit Plans:

The Company provides for retirement benefits in the form of Gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under the defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

(iii) Other long term employee benefits

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gain and losses are recognized immediately in the Profit and Loss Account.

8. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments including investments in subsidiaries are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

9. Leases

Lease arrangements where the risk & rewards incidental to ownership of assets substantially vest with the Lessor, are recognized as Operating Leases. Lease rental under operating leases are recognized in the profit/ loss account as per terms & conditions of the Lease Agreements.

10. Taxation

- a) Tax expenses comprises of Current Tax, Deferred Tax & Fringe Benefit Taxes. Current Income Tax and Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.
- b) Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax law enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each balance sheet date.

11. Earnings per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity anti- dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

12. Provisions & Contingent Liabilities

Provisions are recognized when the Company has a present obligation as a result of past events and it is more likely that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

Disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

B. NOTES TO ACCOUNTS

- The financial statements as on 31st March, 2010 have been prepared by the Management on a "going concern basis" taking into account the present operations of the company.

- Contingent liabilities**

(Amount in Rs.)

Particulars	31st March 2010	31st March 2009
a. Outstanding Bank Guarantees	1,225,000	6,263,297
b. Disputed Sales Tax Demands - matter under appeal-	4,687,235	4,687,235
c. Disputed Excise Duty demands - matter under appeal	500,000	3,201,968
d. Disputed Liability in respect of Income Tax demands - matter under appeal	127,166,302	3,323,879
e. Claims against the Company not acknowledged as debts	296,461,235	134,613,270
f. Claims by Provident Fund Department	113,929,006	Nil
Total	543,968,778	152,089,649

The Company has made provision in the books of account in the current year with respect to amount payable to Labour Welfare Fund. The liability on account of the same was not provided for in the earlier years and the same cannot be ascertained, which in the view of the management is not likely to be material.

- Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of accounts (net of advances):

Particulars	31st March 2010	31st March 2009
a. Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	462,000	19,367,312

- The details of Managerial Remuneration paid to Directors

Name of The Directors	(Amount in Rs.)	
	2009-10	2008-09
Mr. R.C. Agarwal	Nil	6,000,000
Mrs. Uma Agarwal	Nil	900,000
Mr. S.K. Agarwal	Nil	3,037,176
Total	Nil	9,937,176

The above managerial remuneration does not include expense towards gratuity since the same is based on actuarial valuations carried out for the company as a whole.

Remuneration amounting Rs. 2,623,572 paid during the year has been subsequently reversed. The unrecovered amount of Rs. 1,600,333 has been shown as recoverable from directors under the head Loans & Advances.

- There is a lien on Fixed Deposits of Rs. 8,556,525 (Rs. 9,708,297) towards Bank Guarantee provided by Banks for the company.
- Secured Loan repayable within a year is Rs. 592,081,863 (P. Y. Rs. 352,357,918).
- Unsecured Non-convertible Debentures issued to LIC Mutual Fund Asset Management Company Limited are redeemable on monthly basis from 30th June, 2009 to 31st May, 2011 as per the agreed schedule. Unsecured Non-convertible Debentures issued to Deutsche Trustee Services (I) Private Limited were repayable on 25th August, 2009. These debentures have not been redeemed/ repaid as per terms of the related debentures.
- During the year, the Company has submitted its proposal under Corporate Debt Restructuring (CDR) mechanism to CDR cell for restructuring its secured as well as unsecured debts. SBI, HDFC, HSBC, ING Vyasa, UCO Bank and BOI are participating banks under the CDR mechanism. The CDR Empowered Group has considered the proposal of the Company.
- The Company had initiated the process of identifying non-moving, slow moving, obsolete, damaged inventory, shortages due to pilferage in all the categories i.e. Raw material and finished goods for all the stores and warehouses across India during the previous year, which is now completed. The company has recognized an aggregate amount of Rs. 3,417,159,919 as write off on account of the above, which is charged to Profit & loss account for the year ended 31st March 2010 and is included in Cost of Goods Sold in Schedule 15.

10. The company has recognized Rs. 507,897,976 as Extra-ordinary item during the year on account of Loss of Inventory due to fire in distribution centre at Gurgaon, on 4th June, 2009.
11. In the opinion of the management, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
12. Inventory valued at Rs.2,199,612,291 lying at various stores and warehouses of the Company spread across the country are as physically verified by other Chartered Accountants and relied upon by the auditors of the Company.
13. **Preferential Issue of Warrants**
In order to meet the fund requirement of the company, the company has come out with preferential allotment of 3,910,000 Warrants to the promoters during the year at an issue price of Rs. 60/- calculated under SEBI (DIP) Guidelines, 2000 on preferential basis duly approved by Shareholders and Board of Directors of the company. These warrants issued on 30th October, 2009 are convertible into equity shares on or before 18 months from the date of issue.
14. During the year the company shut down 15 stores and added 11 new stores across various locations.
15. The Company is engaged in the business of retail sales of garments, textiles, accessories and FMCG in India and there are no separate reportable segments as per AS-17 "Segment reporting" notified by Companies (Accounting Standards) Rules, 2006.
16. The Disclosure as required by the Accounting Standard -18 (Related Party Disclosure) are given below:-

Names of related parties with when transactions have taken place and relationship

Name	Designation	Relationship
Mr. Ram Chandra Agarwal	Director	Key Managerial Personnel
Mr. Surendra Kumar Agarwal	Director	Key Managerial Personnel (upto 30th September, 2009)
Mrs. Uma Agarwal	Director	Key Managerial Personnel
Mr. Jai Prakash Shukla	Director	Key Managerial Personnel (from 30th September, 2009)
Unicon Marketing Pvt. Ltd.		Two Directors of Vishal Retail Limited are Directors in the company.
Ricon Commodities Pvt. Ltd.		Two Directors of Vishal Retail Limited are Directors in the company.
Vishal Water World Private Ltd.		Two Directors of Vishal Retail Limited are Directors in the company.

Details of Transaction with related parties

Particulars	31st March 2010	31st March 2009
1 Loans Repaid		
Ram Chandra Agarwal	116,023,239	35,500,000
Unicon Marketing Pvt Ltd.	65,300,000	7,600,000
2. Loans Accepted		
Unicon Marketing Pvt Ltd.	53,391,033	2,900,000
Mr. Ram Chandra Agarwal	111,000,000	95,500,000
3. Managerial Remuneration		
Mr. Ram Chandra Agarwal	-	6,000,000
Mrs. Uma Agarwal	-	900,000
Mr. Surendra Kumar Agarwal	-	3,037,176
4. Investment Purchased From Directors		
Mr. Ram Chandra Agarwal	-	749,850
Outstanding as at the Balance Sheet Date		
5 Amount Receivable		
Remuneration Recoverable from S.K. Agarwal	1,287,912	-
Remuneration Recoverable from Uma Agarwal	312,421	-
6. Amount Payable		
Mr. Surendra Kumar Agarwal	-	5,784
Mr. Ram Chandra Agarwal	54,976,761	60,867,772
Mrs. Uma Agarwal	-	99,997
Unicon Marketing Pvt Ltd.	7,196,145	19,105,112
Vishal Water World Pvt Ltd.	1,732,680	1,732,680
9. Issue of Share Warrant		
39,10,000 Convertible Share Warrant Issued to Mr. R.C. Agarwal, Managing Director, 25% of Total Consideration received	58,650,000	-

17. The calculation of Earning per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 notified by Companies Accounting Standard Rules, 2006. A statement on calculation of Basic and Diluted EPS is as under

Particulars	UNIT	31st March 2010	31st March 2009
Profit/(Loss) After Tax & prior period items and Before Extraordinary Items	Rs.	(3,645,234,232)	(944,905,272)
Profit/ (Loss) after Tax , prior period items & extraordinary items	Rs.	(4,153,132,208)	(944,905,272)
Weighted average number of equity shares	Nos.	22,398,869	22,398,869
Weighted average number of equity shares for Dilutive EPS	Nos.	22,398,869	22,398,869
Basic Earning Per Share (before extra ordinary items)	Rs.	(162.74)	(42.19)
Basic Earning Per Share (after extra ordinary items)	Rs.	(185.42)	(42.19)
Diluted Earning Per Share (before extra-ordinary items)	Rs.	(162.74)	(42.19)
Diluted Earning Per Share (after extra ordinary items)	Rs.	(185.42)	(42.19)

18. Lease

The company has taken premises for showroom for 12 years lease/license period with lock in period of one to three year. The escalation clause is variable between 12% to 15% after every three years and the company generally takes three month rent free time from the date of possession given by the landlord.

Obligations on long term, non-cancelable operating leases.

The lease rentals charged during the year and maximum obligations on long term non-cancelable operating leases payable as per the rentals stated in the respective agreements.

(Amount in Rs)		
Particular	31st March 2010	31st March 2009
A). Lease Rentals recognized during the year in Profit & Loss Account*	861,983,117	1,005,833,837
Obligations		
Within one year of the balance sheet date	116,113,070	323,389,396
Due in a period between one year and five years	23,532,253	152,644,155
Due after five years (as lease are cancelable by the Company after three to five years)	NIL	NIL

* Lease rental for the year includes contingent rent amounting Rs. 4,869,084 calculated on the basis of sales.

In respect of residential premises taken on lease on short term basis, relevant agreement had not been executed as per the practice prevalent in that area. The relevant disclosure for future lease commitments, if any in respect of such leases is not ascertainable.

Information regarding future lease commitments in respect of Joint Venture Company is not available.

19. Prior Period Items

Items of prior period debited to the Profit & Loss Account are as under:

Particulars	31st March 2010 (Amount Rs)
Expenses	
Service Tax	22,004,388
Depreciation	935,050
Rent	5,906,463
Capital Work in progress written off	7,869,388
Others	1,670,242
Total Expenses	38,385,531
Income	
Miscellaneous Income	9,102,990
Total Income	9,102,990
Net Prior Period Expense	29,282,541

20. Deferred Tax

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of Rs.2,178,925,909 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at 31st March, 2010 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2010.

(Amount in Rs.)

Particulars	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liabilities		
On account of Depreciation	-	35,468,232
Total Deferred Liabilities	-	35,468,232
Deferred Tax Assets		
On account of Depreciation	6,571,867	-
Provision for Gratuity	9,018,200	6,849,844
Provision for Leave Encashment	2,908,322	2,355,874
Bonus	12,432,359	6,551,471
Carry Forward of Losses	2,595,569,092	467,681,738
Share of Joint Venture's Deferred Tax Asset	396,764	25,165
Total Deferred Assets	2,626,896,604	483,464,092
Net Deferred Tax Assets/(Liabilities)	2,626,896,604	447,995,860

21. Previous year's figures have been regrouped where necessary to conform to this year's classification.

For and on behalf of the Board
Vishal Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director

sd/-
Uma Agarwal
Director

sd/-
Arun Gupta
Company Secretary

Place: New Delhi
Date: May 31, 2010



Vishal Retail Limited

Regd. Office: Plot No. 332, Near TELCO service station, Rangpuri, New Delhi-110037

ATTENDANCE SLIP

Please complete the attendance slip and hand it over at the entrance of the meeting hall

LF. No. :	No. of Shares held :
DP. Id* :	Client ID :

Name(s) in full	Father's/Husband's Name	Address as Regd. With the Company
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

I/We hereby record my/our presence at the 9th Annual General Meeting of the Company being held on 29th October 2010 at 10: 30 A.M. at NCUI Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi

Signature of the Shareholder(s)/proxy**

1. _____	2. _____	3. _____
----------	----------	----------

*Applicable for investors holding shares in electronic form

**Strike out whichever is not applicable

Note: Attendance in original should be complete in all respects

No gift of any nature will be distributed at the Annual General Meeting The members seeking gift may excuse us.



Vishal Retail Limited

Regd. Office: Plot No. 332, Near TELCO service station, Rangpuri, New Delhi-110037

PROXY

LF. No. :	No. of Shares held :
DP. Id* :	Client ID :

Name(s) in full	Father's/Husband's Name	Address as Regd. With the Company
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

I/Being a member/members of Vishal Retail Limited hereby appointor failing him/her.....ofas my/our proxy to vote for me/us and on my/our behalf at the 9th Annual General Meeting of the Company being held on 29th October 2009 at 10:30 A.M. at NCUI Auditorium, Sirifort Road, Khelgaon, New Delhi.

Signature of the Shareholder(s)/proxy**

Signature of Proxy(s)

1. _____	2. _____	1. _____	2. _____
----------	----------	----------	----------

Date : DD MM YY

*Applicable for investors holding shares in electronic form

Note: The proxy must be returned so as to reach the registered office of the Company not less than 48 hours before the time for holding the Annual General Meeting. The Proxy need not be a member of the company.



If undelivered, please return to:

VISHAL RETAIL LIMITED

Plot No. 332, Near Telco Service Station
Rangpuri, New Delhi - 110037

Phone(011) -32431314-15

Fax: (011) -26784281