



# V2 RETAIL LIMITED

Annual Report 2011-12

## BOARD OF DIRECTORS

<b>Shri Ram Chandra Agarwal</b>	<i>Chairman &amp; Managing Director</i>
<b>Smt. Uma Agarwal</b>	<i>Executive Director</i>
<b>Shri Yatish Bhardwaj</b>	<i>Additional Director</i>
<b>Shri Sourabh Kumar</b>	<i>Additional Director</i>

## COMPANY SECRETARY

<b>Shri Dheeraj Mishra</b>	<i>Company Secretary</i>
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## STATUTORY AUDITORS

**M/s. Akgvg & Associates, Chartered Accountants**  
307, Pearl Corporate, Mangalam Place  
Sector-3, Rohini, New Delhi-110085

## REGISTERED & CORPORATE OFFICE

Plot No. 8, Pocket-2, Block-A,  
Khasra No. 335-336, Rangpuri Extensions, NH-8,  
Delhi 110 037  
Phone(011) -32431314-15  
Fax: (011) -32316262

## 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: delhi@linkintime.co.in

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**NOTICE**

**NOTICE IS HEREBY GIVEN THAT ELEVENTH ANNUAL GENERAL MEETING OF THE V2 RETAIL LIMITED WILL BE HELD ON FRIDAY THE 28TH DAY OF SEPTEMBER 2012 AT RANGOLI GARDEN, CHHAWLA BIJWASAN ROAD, NEAR ZATIKRA MORE, NAJAFGARH, NEW DELHI - 110043 AT 10.30 A.M. 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, 2012 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 Mrs. Uma Agarwal, who retires by rotation and being eligible offers herself for reappointment.
3. To consider and if thought fit, to pass with or without modification (s), the following resolution for appointment and fixation of the remuneration for the Statutory Auditors for the Financial Year 2012-2013 as Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 224 of the Companies Act, 1956 and any other law for the time being in force, M/s AKGVG & Associates, Chartered Accountants, be and is hereby appointed as the statutory auditors of the company for the Financial Year 2012 - 2013 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by Board of Directors."

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Sourabh Kumar, appointed as an Additional Director by the Board of Directors on 1st October, 2011 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Sourabh Kumar as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation."

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Yatish Bhardwaj, appointed as an Additional Director by the Board of Directors on 27th August, 2012 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Yatish Bhardwaj, as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation."

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provision of Section 81(1A) of Companies Act 1956, as amended (the "Act"), and all other applicable provisions, if any, of the Act and the guidelines issued or prescribed by the Securities and Exchange Board of India ("SEBI") including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI (ICDR) Regulations"), and in accordance with the rules, regulation, guidelines, notification, circulars and clarifications issued thereon from time to time by the Government of India ("GOI"), the Reserve Bank of India ("RBI"), Ministry of Finance, SEBI, and/or any other competent authorities and the enabling provisions of the Act, the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's Shares are listed and subject to necessary approvals, permissions, consents and sanctions of concern statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board", which term shall include any committee thereof) consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches on Preferential Allotment basis. Convertible Warrants (hereinafter referred to as the "Warrants") not exceeding 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) warrants to be convertible at the option of Warrant holders in one or more tranches, to the Promoter and/or Promoter Group with each warrant carrying an option/entitlement to subscribe to one equity share of the face

value of Rs. [10]/- each in exchange of each such Warrant within a period of 18 months from the date of issue of Warrants, in one or more tranches, in such manner and on such terms and Conditions as may be prevailing at the time; provided that the minimum price of the Warrants so issued shall not be less than the price arrived at in accordance with Provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, on such terms and conditions and in such manner as the Board may think fit.

**"RESOLVED FURTHER THAT** the relevant date for the preferential issue of Warrants, as per the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, for the determination of the applicable price for the issue of the above mentioned Warrants is 30 days prior to the date of this Annual General Meeting [i.e. August 29, 2012] (the "Relevant Date").

**"RESOLVED FURTHER THAT:**

- a) the Warrants to be so offered, issued and allotted shall be subject to the provisions of the Act and SEBI (Issue of Capital and Disclosure Requirements) Regulations;
- b) the Equity shares allotted on conversion of Warrants in terms of this resolution shall rank pari passu in all respects including as to dividend, with the then existing fully paid up equity shares of face value of Rs. [10]/- each of the Company, subject to the relevant provisions contained in the Act;
- c) on allotment of the Warrants, the allottee shall be liable to either pay amount equivalent to 25% of the price fixed for the Shares or adjust the same with the Loan Outstanding in their name with the Company, arising out of and/or exchanged with such Warrants. The amount so collected shall be adjusted subsequently against the price payable for subscribing to the equity shares by exercising the option;
- d) subject to applicable provisions of law, such Warrants may, at the option of the holder, be convertible into equity shares of the Company, within 18 Months from the date of their allotment, in one or more tranches and on such terms and the conditions, in such form and manner as the Board and the holder of the Warrants may, in their absolute discretion, think fit;
- e) the Warrants, being allotted to Promoter and/or Promoter Group shall be locked in for a period of 3 years from the date of allotment of Warrants and the Equity Shares allotted pursuant to the conversion of the Warrants will be put under fresh lock in for a period of 3 years respectively from the date of conversion or as may be required under SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 except to the extent and in the manner permitted there under.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to delegate all or any of the power herein conferred to any Committee of the Board or any Director (s) of the Company and to generally do all such acts, deeds, matters and the things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue or allotment of the Warrants and listing of the equity shares on conversion with Stock Exchanges as appropriate and to clarify, resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said Warrant (s), the utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly under the authority of this resolution."

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION:-**

**"RESOLVED THAT** pursuant to provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company and subject to the approval of Central Government or such other approvals, as may be required, consent of the Company be and is hereby accorded to the reappointment of Sh. Ram Chandra Agarwal as the Managing Director of the Company for a period of five years from 2nd June 2011 to 1st June 2016 at a remuneration of Rs. Nil.

**"RESOLVED FURTHER THAT** the consent of the members in respect of the remuneration of Sh. Ram Chandra Agarwal be and is hereby accorded for a period of three year which is subject to the revision of the authority authorized herewith to fix the remuneration of the appointee, within the limits specified under Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors or any person authorized by it be and is hereby authorized to fix the remuneration and/or perquisites of Sh. Ram Chandra Agarwal and revise such remuneration and/or perquisite from time to time within the maximum limits specified above and/or under the provisions of law and 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 and is subject to the limits set out under Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII thereof.

"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Sh. Ram Chandra Agarwal as minimum remuneration with the approval of the Central Government, if required.

"FURTHER RESOLVED that for the purpose of giving effect to this resolution, any Director of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

By the Order of the board of directors  
For V2 Retail Limited

Sd/  
Ram Chandra Agarwal  
Chairman & Managing Director  
DIN 00491885

Date: 27.08.2012  
Place : New Delhi

Notes:

- 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.**
- Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out in the notice is enclosed.
- 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. to 1:00 p.m. on all working days upto the date of Annual General Meeting.
- 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.
- The register of members and the share transfer books of the Company will be closed from 24th September 2012 to 27th September, 2012 both days inclusive.
- Members/ proxies should bring their copy of the Annual Report for reference at the meeting and also the duly filled attendance slip for attending the meeting.
- 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.
- 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.
- 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).
- 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.
- Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (D.P) ID number on all correspondences with the Company.
- 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.

Details of Director who is proposed to be appointed/re-appointed at the

ensuing Annual General Meeting, as required under clause 49 of the Listing Agreement, are as under:

Name of Director	Mrs. Uma Agarwal	Mr. Ram Chandra Agarwal
Date of Birth	15-Nov-75	15-Feb-65
Date of Appointment	23-Jul-01	23-Jul-01
Expertise in Specific Functional Area	She holds more than Ten years of Experience in Retail Industry	He holds more than Twenty Five years of Experience in Retail Industry
Qualifications	Bachelor's Degree in Arts	Bachelor's degree in commerce
Directorship in Other Public Companies	VRL Infrastructure Limited VRL Movers Limited VRL Retail Ventures Limited	VRL Infrastructure Limited VRL Movers Limited VRL Retail Ventures Limited
Membership/ Chairmanship of Other Public Companies	None	None
Shareholding in the Company	344000 (Three Lacs Forty Four Thousand) Equity Shares as on March 31, 2012	719161 (Seven Lacs Nineteen Thousand One Hundred Sixty One) as on March 31, 2012

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

**ITEM NO. 4**

Mr. Sourabh Kumar, was appointed as an Additional Director of the Company with effect from 1st October 2011 by the Board of Directors of the Company.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, he shall hold office as Additional Director only upto the date of this Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member proposing appointment of Mr. Sourabh Kumar as a Director along with a deposit of Rs. 500. Mr. Sourabh Kumar is not disqualified from being appointed as Director in terms of Section 274(1) (g) of the Companies Act, 1956 and he has already given his consent letter to act as a Director on the Board of the Company.

Details of Mr. Sourabh Kumar who is proposed to be appointed as Director at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement, are as under:-

Name of Director	:	Mr. Sourabh Kumar
Date of Birth	:	04/02/1985.
Date of Appointment	:	01/10/2011
Expertise in specific Functional Area	:	Finance and Accounts
Qualifications	:	M.Com
Directorship held in other public Companies	:	None
Membership/ chairmanship of other public companies	:	None
Shareholding in the Company	:	Nil

The Board recommends the members of the Company to appoint Mr. Sourabh Kumar and pass the necessary resolutions as detailed in the Notice. Brief profile of Mr. Sourabh Kumar enclosed for the reference of the members.

No other Directors of the Company are concerned or interested in the proposed resolution.

**ITEM NO. 5**

Mr. Yatish Bhardwaj, was appointed as an Additional Director of the Company with effect from 27th August, 2012 by the Board of Directors of the Company.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, he shall hold office as Additional Director only upto the date of this Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member proposing appointment of Mr. Yatish Bhardwaj, as a Director along with a deposit of Rs. 500. Mr. Yatish Bhardwaj, is not disqualified from being appointed as Director in terms of Section 274(1) (g) of the Companies Act, 1956 and he has already given his consent letter to act as a Director on the Board of the Company.

Details of Mr. Yatish Bhardwaj, who is proposed to be appointed as Director at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement, are as under:-

Name of Director	: Mr. Yatish Bhardwaj
Date of Birth	: 05/06/1984
Date of Appointment	: 27/08/2012
Expertise in specific	
Functional Area	: Finance and Corporate Law
Qualifications	: M.Com, Company Secretary
Directorship held in other public Companies	: None
Membership/chairmanship of other public companies	: None
Shareholding in the Company	: Nil

The Board recommends the members of the Company to appoint Mr. Yatish Bhardwaj, and pass the necessary resolutions as detailed in the Notice. Brief profile of Mr. Yatish Bhardwaj, is mentioned for the reference of the members.

No other Directors of the Company are concerned or interested in the proposed resolution.

#### ITEM NO. 6

With a view to augment the long term resources of the company, and at the same time strengthen its financial base, it is proposed to offer, issue and allot, in one or more tranches, on Preferential Allotment basis. Convertible Warrants (hereinafter referred to as the "Warrants") not exceeding 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) warrants on a preferential basis to the Promoters and/or Promoter group of the Company, entitling the holder of each Warrant, from time to time, to apply for and obtain allotment of One equity share of the face value of Rs. [10]/- each against such Warrant (hereinafter referred to as the "Warrant"), in one or more tranches, in such manner and on such price, terms and conditions as may be prevailing at the time; provided that the minimum price of the Warrants so issued shall not be less than the price arrived at in accordance with Provision of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, as amended ("SEBI (ICDR) Regulations"), on such terms and conditions and in such manner as the Board of Directors of The Company ("Board") may think fit and in accordance with the rules, regulations, guidelines, notifications, circulars, and clarifications issued thereon from time to time by the Government of India ("GOI"), the Reserve bank of India ("RBI"), Ministry of Finance, Securities and Exchange Board of India ("SEBI"), and/or any other competent authorities and the enabling provisions of the Companies Act, 1956, the Listing Agreements entered into by the Company with the Stock Exchanges on which Company's shares are listed and subject to necessary approvals, Permissions, consents and sanctions of Concerned Statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board.

The Details of the issue and other particulars as required in terms of SEBI (issue of Capital and Disclosure Requirements) Regulations in relation to the resolution proposed under Item No.6 are given as under:

#### i) Object of the issue:

The proceeds of the Preferential issue are proposed to be used to meet capital expenditure for Company's existing as well as new growth business, repayments/reduction of borrowings, general corporate purposes and maintain adequate liquidity for the future requirements in line with our growth strategy.

#### ii) The Intention of the promoters/Directors/ Key Management Persons to subscribe to the offer:

The preferential issue is being made to the promoters and/or promoter group of the Company. As Such this resolution is being sought to approve subscription to the Warrants by the Promoter and/or Promoter Group that are being offered through this resolution.

#### iii) Re-computation of the Price

As the company is listed at the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for a period of more than 6 months, therefore the company needs not to re-compute the price of the equity shares in terms of Regulation 76(3) of the SEBI (ICDR) Regulations, 2009.

#### iv) Securities to be issued:

The resolution set out at Item No. 6 of the accompanying Notice authorise the Board to issue to the Promoter and/or Promoter Group 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) Warrants entitling the holder of each Warrant to apply for and obtain allotment of one equity share of face value of Rs. 10/- each against each Warrant in such manner and on such price, terms and conditions as may

be determined by the Board in accordance with the Provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations.

#### v) Relevant Date and pricing:

The Relevant Date for the purpose of determining the price of shares arising out of Warrants in accordance with Chapter VII (Issue Capital and Disclosure Requirements) Regulations, 2009 is [August 29, 2012]. The Price of the Share is determined in accordance with Regulation 76 (1) of SEBI (ICDR) Regulations, 2009. The Historical price of the shares is taken from National Stock Exchange of India Limited

#### vi) Terms of Issue of Warrants to Promoters:

1. The proposed allottees of Warrants shall, on the date of allotment, pay an amount equivalent to at least 25% of the price fixed per Warrant in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations. The allottee may use their loan outstanding for payment of price of warrant.
2. The holders of each Warrant will be entitled to apply for and obtain allotment of one equity share of face value of Rs. [10]/- each of the Company against each Warrant at any time after the date of allotment but on or before the expiry of 18 Months from the date of allotment, in one or more tranches. At the time of conversion of Warrants, the Warrant holders shall pay the balance of the consideration towards the subscription to each equity share. The amount so paid will be adjusted/setoff against the issue price of the resultant equity shares.
3. If the entitlement against the Warrants to apply for the Equity shares is not exercised within the aforesaid period, the entitlement of Warrant holders to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such convertible Warrants shall stand forfeited.
4. Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot one equity share per Warrant by appropriating Rs. 10/- towards equity share capital and the balance amount paid against each Warrant, towards the securities premium.
5. Subject to applicable provision of law, in the event of any corporate restructuring such as future Bonus/Right Issue(s) of equity shares or other securities convertible into equity shares by the Company prior to conversion of the Warrants, the Warrant holders shall be entitled to such pro-rata rights, in the same proportion and manner as any other shareholder of the Company.
6. The Warrant holder shall be entitled to dividend as permissible under the Companies Act, 1956.
7. The Warrant (s) by itself until converted into equity shares, does not give to the holder(s) thereof any right with respect to that of a shareholder of the Company except as specified above.
8. The equity shares issued as above shall rank pari-passu in all respect to dividend, with the then fully paid up equity share of the Company, subject however to the provisions of the Companies Act, 1956.

#### vii) Lock-In:

Fully Convertible Warrants being allotted to promoter(s) shall be locked in for a period of 3 years from the date of allotment of warrants and the equity shares allotted pursuant to the conversion of these warrants will be put under fresh lock in for a period of 3 years respectively from the date of conversion or as may be required under SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 except to the extent and in the manner permitted there under.

#### viii) Particulars of subscriber to Warrants:

The promoters and/or Promoter Group Companies intend to subscribe to 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) Warrants in aggregate under this preferential issue.

#### ix) Under subscription, if any:

Any of the Warrants issued as above, that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any person/ entity / investor controlled by the Promoters and/or Promoter Group, on the same terms and conditions.

#### x) Information about the Proposed Allottee:

The proposed allottees are the promoter and Director of the Company. Mr. Ram Chandra Agarwal is the Chairman and Managing Director of the Company. Mrs. Uma Agarwal is the Whole Time Director of the Company.

#### xi) Shareholding Pattern pre and post preferential issue:

The shareholding pattern giving the present position as also considering

full allotment of Warrants to Promoters and/or promoter Group and equity shares arising out of the conversion thereof, as per Resolution 6 of the Notice are given below:

Shareholder Category	Shareholding before the proposed preferential allotment		No. of Shares Proposed for Preferential allotment	Shareholding before the proposed preferential allotment	
	No. of Shares	% Share holding		No. of Shares	% Share holding
Promoter Holding:					
Promoters (Individual /HUF)	12,20,161	5.44 %	68,29,589	80,49,750	27.54 %
Promoter (Body Corporate)	1,15,92,710	51.76 %		1,15,92,710	39.66 %
Sub- total	1,28,12,871	57.20 %	68,29,589	1,96,42,460	67.20 %
Non Promoter Holding:					
Mutual Funds	-	-	-	-	-
FI's/Banks	-	-	-	-	-
Central Govt./ State Govt.	-	-	-	-	-
Insurance Co's	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-
FI's	-	-	-	-	-
Other Body Corporate	-	-	-	-	-
Individuals/ HUF	-	-	-	-	-
Sub- total	95,85,998	42.80 %	-	95,85,998	32.80 %
Total	2,23,98,869	100 %	68,29,589	2,92,28,458	100 %

**NOTE:-**

The above shareholding has been prepared on the basis of shareholding as on June 30, 2012.

Post Allotment holding is determined on the assumption that Promoters shall apply for conversion of 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) Warrants into Equity Shares.

The percentage of Post preferential issue Capital that may be held by the proposed allottee(s) is as follows:

Name of the Proposed allottee	Pre-allotment holding		Proposed allotment (Convertible warrants)	Post allotment holding (after exercise of warrants)	
	Total No. of Shares	% of total Voting rights		Total No. of Shares	% of Total voting Rights
Ram Chandra Agarwal	7,19,161	3.21 %	65,87,172	73,06,333	24.99%
Uma Agarwal	3,44,000	1.53 %	2,42,417	5,86,417	2.00 %

There will be no change in control of Company consequent to the preferential issue.

**xii) Proposed time within the allotment shall be completed:**

As required under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, the Company shall complete the allotment(s) of Warrant as aforesaid on or before the Expiry of 15 days from the date of passing of this resolution by the shareholders granting consent for preferential issue or in the event allotment of the Warrants would require any approval (s) from any regulatory authority of the Central Government, within 15 (fifteen) days from the date of Such approval (s), as the case may be.

**xiii) Change in Control:**

The issue of the Warrants and their conversion into equal number of equity shares will not result in any change in the management or control of the Company.

**xiv) Others:**

The certificate of the statutory Auditors to the effect that the present preferential issue is being made in accordance with the requirements contained in Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations shall be placed before the shareholders at the meeting and will be open for inspection at the Registered Office of the Company between 11.00 AM to 01:00 PM on any working day except Public Holidays.

As it is proposed to issue Warrants on preferential basis, special resolution is required to be approved by members pursuant to the provisions of Section 81(1A) of Companies Act, 1956 and Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations.

The Board therefore recommends the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the above referred resolution except Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal, being associated with the Promoter and/or Promoter Group Companies.

**ITEM NO. 7**

In view of the contributions made by Sh. Ram Chandra Agarwal and his extensive knowledge of Company's operations and rich experience and expertise in managing the affairs of the Company, the Board of Directors of the Company, on the recommendation by the Remuneration Committee, in its meeting held on May 14, 2011, re-appointed Sh. Ram Chandra Agarwal, as the Managing Director of the Company for a further period of five years commencing from June 02, 2011 on the terms and conditions as set out in the resolution. Such re-appointment is subject to the approval of Members of the Company by way of Special Resolution and Central Government, if necessary.

In the event of loss or inadequacy of profits in any financial year(s), during the currency of tenure of Sh. Ram Chandra Agarwal as Managing Director of the Company, the remuneration as mentioned in the resolution, shall be paid to Sh. Ram Chandra Agarwal, as minimum remuneration, subject to the approval of Central Government, if necessary.

The re-appointment of Sh. Ram Chandra Agarwal as Managing Director of the Company and payment of remuneration to him is subject to the approval by the Company in a General Meeting and the Central Government, if necessary, in accordance with the relevant provisions of the Companies Act, 1956 read with Schedule XIII to the said Act. The resolution set out in the notice is intended for this purpose.

The particulars required to be disclosed in the Explanatory statement in accordance with provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956, are enclosed in a separate statement and form a part of this notice.

None of the Directors of the Company, except Sh. Ram Chandra Agarwal, is in any way concerned or interested in this resolution.

The Board recommends the special resolution set forth at Item No 7 of the Notice for the approval of the members.

**STATEMENT, PURSUANT TO THE PROVISIONS OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 WITH RESPECT TO ITEM NO. 7, OF THE NOTICE:**

**I. General Information:**

- (1) Nature of Industry: Retail
- (2) Date of commencement of commercial Operation: July 23, 2001
- (3) Financial performance based on given indicators:

	FY ended 31.03.2012	Quarter Ended 30.06.2012
Total Sales (Amount In Crore Rs.)	40.16	21.52
Net Profit/(Loss) (Amount In Crore Rs.)	(34.78)	(1.35)
EPS (Amount In Rs.)	(15.53)	(0.61)

- (4) Export performance and net foreign exchange collaborations: For the period ended March 31, 2012, the Company had no export and has no foreign collaboration
- (5) Foreign investments or collaborators, if any: For the period ended March 31, 2012, the Company has no any Foreign Investment or collaborator.

**II. INFORMATION ABOUT THE APPOINTEE:**

- (1) Background Details: Sh. Ram Chandra Agarwal, Aged 46 years, is a commerce graduate having about more than two decades of experience exclusively in readymade garments including manufacturing, retailing and marketing. He is dynamic, self- made first generation successful entrepreneur and has a vision. He is the Chairman and founder of V2 Retail Limited (Formerly known as Vishal Retail Limited).
- (2) Past Remuneration The Shareholders in their meeting held on June 2, 2006 has approved following remuneration for Mr. Ram Chandra Agarwal:
 

Basic Salary	: Rs. 3,00,000/-
House Rent Allowance	: Rs. 1,50,000/-
Conveyance Allowance	: Rs. 50,000/-

However no remuneration was paid to Mr. Ram Chandra Agarwal during FY 2009-10, 2010-11 and 2011-12.

- (3) **Recognition or award(s):** Mr. Ram Chandra Agarwal has been conferred with the several awards at different forums such as Ernst & Young Entrepreneur of the year award on November 26, 2008.

4th Meri Dilli award in year 2006

4Ps Power Brand Award in year 2007

- (4) **Job profile and suitability**

He shall be responsible for substantial management of the Company subject to the superintendence, control and direction of the Board of Directors. The Board of Directors of the Company is of the view that Mr. Ram Chandra Agarwal is a suitable candidate for the proposed position

- (5) **Remuneration proposed**

As provided in the resolution.

- (6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person**

As per information available for the year ended March 31, 2012 the salary range for the Managing Director of most of the Retail Companies are in the range of Rs. 3 to 6 Crore.

Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr. Ram Chandra Agarwal is the shareholder of the Company since inception and he also holds substantial stake in the Promoter Companies of V2 Retail Limited. Mrs. Uma Agarwal is wife of Mr. Ram Chandra Agarwal and she is shareholder of the Company since inception and she also holds substantial stake in the Promoter Companies of V2 Retail Limited.

**III. Other Information:**

- Reasons for loss or inadequate profits: The Company is in revival phase and need capital for expansion and incurred losses due to starting afresh the Business.
- Steps taken or proposed to be taken for improvement: The opening of new showroom shows positive sign and the turnover of the Company is growing consistently over the months and it is expected that the Company will be able to establish itself to the new high very soon.
- Expected increase in productivity and profits in measurable terms: It is expected that the turnover of the Company will grow by more than 100 % of its Turnover from last year and the pace will be continued for upcoming Three Financial Year, thereafter the growth will be in the range of 30 -40 % of the preceding turnover.

**IV) Disclosures:**

- The information in respect of Remuneration including performance criteria, service contract, notice period, stock options details, if any, have been given in the Corporate Governance Report.
- The terms of appointment of Mr. Ram Chandra Agarwal, as stated in this notice, may be treated as the abstract under Section 302 of the Companies Act, 1956.

**By the Order of the board of directors  
For V2 Retail Limited**

Sd/-

**Ram Chandra Agarwal  
Chairman & Managing Director  
DIN 00491885**

Date : 27.08.2012  
Place : New Delhi

**DIRECTORS' REPORT**

Your Directors have great pleasure in presenting the Eleventh Directors' Report of the company with the audited statements of accounts for the year ended March 31, 2012.

**Financial Highlights**

(Rs. in million)

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
Income from Operations	401.64	10646.46
Other Income	37.40	104.05
<b>Total Income</b>	<b>439.04</b>	<b>10750.51</b>
<b>Total Expenditure except interest cost</b>	<b>550.03</b>	<b>11520.17</b>
Interest	81.50	101.35
Profit(+) & Loss(-) before tax (3)-(4+5)	(192.49)	(871.01)
Provision for Taxation	Nil	Nil
Tax Adjustments	(155.31)	219.30
<b>Net Profit (+) &amp; Loss (-) after tax(6-(7+8))</b>	<b>(347.80)</b>	<b>(651.71)</b>
<b>Brought forward from Previous year</b>	<b>(4920.72)</b>	<b>(4269.00)</b>
<b>Extra Ordinary Item &amp; Prior Period Adjustment</b>	<b>(39.69)</b>	<b>992.51</b>
<b>Amount available for appropriation</b>	<b>Nil</b>	<b>Nil</b>
Less: Provision for Preference Dividend	Nil	Nil
Less: Provision for Dividend Distribution Tax	Nil	Nil
<b>Balance carried to Balance Sheet</b>	<b>(5268.52)</b>	<b>(4920.72)</b>
<b>EPS(In Rs for Equity Shares of par value of Rs.10/- each)</b>		
<b>Basic (before extraordinary items)</b>	<b>(15.53)</b>	<b>(72.37)</b>
<b>Basic (after extraordinary items)</b>	<b>(15.53)</b>	<b>(29.10)</b>
<b>Diluted (before extraordinary items)</b>	<b>(15.53)</b>	<b>(72.37)</b>
<b>Diluted (after extraordinary items)</b>	<b>(15.53)</b>	<b>(29.10)</b>

**CHANGE OF NAME OF THE COMPANY**

As approved by you by way of Special Resolutions passed by Postal Ballot, the name of the Company has been changed to **V2 RETAIL LIMITED** as per the Fresh Certificate of Incorporation consequent upon Change of Name dated 29-July, 2011 issued by the Registrar of Companies, Delhi.

**PERFORMANCE REVIEW**

The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. The industry is moving towards a modern concept of retailing. India's retail market is expected to grow at 7 per cent over the next 10 years, reaching a size of US\$ 850 billion by 2020. Traditional retail is expected to grow at 5 per cent and reach a size of US\$ 650 billion (about 76 per cent), while organised retail is expected to grow at 25 per cent and reach a size of US\$ 200 billion by 2020. With the re-start under brand of V2 Retail we feel that a significant business opportunity lies ahead for the retailers. The overall retail market continues to grow and consumer aspiration for a better service environment still remains intact. Your company continues to endeavor to reinstate its growth pattern in the retail industry with a chain of stores under the 'V2' brand in the Retail Industry.

**OPERATIONS REVIEW**

- After the sale of its wholesale, franchise, institutional sales and retail undertakings to TPG Wholesale Pvt. Ltd and Airplaza Retail Holdings Pvt. Ltd, the Company has re—started its operation with a contemporary approach
- During the year, the Company is in the process to overhaul its business taking the advantage of its Brand value it has created in the market till yet.
- During the year, Company opened in its new stores under the brand "V2" at:

S.No	Location	Area (sq. ft.)
1	Mahipalpur	9300
2	Karol Bagh	12600
3	Faridabad	6400
4	Jamshedpur	10292
5	Krishna Nagar	15052
6	Rajouri Garden	4455
7	Ludhiana	12900

- The Company also opened a warehouse at Kapashera (DC) with 28850 sq. ft. area on 25.04.2011.
- The Stores at Krishna Nagar, Rajauri Garden and Ludhiana were closed due to lower footfall, poor sales and nonprofit making.
- Post 31.03.2012, the Company opened new store at Patna admeasuring 22200 sq. ft. on 02.04.2012:

S.No	Location	Area (sq. ft.)	Date
1	Patna	22200	02.04.2012

- Factors like negotiating rentals, store opening and rationalization, working capital management, regionalization, cost optimization and manpower planning are some of the key issues for the Company in the current context of re establishment.

### INDUSTRIAL RELATIONS

The Company has developed a climate of cooperation, & confidence for its employees.

Our relation with employees is based on mutual trust & respect and we continue to maintain the same spirit at all times.

### MATERIAL CHANGES AFTER BALANCE SHEET DATE

- Notice of Strike off under section 560 (5) of the Companies Act, 1956 for the following Subsidiary Companies under Fast Track Exit Scheme was issued by Registrar of Companies, NCT of Delhi and Haryana.
  - VRL Consumer Goods Limited
  - VRL Fashions Limited
  - VRL Knowledge Process Limited
  - VRL Foods Limited
- Mr. Abhishek Mishra, Non Executive Additional Independent Director has resigned on 27.08.2012.
- Mr. Yatish Bhardwaj has joined as Non Executive Additional Independent Director on 27.08.2012.
- Post 31.03.2012, the Company opened new store at Patna measuring 22200 Sq. ft.

S.No	Location	Area (sq. ft.)	Date
1	Patna	22200	02.04.2012

### 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

Mr. Abhishek Mishra who has joined the Company as Additional Director on 01.10.2011 has resigned on 27.08.2012.

The Board of Directors appointed Mr. Sourabh Kumar and Mr. Yatish Bhardwaj as Independent Directors at its board meeting held on October 01st, 2011 and August 27th, 2012 respectively. They hold office until the ensuing Annual General Meeting. Notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing their names for appointment as directors of the Company liable to retire by rotation.

Ms. Uma Agarwal, Director of the company liable to retire by rotation, and being eligible, offers herself for re-appointment as Whole-time director.

### APPOINTMENT OF COMPANY SECRETARY

During the year under review, Mr. Saurabh Misra, Company Secretary has resigned on September 13th, 2011 and Mr. Siddarth Malhotra has joined the Company on September 13th, 2011 who also resigned on November 5th, 2011.

As required under section 383A of the Companies Act, 1956 read with the provisions of the listing agreement with stock exchanges, Mr. Dheeraj Kumar Mishra an associate member of the Institute of Company Secretaries of India, New Delhi, has been appointed as the Company Secretary on November 19th, 2011 pursuant to the resignation of Mr. Siddarth Malhotra.

### SUBSIDIARY COMPANIES

The Company has 3 subsidiary Companies as on date namely, VRL Movers Limited, VRL Infrastructure Limited, VRL Retail Ventures Limited. The other 4 companies VRL Knowledge Process Limited, VRL Consumer Goods Limited, VRL Fashions Limited and VRL Foods Limited who was subsidiary of the

Company have been issued notice for strike off under section 560(5) of the Companies Act, 1956 by the Registrar of Companies.

VRL Movers Limited, VRL Infrastructure Limited, VRL Retail Ventures Limited are subsidiaries by virtue of control over composition of the Board of Directors. None of the companies have commenced business operations during the year.

As per General Circular No: 2 /2011 issued by the Ministry of Corporate Affairs, Government of India, a general exemption has been provided to Companies for attaching the Directors' Report, Balance Sheet and Profit and Loss Account of all subsidiaries to its balance sheet, subject to fulfilling certain conditions as stipulated in the circular. Your Company complies with those conditions and, therefore, has been generally exempted by the Central Government from attaching detailed accounts of the subsidiaries, and accordingly, the financial statements of the subsidiaries are not attached in the Annual Report. For providing information to Shareholders, the annual accounts of these subsidiary Companies along with related information are available for inspection during business hours at the Company's registered office and at the registered office of the subsidiary companies concerned.

### AUDITORS

M/s. AKGVG & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956. The Board recommends their appointment.

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

- The accumulated losses 526,85,24,136 (Rupees Five Hundred Twenty Six Cores Eighty Five Lacs Twenty Four Thousand One Hundred Thirty Six) as at 31st March 2012 which exceed the network of the Company.

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 7 new stores, and one warehouse. 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.

- Sundry balance written off amounting to Rs. 12,28,036/- (Rupees Twelve Lacs Twenty Eight Thousand and Thirty Six) has been included in other expenses. Basis for the same is not provided.

The Company had been deposited amount of Rs. 11,11,000/- (Rupees Eleven Lacs Eleven Thousand) as Security Deposit to Krishna Nagar, Delhi showroom, which was forfeited due to early closure of showroom. The decision of shutting down the showroom was due to various reasons including non-profit making. The Company made an assessment and decided to write off the balance amount of Rs. 1,17,036/- (Rupees One Lac Seventeen Thousand Thirty Six) which relates to various small vendors and deposits. Moreover it is insignificant in view of size and volume of the business.

- Insurance claim received amounting to Rs. 59,37,430/- (Rupees Fifty Nine Lacs Thirty Seven Thousand Four Hundred Thirty) has been recognized as Miscellaneous Income in Profit & Loss A/c. No documentary evidence has been provided in support of receipt of the said transaction.

The said insurance claim was lodged against the loss occurred in Gurgaon Showroom due to fire. This claim was lodged before the Slump sale transaction took place, so some of the documents relating to this claim were left in the custody of the acquiring Companies. However now we have arranged all the documents pertaining to said claim.

- We have not been provided the basis of accounting for capital reserves amounting to Rs. 60,523.24 Lacs created during the F/y 2010-11 on account of restructuring of business of the Company.

The Company has restructured its business during Financial Year 2010-11 by way of sale of its Wholesale and Retail Business to TPG Wholesale Private Limited and Airplaza Retail Holdings Private Limited (referred to as Acquiring Companies) respectively. The Master Restructuring Agreement and other settlement agreements were entered into the Company with Acquiring Companies and its Lenders to effect the said restructuring and CDR proposal of the Company.

The Company had trifurcated its Assets and Liabilities as on appointed date between the Acquiring Companies and selling Company as per agreement entered into between them and the difference between Assets and Liabilities transferred has been shown as Capital Reserve. As a



result of the said agreement the liabilities to the extent of Rs. 823.20 Crores and assets of Rs. 393.78 Crores were taken over by the Acquiring Companies against a consideration of Rs. 70 Crores. This transaction resulted in a Capital Reserve of Rs. 499.42 Crores. As a part of the said restructuring process some unsecured lenders of the company also waived off their claims to the extent of Rs. 105.81 Crores which has also been transferred to Capital Reserve Account.

- e) No documentary evidence has been provided for interest expense amounting in aggregate of Rs. 255,34,549 (Rupees Two Crore Fifty Five Lacs Thirty Four Thousand Five Hundred Forty Nine) out of which Rs. 1,09,81,430 (Rupees One Crore Nine Lacs Eighty One Thousand Four Hundred Thirty) included in finance cost and Rs. 1,45,53,119 (Rupees One Crore Forty Five Lacs Fifty Three Thousand One Hundred Nineteen) is included in prior period expenses.

The Company made provision for interest payable majorly as per terms mentioned in CDR proposal and sometimes at the rate at which the loan was originally sanctioned but at the time of full and final settlement with bankers, they charge interest with different rates like HDFC charged at 7.50% and for some period at 12%. Pegasus is charging at the rate of interest which is linked with BPLR. So at the time of settlement of term loan with HDFC & Pegasus, Company found that a sum of Rs. 1.45 Crores which is on account of interest, relates to Financial Year 2010-11 and a sum of Rs. 1.10 Crores relates to the year under audit.

- f) Non compliance of Accounting Standard 2 "Valuation of Inventories" The cost for valuation of inventories does not include Octroi, Freight Inward & Discount received on purchases. The impact of such deviation from AS-2 is currently unascertainable.

The Company is dealing in very huge number of articles and sometimes it receive discount or reduction in purchase prices on account of various reasons like volume buying or quality inspection etc. so it becomes very intricate to bifurcate that discount article wise and upload the same in system.

The company purchases various articles from a single vendor and pay freight on total purchases from a vendor so it becomes very complex to bifurcate and upload the same article wise. Moreover the quantum of discount received and freight inward to be charged on closing inventory is insignificant in view of size and volume of the business.

- g) Deferred Tax Assets amounting to Rs. 269,05,91,951 (Rupees Two Hundred Sixty Nine Crores Five Lacs Ninety One Thousand Nine Hundred Fifty One only) has been recognized in the Balance Sheet, though the Company has incurred operating losses in the current year and previous years and there exists no convincing evidence as to virtual certainty of future income to recover the deferred tax asset as required by Accounting Standard 22 "Accounting for taxes on income".

During the year the Company has started its new retail venture under the brand & style "V2". The Company entered into various MOU with landlords and has already started operations in seven number of stores, which are doing fairly well.

The company has repaid most of their debts outstanding and is in the process of releasing its securities mortgaged with the secured lenders. Thus, the company is in the process becoming debt free. Thus, reduction in the interest cost together with the contribution in the profits from the new stores, we found that there is virtual certainty that the company will be able to make sufficient profits and accordingly deferred tax assets has been recognized.

- h) The Company has Contingent Liabilities to the tune of Rs. 6468.63 Lacs which includes Rs. 59.98 Lacs relating to Bank Guarantee. All Contingent Liabilities except Bank Guarantee are under appeal with different authorities at different levels. At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Accounting Standard-29 has not been made in books of accounts.

The Contingent Liabilities to the tune of Rs. 6468.83 Lacs except Bank Guarantee are under appeal with different authorities at different levels. The provision of these liabilities could not be made due to various reasons such as no possible obligation on the Company, outflow for the Company is very remote and the estimate for the contingent liabilities could not be ascertained.

- i) The Company has maintained proper records showing full particulars, including quantitative details except situation of fixed assets.

The Company was in the process of updating its records regarding the situation of the fixed assets and the same has been updated in the register of fixed assets now.

- j) Fixed Assets have not been physically verified by the management during

the year. Also there is no regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

The Company has policy for physical verification of its Fixed Assets over a period of Three years. All fixed assets except Land, Building and Computer Software are acquired during the year. The Computer Software is installed in the machines. The Land and Building are in continuing supervision of the Company.

- k) There is inadequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed asset and recording of accounting transactions. It has been observed that the major weakness or continuing failure to correct such major weakness in the Internal Control systems of the Company in respect of these areas.

After restructuring of the Business, the turnover of the Company falls by more than 96 % from year 2010-11 and accordingly Purchase and Inventory also go down substantially. Any purchase involving substantial amount is directly supervised by the Management and accordingly accounting transactions are made.

- l) The Company does not have internal audit system commensurate with its size and nature of Business.

After restructuring of the Business, the turnover of the Company falls by more than 96 % from year 2010-11. Therefore in order to save the cost, internal audit system is performed by the employees independent of Finance & Accounts Department.

- m) The Company is irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. An amount of Rs. 3,01,854 on account of Sales Tax for year 2007-08 is outstanding.

The Company is regularly depositing the applicable statutory dues with the appropriate authorities, however due to high attrition rate; sometimes it is not deposited on time but has been paid with the Interest and Penalty as applicable. There is no due of any statutory liability for the period of March 31, 2012 except Rs. 3,01,854, which is the interest amount.

- n) The Company has outstanding dues of Rs. 44,26,89,014 (Forty Four Crore Twenty Six Lakh, Eighty Nine Thousand and Fourteen) against income tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess on account of dispute.

The total due of Rs. 44,26,89,014 (Forty Four Crore Twenty Six Lakh, Eighty Nine Thousand and Fourteen) is under dispute at various forums, the final due will be settled on account of final decision by the respective authorities.

- o) The Company has accumulated losses at the end of Financial Year which exceeds fifty percent of its networth. Further Company incurred cash losses in the current and immediate preceding Financial Year.

Excess of accumulated losses over net worth of the Company will have no negative impact on the operations and running of the Company as the loss pertains to the earlier venture, which the Company has already restructured through Slump Sale, further the Company has reduced its indebtedness considerably and started its new retail venture and in the process of bringing financial stability within the Company.

- p) The Company has defaulted in repayment of dues to Financial Institution/ Bank.

Pursuant to Master Restructuring Agreement, the payment to the Financial Institution was to be made by sale of Land and Building. The Financial Institution did not take effective steps to sell the Land and Building of the Company, therefore the payment could not be made.

**AUDIT COMMITTEE**

The Constitution of the Audit Committee as on 31st March 2012 was as follows:

Name of the Director	Designation	Chairman / Member
Mr. Abhishek Mishra <sup>^</sup>	NEID	Chairman
Mr. Ram Chandra Agarwal	Promoter Director	Member
Mr. Saurabh Kumar	NEID	Member

<sup>^</sup> Due to Resignation of Mr. Abhishek Mishra, the Committee has been reconstituted on August 27, 2012 and Mr. Yatish Bhardwaj has been nominated as Chairman in place of Mr. Abhishek Mishra.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

Subject to and except to the extent of the Auditor's qualification in the Auditor's Report which have been adequately responded to above, in the preparation of the annual accounts, the applicable accounting standards have 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 2012 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.

## OTHER INFORMATION

None of the Director or Employee of the Company was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act 1956. The details as required under Companies (Particulars of Employees) Rules 1975 is enclosed as Annexure -III.

## REPORT ON CORPORATE GOVERNANCE

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

## IMPORTANT INTIMATION TO THE MEMBERS

As you may be aware, the Ministry of Corporate Affairs, Government of India ('MCA') has recently introduced 'Green Initiative in Corporate Governance' by allowing paperless compliance by Companies i.e. service of notice/ documents including Annual Report can be sent by email to its Members. Keeping in view the underlying spirit and pursuant to the said initiative of MCA, we request to the members who have not registered their e-mail addresses, so far, to register their e-mail addresses, in respect of electronic holdings with the depository through their respective Depository Participants. Members holding shares in physical form are also requested to register their e-mail addresses with Company's Registrar & Share Transfer Agent viz. Link Intime India Private Limited.

## 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  
sd/-

Date : 27.08.2012  
Place : New Delhi

Ram Chandra Agarwal  
Chairman  
Din:-00491885

## Annexure – I

## Management Discussion and Analysis

### INDUSTRY STRUCTURE AND DEVELOPMENT

Indian retail sector accounts for 22 per cent of the country's gross domestic product (GDP) and contributes to 8 per cent of the total employment.

Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organised retailing formats. The industry is moving towards a modern concept of retailing. India's retail market is expected to grow at 7 per cent over the next 10 years, reaching a size of US\$ 850 billion by 2020. Traditional retail is expected to grow at 5 per cent and reach a size of US\$ 650 billion (about 76 per cent), while organised retail is expected to grow at 25 per cent and reach a size of US\$ 200 billion by 2020.

India has one of the largest numbers of retail outlets in the world. The sector is

witnessing exponential growth, with retail development taking place not only in major cities and metros, but also in Tier-II and Tier-III cities.

The organised Indian retail industry has also begun witnessing an increased level of activity in the private label space, which is expected to grow further in the near future.

The said growth can be attributed to the growing Indian economy, increase in Private Final consumption Expenditure (PECE) and the change in consumption pattern of the Indian populace. The Changing Consumption pattern, in turn, primarily remains driven by higher standard of living, growing middle-class population, greater proportion of working women, increase in penetration levels of organized retail etc.

In the Retail Industry Food is the largest segment in terms of its contribution to the total value of the retail market, followed by fashion and fashion accessories. The share of organised retail in the total Indian retail trade pie is projected to grow at 40 per cent per annum.

The Online mode of retail business has high potential for growth in the near future. India's e-retail industry is likely to touch Rs 7,000 crore (US\$ 1.26 billion) by 2015, up from Rs 2,000 crore (US\$ 359.97 million) currently, as per an industry body report

To remain untouched with the growth the foreign players are also ardently looking towards Indian Retail Segment. For foreign players India has emerged as the fifth most favourable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia, according to A T Kearney's Global Retail Development Index (GRDI) 2012. "India remains a high potential market with accelerated retail growth of 15-20% expected over the next five years," highlighted the report by A T Kearney.

The foreign direct investment (FDI) inflows in single-brand retail trading during April 2000 to March 2012 stood at US\$ 44.45 million, according to the latest data released by Department of Industrial Policy and Promotion (DIPP). The data is further expected to amplify pursuant to 100% permissible FDI in Single Retail Branding.

## KEY GROWTH DRIVERS OF RETAIL INDUSTRY

### The growth factors of the retail sector of Indian economy:

- India's growing population and urbanization offers a huge market for organized Retail.
- Increasing economic prosperity and change in consumption pattern drives retail pattern
- Increase in per capita income which in turn increases the household consumption
- Demographical changes and improvements in the standard of living Collective effort of financial houses and banks with retailers are providing strength to consumers to go for durable products with easy credit
- Regulatory enablers aiding growth

## OPPORTUNITIES

The Growth trend of the Indian Retail Market is an opportunity for Indian retailers. The Indian Retail Sector has grown at a CAGR of 14.6% for the period FY07-12(P). Ratings agency Fitch has assigned a stable outlook to the retail sector for 2012 as factors such as expected sales growth-driven expansion and efficient working capital management are likely to benefit retail companies. Commenting on allowing more FDI into the sector, Fitch said: "If and when foreign direct investment [FDI] is allowed, it would benefit Indian retailers over the next two to three years."

The size of India's retail sector is currently estimated at around \$450 billion and organised retail accounts for around 5% of the total market.

During the year, the government has initiated some dialogue on the opening up of the retail sector to foreign direct investment (FDI). In a calibrated manner which may result in some foreign players, along with new domestic players entering the sector in the near future. Some of the world's leading retailers are already present in the country either through joint ventures and franchisee agreements with local players or through cash-and-carry operations. We view these developments as a positive opportunity as the entry of new players would only expand the modern retail market which is currently not fully penetrated.

## STRENGTHS

In the present context, the Company shall focus and develop the following as its strengths leading to an accelerated sustainable organizational development

- Improvement in infrastructure and logistics to reach out to untapped market.
- Developing and setting up an agile and adaptive supply chain.
- To retain the existing customers and to promote the brand name of V2 Retail Limited.

- Placing right people at the right job being talented professionals, especially at the middle-management level.
- Employing standard security features such as CCTVs, POS systems and anti-shoplifting systems for greater control over fraud and theft to curb employee pilferage, shoplifting, vendor frauds and inaccuracy in supervision and administration.

#### Future Outlook and Strategies

- Effective utilization of IT system – Focusing on e-retailing.
- Productively employing staff at all location
- Branding
- Right Positioning of the Company
- Effective Visual Communication
- Strong Supply Chain
- 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.
- Diversify business

#### Risks and Concerns

##### Execution

We believe the key risk to our growth is execution risk. The process of reestablishment will continue and the timely achievement of which will be critical.

##### Increase in Competition to Impact Margins

With the entry of big players in retail Industry due to the permissible 100% FDI in Single Brand Retailing the competition will become intense. Increase in competition is expected to alter the dynamics of business and further sustaining/ acquiring space and manpower resources.

##### 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

The Company has a proper, efficient & adequate system of internal control. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported correctly.

An extensive program of internal audit and management review supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose.

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

Your Company has reported a loss of Rs. 347 Millions during the financial year ended March 31, 2012.

The turnover from operations of the company during the financial year ended March 31, 2012 was Rs. 401 Mn as compared to Rs. 10646 Mn during the previous year ended March 31, 2011. The turnover of the company decreased by 96.23% from the previous year on account of sell out of its total Wholesale and Retail Business Comprises of more than 150 Stores to TPG Wholesale Private Limited and Airplaza Retail Holdings Private Limited. After the Slump Sale the Company has opened 10 stores till yet, out of which 7 (Seven) are successfully running.

##### Cost of Goods sold

The total Cost of goods sold decreased by more than 96.27 % from the existing Rs. 8331 Mn in FY'11 to Rs. 310 Mn in FY'12

The decrease can be attributed to the decrease in turnover of the Company.

##### Administrative & Other Expenses

Administrative & Other Expenses declined by Rs. 1524 Mn i.e. 94.07% in FY'12

from the existing Rs. 1620.20 Mn to Rs. 96.16. The decline in the cost is mainly on account of closing down of stores and aggressively pursuing policy of cost reduction.

##### Personnel Expenses

The personnel expenses decreased by 93.48% from 794 Mn in FY'11 to Rs. 51 Mn in FY'12. The decrease in personnel expenses is mainly on account of closing down of stores which led to decrease in number of personnel employed there and aggressively pursuing policy of cost reduction.

##### Depreciation

The Company provided for depreciation of Rs. 25 Mn during FY' 12 compared to Rs 343 Mn in FY'11. For the year under consideration, cumulative depreciation was 14.14% of gross block, from 12.14 % in the previous year. Your Company uses the Written down Value (WDV) method to compute depreciation charges.

##### Finance Charges

Interest expense reduced by 92.39 % to Rs 81 Mn during FY' 12 compared to 107 Mn during FY'11. Reduction in Finance cost is on account of reduction in the loan amount.

##### Provision for Taxation

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

##### EPS

The year recorded a negative EPS of Rs. (15.53) compared to previous year EPS of Rs. (29.10). The Diluted Earnings per Share (DPS) was Rs (15.53) in FY'12 compared to Rs (29.10) in FY'11.

##### Balance Sheet Position

##### Share Capital

Your Company has an authorised equity share capital of Rs. 300 MN comprising 30 MN 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.

##### Reserves & Surpluses

The reserves and surplus as on March 31, 2012 is Rs. 2530 Mn as compared to Rs. 2845 Mn as on March 31, 2011.

##### Profit and Loss Account

Your Company incurred a loss of Rs. 347 Mn during the financial year ended March 31, 2012. Resultantly the balance in P&L as on March 31, 2012 was Rs. (5268) Mn compared to Rs (4920) mn as on March 31, 2011.

##### Debt

The total amount of the long term debt has been increased to Rs. 175 Mn from the previous year Rs. 55.80 Mn.

##### 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. 347 Mn. The deferred tax asset as on March 31, 2012 was Rs. 2690 Mn.

##### Investments

Your Company has made addition of Rs. 28 Mn to the previous investment of Rs. 303 Mn. The gross investment at the end of year stands at Rs. 331 Mn.

##### Cash & Bank Balances

As on March 31, 2012, your Company was having a cash balance of Rs. 102 Mn compared to Rs 432 Mn as on March 31, 2011.

##### Inventories

As on 31<sup>st</sup> March 2012, the inventory of the company is 160 Mn.

##### Loans and Advances

Loans and Advances as on March 31, 2012 was Rs. 69.09 Mn compared to Rs. 50.15 Mn as on March 31, 2011.

##### Current Liabilities & Provisions

Current liabilities decreased to Rs. 490 Mn compared to Rs. 602 Mn during FY'11. Provisions increased to Rs. 0.50 Mn during FY'12 as compared to Rs. 0.16 Mn during FY'11.

On behalf of the Board of Directors

Date : 27.08.2012  
Place : New Delhi

sd/-  
Ram Chandra Agarwal  
Chairman  
Din:-00491885

#### ANNEXURE II

Information as required u/s 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out as under:

Conservation of Energy

i. Energy Conservation Measures taken: Energy conservation efforts are

ongoing activities. During the year under review, further efforts were made to ensure optimum utilization of fuel and electricity.

- ii. Additional investments and proposals, if any, being implemented for reduction of consumption of energy : Nil
- iii. Impact of measures at (i) & (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods- Nil
- iv. Total energy consumption and energy consumption per unit of production as per Form 'A'

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

Power and fuel Consumption	2011-12	2010-11
<b>Electricity</b>		
Purchased		
Unit	*	*
Total Amount	10457519	346961495
Rate/Unit	*	*
<b>Furnace Oil</b>		
Quantity (tonnes)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL
<b>HSD</b>		
Quantity (tonnes)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL

- Due to scattered stores, information could not be determined.

The Company is not indulge into export of goods. No activities relating to exports have been undertake by the Company during the financial year 2011-2012.

**Foreign Exchange Earnings and outgo**

Particulars	2011-12	2010-11
Foreign Exchange Outgo		
Traveling	456562	2120688
Consultancy		Nil
Others		Nil
<b>Imports</b>		
Raw Materials	Nil	Nil
Finished Goods	Nil	Nil
Capital Goods	Nil	Nil
Others	Nil	Nil
<b>Foreign Exchange Earnings</b>		
Earnings in foreign exchange	Nil	Nil

On behalf of the Board of Directors

sd/-

Date: 27.08.2012  
Place : New Delhi

Ram Chandra Agarwal  
Chairman

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

After shutting down manufacturing operations and after the Slump sale of undertakings, your company has begun the process of setting up of new stores and planning to establish the manufacturing facilities. Presently, all our products are being procured from outside. We have not imported any technology during the financial year 2011-12.

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

On behalf of the Board of Directors

sd/-

Date : 27.08.2012  
Place : New Delhi

Ram Chandra Agarwal  
Chairman

**Annexure III**

**PARTICULARS OF EMPLOYEES IN RECEIPT OF REMUNERATION PRESCRIBED UNDER SECTION 217(2A)**

None of the Director or Employee of the Company was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act 1956. The below stated details are not applicable for any of the employee or director of the Company.

Particulars	Details
Designation of Employee	NA
Remuneration Received	NA
Nature of Employment, whether Contractual or otherwise	NA
Other terms and conditions	NA
Nature of duties of Employees	NA
Qualification and experience of the employee	NA
Date of Commencement of employment	NA
Age of Employee	NA
The last employment held by such employee before joining the Company	NA
The percentage of equity Shares held by the employee in the Company within the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of Section 217	NA
Relation with any Director or manager of the Company	NA

**Annexure IV**

**CORPORATE GOVERNANCE REPORT**

Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society" (Sir Adrian Cadbury in 'Global Corporate Governance Forum', World Bank, 2000).

**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

As a responsible organization, we use our value based framework to inculcate and maintain accountability in all our affairs and to pave ways for truly democratic and open processes.

The company perceives itself as trustee of its shareholders and acknowledges its responsibility, of conducting and imbibing ethical practices in the organization, towards the stakeholders. During the year under review, the Company continued its pursuit of achieving these objectives through adoption and monitoring of corporate strategies, prudent business plans and pursuing policies and procedures to satisfy its legal and ethical responsibilities.

**BOARD OF DIRECTORS**

As on March 31, 2012, the Board comprised of 04 directors, 2 of them being Executive Non-Independent Directors and 2 being an Independent Director. The Composition of Board of Directors on 31.03.2012 is as follows:

Category	DIN	Name of the Director
Executive Promoter Director	00491885	Mr. Ram Chandra Agarwal
	00495945	Mrs. Uma Agarwal
Independent Director	05113215	Mr. Abhishek Mishra
	05113240	Mr. Sourabh Kumar
Nominee Director		NIL

Mr. Shunil Tripathi, Independent Director resigned on 05.11.2011 and the other Independent Directors Mr. Rahul Kumar, Mr. Dharm Nath Prasad, Mr. Alok Srivastava on the Board has resigned on 01.10.2011.

The Board was reconstituted with appointment of following directors on the Board on 01.10.2011:

Category	Date of appointment	DIN	Name of the Director
Independent Director	01.10.2011	05113215	Mr. Abhishek^ Mishra
		03501724	Mr. Sourabh Kumar

^ Due to Resignation of Mr. Abhishek Mishra, the Composition of Board of Director has been reconstituted on August 27, 2012. Mr. Yatish Bhardwaj (DIN:06368039) has joined the Company as non Executive Additional Independent Director in place of Mr. Abhishek Mishra on August 27, 2012.

**INFORMATION SUPPLIED TO THE BOARD**

Board Members are given agenda 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 2011-12, 27 Board Meetings were held till 31st March 2012, as per following details:-

Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1.	April 09, 2011	2.	May 12, 2011
3.	May 14, 2011	4.	June 06, 2011
5.	June 22, 2011	6.	July 25, 2011
7.	August 14, 2011	8.	August 16, 2011
9.	August 30, 2011	10.	September 04, 2011
11.	September 13, 2011	12.	October 01, 2011
13.	October 22, 2011	14.	October 28, 2011
15.	November 14, 2011	16.	November 24, 2011
17.	November 30, 2011	18.	December 10, 2011
19.	December 14, 2011	20.	December 19, 2011
21.	January 16, 2012	22.	January 18, 2012
23.	January 20, 2012	24.	January 24, 2012
25.	February 06, 2012	26.	February 14, 2012
27.	March 26, 2012		

Composition of Board of Directors and their Attendance in the Board Meetings as on 31st March 2012;

Name of Director	Designation of Director	Board Meeting	Last AGM
Ram Chandra Agarwal	Managing Director & Executive Promoter	27	Yes
Uma Agarwal	Whole Time Director & Executive Promoter	27	Yes
Sourabh Kumar	Additional Director	16	NA
Abhishek Mishra	Additional Director	04	Yes

In addition to the above listed directors, 4 directors resigned from the Board

during the year. The relevant details of such directors are as follows:

Name of Director	Designation of Director	Attendance		Date of resignation
		Board Meeting	Last AGM	
Shunil Tripathi	Independent Director	14	Yes	05.11.2011
Rahul Singh	Independent Director	06	Yes	01.10.2011
Alok Kumar Srivastava	Independent Director	09	Yes	01.10.2011
Dharam Nath Prasad	Independent Director	06	Yes	01.10.2011

The committee membership of the Directors as on 31.03.2012 is as follows:

Name of Director	No of other Directorships	No of other Committee Membership#	No of other Committee Chairmanship#
UMA AGARWAL	15	Nil	Nil
SOURABH KUMAR	Nil	Nil	Nil
ABHISHEK MISHRA	Nil	Nil	Nil

# Membership of only Audit Committee, Investor Grievances Committee of other public Companies are considered.

**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. Rahul Singh, Mr. Alok Kumar Srivastava, Mr. Shunil Tripathi and Mr. Dharam nath Prasad as Independent Directors and appointment of 2 new Non-Executive and Independent Directors, Mr. Sourabh Kumar and Mr. Abhishek Mishra, w.e.f 01<sup>st</sup> October 2011, 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.

The details of the members of the committees as on March 31, 2012 are as under;

Name of the Director	Audit	Remuneration	Investors Grievances	Share Transfer
Ram Chandra Agarwal	Member	NA	NA	Member
Uma Agarwal	NA	NA	Member	NA
Sourabh Kumar	Member	Chairman	Chairperson	Chairman
Abhishek Mishra <sup>^</sup>	Chairman	Member	Member	Member

Due to resignation of Independent Directors during the year, the respective committee composition has been reconstituted upon appointment of new independent directors on the Board. 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:

<sup>^</sup>Due to Resignation of Mr. Abhishek Mishra, the Committees have been reconstituted on August 27, 2012 and Mr. Yatish Bhardwaj has been nominated in place of Mr. Abhishek Mishra on August 27, 2012.

**AUDIT COMMITTEE**

Due to resignation of Independent Directors, Mr. Alok Kumar Srivastava and Mr. Shunil Tripathi, during the year on 01.10.2011, the Audit Committee was reconstituted as follows, upon appointment of Mr. Abhishek Mishra and Mr. Sourabh Kumar on 01.10.2011. The Constitution of the Audit Committee as on 31st March 2012 was as follows:

Name of the Director	Designation	Chairman/ Member
Mr. Abhishek Mishra <sup>@</sup>	NEID <sup>^</sup>	Chairman
Mr. Ram Chandra Agarwal	Promoter Director	Member
Mr. Sourabh Kumar <sup>@</sup>	NEID <sup>^</sup>	Member

<sup>@</sup> Appointed w.e.f. 01.10.2011

<sup>^</sup>NEID – Non Executive Independent Director

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Audit Committee meetings & presence: The details of Audit Committee meetings & presence of Members till 31st March 2012 are as follows:

Date of Audit Committee Meetings	Name of the Audit Committee Members				
	Mr. Abhishek Mishra\$	Mr. Ram Chandra Agrawal	Mr. Sourabh Kumar	Mr. Alok Kumar Srivastava!	Mr. Shunil Tripathi#
14 <sup>th</sup> May, 2011	NA	Present	NA	Present	Present
14th August, 2011	NA	Present	NA	Present	Present
04 <sup>th</sup> September 2011	NA	Present	NA	Present	Present
14 <sup>th</sup> November 2011	Present	Present	Present	NA	NA
01 <sup>st</sup> December 2011	Present	Present	Present	NA	NA
14 <sup>th</sup> February 2012	Present	Present	Present	NA	NA

! Resigned on 01.10.2011

# Resigned on 05.11.2011

\$ Resigned on 27.08.2012

Due to Resignation of Mr. Abhishek Mishra, the Committee has been reconstituted on August 27, 2012 and Mr. Yatish Bhardwaj has been nominated as Chairman in place of Mr. Abhishek Mishra on August 27, 2012.

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.

The details of Members of the Remuneration Committee as on 31st March 2012 are as follows:-

Name	Designation	Chairman/ Member
Sourabh Kumar@	NEID^	Chairman
Abhishek Mishra@	NEID^	Member

^ NEID – Non Executive Independent Director

@ Appointed w.e.f. 01.10.2011

Due to resignation of Independent Directors during the year, the Committee was reconstituted, as follows, upon appointment of Mr. Sourabh Kumar and Mr. Abhishek Mishra on 01.10.2011

Mr. Alok Kumar Srivastava and Mr. Dharm Nath Prasad who were members in the meeting have resigned on 01<sup>st</sup> October 2011 and Mr. Shunil Tripathi who was the chairman of the remuneration committee has resigned on 5<sup>th</sup> November 2011

Further Due to Resignation of Mr. Abhishek Mishra, the Committee has been reconstituted on August 27, 2012 and Mr. Yatish Bhardwaj has been nominated as Member in place of Mr. Abhishek Mishra on August 27, 2012.

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

The details of Remuneration Committee meetings & presence of Members till 31st March 2012 are as follows:

Date of Remuneration Committee Meetings	Name of the Remuneration Committee Members				
	Mr. Shunil Tripathi	Mr. Alok Kumar Srivastava	Mr. Dharm Nath Prasad	Mr. Sourabh Kumar	Mr. Abhishek Kumar
13 <sup>th</sup> May 2011	Present	Present	NA	NA	NA
26 <sup>th</sup> July 2011	Present	Present	Present	NA	NA

### Details of remuneration paid to Directors are given below;

Because of the losses incurred by the Company no remuneration has been paid to any executive 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 husband to 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

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.

The details of Members of the Shareholders'/Investors' Grievance Committee as on 31st March 2012 are as follows:-

Name of the Director	Designation	Chairman/ Member
Mr. Sourabh Kumar@	NEID ^	Chairman
Mr. Abhishek Mishra@	NEID ^	Member

^ NEID – Non Executive Independent Director

@ Appointed w.e.f. 01.10.2011

Due to resignation of Independent Directors during the year, the Committee was reconstituted, as follows, upon appointment of new Independent Directors, on 01.10.2011.

The details of Shareholders'/Investors' Grievance Committee Meetings & presence of Members till 31st March 2012 are as follows:

Date of Meetings	Name of the Shareholder/Investor Grievance Committee Members		
	Mr. Abhishek Mishra^	Sourabh Kumar	Uma Agarwal
20 <sup>th</sup> March 2012	NA	Present	Present

^Due to Resignation of Mr. Abhishek Mishra, the Committee has been reconstituted on August 27, 2012 and Mr. Yatish Bhardwaj has been nominated as Member in place of Mr. Abhishek Mishra on August 27, 2012.

### Compliance Officer

Mr. Dheeraj Kumar Mishra, 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 2012.

### SHARE TRANSFER COMMITTEE

The responsibilities of the Share 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.

Due to resignation of Independent Directors during the year, the Committee was reconstituted, as follows, upon appointment of new Independent Directors, w.e.f. 01.10.2011.

Name	Designation	Chairman/ Member
Sourabh Kumar@	NEID^	Chairman
Abhishek Mishra@	NEID^	Member
Mr. Ram Chandra Agarwal	Promoter Director	Member

^ NEID – Non Executive Independent Director

@ Appointed w.e.f. 01.10.2011

The details of Share Transfer Committee meetings & presence of Members till 31st March 2012 are as follows:

Date of Meetings	Name of the Share Transfer Committee Members		
	Mr. Abhishek Mishra	Sourabh Kumar	Uma Agarwal
02 <sup>nd</sup> Feb 2012	Present	Present	Present

Due to Resignation of Mr. Abhishek Mishra, the Committee has been reconstituted on August 27, 2012 and Mr. Yatish Bhardwaj has been nominated as Member in place of Mr. Abhishek Mishra on August 27, 2012.

### GENERAL BODY MEETINGS

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

#### Annual General Meeting

Financial Year	Venue	Date	Time
2010-11	Luthra Farm House, Gate No. 3, Near Shani Bazar, Rajokri New Delhi 110038	30.09.2011	10:30AM
2009-10	NCUI, Siri Fort Institutional Area, August Kranti Marg, New Delhi - 110016	29.10.2010	10:30 AM
2008-09	NCUI, Siri Fort Institutional Area, August Kranti Marg, New Delhi - 110016	26.09.2009	10:30 AM

### Special Resolutions

#### Annual General Meeting (AGM) (30.09.2011)

- Reappointment of Mr. Shunil Tripathi.
- Reappointment of Mr. Alok Kumar Srivastava.

- Ratification by Members for Change in location of some of the Retail Stores other than to what stated in the Prospectus

**Annual General Meeting (AGM) (29.10.2010)**

- Reappointment of Mr. Jay Prakash Shukla as a Whole Time Director.

**Annual General Meeting (AGM) (26.09.2009)**

- Reappointment of Ms. Seema Kukreja and Mr. Sandeep Kumar
- 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

**Postal Ballot**

During the last financial year ended 31st March 2012 the Company passed the following resolutions through postal ballot

- Change of name of the company as per Section 21 of the Companies Act, 1956.
- Alteration of other objects of the company as per Section 17 of the Companies Act, 1956.
- Commencement of businesses mentioned in Other Objects of Memorandum of Association of the company as per Section 149(2A) of the Companies Act, 1956.
- Appointment of statutory auditors to fill casual vacancy as per Section 224 of the Companies Act, 1956.
- Appointment of Mr. Dharm Nath Prasad as Independent Director as per Sections 255,256,257 of the Companies Act, 1956.
- Appointment Mr. Rahul as Independent Director as per Sections 255,256,257 of the Companies Act, 1956.

**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 tandem with the SEBI regulation on prevention of insider trading, 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. All the Board Members and Senior Management Personnel have affirmed compliance with the Code. A certificate pursuant to clause 49 of the listing agreement in mentioned below.

To,

Members of V2 Retail Limited

Sub: Declaration under clause 49 (I)(D)(ii) of the Listing Agreement

I, Ram Chandra Agarwal, Managing Director of V2 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, 2012.

**On behalf of the Board of Directors**

sd/-

**Ram Chandra Agarwal**

**Chairman**

**Din:-00491885**

**Date : 27.08.2012**

**Place : New Delhi**

**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 2012 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.

sd/-

**Date : 30.05.2012**

**Place : New Delhi**

**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**

The Results of the Company are furnished to the Stock Exchanges on a periodic basis (Quarterly, half yearly and annually) after the approval of Board of Directors.

The Notice and Results are generally published generally in The Financial Express / Business Standard/Jansatta within 48 Hours after approval of Board of Directors.

Website: The Company's new website is www.v2retail.com. It 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. Further, shareholders can register their Email Ids with the Company so that requisite information, as per the requirements of the Companies Act, can be sent to them, swiftly.

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 11TH ANNUAL GENERAL MEETING**

The Eleventh Annual General Meeting of the Company will be held on 28.09.2012 at Rangoli Garden, Chhawla Bijwasan Road, Near Zatikra More, Najafgarh, New Delhi - 110043 at 10.30 AM.

**Financial Year:**

The Financial year of the Company shall commence from April 1, 2012 and ends on March 31, 2013.

For the Financial year ended on March 31, 2012 the results were announced on:-

First Quarter ended June 30, 2011 : August 16, 2011  
Second Quarter ended September 30, 2011 : December 10, 2011  
Third Quarter ended December 31, 2011 : February 14, 2012  
Fourth Quarter ended March 31, 2012 : May 30, 2012\* (Audited Results)

\* The Company has announced audited result on May 30, 2012. The same has been published in Jansatta and Financial Express on 01.06.2012.

For the Financial year ending on March 31, 2013 the audited results will be announced as per the time schedule prescribed under Clause 41 of the Listing Agreement within 60 days of the end of the financial year (annual).

## V2 RETAIL LIMITED - ANNUAL REPORT 2012

### Dividend

Considering the losses incurred in the financial year ended March 31, 2012, the board of directors does not recommend any dividend for the financial year ending March 31, 2012.

### Date of Book Closure

The Date of Book closure will be 24th September 2012 to 28th September 2012 both days inclusive.

### Market Price Data

The share price of the Company at NSE & BSE is mentioned below:

S. No.	Month	NSE	
		High	Low
1.	April – 11	41.20	27.35
2.	May – 11	34.50	28.55
3.	June – 11	35.00	30.05
4.	July – 11	36.80	30.35
5.	August – 11	31.50	22.60
6.	September – 11	27.50	22.05
7.	October – 11	25.30	20.20
8.	November – 11	23.90	15.10
9.	December – 11	21.60	12.40
10.	January – 12	18.60	13.15
11.	February – 12	19.10	16.05
12.	March – 12	17.00	11.00

S. No.	Month	BSE	
		High	Low
1.	April – 11	41.2	27.1
2.	May – 11	34.7	25.4
3.	June – 11	35.1	30.0
4.	July – 11	36.6	30.3
5.	August – 11	31.6	22.3
6.	September – 11	27.6	20.5
7.	October – 11	25.8	20.3
8.	November – 11	24.3	14.2
9.	December – 11	21.1	12.4
10.	January – 12	18.4	13.3
11.	February – 12	19.2	16.1
12.	March – 12	17.4	11.2

### 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 : V2RETAIL

Pursuant to the change in name of the Company to V2 Retail Limited, the Company has intimated the same to the stock exchanges where the shares of the Company are listed.

### 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 did not obtain public funding in the last three years.

### Dematerialization of Shares

The equity shares of your company are under compulsory dematerialization mode as on March 31, 2012. The ISIN for the Equity Shares of the Company is INE945H01013.

97.48% of shares of the Company are dematerialized as on March 31, 2012. 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	1,12,11,012	2,58,57,216
Turnover (Amount in Lakhs)	3198.92	7468.79 Lakh

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: delhi@linktime.co.in, cs@vrl.net.in

### Distribution of Shareholding-As on March 31, 2012

Share holding of nominal value (Rs.) (1)	Share Holders Number (3)	Share Amount		
		% to total (4)	Rs. (5)	% to total
Upto 2500	18406	78.722	1,22,69,700	5.478
2501-5000	2445	10.457	97,83,900	4.368
5001-10000	1334	5.705	1,09,35,860	4.882
10001-20000	628	2.686	95,76,370	4.275
20001-30000	187	0.800	48,03,240	2.144
30001-40000	83	0.355	29,87,120	1.334
40001-50000	84	0.359	39,66,480	1.771
50001-100000	110	0.470	80,63,370	3.600
100001 and above	104	0.445	16,16,02,650	72.148
Total	23381	100.00	22,39,88,690	100.00

### Shareholding Pattern as on March 31, 2012

Category of Shareholders	No. of Shares	% of total shares	Number of shares pledged
Promoters	1,28,12,871	57.20%	9,53,770
Foreign Institutional Investors	00	00.00%	0
Financial Institutions / Banks	00	00.00%	0
Mutual Funds	00	00.00%	0
Venture Capital	00	00.00%	0
Insurance	00	00.00%	0
Body Corporate	23,23,635	10.37%	0
Individuals	69,17,865	30.88%	0
Others	3,44,498	1.55%	0
Total	2,23,98,869	100.00	9,53,770

### Plant Location

The Company is in the process of identifying and setting up manufacturing facilities.

### Address for Correspondence

Registered Office & Corporate Office

Plot No. 8, Pocket 2, Block A

Khasra No. 335-336,

Rangpuri Extension, NH-8,

New Delhi-110037

On behalf of the Board of Directors

Date : 27.08.2012

Place : New Delhi

Sd/  
Ram Chandra Agarwal  
Chairman & Managing Director

### AUDITORS REPORT ON CORPORATE GOVERNANCE

To the shareholders of V2 Retail Limited

We have examined the compliance of conditions of corporate governance by V2 Retail Limited for the year ended on March 31, 2012, 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 AKGVG & Associates  
Chartered Accountant  
FRN No.: 018598N

Date : 30.05.2012  
Place : New Delhi

Sd/-  
Vimal Kumar Saini  
Membership No: 515915



**AUDITOR'S REPORT**

To

The Members of

V2 RETAIL LIMITED

We have audited the attached Balance Sheet of **V2 RETAIL LIMITED** as at 31st March 2012 and Profit & Loss Account of the Company for the period ended 31st March 2012 annexed thereto and reports that:

1. 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 issued by the Company Law Board in terms of Section 227 (4A) 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 accordingly to the information and explanation given to us, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.

4. We Report that:

- a) *The accumulates losses 526,85,24,136 (Rupees Five hundred twenty six crores Eighty Five lacs Twenty four thousand one hundred thirty six only) as at 31<sup>st</sup> March, 2012 which exceed the net worth of the company.*

Although The Company has incurred substantial losses and its net worth has been eroded. However, having regard to improvement in the economic sentiment, rationalization measures adopted by the Company, Opening of new stores and the implementation of the debt recast package with the lenders and promoters, these financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

5. Further to our comments in the annexure referred to in paragraph (3) above:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit, subject to following:

- a) *Sundry balance written off amounting Rs. 12,28,036 (Rupees Twelve lacs Twenty Eight thousand thirty six only) has been included in other expenses. Basis for same is not provided.*
- b) *Insurance claim received amounting to Rs. 59,37,430 (Rupees Fifty nine lacs thirty seven thousand four hundred thirty only) has been recognized as Miscellaneous income in Profit & Loss A/c. No documentary evidence has been provided in support of receipt of the said transaction.*
- c) *We have not been provided the basis of accounting for Capital reserves amounting to Rs. 60,523.24 Lacs created during the Fy 2010-11 on account of restructuring of business of the company.*
- d) *No documentary evidence has been provided for Interest expense amounting in aggregate of Rs. 255,34,549 out of which, Rs. 1,09,81,430 included in finance cost and Rs. 1,45,53,119 included in Prior period expenses.*

(ii) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.

(iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

(iv) In our opinion the accounts have been prepared in compliance with the applicable standards referred to in section 211 (3C) of the Companies Act, 1956 except:

- a) *Non-compliance with Accounting Standard 2 "Valuation of Inventories" The cost for valuation of inventories does not include Octroi, Freight Inward & Discount received on purchase. The impact of such deviation from AS-2 is currently unascertainable.*
- b) *The Company has Contingent Liabilities to the tune of Rs. 6468.63 Lacs which includes Rs. 59.98 Lacs relating to Bank Guarantee. All Contingent Liabilities except Bank Guarantees are under appeal with different authorities at different levels. At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Indian Accounting Standard-29 has not been made in books of accounts.*
- c) *Deferred tax Assets amounting to Rs. 2,69,05,91,951 (Rupees two hundred sixty nine crores five lacs ninety one thousand nine hundred fifty one only) has been recognized in the Balance Sheet though the company has incurred operating losses in the current year and previous years and there exists no convincing evidence as to virtual certainty of future income to recover the deferred tax asset as required by Accounting Standard 22 "Accounting for Taxes on Income".*

(v) On the basis of written representations received from the directors, we report that none of the director is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director under 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 subject to the effect on the financial statements of the matters referred in the preceding paragraphs, accounts read together with NOTES thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

(a) In the case of the Balance Sheet of the State of affairs of the Company as at 31<sup>st</sup> March, 2012.

(b) In the case of the Profit & Loss Account of the profit of the company for the period ended on that date subject to the effect of the above notes.

(c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**FOR A K G V G & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm registration number: 018598N

**VIMAL KUMAR SAINI**  
**PARTNER**  
**M.NO: 515915**

**PLACE: NEW DELHI**  
**DATED: 30<sup>th</sup> May, 2012**

**Annexure referred to in paragraph 3 under the heading “Report on other legal and regulatory requirements” of our report of even date**

**Re: V2 Retail Limited (the company)**

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details except situation of fixed Assets.
- (i) (b) *Fixed assets have not been physically verified by the management during the year. Also there is a no regular programme of verification which, in our opinion, is unreasonable having regard to the size of the company and the nature of its assets.*
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (ii) (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.
- (ii) (c) The company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the company and hence not commented upon.
- (iii) (b) The Company had taken loans, secured or unsecured to companies, firms, or the other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year along with closing Balance is as follows:

Name of the Party	Maximum Amount Outstanding	Closing Balance
Mr. Ram Chandra Agarwal	1,500,000	48,942,507
Mrs. Uma Agarwal	8,00,000	1,087,576
Unicon Marketing Pvt Ltd.	-	-
Vishal Water World Pvt Ltd.	-	-
V2 Conglomerate Private Ltd.	102,000,000	102,000,000
Ricon Commodities Pvt. Ltd.	63,874	63,874
VRL Infrastructure Ltd.	4,000,000	51,835
VRL Movers Limited	643,882	643,882
Total	109,007,756	152,789,674

- (iii) (d) The company has taken reasonable steps for payment of principal and interest when such loan taken is overdue and the amount exceeds Rs.1 lakh.
- (iv) (e) According to the information and explanations provided by the management, 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.
- (iv) (d) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs 500,000 have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (v) (a) *In our opinion and according to the information and explanations given to us, there is inadequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for recording of accounting transactions. During the course of our audit, we observed major weakness or continuing failure to correct such major weakness in the internal control system of the company in respect of these areas.*
- (vi) *In our opinion and according to the information and explanations given to us, the company does not have internal audit system commensurate with its size and nature of business.*
- (vii) The Company has not accepted any deposits from the public within the meaning of Sec 58A of the Companies Act, 1956 and the Rules framed thereunder, Therefore the provisions of section 58AA or any other relevant provisions of the act are not applicable to the company.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) *The company is irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.*
- (ix) (b) *According to the information and explanations given to us and the records of the company, 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 material 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	Period to which relates(FY)	Amount (Rs.)
Sales Tax Laws	Sales Tax	2007-08	301,854

(ix) (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 which, are as follows:

Name of the Statute	Nature of the Dues	Period to which	Amount (Rs.) Relates(FY)	Forum where dispute is pending
Service Tax Laws	Service Tax	2006-07 To 2010-11	30,208,391	Commissioner of Service Tax
Sales Tax Laws	Sales Tax	2006-07	5,155,233	Assistant Commissioner
	Sales Tax	2007-08	9,513,100	Assistant Commissioner
	Sales Tax	2007-08	10,000,000	Appellate Authority
	Sales Tax	2007-08	17,353,962	Jt. Commissioner (Appeals)
	Sales Tax	2007-08	1,525,511	Assistant Commissioner
	Sales Tax	2008-09	50,000	Assistant Commissioner
	Sales Tax	2008-09	4,849,098	Assistant Commissioner
	Sales Tax	2009-10	50,000	Assistant Commissioner
	Sales Tax	2009-10	203,000	Jt. Commissioner (Appeals)
	Sales Tax	2009-10	2,242,668	Assistant Commissioner
	Sales Tax	2007-08	6,810,980	Deputy Commissioner, Jaipur
	Sales Tax	2008-09	8,387,111	Deputy Commissioner, Jaipur
	Sales Tax	2006-07	624,180	Deputy Commissioner
	Sales Tax	2007-08	2,986,774	Deputy Commissioner
	Sales Tax	2008-09	2,200,000	Deputy Commissioner
Sales Tax	2008-09	226,600,000		
Employees Provident Fund & Miscellaneous Provisions Act	Provident Fund	Various Years	113,929,006	EPF Appellate Tribunal
<b>Total</b>			<b>442,689,014</b>	

- (x) The company has accumulated losses at the end of the financial year which exceed fifty percent of its net worth. Further, company incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has defaulted in repayment of dues to a financial institution/bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (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) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (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 no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) In respect of secured bonds issued by the company and outstanding during the year, the company has duly created security or charge. The company also has unsecured debentures outstanding during the year. In respect of these unsecured debentures, no security or charge is required to be created.
- (xx) We have verified that the end use of money raised by public issue is as disclosed in the notes to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

**For AKGVG & Associates**  
Firm registration number: 018598N  
Chartered Accountants

Vimal Kumar Saini  
Partner  
Membership no.: 515915

Place: New Delhi  
Date: 30<sup>th</sup> May, 2012

Balance Sheet as at 31st March 2012

(Amount in Rs.)

PARTICULARS	Notes	As at 31st March 2012	As at 31st March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
(a) Share Capital	3	223,988,690	233,763,690
(b) Reserves and Surplus	4	2,530,197,223	2,845,101,376
		<b>2,754,185,913</b>	<b>3,078,865,066</b>
<b>Non-Current Liabilities</b>			
(a) Long-term borrowings	5	170,013,021	55,407,165
(c) Other Long term liabilities	6	4,800,000	-
(d) Long term provisions	7	543,288	401,776
		<b>175,356,309</b>	<b>55,808,941</b>
<b>Current Liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables		75,734,341	1,118,277
(c) Other current liabilities	8	414,317,205	601,056,561
(d) Short-term provisions	7	503,714	160,959
		<b>490,555,260</b>	<b>602,335,797</b>
<b>Total</b>		<b>3,420,097,482</b>	<b>3,737,009,804</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	62,590,114	100,308,226
(ii) Intangible assets	10	2,833,354	3,590,265
(iii) Capital work-in-progress		738,000	581,650
(b) Non Current Investment	11	331,671,807	303,429,461
(c) Deferred tax assets (net)	12	2,690,591,951	2,845,904,015
(d) Long term loans and advances	13	10,025,675	4,337,106
(e) Other non-current assets	14	29,992,306	29,228,986
		<b>3,128,443,207</b>	<b>3,287,379,709</b>
<b>Current assets</b>			
(a) Trade receivables	14	1,788	836,129
(b) Inventories	15	160,436,041	-
(c) Cash and cash equivalents	16	102,142,427	432,208,179
(d) Short-term loans and advances	13	29,074,019	16,585,788
(e) Other current assets		-	-
		<b>291,654,274</b>	<b>449,630,095</b>
<b>Total</b>		<b>3,420,097,482</b>	<b>3,737,009,804</b>

The Notes referred to above are an integral part of Balance Sheet.

For AKGVG & Associates  
Firm Registration no :018598N  
Chartered Accountants

For and on behalf of the Board Directors of V2 Retail Limited

Vimal Kumar Saini  
Partner  
M. No. 515915

sd/-  
Ram Chandra Agarwal  
Managing Director  
DIN 00491885

sd/-  
Uma Agarwal  
Director  
DIN 00495945

sd/-  
Dheeraj Mishra  
Company Secretary

Place: New Delhi  
Date: 30th May, 2012

Statement of Profit and Loss for the year ended 31st March 2012

		(Amount in Rs.)	
PARTICULARS	Notes	31st March 2012	31st March 2011
<b>Income</b>			
Revenue from operations (Gross)		421,992,425	11,282,459,136
Less Sales Tax / VAT		20,352,306	635,996,000
Revenue from operations (Net)	17	<b>401,640,119</b>	<b>10,646,463,136</b>
Other Income	18	37,406,552	104,052,065
<b>Total revenue (I)</b>		<b>439,046,671</b>	<b>10,750,515,201</b>
<b>Expenses:</b>			
Cost of materials consumed			
Purchase of Traded Goods		471,042,999	6,131,893,308
Changes in inventories of traded finished goods	20	(160,436,041)	2,199,612,291
Employee benefit expense	21	51,807,383	794,994,103
Other expenses	22	161,627,393	2,050,505,194
<b>Total (II)</b>		<b>524,041,734</b>	<b>11,177,004,895</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>			
	(I) - (II)	<b>(84,995,063)</b>	<b>(426,489,695)</b>
Depreciation and amortization expense	23	25,997,048	343,174,063
Finance Cost	24	81,501,229	101,352,272
<b>Profit/(Loss) before tax</b>		<b>(192,493,341)</b>	<b>(871,016,030)</b>
<b>Tax expense</b>			
- Current tax			
- Income tax earlier years		-	(105,475)
- Deferred tax		(155,312,063)	219,404,175
<b>Total tax expense</b>		<b>(155,312,063)</b>	<b>219,298,700</b>
<b>Profit/(Loss) for the year</b>		<b>(347,805,404)</b>	<b>(651,717,330)</b>
<b>Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)]</b>			
-Basic	25	(15.53)	(29.10)
-Diluted		(15.53)	(29.10)
The Notes referred to above are an integral part of Balance Sheet.			

For AKGVG & Associates  
Firm Registration no :018598N  
Chartered Accountants

For and on behalf of the Board Directors of V2 Retail Limited

Vimal Kumar Saini  
Partner  
M. No. 515915

sd/-  
Ram Chandra Agarwal  
Managing Director  
DIN 00491885

sd/-  
Uma Agarwal  
Director  
DIN 00495945

sd/-  
Dheeraj Mishra  
Company Secretary

Place: New Delhi  
Date: 30th May, 2012

**Cash Flow Statement for the year ended 31st March 2012**

(Amount in Rs.)

PARTICULARS	31st March 2012	31st March 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax but after prior period items	(192,493,340.62)	(1,840,293,972.54)
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation	25,997,048.00	343,174,063.00
Interest Reversed & Liabilities written off	-	908,685,500.00
Profit on sale of Non Current Investments	(10,881,585.17)	-
Write off/other adjustments of Non Current Investments	1,750,000.00	-
Profit on sale of fixed assets	(483,854.51)	3,404,490.00
Write off/other adjustments of fixed assets	1,141,086.00	20,943,466.39
Interest income	(1,223,268.00)	(6,122,260.00)
Finance charges	81,501,229.49	1,070,630,215.51
<b>Operating profit before working capital changes</b>	<b>(94,692,684.81)</b>	<b>500,421,502.36</b>
Movements in working capital :		
Increase/(decrease) in trade payables	74,616,064.49	(105,278,835.79)
Increase/(decrease) in long-term provisions	141,512.00	-
Increase/(decrease) in short-term provisions	342,755.00	-
Increase/(decrease) in other current liabilities	(186,739,356.19)	-
Increase/(decrease) in other long-term liabilities	4,800,000.00	-
decrease/(Increase) in trade receivables	834,341.00	-
decrease/(Increase) in inventories	(160,436,041.11)	302,172,322.82
decrease/(Increase) in long-term loans and advances	(5,688,569.00)	-
decrease/(Increase) in short-term loans and advances	(10,529,287.17)	184,140,928.86
decrease/(Increase) in other current assets	-	-
decrease/(Increase) in other non-current assets	179,288.73	-
Cash generated from operations	<b>(377,171,977.06)</b>	<b>881,455,918.25</b>
Direct Taxes paid	(1,958,943.92)	(105,475.00)
<b>Net cash flow from operating activities</b>	<b>(379,130,920.98)</b>	<b>881,350,443.25</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets, including intangible assets, CWIP and capital advances	<b>(78,581,206.00)</b>	(47,540,837.11)
Proceeds from sale of fixed assets	<b>110,734,841.00</b>	10,015,615.19
Interest received	1,223,268.00	6,122,260.00
Proceeds from slump sale	-	700,000,000.00
Net Cash & Bank Balance Takenover	-	(109,667,748.00)
Decrease/(Increase) in Investments	(39,600,000.00)	-
Decrease/(Increase) in pledged fixed deposits	(942,609.00)	4,541,385.00
<b>Net cash flow used in investing activities</b>	<b>(7,165,706.00)</b>	<b>563,470,675.08</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (net of expenses on issue of shares)	<b>(9,775,000.00)</b>	-
Change in Capital Reserve due to slump sale in previous year	<b>32,901,249.94</b>	-
Repayment of long term borrowings	114,605,855.77	(42,536,190.76)
Proceeds from short term borrowings (net of repayments)	-	1,824,975.09
Finance charges	(81,501,229.49)	(1,070,630,215.51)
<b>Net cash flow from/(used in) financing activities</b>	<b>56,230,876.22</b>	<b>(1,111,341,431.18)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(330,065,751)</b>	<b>333,479,687</b>
Cash and cash equivalents at the beginning of the year	<b>432,208,179</b>	98,728,490
<b>Cash and cash equivalents at the end of the year (refer note - 1)</b>	<b>102,142,428</b>	<b>432,208,177</b>

**Notes:**

- The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

**Cash and cash equivalents**

	March 31, 2012	March 31, 2011
	Rs.	Rs.
Cash on hand	4,212,643	100,711
Credit Card Receivables	255,598	-
Balances with banks	-	-
On current accounts	97,674,187	432,107,466
	<b>102,142,428</b>	<b>432,208,177</b>

For AKGVG & Associates  
Firm Registration no :018598N  
Chartered Accountants

Vimal Kumar Saini  
Partner  
M. No. 515915

Place: New Delhi  
Date: 30th May, 2012

For and on behalf of the Board Directors of V2 Retail Limited

sd/-  
Ram Chandra Agarwal  
Managing Director  
DIN 00491885

sd/-  
Uma Agarwal  
Director  
DIN 00495945

sd/-  
Dheeraj Mishra  
Company Secretary

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012.**

**1. Corporate Information**

V2 Retail Limited (the Company) formerly known as Vishal Retail Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the business of retail sales of garments, textiles, accessories, consumer durables and FMCG products in India.

**2. Basis of Preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements 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 except as mentioned herein below:

**2.1 Summary of Significant Accounting Policies:**

**a. Change in Accounting Policy**

Presentation and disclosure of financial statements

During the year ended 31<sup>st</sup> March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in current year.

**b. 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 on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment on the carrying amounts of assets or liabilities in future Periods.

**c. Tangible 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.

**d. Depreciation on tangible fixed assets**

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 amortized over the period of lease.

	Method of Depreciation	Rates
Leasehold Land	SLM	5%
Leasehold Buildings	SLM	4.03%
Building	WDV	5%
Plant & Machinery	WDV	13.91%
Generator Set	WDV	13.91%
Furniture & Fixtures	WDV	18.10%
Electrical Equipments & Fittings	WDV	13.91%
Office Equipment	WDV	13.91%
Air Conditioners	WDV	13.91%
Computer	WDV	40%
Motor Vehicles	WDV	25.89%

**e. 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.

The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

The amortization policy applied to the company's intangible assets is as below:

	Rates (WDV)
Computer software	40%

**f. 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

**Where the company is the lessor**

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**g. Borrowing Costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**h. Impairment of Tangible and Intangible 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**i. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**Investment property**

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Depreciation on building component of investment property is calculated on a Written Down Value prescribed under the Schedule XIV to the Companies Act, 1956. The company has used the depreciation rate of 5%. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**j. Inventories**

The Company has only Finished Goods in its Inventory which is valued at lower of cost and net realizable value. Cost of inventory comprises of cost of purchases. Cost is determined by the weighted average cost method.

**k. Revenue Recognition**

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.



Income from services

Revenues from Rent and Display activities are recognized as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

**I. 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 recognized in the Profit and Loss Account.

**m. Retirement and other 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.

**n. Income Taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

**o. Segment Reporting**

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.

**p. Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**q. Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**r. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**s. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**t. Measurement of EBITDA**

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

**3. Share Capital**

**Particulars**

**1 AUTHORIZED CAPITAL**

**Equity Share Capital**

30,000,000 (31st March 2011 : 30,000,000) Equity Shares of Rs. 10/- each

**Preference Share Capital**

400,000 (31st March 2011 : 400,000) Preference Shares of Rs. 146/- each

**2 ISSUED , SUBSCRIBED & FULLY PAID UP CAPITAL**

22,398,869 (31 March 2011 : 22,398,869) Equity Shares of Rs. 10/- each, Fully Paid up

**3 SHARE WARRANT**

Nil (31st March 2011 : 3,910,000) Convertible Share Warrants of Rs. 10/- each (against which Rs.2.5 per warrant has been received) issued on 30th October, 2009 were to be converted on or before 18 Months from date of issue

**Total in Rs**

	31-Mar-12	31-Mar-11
	300,000,000	300,000,000
	58,400,000	58,400,000
	<b>358,400,000</b>	<b>358,400,000</b>
	223,988,690	223,988,690
	-	9,775,000
	<b>223,988,690</b>	<b>233,763,690</b>

**a. Reconciliation of the shares outstanding at the beginning and end of the reporting period**

**Equity Shares**

	31st March 2012		31st March 2011	
	Numbers	Amount	Numbers	Amount
At the beginning of the period	22,398,869	223,988,690	22,398,869	223,988,690
<b>Outstanding at the end of period</b>	<b>22,398,869</b>	<b>223,988,690</b>	<b>22,398,869</b>	<b>223,988,690</b>

**b. Terms / rights attached to equity shares / warrants**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The Board of Directors of the Company has not declared any dividend during the reporting period. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company came out with preferential allotment of 39,10,000 Convertible Share Warrants to its promoters during the Financial year 2009-10 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 were issued on 30<sup>th</sup> October, 2009 and were convertible into equity shares on or before 18 months from the date of issue. The promoters failed to pay balance amount of share warrants consequently the paid amount which was duly bifurcated into Share Warrants Money and Share Premium stands forfeited on April 29<sup>th</sup> 2011.

c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

31st March 2012	31st March 2011
-	-

d. details of Shareholders holding more than 5% shares in the Company

	31st March 2012		31st March 2011	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity Shares of Rs. 10 each fully paid				
Unicon Marketing Private Limited	5444710	24.3097	5444710	24.3097
Ricon Commodities Private Limited	4940000	22.0547	4940000	22.0547

4. Reserve & Surplus

Particulars	31-Mar-12	31-Mar-11
<b>1 Securities Premium</b>		
Opening Balance	1,713,495,845	1,713,495,845
Add: Addition during the year	-	-
<b>Sub Total</b>	<b>1,713,495,845</b>	<b>1,713,495,845</b>
<b>2 Capital Reserve</b>		
Opening Balance	6,052,324,263	-
Add: Addition during the year	32,901,250	6,052,324,263
<b>Sub Total</b>	<b>6,085,225,514</b>	<b>6,052,324,263</b>
<b>3 Surplus/(deficit) in the statement of profit &amp; loss</b>		
Balance as per last financial statement	(4,920,718,732)	(4,269,001,402)
Add: Loss for the period	(347,805,404)	(651,717,330)
<b>Sub Total</b>	<b>(5,268,524,136)</b>	<b>(4,920,718,732)</b>
<b>Total in Rs.</b>	<b>2,530,197,223</b>	<b>2,845,101,376</b>

5. Long Term Borrowings

	Non-current portion		Current Maturities	
	2012	2011	2012	2011
State Bank of India	-	-	-	98,255,491
Pegasus Assets Reconstruction Pvt. Ltd.	-	-	398,750,863	335,952,517
HDFC Bank Ltd.	-	-	-	154,256,084
Deposits (Unsecured)				
Inter-corporate deposits repayable on demand	119,440,436	1,732,680	-	-
From Directors	50,572,585	53,674,485	-	-
<b>Total</b>	<b>170,013,021</b>	<b>55,407,165</b>	<b>398,750,863</b>	<b>588,464,092</b>
<b>The above amount includes</b>				
Secured borrowings	-	335,952,517	398,750,863	252,511,575
Unsecured borrowings	170,013,021	55,407,165	-	-
<b>Total</b>	<b>170,013,021</b>	<b>391,359,682</b>	<b>398,750,863</b>	<b>252,511,575</b>

Securities furnished in respect of loans taken by the Company

1. State Bank of India & Pegasus Assets Reconstruction Pvt. Ltd.

*There is no outstanding loan from State Bank of India, the formalities for removal of charge from MCA are yet to be furnished. The Detail of Charges is mentioned herein below :*

First charge on pari passu basis on all the movable and immovable assets of the Company as on the transfer date.

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 Bengal)

First pari passu charge by way of equitable mortgage of property in the name of V2 Retail Limited situated at Khasra No. 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 V2 Retail Limited situated at Krishnanagar Village, Taluq Hubli, District Dharwad.

First pari passu charge by way of equitable mortgage of First Floor & Second Floor of property in the name of V2 Retail Limited situated at PJE Plaza, deg No.77-78,81,82 Khasra B no.655-11-5-12, Mauza -Kyenjara, VIP Road, Kolkata

Personal Guarantee of Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal

Corporate Guarantee of Vishal Water World Pvt. Ltd.

Pledge of 100% of existing promoters' shareholding in the Company or 51% of the Company's paid up capital whichever is lower.

*The loan payable to Pegasus Assets Reconstruction Pvt. Ltd. was originally taken from HSBC Bank Limited.*

**2. Bank of India, ING Vysya Bank and UCO Bank**

*There is no outstanding loan from Bank of India, ING Vysya Bank & UCO Bank, the formalities for removal of charge from MCA are yet to be furnished. The Detail of Charges is mentioned herein below :*

Exclusive charge with Bank of India of property at industrial land Khata no.329, Khasra No. 122/43 Mouza Central Hope town, (Saelakui), Paragna Pachwodopon, Tehsil Vikas Nagar, District Dehradun

Subservient charge on Current Assets

Personal Guarantee of Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal.

Pledge of 953,770 shares of V2 Retail Limited.

Corporate Guarantee of Unicorn Marketing Private Limited.(Liability limited to the extent of shares pledged( 7,70,000 shares of V2 Retail Limited)

Pledge of 100% of existing promoters' shareholding in the Company or 51% of the Company's paid up capital whichever is lower.

**6. Other Long Term Liabilities**

	Non-current portion		Current Maturities	
	2012	2011	2012	2011
Security Deposit Received	4,800,000	-	-	-
<b>Total</b>	<b>4,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**7. Provisions**

	Long Term		Short Term	
	2012	2011	2012	2011
Interest on J&K VAT	-	-	301,855	-
<b>Provision for Employee benefits</b>				
Provision for Gratuity	258,357	307,456	24,620	103,284
Provision for Leave Encashment	284,931	94,320	177,239	57,675
<b>Total</b>	<b>543,288</b>	<b>401,776</b>	<b>503,714</b>	<b>160,959</b>

**8. Other Current Liabilities**

	31st March 2012	31st March 2011
Trade Payables		
Sundry Creditors for Goods	67,863,622	-
Sundry Creditors for Expenses	5,165,056	554,125
Sundry Creditors for Fixed Assets	2,705,663	564,152
Current maturities of long-term liabilities (note 3)	398,750,863	588,464,092
Salary & Bonus Payable	4,994,172	2,941,507
Other Statutory Liabilities	10,033,363	9,650,963
Other Liabilities	538,807	-
<b>Total</b>	<b>490,051,546</b>	<b>602,174,838</b>

**9. Tangible Assets**

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As at 01.04.2011	Additions during the Year	Adjustments/ Sold during the Year	As at 31.03.2012	As at 01.04.2011	Depreciation for the Year	Adjustments/ Sold during the Year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>TANGIBLE ASSETS</b>										
Lease Hold Land	69,181,044	-	69,181,044	-	11,362,801	2,982,000	14,344,801	-	-	57,818,243
Lease Hold Buildings	49,154,953	5,858,443	50,971,964	4,041,432	6,664,969	2,063,475	8,396,678	331,766	3,709,666	42,489,984
Plant & Machinery	-	1,095,561	-	1,095,561	-	107,096	-	107,096	988,465	-
Lift	-	-	-	-	-	-	-	-	-	-
Generator Set	-	6,198,787	-	6,198,787	-	637,453	-	637,453	5,561,334	-
Furniture & Fixture	-	33,904,414	3,302,088	30,602,326	-	4,518,795	442,788	4,076,007	26,526,319	-
Electrical Equipments & Fittings	-	11,096,991	219,635	10,877,356	-	1,119,358	13,727	1,105,631	9,771,725	-
Office Equipments	-	913,198	-	913,198	-	93,238	-	93,238	819,960	-
Air Conditioner	-	10,049,378	37,193	10,012,185	-	992,212	3,444	988,768	9,023,417	-
Computer	152,373	6,430,652	-	6,583,025	152,373	1,889,695	-	2,042,068	4,540,957	-
Motor Vehicles	389,238	2,206,600	-	2,595,838	389,238	558,329	-	947,567	1,648,271	-
<b>TOTAL</b>	<b>118,877,608</b>	<b>77,754,024</b>	<b>123,711,924</b>	<b>72,919,708</b>	<b>18,569,381</b>	<b>14,961,651</b>	<b>23,201,438</b>	<b>10,329,594</b>	<b>62,590,114</b>	<b>100,308,227</b>

**10. Intangible Assets**  
**Particulars**

**At 1 April 2010**

Purchase  
Internal development  
Adjustments/Sold during the year

**At 31 March 2011**

Purchase

**At 31 March 2012**

Amortization At 1 April 2010  
Charge for the year  
Adjustments/Sold during the year

**At 31 March 2011**

Charge for the year

**At 31 March 2012**

**Net block**

**At 31 March 2011**

**At 31 March 2012**

	<b>Computer Softwares</b>	<b>Total</b>
<b>At 1 April 2010</b>	44,941,925	44,941,925
Purchase	7,360,046	7,360,046
Internal development	-	-
Adjustments/Sold during the year	-48,711,706	-48,711,706
<b>At 31 March 2011</b>	<b>3,590,265</b>	<b>3,590,265</b>
Purchase	670,832	670,832
<b>At 31 March 2012</b>	<b>4,261,097</b>	<b>4,261,097</b>
Amortization At 1 April 2010	41,409,563	41,409,563
Charge for the year	5,906,701	5,906,701
Adjustments/Sold during the year	-47,316,264	-47,316,264
<b>At 31 March 2011</b>	<b>0</b>	<b>0</b>
Charge for the year	1,427,743	1,427,743
<b>At 31 March 2012</b>	<b>1,427,743</b>	<b>1,427,743</b>
<b>Net block</b>		
<b>At 31 March 2011</b>	<b>3,590,265</b>	<b>3,590,265</b>
<b>At 31 March 2012</b>	<b>2,833,354</b>	<b>2,833,354</b>

**11. Non Current Investments**

Investment Property (at cost less accumulated depreciation)  
Cost of Land & Building given on operating lease  
Less: Accumulated Depreciation

**Net Block**

Trade Investment (valued at cost unless stated otherwise)Unquoted Equity Instruments

**Investment in subsidiaries**

VRL Infrastructure Limited  
(25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)

VRL Consumer Goods Limited  
Nil [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up

VRL Movers Limited  
1,50,000 [P.Y. 1,50,000] equity shares of Rs. 10/- each , fully paid up

VRL Fashions Limited  
Nil [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up

VRL Foods Limited  
Nil [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up

VRL Retail Ventures Limited  
25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up

VRL Knowledge Process Limited  
Nil [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up

**In Joint Venture companies**

VRL Retailer Business Limited

5,628[P.Y. 5,628] equity shares of Rs. 10/- each , fully paid up

Compulsory Convertible Debentures (CCD) of TPG Wholesale Pvt. Ltd. at a coupon rate of 0.5% per annum, all CCD shall be mandatorily convertible into equity shares of TPG immediately prior to TPG IPO or upon completion of 10 years from issuance of CCD whichever is earlier

Investment Property given as security

Investment property with a carrying amount of Rs. 29,00,15,527 (P.Y. Rs. 29,96,23,181) are subject to first charge to secure the Companies Term Loan taken from bankers and financial institutions

	<b>31stMarch 2012</b>	<b>31st March 2011</b>
Investment Property (at cost less accumulated depreciation)	336,785,787	336,785,787
Cost of Land & Building given on operating lease	46,770,260	37,162,606
Less: Accumulated Depreciation		
<b>Net Block</b>	<b>290,015,527</b>	<b>299,623,181</b>
Trade Investment (valued at cost unless stated otherwise)Unquoted Equity Instruments		
<b>Investment in subsidiaries</b>		
VRL Infrastructure Limited (25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)	250,000	250,000
VRL Consumer Goods Limited Nil [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up	-	500,000
VRL Movers Limited 1,50,000 [P.Y. 1,50,000] equity shares of Rs. 10/- each , fully paid up	1,500,000	1,500,000
VRL Fashions Limited Nil [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up	-	500,000
VRL Foods Limited Nil [P.Y. 50,000] equity shares of Rs. 10/- each , fully paid up	-	500,000
VRL Retail Ventures Limited 25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up	250,000	250,000
VRL Knowledge Process Limited Nil [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up	-	250,000
<b>In Joint Venture companies</b>		
VRL Retailer Business Limited		
5,628[P.Y. 5,628] equity shares of Rs. 10/- each , fully paid up	56,280	56,280
Compulsory Convertible Debentures (CCD) of TPG Wholesale Pvt. Ltd. at a coupon rate of 0.5% per annum, all CCD shall be mandatorily convertible into equity shares of TPG immediately prior to TPG IPO or upon completion of 10 years from issuance of CCD whichever is earlier	39,600,000	-
	<b>41,656,280</b>	<b>3,806,280</b>

**12. Deferred Tax Assets**

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net decrease in deferred tax asset of Rs. 155,312,063 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at 31st March, 2011 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2012.

Particulars	(Amount in Rs.)	
	As at 31.03.2012	As at 31.03.2011
<b>Increase in Deferred Tax Liabilities</b>		
On account of Depreciation	1,847,290	3,848,430
Provision for Gratuity	41,453	
Loss on Sale of Fixed Assets	156,987	
Carry Forward of Losses	30,947,418	
Misc. Exp. Written Off	660,540	
Impact of change in rate of tax on B/F Loss	121,926,388	
<b>Total Increase in Deferred Tax Liabilities</b>	<b>155,580,077</b>	<b>3,848,430</b>
<b>Increase in Deferred Tax Assets</b>		
On account of Depreciation	-	-
Provision for Gratuity	-	1,488,990
Provision for Leave Encashment	103,976	918,304
Bonus	164,037	9,906,101
Carry Forward of Losses	-	202,851,427
Loss on Sale of Fixed Assets	-	1,130,886
Loss on assets discarded	-	6,956,896
Total Increase in Deferred Tax Assets	268,013	223,252,604
<b>Net Deferred Tax Assets/ (Liabilities) for the Year</b>	<b>155,312,063</b>	<b>219,404,175</b>
<b>Opening Deferred Tax Assets/(Liabilities)</b>	<b>2,845,904,015</b>	<b>2,626,499,840</b>
<b>Closing Deferred Tax Assets/(Liabilities)</b>	<b>2,690,591,951</b>	<b>2,845,904,015</b>

**13. Loans & Advances**

	Non-current		Current	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
<b>Unsecured Advances, considered good</b>				
Security Deposit towards premises taken on Lease and others	10,025,675	4,337,106	-	-
Advances recoverable in cash or in kind or for value to be received	-	-	4,007,947	4,842,166
Advance income-tax (net of provision for taxation)	-	-	2,177,960	219,016
Value added tax recoverable	-	-	22,888,112	11,524,606
	<b>10,025,675</b>	<b>4,337,106</b>	<b>29,074,019</b>	<b>16,585,788</b>

**14. Trade Receivables and other assets**

(Considered good unless otherwise stated)

	Non-current		Current	
	31st March 2012	31st March 2011	31st March 2012	31 <sup>st</sup> March 2011
<b>Debts outstanding for a period exceeding six months</b>	-	-	-	-
<b>Other receivables</b>				
Unsecured	-	-	1,788	836,129
	<b>-</b>	<b>-</b>	<b>1,788</b>	<b>836,129</b>

**14.1. Other Assets**

	Non-current		Current	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
<b>A) Secured, considered good</b>				
Fixed deposit with banks (held as Margin Money with Banks towards Bank Guarantees & Letter of Credits)	7,446,948	6,504,339	-	-
<b>B) Secured, considered good</b>				
Advance with Provident Fund Department	15,224,647	15,224,647	-	-
Advance with Service Tax Department	7,320,711	7,500,000	-	-
	<b>29,992,306</b>	<b>29,228,986</b>	<b>-</b>	<b>-</b>

<b>15. Inventories (Valued at lower of Cost or Net Realisable Value)</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Traded goods	160,436,041	-
	<b>160,436,041</b>	<b>-</b>
<b>16. Cash &amp; Bank Balances</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
<b>Cash and cash equivalents</b>		
Balances with banks in:		
- Current accounts	97,674,187	432,107,466
Credit Card Receivables	255,598	-
Cash on hand (as certified by the management)	4,212,631	100,711
	<b>102,142,416</b>	<b>432,208,177</b>
<b>17. Revenue from Operations</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
<b>Revenue from operations</b>		
Traded Goods	400,613,372	10,646,463,136
Scrap Sales	1,026,747	-
<b>Revenue from operations (Net)</b>	<b>401,640,119</b>	<b>10,646,463,136</b>
<b>Details of traded goods sold</b>		
Apparels	313,017,980.7	5,486,923,287
Non Apparels	83,952,846.99	3,127,305,487
FMCG	3,642,543.85	2,017,440,916
Others	1,026,747.00	14,793,445.57
	<b>401,640,119</b>	<b>10,646,463,136</b>
<b>18. Other Incomes</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Interest Income on		
Bank Deposits	1,223,268	6,122,260
Display income	164,269	-
Discount received (TOT) / Other Non Operating Incomes	-	96,921,305
Net gain on sale of non current investments	10,881,585	-
Insurance claim received	5,937,430	79,468
Rental Income	19,200,000	929,032
	<b>37,406,552</b>	<b>104,052,065</b>
<b>19. Details of purchase of Traded Goods</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Cost of traded goods sold / (raw material consumed)	471,042,999	6,131,893,308
	<b>471,042,999</b>	<b>6,131,893,308</b>
<b>20. Increase / Decrease in Inventory</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Inventories at the end of the year		
Traded Goods	160,436,041.1	-
	<b>160,436,041.1</b>	<b>-</b>
Inventories at the beginning of the year		
Traded Goods	-	2,199,612,291
	<b>-</b>	<b>2,199,612,291</b>
	<b>(160,436,041.11)</b>	<b>2,199,612,291</b>
<b>Details of traded goods purchased</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Apparels	366,557,624	4,037,360,000
Non Apparels	5,769,835	2,255,800,000
FMCG	98,715,541	1,568,319,000
<b>Total</b>	<b>471,042,999</b>	<b>7,861,479,000*</b>

\*Note:-The Company was also involved in manufacturing activities during the Financial Year ending March 31 2011.

<b>21. Employee Benefit Scheme</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Salary, Wages & Bonus	47,526,563	722,531,294
Leave Encashment	320,470	-
Gratuity Expenses	(127,763)	4,482,546
Bonus Expenses	505,585	-
Contribution to PF & others	2,372,632	47,190,774
Staff Welfare Expenses	1,209,896	20,789,489
	<b>51,807,383</b>	<b>794,994,103</b>

  

<b>22. Other Expenses</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
<b>A. Manufacturing, Administrative &amp; Other Expenses</b>		
Fabrication & Other Manufacturing Expenses	-	1,651,517.00
Power & Fuel Expenses	10,480,401.19	348,440,862.37
Rent Charges	51,412,451.30	793,990,045.65
Repairs & Maintenance-		
- Building	1,404,112.00	9,475,879.24
- Plant & Machinery	1,056,575.00	1,044,973.32
- Others	4,862,218.48	89,025,024.08
Insurance Charges	190,693.30	4,690,661.77
Rates & Taxes	890,357.15	28,550,211.62
Bank Charges	1,762,319.01	21,933,265.58
Consultancy & Legal	7,252,450.53	56,535,368.60
Motor Vehicle Expenses	498,824.90	4,264,472.11
Printing & Stationery	1,992,975.18	16,319,686.87
Security Service Charges	2,204,705.03	75,938,213.47
Housekeeping Expenses	1,213,865.00	39,844,677.51
Filing Fees	-	-
Telephone Expenses	1,472,695.57	21,912,069.12
Travelling & Conveyance	3,392,602.00	24,360,698.50
Other Expenses	1,817,937.90	32,460,493.82
Postage & Couriers Expenses	305,569.50	2,865,307.83
Auditor Remuneration	395,844.00	1,180,637.50
Directors' Sitting Fee	256,000.00	166,000.00
Loss on Fixed Assets Discarded	1,141,086.00	20,943,466.39
Loss on Fixed Asset Sales	(483,854.51)	3,404,490.00
Credit Cards Charges	888,815.77	21,208,735.33
Project Expenses	0.29	-
Investment in Subsidiaries Written Off	1,750,000.00	
Prior Period Expenses	39,686,524.38	(23,231,790.52)
	<b>135,845,168.97</b>	<b>1,596,974,967.16</b>
<b>B. Selling &amp; Distribution Expenses</b>		
Advertisement & Sales Promotion	15,896,507.87	204,872,094.8
Commission Charges	410,990	19,552,171
Transportation Charges	5,655,054.92	140,888,386.6
Packing Materials & Expenses	3,819,671.05	88,217,574.39
	<b>25,782,223.84</b>	<b>453,530,226.8</b>
<b>Grand Total of Other Expenses</b>	<b>161,627,393</b>	<b>2,050,505,194</b>

  

<b>23 Depreciation and Amortization Expenses</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Depreciation of tangible assets	24,569,305	337,267,362
Amortization of Intangible assets	1,427,743	5,906,701
	<b>25,997,048</b>	<b>343,174,063</b>



24 Finance Cost	31st March 2012	31st March 2011
Loan Processing Charges		
Interest on Bill Discounting	-	67,648,475
Interest on Term Loans	78,182,858	234,457,825
Interest on Unsecured Loans	2,734,728	14,296,938
Interest on Vehicle Loans	-	755,191
Interest on Working Capital Loans	583,644	609,778,135
Interest on Debentures	-	143,693,651
Interest Reversals	-	(969,277,944)
	<b>81,501,229</b>	<b>101,352,272</b>

25. Earning Per Share	31st March 2012	31st March 2011
The following reflects the profit and share data used in the basic and diluted EPS computation		
Total Operations for the year		
Profit/(loss) after tax	-347,805,403.8	-651,717,329.9
Net Profit/(loss) for calculation of the basic EPS	<b>-347,805,403.8</b>	<b>-651,717,329.9</b>
Net Profit/(loss) as above	-347805403.8	-651,717,329.9
Weighted average number of equity shares in calculating EPS	22,398,869	22,398,869
Basic EPS	(15.53)	(29.10)
Diluted EPS	(15.53)	(29.10)

26. Gratuity and other post-employment benefit plans

ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2012 UNDER GRATUITY PLAN

The figures given here in below are in Indian Rupees

Assumptions:

(i) Demographic Assumptions: As shown in para 16(i) of the report.

(ii) Financial Assumptions:-

Discount Rate:

Rate of increase in Compensation levels:

Rate of Return on Plan Assets:

	As on 31.03.2011	As on 31.03.2012
	7.90%	8.60%
	10.00%	10.00%
	-	-
<b>I. TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS DURING THE PERIOD</b>		
Present Value of Obligation as at the beginning of the period	2,65,31,920	4,10,740
Acquisition adjustment	-	-
Interest Cost	20,16,426	32,448
Past Service Cost	-	-
Current Service Cost	73,302	2,15,535
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(40,71,806)	(3,42,907)
Actuarial (gain)/ loss on obligations	(2,41,39,102)	(32,839)
Present Value of Obligation as at the end of the period	4,10,740	2,82,977
<b>II. TABLE SHOWING CHANGES IN THE FAIR VALUE OF PLAN ASSETS DURING THE PERIOD</b>		
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain / ( loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-
<b>III. TABLES SHOWING FAIR VALUE OF PLAN ASSETS</b>		
Fair value of plan asset at the beginning of period	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of period	-	-
Funded Status	(4,10,740)	(2,82,977)
Excess of actual over estimated return on plan assets	-	-

	As on 31.03.2011	As on 31.03.2012
<b>IV. ACTUARIAL GAIN / LOSS RECOGNIZED FOR THE PERIOD</b>		
Actuarial gain/(loss) for the period – Obligation	2,41,39,102	32,839
Actuarial (gain)/loss for the period - Plan Assets	-	-
Total (gain) / loss for the period	(2,41,39,102)	(32,839)
Actuarial (gain) / loss recognized in the period	(2,41,39,102)	(32,839)
Unrecognized actuarial (gains) / losses at the end of period	-	-
<b>V. THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS</b>		
Present Value of Obligation as at the end of the period	4,10,740	2,82,977
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	(4,10,740)	(2,82,977)
Unrecognized Actuarial (gains) / losses	-	-
Unrecognized Past Service Cost (Non Vested Benefits)	-	-
Net Liability Recognized in Balance Sheet	4,10,740	2,82,977
<b>VI. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD</b>		
Current Service Cost	73,302	2,15,535
Past Service Cost	-	-
Interest Cost	20,16,426	32,448
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(2,41,39,102)	(32,839)
Expenses Recognized in the statement of Profit & Loss	(2,20,49,374)	2,15,144
<b>VII. AMOUNT FOR THE CURRENT PERIOD</b>		
Present Value of Obligation	4,10,740	2,82,977
Plan Assets	-	-
Surplus (Deficit)	(4,10,740)	(2,82,977)
Experience adjustments on plan liabilities - (Loss)/Gain	2,41,35,396	22,104
Experience adjustments on plan assets - (Loss)/Gain	-	-
<b>VIII. RECONCILIATION STATEMENT OF EXPENSE IN THE STATEMENT OF PROFIT AND LOSS</b>		
Present value of obligation as at the end of period	4,10,740	2,82,977
Present value of obligation as at the beginning of the period	(2,65,31,920)	(4,10,740)
Benefits paid:		
(i) Directly paid by the enterprise	40,71,806	3,42,907
(ii) Payment made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognized in the statement of profit & losses	(2,20,49,374)	2,15,144
<b>IX. MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening Net Liability	2,65,31,920	4,10,740
Expenses as above	(2,20,49,374)	2,15,144
Benefits paid directly by the enterprise	(40,71,806)	(3,42,907)
Contributions Paid into the Fund	-	-
Closing Net Liability	4,10,740	2,82,977
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (as percentage of total plan assets)</b>		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Bank Balance	-	-
Fixed Deposit	-	-
Other Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>a) Defined Benefit Plans</b>		

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

ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2012 UNDER LEAVE ENCASHMENT PLAN

The figures given here in below are in Indian Rupees

Assumptions:

(i) Demographic Assumptions: As shown in para 16(i) of the report.

(ii) Financial Assumptions:-

Discount Rate:

Rate of increase in Compensation levels:

Rate of Return on Plan Assets:

	As on 31.03.2011	As on 31.03.2012
	7.90%	8.60%
	10.00%	10.00%
	-	-
<b>I. TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS DURING THE PERIOD</b>		
Present Value of Obligation as at the beginning of the period	85,56,409	1,51,995
Acquisition adjustment	-	-
Interest Cost	6,50,287	12,008
Past Service Cost	-	-
Current Service Cost	60,770	4,57,602
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(26,12,523)	(47,044)
Actuarial (gain)/ loss on obligations	(65,02,948)	(1,12,391)
Present Value of Obligation as at the end of the period	1,51,995	4,62,170
<b>II. TABLE SHOWING CHANGES IN THE FAIR VALUE OF PLAN ASSETS DURING THE PERIOD</b>		
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain /( loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-
<b>III. TABLES SHOWING FAIR VALUE OF PLAN ASSETS</b>		
Fair value of plan asset at the beginning of period	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of period	-	-
Funded Status	(1,51,995)	(4,62,170)
Excess of actual over expected return on plan assets	-	-
<b>IV. ACTUARIAL GAIN / LOSS RECOGNIZED FOR THE PERIOD</b>		
Actuarial gain/(loss) for the period – Obligation	65,02,948	1,12,391
Actuarial (gain)/loss for the period - Plan Assets	-	-
Total (gain) / loss for the period	(65,02,948)	(1,12,391)
Actuarial (gain) / loss recognized in the period	(65,02,948)	(1,12,391)
Unrecognized actuarial (gains) / losses at the end of period	-	-
<b>V. THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS</b>		
Present Value of Obligation as at the end of the period	1,51,995	4,62,170
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	(1,51,995)	(4,62,170)
Unrecognized Actuarial (gains) / losses	-	-
Net Liability Recognized in Balance Sheet	1,51,995	4,62,170
<b>VI. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD</b>		
Current Service Cost	60,770	4,57,602
Past Service Cost	-	-
Interest Cost	6,50,287	12,008
Expected Return on Plan Assets	-	-
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(65,02,948)	(1,12,391)
Expenses Recognized in the statement of Profit & Loss	(57,91,891)	3,57,219

	As on 31.03.2011	As on 31.03.2012
<b>VII. AMOUNT FOR THE CURRENT PERIOD</b>		
Present Value of Obligation	1,51,995	4,62,170
Plan Assets	-	-
Surplus (Deficit)	(1,51,995)	(4,62,170)
Experience adjustments on plan liabilities - (Loss)/Gain	65,02,040	1,06,011
Experience adjustments on plan assets - (Loss)/Gain	-	-
<b>VIII. RECONCILIATION STATEMENT OF EXPENSE IN THE STATEMENT OF PROFIT AND LOSS</b>		
Present value of obligation as at the end of period	1,51,995	4,62,170
Present value of obligation as at the beginning of the period	(85,56,409)	(1,51,995)
Benefits paid:		
(i) Directly paid by the enterprise	26,12,523	47,044
(ii) Payment made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognized in the statement of profit & losses	(57,91,891)	3,57,219
<b>IX. MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening Net Liability	85,56,409	1,51,995
Expenses as above	(57,91,891)	3,57,219
Benefits paid directly by the enterprise	(26,12,523)	(47,044)
Contributions Paid into the Fund	-	-
Closing Net Liability	1,51,995	4,62,170
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (as percentage of total plan assets)</b>		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Bank Balance	-	-
Fixed Deposit	-	-
Other Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**27. Leases**

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	2011-12	2010-11
<b>A). Lease Rentals recognized during the year in Profit &amp; Loss Account</b>	47,262,933	793,990,046
Obligations		
Within one year of the balance sheet date	49,375,524	2,448,864
Due in a period between one year and five years	35,962,549	4,285,512
Due after five years (as lease are cancelable by the Company after three to five years)	NIL	NIL

**28. Segment Information**

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.

**29. Related Party Disclosures**

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
Mrs. Uma Agarwal	Director	Key Managerial Personnel
VRL Infrastructure Limited		Subsidiary Company
VRL Movers Limited		Subsidiary Company
VRL Retailer Business Solutions Pvt. Limited		Joint Venture Company
VRL Retail Ventures Limited		Subsidiary Company
Unicon Marketing Pvt. Ltd.		Two directors of V2 Retail Limited are directors in the Company.
Ricon Commodities Pvt. Ltd.		Two directors of V2 Retail Limited are directors in the Company.
Vishal Water World Private Ltd.		Two directors of V2 Retail Limited are directors in the Company.
V2 Conglomerate Private Ltd.		One director of V2 Retail Limited is director in the Company.

**Details of Transaction with related parties**

Particulars	31-03-2012	31-03-2011
<b>1. Loans Repaid/ (Refunded)</b>		
Ram Chandra Agarwal	6,000,000	(2,052,126)
<b>2. Loans Granted</b>		
VRL Retail Ventures Limited	19,30,000	-
<b>3. Loans Accepted</b>		
Unicon Marketing Pvt Ltd.	-	36,852,881
Mr. Ram Chandra Agarwal	2,017,872	-
Mrs. Uma Agarwal	1,087,576	-
Ricon Commodities Pvt. Ltd.	63,874	-
VRL Movers Limited	6,43,882	-
VRL Infrastructure Ltd.	51,835	-
V2 Conglomerate Private Ltd.	1,02,000,000	-
<b>4. Loans Written Off</b>		
Unicon Marketing Pvt Ltd.	-	44,049,026
<b>4. Investment in Subsidiaries and Joint Ventures</b>		
VRL Movers Limited	-	-
VRL Fashions Limited	-	-
VRL Foods Limited	-	-
<b>Outstanding as at the Balance Sheet Date</b>		
<b>5. Amount Receivable</b>		
Remuneration Recoverable from S.K. Agarwal	-	1,287,912
Remuneration Recoverable from Uma Agarwal	-	312,421
<b>6. Amount Payable</b>		
Mr. Ram Chandra Agarwal	48,942,507	52,924,635
Mrs. Uma Agarwal	10,87,576	-
Unicon Marketing Pvt Ltd.	-	-
Vishal Water World Pvt Ltd.	-	1,732,680
V2 Conglomerate Private Ltd.	1,02,000,000	-
Ricon Commodities Pvt. Ltd.	63,874	-
VRL Infrastructure Ltd.	51,835	-
VRL Movers Limited	6,43,882	-
<b>6. Amount Receivable</b>		
VRL Retail Ventures Limited	19,30,000	-

**30. 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 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
a. Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	82,000	821,856

**31. Contingent liabilities:**

(Amount in Rs.)

Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
a. Outstanding Bank Guarantees	5,997,535	1,225,000
b. Disputed Sales Tax Demands - matter under appeal	298,551,617	5,51,96,492
c. Disputed excise duty demands- matter under appeal	-	-
d. Disputed Liability in respect of Income Tax demands - matter under appeal	-	-
e. Claims against the Company not acknowledged as debts	198,177,295	269,598,913
f. Claims by Provident Fund Department	113,929,006	113,929,006
g. Claims by Service Tax Department	30,208,391	-
<b>Total</b>	<b>646,863,844</b>	<b>439,949,411</b>

**32. 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 31.03.2012		As at 31.03.2011	
			Outstanding Balance	Maximum Balance	Outstanding Balance	Maximum Balance
1	VRL Infrastructure Limited	Long Term	51,835	4,000,000	NIL	NIL
2	VRL Movers Limited	Long Term	6,43,882	6,43,882	NIL	NIL
3	Ricon Commodities Pvt. Ltd.	Long Term	63,874	63,874	NIL	NIL

**33. Details of dues to Micro and small enterprise as defined under the MSMED Act, 2006**

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, 2012 are as follows:

(Amount in Rs.)

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>Balance of Sundry Creditors*</b>		
- Principal amount due to Micro, Small and Medium Enterprises	-	5,54,125
- Principal amount due to Others	-	-
<b>Total</b>	-	5,54,125
<b>Interest accrued and due at the end of the year*</b>		
- Interest on payments due to Micro, Small and Medium Enterprises	-	-
- 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	-	-
<b>Total</b>	-	-
<b>Paid during the year</b>		
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
- Principal amount	-	-
- Interest thereon	-	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
<b>Others</b>		
- Interest accrued in the prior year and paid during the year	-	-
- Interest accrued during the year and paid during the year	-	-

**Note:-**The Company has initiated the process of identification of Micro, Small & Medium Enterprises Suppliers and service providers, at this point of time. In View of large numbers of suppliers and non receipt of critical inputs and response from several such potential parties, the liability of interest, if any, cannot be reliably estimated nor required disclosure can be made.

33. Expenditure in Foreign Currency

(Amount in Rs)

Particulars	2011-12	2010-11
Traveling Expenses	456,562	21,20,688

34. Prior Period Items

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

Particulars	31 <sup>st</sup> March 2012 (Amount Rs)
<b>Expenses</b>	
Electricity	3,262,310
House Keeping & Security	48,204
Rent	5,723,907
Professional Charges	2,549,154
Salary & Bonus	1,363,715
Property tax	22,055,393
Others	214,614
Finance Cost	5,264,347
Miscellaneous Balances Written Off	57,480
<b>Total Expenses</b>	<b>40,539,124</b>
<b>Income</b>	
Miscellaneous Income	355,457
Insurance	497,143
<b>Total Income</b>	<b>852,600</b>
<b>Net Prior Period Expense/(Income)</b>	<b>39,686,524</b>

35. 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 31.03.12	Percentage Interest as at 31.03.11
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%
<b>As at 31.03.2012</b>			<b>As at 31.03.2011</b>	
Name	Assets (Rs.)	Liability (Rs.)	Assets (Rs.)	Liability (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	25,027	-	708,936	313,596
<b>For the year ended 31.03.2012</b>			<b>For the year ended 31.03.2011</b>	
Name	Income (Rs.)	Expenditure (Rs.)	Income (Rs.)	Expenditure (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	-	5,780	242,614	778,393

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.

36. The figures of previous year were audited by firm of Chartered Accountants other than AKGVG and Associates Previous year's figures have been regrouped and/or rearranged where necessary to conform to this year's classification.

For AKGVG & Associates  
Firm Registration no :018598N  
Chartered Accountants

Vimal Kumar Saini  
Partner  
M. No. 515915

Place: New Delhi  
Date: 30th May, 2012

For and on behalf of the Board Directors of V2 Retail Limited

sd/-  
Ram Chandra Agarwal  
Managing Director  
DIN 00491885

sd/-  
Uma Agarwal  
Director  
DIN 00495945

sd/-  
Dheeraj Mishra  
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES****Aggregation of Relevant Details of Subsidiaries as At March 31, 2012**

<b>Sr. No.</b>	<b>Particulars</b>	<b>VRL Movers Limited</b>	<b>VRL Infrastructure Limited</b>	<b>VRL Retail Ventures Limited</b>	<b>TOTAL</b>
1	Share Capital	3,000,000	500,000	500,000	4,000,000
2	Reserve and Surplus	-7,843,757	-438,210	-452,960	-8,734,927
3	Total Assets	1,388,374	66,202	5,782,009	7,236,585
4	Total Liabilities	6,232,131	4,412	5,734,969	11,971,512
5	Detail of Investment (Except in Subsidiaries)	Nil	Nil	Nil	Nil
6	Turnover	Nil	Nil	5,247,596	5,247,596
7	Profit/ (Loss) before Tax	-11,232,242	-43,017	-210,318	-11,485,577
8	Provision for Taxation	Nil	Nil	Nil	Nil
9	Profit/ (Loss) after Tax	-11,232,242	-43,017	-210,318	-11,485,577
10	Proposed Dividend	Nil	Nil	Nil	Nil

General Exemption has been granted (vide Circular No. 2/2011) by the Ministry of Corporate Affairs, Government of India, from attaching the Directors' Report, Balance Sheet & Profit and Loss Account of Subsidiary Companies, hence they have not been attached with the Annual Report of the Company. The Company will make available these documents and the related details upon request by any investor of the Company



**AUDITOR'S REPORT**

**Auditor's Report to the Board of Directors of V2 Retail Limited on the Consolidated Financial Statements**

We have audited the accompanying financial statements of **V2 Retail Limited** (herein referred as "the company") and its Subsidiaries and Joint Ventures (collectively referred to as the Group) as at 31<sup>st</sup> March, 2012 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto and reports that:

1. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these 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 results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. The Statement reflects the Group's share of Revenues of Rs. 26,42,127 And Profit after Tax (net) of Rs. (1,28,929) Relating to 3 Subsidiary, whose results have been audited by other auditors and whose results have been considered by us in submitting the report. The Statement also reflects the Group's Share of Revenue of Rs. NIL And Profit after tax (Net) of Rs. (5780) relating to One Joint controlled entity whose results have been audited by other auditors and whose results have been considered by us in submitting the report. The Statement does not reflect Group's share of Revenue of Rs. NIL and Profit after Tax (net) of Rs. (15,442) relating to four subsidiary for which notices under section 560(3) regarding striking off of the name of company from the Register of Companies have been issued for subsidiaries viz. VRL Consumer Goods Limited (100% Subsidiary), VRL Fashions Limited (100% Subsidiary), VRL Foods Limited (100% Subsidiary), VRL Knowledge Process Limited (50% Subsidiary). As such these subsidiaries have not been consolidated and the investment relating thereto have been written off.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" and Accounting Standard 27, "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies Accounting Standard Rules, 2006 and on the basis of separate financial statements of V2 Retail Limited, its Subsidiaries and Joint Venture Company.
5. We report that:
  - a) *The accumulates losses 5,27,74,84,605 (Rupees Five hundred twenty Seven crores Seventy Four lacs Eighty four thousand six hundred five only) as at 31<sup>st</sup> March, 2012 which exceed the net worth of the company*  
Although The Company has incurred substantial losses and its net worth has been eroded. However, having regard to improvement in the economic sentiment, rationalization measures adopted by the Company, Opening of new stores and the implementation of the debt recast package with the lenders and promoters, these financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
6. Further to our comment in paragraph 3, 4 and 5 above, we report that:
  - a) *We have not been provided the basis of accounting for Capital reserves amounting to Rs.60,523.24 Lacs created during the F/y 2010-11 on account of restructuring of business of the company.*
  - b) *Sundry balance written off amounting Rs. 12,28,036 (Rupees Twelve lacs Twenty Eight thousand thirty six only) has been included in other expenses. Basis for same is not provided.*
  - c) *Insurance claim received amounting to Rs. 5,937,430 (Rupees Fifty nine lacs thirty seven thousand four hundred thirty only) has been recognized as Miscellaneous income in Profit & Loss A/c. No documentary evidence has been provided in support of receipt of the said transaction.*
  - d) *No documentary evidence has been provided for Interest expense amounting in aggregate of Rs.255,34,549 out of which, Rs. 1,09,81,430 included in finance cost and Rs. 1,45,53,119 included in Prior period expenses.*
7. In our opinion, the Consolidated Balance Sheet and the Consolidated Profit & 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) *Non-compliance with Accounting Standard 2 "Valuation of Inventories" The cost for valuation of inventories does not include Octroi, Freight Inward & Discount received on purchase. The impact of such deviation from AS-2 is currently unascertainable.*
  - b) *The Company has Contingent Liabilities to the tune of Rs. 6468.63 Lacs which includes Rs. 59.98 Lacs relating to Bank Guarantee. All Contingent Liabilities except Bank Guarantees are under appeal with different authorities at different levels. At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Indian Accounting Standard-29 has not been made in books of accounts.*
  - c) *Deferred tax Assets amounting to Rs. 2,69,05,91,951 (Rupees two hundred sixty nine crores five lacs ninety one thousand nine hundred fifty one only) has been recognized in the Balance Sheet though the company has incurred operating losses in the current year and previous years and there exists no convincing evidence as to virtual certainty of future income to recover the deferred tax asset as required by Accounting Standard 22 "Accounting for Taxes on Income".*
8. In our opinion and to the best of our information and according to the explanations given to us, subject to the effect on the financial statements of the matters referred in the preceding paragraphs the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. In the case of the balance sheet, of the state of affairs of the company as at 31 March 2012
  - b. In the case of the statement of profit and loss, of the profit/loss for the year ended on that date, and
  - c. In the case of the cash flow statement, of the cash flows for the year ended on that date.

**For AKGVG & Associates**  
Firm registration number: 018598N  
Chartered Accountants

Vimal Kumar Saini  
Place: New Delhi  
Date: 30<sup>th</sup> May, 2012

Partner  
Membership no.: 515915

Consolidated Balance Sheet as at 31st March 2012

(Amount in Rs.)

PARTICULARS	Notes	As at 31st March 2012	As at 31st March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	223,988,690	233,763,690
(b) Reserves and Surplus	4	2,521,236,754	2,836,513,031
Capital Reserve on Consolidation of Joint Venture		2,091,806	2,219,762
		<b>2,747,317,249</b>	<b>3,072,496,483</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	170,013,021	55,407,165
(c) Other Long term liabilities	6	4,902,483	-
(d) Long term provisions	7	543,288	401,776
		<b>175,458,792</b>	<b>55,808,941</b>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	8	3,430,000	-
(b) Trade payables	9	78,039,310	7,376,880
(c) Other current liabilities	9	420,553,748	601,370,157
(d) Short-term provisions	7	503,714	160,959
		<b>502,526,772</b>	<b>608,907,996</b>
<b>Total</b>		<b>3,425,302,813</b>	<b>3,737,213,420</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	10	62,590,114	100,308,226
(ii) Intangible assets	11	2,833,354	3,590,265
(iii) Capital work-in-progress		738,000	581,650
Share in Joint Venture		-	604,111
		66,161,468	105,084,252
(b) Non Current Investment	12	329,615,526	299,623,180
(c) Deferred tax assets (net)	13	2,690,591,951	2,846,419,735
(d) Long term loans and advances	14	10,050,691	4,337,106
(e) Other non-current assets	15	31,564,523	29,228,986
		<b>3,127,984,159</b>	<b>3,284,693,259</b>
<b>(2) Current assets</b>			
(a) Trade receivables	15	5,249,384	836,129
(b) Inventories	16	160,436,041	-
(c) Cash and cash equivalents	17	102,559,211	433,375,591
(d) Short-term loans and advances	14	29,074,019	18,308,441
		<b>297,318,655</b>	<b>452,520,161</b>
<b>Total</b>		<b>3,425,302,814</b>	<b>3,737,213,420</b>

The Notes referred to above are an integral part of Balance Sheet

For AKGVG & Associates

For and on behalf of the Board Directors of V2 Retail Limited

Firm Registration no :018598N

Chartered Accountants

Vimal Kumar Saini  
Partner  
M. No. 515915

sd/-  
Ram Chandra Agarwal  
Managing Director  
DIN 00491885

sd/-  
Uma Agarwal  
Director  
DIN 00495945

sd/-  
Dheeraj Mishra  
Company Secretary

Place: New Delhi  
Date: 30th May, 2012

**Consolidated Statement of Profit and Loss for the year ended 31st March 2012**

		(Amount in Rs.)	
PARTICULARS	Notes	31st March 2012	31st March 2011
<b>Income</b>			
Revenue from operations (Gross)		424,616,223	11,282,459,136
Less Sales Tax / VAT		20,352,306	635,996,000
Revenue from operations (Net)	18	<b>404,263,917</b>	10,646,463,136
Other Income	19	37,424,881	104,294,679
<b>Total revenue (I)</b>		<b>441,688,798</b>	10,750,757,815
<b>Expenses:</b>			
Purchase of Traded Goods	20	473,773,139	6,131,893,308
Changes in inventories of traded finished goods	21	(160,436,041)	2,199,612,291
Employee benefit expense	22	51,807,383	794,994,103
Other expenses	23	160,799,617	2,051,105,920
<b>Total (II)</b>		<b>525,944,097</b>	11,177,605,622
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	(I) - (II)	<b>(84,255,299)</b>	(426,847,807)
Depreciation and amortization expense	24	25,997,048	343,174,063
<b>Share in Joint Venture</b>		-	227,302
Finance Cost	25	81,501,229	101,352,272
<b>Profit/(Loss) before tax</b>		<b>(191,753,577)</b>	(871,601,444)
<b>Tax expense</b>			
- Current tax			
- Income tax earlier years		-	(105,475)
- Deferred tax		(155,827,784)	219,523,131
<b>Total tax expense</b>		<b>(155,827,784)</b>	219,417,656
<b>Profit/(Loss) for the year</b>		<b>(347,581,361)</b>	(652,183,788)
Loss attributable to Minority		(596,167)	(36,399)
		(348,177,528)	(652,220,187)
<b>Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)]</b>			
-Basic	26	(15.52)	(29.12)
-Diluted		(15.52)	(29.12)

The Notes referred to above are an integral part of Balance Sheet

For AKGVG & Associates

For and on behalf of the Board Directors of V2 Retail Limited

Firm Registration no :018598N

Chartered Accountants

Vimal Kumar Saini  
Partner  
M. No. 515915

sd/-  
Ram Chandra Agarwal  
Managing Director  
DIN 00491885

sd/-  
Uma Agarwal  
Director  
DIN 00495945

sd/-  
Dheeraj Mishra  
Company Secretary

Place: New Delhi  
Date: 30th May, 2012

**Consolidated Cash Flow Statement for the year ended 31st March 2012**

(Amount in Rs.)

PARTICULARS	31st March 2012	31st March 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax but after prior period items	(192,349,744)	(1,840,915,786)
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation	25,997,048	343,174,063
Interest Reversed & Liabilities written off	-	908,685,500
Profit on sale of Non Current Investments	(10,881,585)	-
Write off/other adjustments of Non Current Investments	875,527	-
Profit on sale of fixed assets	(483,855)	3,404,490
Write off/other adjustments of fixed assets	1,141,086	20,943,466
Interest income	(1,223,268)	(6,122,260)
Finance charges	81,501,229	1,070,630,216
<b>Operating profit before working capital changes</b>	<b>(95,423,561)</b>	<b>499,799,689</b>
Movements in working capital :		
Increase/(Decrease) in trade payables	70,662,430	(105,126,655)
Increase/(Decrease) in long-term provisions	141,512	-
Increase/(Decrease) in short-term provisions	342,755	-
Increase/(Decrease) in other current liabilities	(180,816,409)	-
Increase/(Decrease) in other long-term liabilities	4,902,483	-
Decrease/(Increase) in trade receivables	(4,413,255)	-
Decrease/(Increase) in inventories	(160,436,041)	302,172,323
Decrease/(Increase) in long-term loans and advances	(5,713,585)	-
Decrease/(Increase) in short-term loans and advances	(8,806,634)	184,064,766
Decrease/(Increase) in other current assets	-	-
Decrease/(Increase) in other non-current assets	(1,392,928)	-
Cash generated from operations	(380,953,232)	880,910,123
Direct Taxes paid	(1,958,944)	(105,475)
<b>Net cash (used in) /from operating activities (A)</b>	<b>(382,912,176)</b>	<b>880,804,648</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets, including intangible assets, CWIP and capital advances	(77,977,095)	(47,402,066)
Proceeds from sale of fixed assets	110,734,841	10,015,615
Interest received	1,223,268	6,122,260
Proceeds from slump sale	-	700,000,000
Net Cash & Bank Balance Takenover	-	(109,667,748)
Decrease/(Increase) in Investments	(40,475,527)	-
Decrease/(Increase) in pledged fixed deposits	(942,609)	4,541,385
<b>Net cash flow used in investing activities (B)</b>	<b>(7,437,122)</b>	<b>563,609,446</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (net of expenses on issue of shares)	(9,775,000)	-
Change in Capital Reserve	(127,956)	70,602
Change in Capital Reserve due to slump sale in previous year	32,901,250	-
Repayment of long term borrowings	114,605,853	(42,536,189)
Proceeds from short term borrowings (net of repayments)	3,430,000	1,824,972
Finance charges	(81,501,229)	(1,070,630,216)
<b>Net cash flow from/(used in) financing activities ©</b>	<b>59,532,918</b>	<b>(1,111,270,830)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(330,816,380)</b>	<b>333,143,265</b>
Cash and cash equivalents at the beginning of the year	433,375,591	100,232,325
<b>Cash and cash equivalents at the end of the year (refer note - 1)</b>	<b>102,559,211</b>	<b>433,375,590</b>

**Notes:**

1. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

**Cash and cash equivalents**

	March 31, 2012 Rs.	March 31, 2011 Rs.
Cash on hand	4,390,735	877,235.00
Credit Card Receivables	255,598	-
Balances with banks		
On current accounts	97,912,866	432,478,683.30
Share in Joint Venture	11	19,672.00
	<b>102,559,210</b>	<b>433,375,590</b>

For AKGVG & Associates  
Firm Registration no :018598N  
Chartered Accountants

For and on behalf of the Board Directors of V2 Retail Limited

Vimal Kumar Saini  
Partner  
M. No. 515915

sd/-  
Ram Chandra Agarwal  
Managing Director  
DIN 00491885

sd/-  
Uma Agarwal  
Director  
DIN 00495945

sd/-  
Dheeraj Mishra  
Company Secretary

Place: New Delhi  
Date: 30th May, 2012

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012.**

**1. Basis of Preparation of Consolidated Financial Statements**

The financial statements of V2 Retail Limited, "the company", its subsidiary companies, and Joint ventures ("the Group") 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.

**2.1 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, 2012
VRL Movers Limited *	India	50%	31st March, 2012
VRL Retail Ventures Limited*	India	50%	31st March, 2012

\* 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 31.03.12	Percentage Interest as at 31.03.11
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%

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

- A) 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.
- B) 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.
- C) 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.
- D) 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.
- E) 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
- F) 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.

**2.2 Summary of Significant accounting policies**

**a. Change in accounting policy**

**Presentation and disclosure of financial statements**

During the year ended 31<sup>st</sup> March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in current year

**b. Use of Estimates**

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 on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment on the carrying amounts of assets or liabilities in future Periods.

**c. Tangible 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.

**d. Depreciation on tangible fixed assets**

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 amortized over the period of lease.

**Particulars Method of Depreciation Rates**

Leasehold Land	SLM	5.00%
Leasehold Buildings	SLM	4.03%
Building	WDV	5.00%
Plant & Machinery	WDV	13.91%
Generator Set	WDV	13.91%
Furniture & Fixtures	WDV	18.10%
Electrical Equipments & Fittings	WDV	13.91%
Office Equipment	WDV	13.91%
Air Conditioners	WDV	13.91%
Computer	WDV	40.00%
Motor Vehicles	WDV	25.89%

**e. 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.

The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

The amortization policy applied to the company's intangible assets is as below:

Particulars	Rates (WDV)
Computer software	40%

**f. 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

**Where the company is the lessor**

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**g. Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**h. Impairment of tangible and intangible 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**i. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**Investment property**

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on a Written Down Value prescribed under the Schedule XIV to the Companies Act, 1956. The company has used the depreciation rate of 5%.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**j. Inventories**

The Company has only Finished Goods in its Inventory which is valued at lower of cost and net realizable value. Cost of inventory comprises of cost of purchases. Cost is determined by the weighted average cost method.

**k. Revenue Recognition**

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Income from services

Revenues from Rent and Display activities are recognized as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

**l. 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 recognized in the Profit and Loss Account.

**m. Retirement and other 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.

**n. Income Taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

**o. Segment Reporting** 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.

**p. Earnings per share**

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**q. Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**r. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**s. Cash and cash equivalents**



Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**t. Measurement of EBITDA**

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

**3. Share Capital**

**Particulars**

**1 AUTHORIZED CAPITAL**

**Equity Share Capital**

30,000,000 (31st March 2011 : 30,000,000) Equity Shares of Rs. 10/- each

**Preference Share Capital**

400,000 (31st March 2011 : 400,000) Preference Shares of Rs. 146/- each

**2 ISSUED , SUBSCRIBED & FULLY PAID UP CAPITAL**

22,398,869 (31 March 2011 : 22,398,869) Equity Shares of Rs. 10/- each, Fully Paid up

**3 SHARE WARRANT**

Nil (31st March 2011 : 3,910,000) Convertible Share Warrants of Rs. 10/- each (against which Rs.2.5 per warrant has been received) issued on 30th October, 2009 were to be converted on or before 18 Months from date of issue

**Total in Rs**

	31-Mar-12	31-Mar-11
30,000,000 (31st March 2011 : 30,000,000) Equity Shares of Rs. 10/- each	300,000,000	300,000,000
400,000 (31st March 2011 : 400,000) Preference Shares of Rs. 146/- each	58,400,000	58,400,000
	<b>358,400,000</b>	<b>358,400,000</b>
22,398,869 (31 March 2011 : 22,398,869) Equity Shares of Rs. 10/- each, Fully Paid up	223,988,690	223,988,690
Nil (31st March 2011 : 3,910,000) Convertible Share Warrants of Rs. 10/- each (against which Rs.2.5 per warrant has been received) issued on 30th October, 2009 were to be converted on or before 18 Months from date of issue	-	9,775,000
<b>Total in Rs</b>	<b>223,988,690</b>	<b>233,763,690</b>

**a. Reconciliation of the shares outstanding at the beginning and end of the reporting period**

**Equity Shares**

	31st March 2012		31st March 2011	
	Numbers	Amount	Numbers	Amount
At the beginning of the period	22,398,869	223,988,690	22,398,869	223,988,690
<b>Outstanding at the end of period</b>	<b>22,398,869</b>	<b>223,988,690</b>	<b>22,398,869</b>	<b>223,988,690</b>

**b. Terms / rights attached to equity shares / warrants**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The Board of Directors of the Company has not declared any dividend during the reporting period. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company came out with preferential allotment of 39,10,000 Convertible Share Warrants to its promoters during the Financial year 2009-10 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 were issued on 30<sup>th</sup> October, 2009 and were convertible into equity shares on or before 18 months from the date of issue. The promoters failed to pay balance amount of share warrants consequently the paid amount which was duly bifurcated into Share Warrants Money and Share Premium stands forfeited on April 29<sup>th</sup> 2011.

**c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates**

	31st March 2012	31st March 2011
	-	-

**d. details of Shareholders holding more than 5% shares in the Company**

	31st March 2012		31st March 2011	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity Shares of Rs. 10 each fully paid				
Unicon Marketing Private Limited	5444710	24.3097	5444710	24.3097
Ricon Commodities Private Limited	4940000	22.0547	4940000	22.0547

4. Reserve & Surplus

1. **Securities Premium**

Opening Balance

Add: Addition during the year

**Sub Total**

2. **Capital Reserve**

Opening Balance

Add: Addition during the year

**Sub Total**

3. **Surplus/(deficit) in the statement of profit & loss**

Balance as per last financial statement

Add: Loss for the period

**Sub Total**

**Total in Rs.**

	31-Mar-12	31-Mar-11
Opening Balance	1,713,495,845	1,713,495,845
Add: Addition during the year	-	-
<b>Sub Total</b>	<b>1,713,495,845</b>	<b>1,713,495,845</b>
Opening Balance	6,052,324,263	-
Add: Addition during the year	32,901,250	6,052,324,263
<b>Sub Total</b>	<b>6,085,225,514</b>	<b>6,052,324,263</b>
Balance as per last financial statement	(4,929,307,077)	(4,277,086,890)
Add: Loss for the period	(348,177,528)	(652,220,187)
<b>Sub Total</b>	<b>(5,277,484,605)</b>	<b>(4,929,307,077)</b>
<b>Total in Rs.</b>	<b>2,521,236,754</b>	<b>2,836,513,031</b>

5. Long Term Borrowings

	Non-current portion		Current Maturities	
	2012	2011	2012	2011
State Bank of India	-	-	-	98,255,491
Pegasus Assets Reconstruction Pvt. Ltd.	-	-	398,750,863	335,952,517
HDFC Bank Ltd.	-	-	-	154,256,084
Deposits (Unsecured)				
Inter-corporate deposits repayable on demand	119,440,436	1,732,680	-	-
From Directors	50,572,585	53,674,485	-	-
<b>Total</b>	<b>170,013,021</b>	<b>55,407,165</b>	<b>398,750,863</b>	<b>588,464,092</b>
<b>The above amount includes</b>				
Secured borrowings	-	-	398,750,863	588,464,092
Unsecured borrowings	170,013,021	55,407,165	-	-
<b>Total</b>	<b>170,013,021</b>	<b>55,407,165</b>	<b>398,750,863</b>	<b>588,464,092</b>

Securities furnished in respect of loans taken by the Company

1. State Bank of India & Pegasus Assets Reconstruction Pvt. Ltd.

**There is no outstanding loan from State Bank of India, the formalities for removal of charge from MCA are yet to be furnished. The Detail of Charges is mentioned herein below :**

First charge on pari passu basis on all the movable and immovable assets of the Company as on the transfer date.

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 Bengal)

First pari passu charge by way of equitable mortgage of property in the name of V2 Retail Limited situated at Khasra No. 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 V2 Retail Limited situated at Krishnanagar Village, Taluq Hubli, District Dharwad.

First pari passu charge by way of equitable mortgage of First Floor & Second Floor of property in the name of V2 Retail Limited situated at PJE Plaza, deg No.77-78,81,82 Khasra B no.655-11-5-12, Mauza -Kyenjara, VIP Road, Kolkata

Personal Guarantee of Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal

Corporate Guarantee of Vishal Water World Pvt. Limited

Pledge of 100% of existing promoters' shareholding in the Company or 51% of the Company's paid up capital whichever is lower. **The loan payable to Pegasus Assets Reconstruction Pvt. Ltd. was originally taken from HSBC Bank Limited.**

2. Bank of India, ING Vysya Bank and UCO Bank

**There is no outstanding loan from Bank of India, ING Vysya Bank & UCO Bank, the formalities for removal of charge from MCA are yet to be furnished. The Detail of Charges is mentioned herein below :**

Exclusive charge with Bank of India of property at industrial land Khata no.329, Khasra No. 122/43 Mouza Central Hope town, (Saelakui), Paragana Pachwodoon, Tehsil Vikas Nagar, District Dehradun

Subservient charge on Current Assets

Personal Guarantee of Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal.

Pledge of 953,770 shares of V2.

Corporate Guarantee of Unicorn Marketing Private Limited.(Liability limited to the extent of shares pledged( 7,70,000 shares of V2)

Pledge of 100% of existing promoters' shareholding in the Company or 51% of the Company's paid up capital whichever is lower.

6. **Other Long Term Liabilities**

	Non-current portion		Current Maturities	
	2012	2011	2012	2011
Security Deposit Received	4,800,000	-	-	-
Share in Joint Venture	102,483	-	-	-
<b>Total</b>	<b>4,902,483</b>	<b>-</b>	<b>-</b>	<b>-</b>

7. **Provisions**

	Long Term		Short Term	
	2012	2011	2012	2011
Interest on J&K VAT	-	-	301,855	-
<b>Provision for Employee benefits</b>				
Provision for Gratuity	258,357	307,456	24,620	103,284
Provision for Leave Encashment	284,931	94,320	177,239	57,675
<b>Total</b>	<b>543,288</b>	<b>401,776</b>	<b>503,714</b>	<b>160,959</b>

8. **Short Term Borrowings**

	Non-current portion		Current Maturities	
	2,012	2,011	2012	2011
Loans from related parties	-	-	3,430,000	-
	-	-	3,430,000	-
<b>The above amount includes</b>				
Unsecured Borrowings	-	-	3,430,000	-
	-	-	<b>3,430,000</b>	-

9. **Other Current Liabilities**

	31st March 2012	31st March 2011
Trade Payables		
Sundry Creditors for Goods	67,863,622	6,258,603
Sundry Creditors for Expenses	7,470,025	554,125
Sundry Creditors for Fixed Assets	2,705,663	564,152
Current maturities of long-term liabilities (note 3)	398,750,863	588,464,092
Salary & Bonus Payable	4,994,172	2,941,507
Other Statutory Liabilities	10,033,363	9,650,963
Other Liabilities	6,775,350	-
Share in Joint Venture		313,596
<b>Total</b>	<b>498,593,058</b>	<b>608,747,037</b>

10. **Tangible Assets**

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As at 01.04.2011	Additions during the Year	Adjustments/ Sold during the Year	As at 31.03.2012	As at 01.04.2011	Depreciation for the Year	Adjustments/ Sold during the Year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>TANGIBLE ASSETS</b>										
Lease Hold Land	69,181,044	-	69,181,044	-	11,362,801	2,982,000	14,344,801	-	-	57,818,243
Lease Hold Buildings	49,154,953	5,858,443	50,971,964	4,041,432	6,664,969	2,063,475	8,396,678	331,766	3,709,666	42,489,984
Plant & Machinery	-	1,095,561	-	1,095,561	-	107,096	-	107,096	988,465	-
Lift	-	-	-	-	-	-	-	-	-	-
Generator Set	-	6,198,787	-	6,198,787	-	637,453	-	637,453	5,561,334	-
Furniture & Fixture	-	33,904,414	3,302,088	30,602,326	-	4,518,795	442,788	4,076,007	26,526,319	-
Electrical Equipments & Fittings	-	11,096,991	219,635	10,877,356	-	1,119,358	13,727	1,105,631	9,771,725	-
Office Equipments	-	913,198	-	913,198	-	93,238	-	93,238	819,960	-
Air Conditioner	-	10,049,378	37,193	10,012,185	-	992,212	3,444	988,768	9,023,417	-
Computer	152,373	6,430,652	-	6,583,025	152,373	1,889,695	-	2,042,068	4,540,957	-
Motor Vehicles	389,238	2,206,600	-	2,595,838	389,238	558,329	-	947,567	1,648,271	-
<b>TOTAL</b>	<b>118,877,608</b>	<b>77,754,024</b>	<b>123,711,924</b>	<b>72,919,708</b>	<b>18,569,381</b>	<b>14,961,651</b>	<b>23,201,438</b>	<b>10,329,594</b>	<b>62,590,114</b>	<b>100,308,227</b>

11. <b>Intangible Assets</b>	<b>Computer Softwares</b>	<b>Total</b>
<b>Particulars</b>		
<b>At 1 April 2010</b>	44,941,925	44,941,925
Purchase	7,360,046	7,360,046
Internal development		
Adjustments/Sold during the year	-48,711,706	-48,711,706
<b>At 31 March 2011</b>	<b>3,590,265</b>	<b>3,590,265</b>
Purchase	670,832	670,832
<b>At 31 March 2012</b>	<b>4,261,097</b>	<b>4,261,097</b>
Amortization	41,409,563	41,409,563
At 1 April 2010		
Charge for the year	5,906,701	5,906,701
Adjustments/Sold during the year	-47,316,264	-47,316,264
<b>At 31 March 2011</b>	<b>0</b>	<b>0</b>
Charge for the year	1,427,743	1,427,743
<b>At 31 March 2012</b>	<b>1,427,743</b>	<b>1,427,743</b>
<b>Net block</b>		
<b>At 31 March 2011</b>	<b>3,590,265</b>	<b>3,590,265</b>
<b>At 31 March 2012</b>	<b>2,833,354</b>	<b>2,833,354</b>

12. <b>Non Current Investments</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
Investment Property (at cost less accumulated depreciation)		
Cost of Land & Building given on operating lease	336,785,787	336,785,787
Less: Accumulated Depreciation	46,770,260	37,162,606
<b>Net Block</b>	<b>290,015,527</b>	<b>299,623,181</b>
Trade Investment (valued at cost unless stated otherwise)		
Compulsory Convertible Debentures (CCD) of TPG Wholesale Pvt. Ltd. at a coupon rate of 0.5% per annum, all CCD shall be mandatorily convertible into equity shares of TPG immediately prior to TPG IPO or upon completion of 10 years from issuance of CCD whichever is earlier	39,600,000	-
	<b>39,600,000</b>	-
Investment Property given as security		
Investment property with a carrying amount of Rs. 29,00,15,527 (P.Y. Rs. 29,96,23,181) are subject to first charge to secure the Companies Term Loan taken from bankers and financial institutions		

13. **Deferred Tax Assets**

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net decrease in deferred tax asset of Rs. 155,827,784 for the current year has been recognized in the profit & loss account. The tax effect of significant timing differences as at 31st March, 2012 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2012.

	(Amount in Rs.)	
	<b>31st March 2012</b>	<b>31st March 2011</b>
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	16,207,631	3,848,430
Reversal of DTA of Subsidiary	515,721	-
Gross deferred tax liability	<b>16,723,352</b>	<b>3,848,430</b>
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	164,037	9,906,101
Provision for Gratuity & Leave Encashment	241,763	2,407,293
Reversal of DTA of Subsidiary		
Provision for litigations		
Losses	2,706,909,503	2,837,954,770
<b>Gross deferred tax asset</b>	<b>2,707,315,303</b>	<b>2,850,268,165</b>
<b>Net deferred tax asset</b>	<b>2,690,591,951</b>	<b>2,846,419,735</b>

14. <i>Loans &amp; Advances</i>	Non-current		Current	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
<b>Unsecured Advances, considered good</b>				
Security Deposit towards premises taken on Lease and others	10,025,675	4,337,106	-	-
Advances recoverable in cash or in kind or for value to be received	-	-	4,007,947	6,479,666
Advance income-tax (net of provision for taxation)	-	-	2,177,960	219,016
Value added tax recoverable	-	-	22,888,112	11,524,606
Share in Joint Venture	25,016	-	-	85,153
	<b>10,050,691</b>	<b>4,337,106</b>	<b>29,074,019</b>	<b>18,308,441</b>

15. <i>Trade Receivables and other assets</i> (Considered good unless otherwise stated)	Non-current		Current	
	31st March 2012	31st March 2011	31st March 2012	31 <sup>st</sup> March 2011
<b>Debts outstanding for a period exceeding six months</b>	-	-	5,247,596	-
<b>Other receivables</b>				
Unsecured	-	-	1,788	836,129
	-	-	<b>5,249,384</b>	<b>836,129</b>

15.1. <i>Other Assets</i>	Non-current		Current	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
<b>A) Secured, considered good</b>				
Fixed deposit with banks (held as Margin Money with Banks towards Bank Guarantees & Letter of Credits)	7,446,948	6,504,339	-	-
Other Assets	1,572,217	-	-	-
<b>B) Secured, considered good</b>				
Advance with Provident Fund Department	15,224,647	15,224,647	-	-
Advance with Service Tax Department	7,320,711	7,500,000	-	-
	<b>31,564,523</b>	<b>29,228,986</b>	-	-

16. <i>Inventories (Valued at lower of Cost or Net Realisable Value)</i>	31st March 2012	31st March 2011
	Traded goods	160,436,041
	<b>160,436,041</b>	-

17. <i>Cash &amp; Bank Balances</i>	31st March 2012	31st March 2011
	<b>Cash and cash equivalents</b>	
Balances with banks in:		
- Current accounts	97,912,866	432,478,683
Credit Card Receivables	255,598	-
Cash on hand (as certified by the management)	4,390,724	877,233
Share in Joint Venture	11	19,672
	<b>102,559,199</b>	<b>433,375,588</b>

<b>18. Revenue from Operations</b>	<b>31st March 2012</b>	<b>31st March 2011</b>
<b>Revenue from operations</b>		
Sale of Products		
Traded Goods	403,237,170	10,646,463,136
Sale of Services	-	-
Other operating revenue		
Scrap Sales	1,026,747	-
Others	-	-
<b>Revenue from operations (Net)</b>	<b>404,263,917</b>	<b>10,646,463,136</b>
<b>Details of traded goods sold</b>		
Apparels	313,017,981	5,486,923,287
Non Apparels	83,952,847	3,127,305,487
FMCG	3,642,544	2,017,440,916
Fabric	2,623,798	-
Others	1,026,747	14,793,446
	<b>404,263,917</b>	<b>10,646,463,136</b>
 <b>19. Other Incomes</b>	 <b>31st March 2012</b>	 <b>31st March 2011</b>
Interest Income on		
Bank Deposits	1,223,268	6,122,260
Display income	164,269	-
Discount received (TOT) / Other Non Operating Incomes	-	96,921,305
Net gain on sale of non current investments	10,881,585	-
Insurance claim received	5,937,430	79,468
Rental Income	19,200,000	929,032
Other Incomes	18,329	-
Share in Joint Venture	-	242,614
	<b>37,424,881</b>	<b>104,294,679</b>
 <b>20. Details of purchase of Traded Goods</b>	 <b>31st March 2012</b>	 <b>31st March 2011</b>
Cost of traded goods sold	473,773,139	6,131,893,308
	<b>473,773,139</b>	<b>6,131,893,308</b>
 <b>21. Increase / Decrease in Inventory</b>	 <b>31st March 2012</b>	 <b>31st March 2011</b>
Inventories at the end of the year		
Traded Goods	160,436,041	-
	<b>160,436,041</b>	-
Inventories at the beginning of the year		
Traded Goods	-	2,199,612,291
	-	<b>2,199,612,291</b>
	<b>(160,436,041)</b>	<b>2,199,612,291</b>
 <b>Details of traded goods purchased</b>	 <b>31st March 2012</b>	 <b>31st March 2011</b>
Apparels	366,557,624	4,037,360,000
Non Apparels	5,769,835	2,255,800,000
FMCG	98,715,541	1,568,319,000
Fabric	2,730,139	-
<b>Total</b>	<b>473,773,139</b>	<b>7,861,479,000*</b>

\*Note:-The Company was also involved in manufacturing activities during the Financial Year ending March 31 2011.

**22. Employee Benefit Scheme**

	31st March 2012	31st March 2011
Salary, Wages & Bonus	47,526,563	722,531,294
Leave Encashment	320,470	-
Gratuity Expenses	(127,763)	4,482,546
Bonus Expenses	505,585	-
Contribution to PF & others	2,372,632	47,190,774
Staff Welfare Expenses	1,209,896	20,789,489
	<b>51,807,383</b>	<b>794,994,103</b>

**23. Other Expenses**

**A. Manufacturing, Administrative & Other Expenses**

	31st March 2012	31st March 2011
Fabrication & Other Manufacturing Expenses	14,900	1,651,517
Power & Fuel Expenses	10,480,401	348,440,862
Rent Charges	51,412,451	793,990,046
Repairs & Maintenance-		
- Building	1,404,112	9,475,879
- Plant & Machinery	1,056,575	1,044,973
- Others	4,862,218	89,025,024
Insurance Charges	190,693	4,690,662
Rates & Taxes	890,357	28,550,212
Bank Charges	1,781,677	21,933,266
Consultancy & Legal	7,252,451	56,535,369
Motor Vehicle Expenses	498,825	4,264,472
Printing & Stationery	1,992,975	16,319,687
Security Service Charges	2,204,705	75,938,213
Housekeeping Expenses	1,213,865	39,844,678
Filing Fees	-	-
Telephone Expenses	1,472,696	21,912,069
Travelling & Conveyance	3,392,602	24,360,699
Other Expenses	1,817,938	32,510,130
Postage & Couriers Expenses	305,570	2,865,308
Auditor Remuneration	402,503	1,180,638
Directors' Sitting Fee	256,000	166,000
Loss on Fixed Assets Discarded	1,141,086	20,943,466
Loss on Fixed Asset Sales	(483,855)	3,404,490
Credit Cards Charges	888,816	21,208,735
Investment in Subsidiaries Written Off	875,527	
Prior Period Expenses	39,686,524	(23,231,791)
Share in Joint Venture	5,780	551,090
	<b>135,017,393</b>	<b>1,597,575,694</b>

**B. Selling & Distribution Expenses**

	31st March 2012	31st March 2011
Advertisement & Sales Promotion	15,896,508	204,872,095
Commission Charges	410,990	19,552,171
Transportation Charges	5,655,055	140,888,387
Packing Materials & Expenses	3,819,671	88,217,574
	<b>25,782,224</b>	<b>453,530,227</b>
<b>Grand Total of Other Expenses</b>	<b>160,799,617</b>	<b>2,051,105,920</b>

Payment to auditor

(Amount in Rs.)

**Particulars**

	2011-12	2010-11
Statutory Audit	300,000	1,000,000
Limited Review	100,000	600,000
Other Matters	4,32,869	Nil
Out of Pocket Expenses	Nil	180,638
<b>Total</b>	<b>832,869</b>	<b>1,780,638</b>

**24 Depreciation and Amortization Expenses**

	31st March 2012	31st March 2011
Depreciation of tangible assets	24,569,305	337,267,362
Amortization of Intangible assets	1,427,743	5,906,701
	<b>25,997,048</b>	<b>343,174,063</b>

25 Finance Cost	31st March 2012	31st March 2011
Interest on Bill Discounting	-	67,648,475
Interest on Term Loans	78,182,858	234,457,825
Interest on Unsecured Loans	2,734,728	14,296,938
Interest on Vehicle Loans	-	755,191
Interest on Working Capital Loans	583,644	609,778,135
Interest on Debentures	-	143,693,651
Interest Reversals	-	(969,277,944)
	<b>81,501,229</b>	<b>101,352,272</b>

26. Earning Per Share	31st March 2012	31st March 2011
The following reflects the profit and share data used in the basic and diluted EPS computation		
Total Operations for the year		
Profit/(loss) after tax	-347581361	-652183788
Net Profit/(loss) for calculation of the basic EPS	<b>-347581361</b>	<b>-652183788</b>
Net Profit/(loss) as above	-347581361	-652183788
Weighted average number of equity shares in calculating EPS	22398869	22398869
Basic EPS	(15.52)	(29.12)
Diluted EPS	(15.52)	(29.12)

**27. Gratuity and other post-employment benefit plans**  
**ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2012 UNDER GRATUITY PLAN**

The figures given here in below are in Indian Rupees

**Assumptions:**

(i) Demographic Assumptions: As shown in para 16(i) of the report.

(ii) Financial Assumptions:-

Discount Rate:

Rate of increase in Compensation levels:

Rate of Return on Plan Assets:

	As on 31.03.2011	As on 31.03.2012
Discount Rate:	7.90%	8.60%
Rate of increase in Compensation levels:	10.00%	10.00%
Rate of Return on Plan Assets:	-	-
<b>I. TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS DURING THE PERIOD</b>		
Present Value of Obligation as at the beginning of the period	2,65,31,920	4,10,740
Acquisition adjustment	-	-
Interest Cost	20,16,426	32,448
Past Service Cost	-	-
Current Service Cost	73,302	2,15,535
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(40,71,806)	(3,42,907)
Actuarial (gain)/ loss on obligations	(2,41,39,102)	(32,839)
Present Value of Obligation as at the end of the period	4,10,740	2,82,977
<b>II. TABLE SHOWING CHANGES IN THE FAIR VALUE OF PLAN ASSETS DURING THE PERIOD</b>		
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain / ( loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-
<b>III. TABLES SHOWING FAIR VALUE OF PLAN ASSETS</b>		
Fair value of plan asset at the beginning of period	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of period	-	-
Funded Status	(4,10,740)	(2,82,977)
Excess of actual over estimated return on plan assets	-	-



	As on 31.03.2011	As on 31.03.2012
<b>IV. ACTUARIAL GAIN / LOSS RECOGNIZED FOR THE PERIOD</b>		
Actuarial gain/(loss) for the period – Obligation	2,41,39,102	32,839
Actuarial (gain)/loss for the period - Plan Assets	-	-
Total (gain) / loss for the period	(2,41,39,102)	(32,839)
Actuarial (gain) / loss recognized in the period	(2,41,39,102)	(32,839)
Unrecognized actuarial (gains) / losses at the end of period	-	-
<b>V. THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS</b>		
Present Value of Obligation as at the end of the period	4,10,740	2,82,977
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	(4,10,740)	(2,82,977)
Unrecognized Actuarial (gains) / losses	-	-
Unrecognized Past Service Cost (Non Vested Benefits)	-	-
Net Liability Recognized in Balance Sheet	4,10,740	2,82,977
<b>VI. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD</b>		
Current Service Cost	73,302	2,15,535
Past Service Cost	-	-
Interest Cost	20,16,426	32,448
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(2,41,39,102)	(32,839)
Expenses Recognized in the statement of Profit & Loss	(2,20,49,374)	2,15,144
<b>VII. AMOUNT FOR THE CURRENT PERIOD</b>		
Present Value of Obligation	4,10,740	2,82,977
Plan Assets	-	-
Surplus (Deficit)	(4,10,740)	(2,82,977)
Experience adjustments on plan liabilities - (Loss)/Gain	2,41,35,396	22,104
Experience adjustments on plan assets - (Loss)/Gain	-	-
<b>VIII. RECONCILIATION STATEMENT OF EXPENSE IN THE STATEMENT OF PROFIT AND LOSS</b>		
Present value of obligation as at the end of period	4,10,740	2,82,977
Present value of obligation as at the beginning of the period	(2,65,31,920)	(4,10,740)
Benefits paid:		
(i) Directly paid by the enterprise	40,71,806	3,42,907
(ii) Payment made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognized in the statement of profit & losses	(2,20,49,374)	2,15,144
<b>IX. MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening Net Liability	2,65,31,920	4,10,740
Expenses as above	(2,20,49,374)	2,15,144
Benefits paid directly by the enterprise	(40,71,806)	(3,42,907)
Contributions Paid into the Fund	-	-
Closing Net Liability	4,10,740	2,82,977
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (as percentage of total plan assets)</b>		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Bank Balance	-	-
Fixed Deposit	-	-
Other Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>a) Defined Benefit Plans</b>		

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

ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2012 UNDER LEAVE ENCASHMENT PLAN

The figures given here in below are in Indian Rupees

Assumptions:

(i) Demographic Assumptions: As shown in para 16(i) of the report.

(ii) Financial Assumptions:-

Discount Rate:

Rate of increase in Compensation levels:

Rate of Return on Plan Assets:

	As on 31.03.2011	As on 31.03.2012
	7.90%	8.60%
	10.00%	10.00%
	-	-
<b>I. TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS DURING THE PERIOD</b>		
Present Value of Obligation as at the beginning of the period	85,56,409	1,51,995
Acquisition adjustment	-	-
Interest Cost	6,50,287	12,008
Past Service Cost	-	-
Current Service Cost	60,770	4,57,602
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(26,12,523)	(47,044)
Actuarial (gain)/ loss on obligations	(65,02,948)	(1,12,391)
Present Value of Obligation as at the end of the period	1,51,995	4,62,170
<b>II. TABLE SHOWING CHANGES IN THE FAIR VALUE OF PLAN ASSETS DURING THE PERIOD</b>		
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain /( loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-
<b>III. TABLES SHOWING FAIR VALUE OF PLAN ASSETS</b>		
Fair value of plan asset at the beginning of period	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of period	-	-
Funded Status	(1,51,995)	(4,62,170)
Excess of actual over expected return on plan assets	-	-
<b>IV. ACTUARIAL GAIN / LOSS RECOGNIZED FOR THE PERIOD</b>		
Actuarial gain/(loss) for the period – Obligation	65,02,948	1,12,391
Actuarial (gain)/loss for the period - Plan Assets	-	-
Total (gain) / loss for the period	(65,02,948)	(1,12,391)
Actuarial (gain) / loss recognized in the period	(65,02,948)	(1,12,391)
Unrecognized actuarial (gains) / losses at the end of period	-	-
<b>V. THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS</b>		
Present Value of Obligation as at the end of the period	1,51,995	4,62,170
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	(1,51,995)	(4,62,170)
Unrecognized Actuarial (gains) / losses	-	-
Net Liability Recognized in Balance Sheet	1,51,995	4,62,170
<b>VI. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD</b>		
Current Service Cost	60,770	4,57,602
Past Service Cost	-	-
Interest Cost	6,50,287	12,008
Expected Return on Plan Assets	-	-
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(65,02,948)	(1,12,391)
Expenses Recognized in the statement of Profit & Loss	(57,91,891)	3,57,219

	As on 31.03.2011	As on 31.03.2012
<b>VII. AMOUNT FOR THE CURRENT PERIOD</b>		
Present Value of Obligation	1,51,995	4,62,170
Plan Assets	-	-
Surplus (Deficit)	(1,51,995)	(4,62,170)
Experience adjustments on plan liabilities - (Loss)/Gain	65,02,040	1,06,011
Experience adjustments on plan assets - (Loss)/Gain	-	-
<b>VIII. RECONCILIATION STATEMENT OF EXPENSE IN THE STATEMENT OF PROFIT AND LOSS</b>		
Present value of obligation as at the end of period	1,51,995	4,62,170
Present value of obligation as at the beginning of the period	(85,56,409)	(1,51,995)
Benefits paid:		
(i) Directly paid by the enterprise	26,12,523	47,044
(ii) Payment made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognized in the statement of profit & losses	(57,91,891)	3,57,219
<b>IX. MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening Net Liability	85,56,409	1,51,995
Expenses as above	(57,91,891)	3,57,219
Benefits paid directly by the enterprise	(26,12,523)	(47,044)
Contributions Paid into the Fund	-	-
Closing Net Liability	1,51,995	4,62,170
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (as percentage of total plan assets)</b>		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Bank Balance	-	-
Fixed Deposit	-	-
Other Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 28. Leases

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	2011-12	2010-11
<b>A). Lease Rentals recognized during the year in Profit &amp; Loss Account</b>	47,262,933	793,990,046
Obligations		
Within one year of the balance sheet date	49,375,524	2,448,864
Due in a period between one year and five years	35,962,549	4,285,512
Due after five years (as lease are cancelable by the Company after three to five years)	NIL	NIL

## 29. Segment Information

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.

**30. Related Party Disclosures**

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
Mrs. Uma Agarwal	Director	Key Managerial Personnel
VRL Infrastructure Limited		Subsidiary Company
VRL Movers Limited		Subsidiary Company
VRL Retailer Business Solutions Pvt. Limited		Joint Venture Company
VRL Retail Ventures Limited		Subsidiary Company
Unicon Marketing Pvt. Ltd.		Two directors of V2 Retail Limited are directors in the Company.
Ricon Commodities Pvt. Ltd.		Two directors of V2 Retail Limited are directors in the Company.
Vishal Water World Private Ltd.		Two directors of V2 Retail Limited are directors in the Company.
V2 Conglomerate Private Ltd.		One director of V2 Retail Limited is director in the Company.

**Details of Transaction with related parties**

Particulars	31-03-2012	31-03-2011
<b>1. Loans Repaid/ (Refunded)</b>		
VRL Infrastructure Ltd.	-	-
VRL Mover Ltd.	-	-
Ram Chandra Agarwal	6,000,000	(2,052,126)
Unicon Marketing Pvt Ltd.	-	-
V2 Conglomerate Private Ltd.	33,600,000	-
<b>2. Loans Granted</b>		
VRL Retail Ventures Limited	19,30,000	-
<b>3. Loans Accepted</b>		
Unicon Marketing Pvt Ltd.	-	36,852,881
Mr. Ram Chandra Agarwal	2,017,872	-
Mrs. Uma Agarwal	1,087,576	-
Ricon Commodities Pvt. Ltd.	63,874	-
VRL Movers Limited	6,43,882	-
VRL Infrastructure Ltd.	51,835	-
V2 Conglomerate Private Ltd.	135,600,000	-
<b>4. Loans Written Off</b>		
Unicon Marketing Pvt Ltd.	-	44,049,026
<b>5. Investment in Subsidiaries and Joint Ventures</b>		
VRL Movers Limited	-	-
VRL Fashions Limited	-	-
VRL Foods Limited	-	-
<b>Outstanding as at the Balance Sheet Date</b>		
<b>6. Amount Receivable</b>		
Remuneration Recoverable from S.K. Agarwal	-	1,287,912
Remuneration Recoverable from Uma Agarwal	-	312,421
<b>7. Amount Payable</b>		
Mr. Ram Chandra Agarwal	48,942,507	52,924,635
Mrs. Uma Agarwal	10,87,576	-
Unicon Marketing Pvt Ltd.	-	-
Vishal Water World Pvt Ltd.	-	1,732,680
V2 Conglomerate Private Ltd.	1,02,000,000	-
Ricon Commodities Pvt. Ltd.	63,874	-
VRL Infrastructure Ltd.	51,835	-
VRL Movers Limited	6,43,882	-
<b>8. Amount Receivable</b>		
VRL Retail Ventures Limited	19,30,000	-

**31. 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 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
a. Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	-	821,856

**32. Contingent liabilities:**

(Amount in Rs.)

Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
a. Outstanding Bank Guarantees	5,997,535	1,225,000
b. Disputed Sales Tax Demands - matter under appeal	298,551,617	5,51,96,492
c. Disputed excise duty demands- matter under appeal	-	-
d. Disputed Liability in respect of Income Tax demands - matter under appeal	-	-
e. Claims against the Company not acknowledged as debts	198,177,295	269,598,913
f. Claims by Provident Fund Department	113,929,006	113,929,006
g. Claims by Service Tax Department	30,208,391	-
<b>Total</b>	<b>646,863,844</b>	<b>439,949,411</b>

**33. 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 31.03.2012		As at 31.03.2011	
			Outstanding Balance	Maximum Balance	Outstanding Balance	Maximum Balance
1	VRL Infrastructure Limited	Long Term	51,835	4,000,000	NIL	NIL
2	VRL Movers Limited	Long Term	6,43,882	6,43,882	NIL	NIL
3	Ricon Commodities Pvt. Ltd.	Long Term	63,874	63,874	NIL	NIL

**34. Details of dues to Micro and small enterprise as defined under the MSMED Act, 2006**

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, 2012 are as follows:

(Amount in Rs.)

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>Balance of Sundry Creditors*</b>		
- Principal amount due to Micro, Small and Medium Enterprises	-	5,54,125
- Principal amount due to Others	-	-
<b>Total</b>	-	5,54,125
<b>Interest accrued and due at the end of the year*</b>		
- Interest on payments due to Micro, Small and Medium Enterprises	-	-
- 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	-	-
<b>Total</b>	-	-
<b>Paid during the year</b>		
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
- Principal amount	-	-
- Interest thereon	-	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
<b>Others</b>		
- Interest accrued in the prior year and paid during the year	-	-
- Interest accrued during the year and paid during the year	-	-

**Note:-**The Company has initiated the process of identification of Micro, Small & Medium Enterprises Suppliers and service providers, at this point of time. In View of large numbers of suppliers and non receipt of critical inputs and response from several such potential parties, the liability of interest, if any, cannot be reliably estimated nor required disclosure can be made.

**35. Expenditure in Foreign Currency**

(Amount in Rs)

Particulars	2011-12	2010-11
Traveling Expenses	456,562	21,20,688

**36. Prior Period Items**

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

Particulars	31 <sup>st</sup> March 2012 (Amount Rs)
<b>Expenses</b>	
Electricity	3,262,310
House Keeping & Security	48,204
Rent	5,723,907
Professional Charges	2,549,154
Salary & Bonus	1,363,715
Property tax	22,055,393
Others	214,614
Finance Cost	5,264,347
Miscellaneous Balances Written Off	57,480
<b>Total Expenses</b>	<b>40,539,124</b>
<b>Income</b>	
Miscellaneous Income	355,457
Insurance	497,143
<b>Total Income</b>	<b>852,600</b>
<b>Net Prior Period Expense/(Income)</b>	<b>39,686,524</b>

**37. 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 31.03.12	Percentage Interest as at 31.03.11
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%
		<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>	
<b>Name</b>	<b>Assets (Rs.)</b>	<b>Liability (Rs.)</b>	<b>Assets (Rs.)</b>	<b>Liability (Rs.)</b>
VRL Retailer Business Solutions Pvt. Ltd	25,027	-	708,936	313,596
		<b>For the year ended 31.03.2012</b>	<b>For the year ended 31.03.2011</b>	
<b>Name</b>	<b>Income (Rs.)</b>	<b>Expenditure (Rs.)</b>	<b>Income (Rs.)</b>	<b>Expenditure (Rs.)</b>
VRL Retailer Business Solutions Pvt. Ltd	-	5,780	242,614	778,393

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.

**38.** The figures of previous year were audited by firm of Chartered Accountants other than AKGVG and Associates Previous year's figures have been regrouped and/or rearranged where necessary to conform to this year's classification.

**For AKGVG & Associates**  
Firm Registration no :018598N  
Chartered Accountants

**For and on behalf of the Board Directors of V2 Retail Limited**

**Vimal Kumar Saini**  
Partner  
M. No. 515915

sd/-  
**Ram Chandra Agarwal**  
Managing Director  
DIN 00491885

sd/-  
**Uma Agarwal**  
Director  
DIN 00495945

sd/-  
**Dheeraj Mishra**  
Company Secretary

Place: New Delhi  
Date: 30th May, 2012



**V2 Retail Limited**

Regd. Office: Plot No. 8, Pocket-2, Block-A, Rangpuri Extensions, NH-8, Delhi 110 037

**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 11th Annual General Meeting of the Company being held on Friday the 28th Day of September 2012 at Rangoli Garden, Chhawla Bijwasan Road, near Zatikra More, Najafgarh, New Delhi - 110043 at 10.30A.M.

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.



**V2 Retail Limited**

Regd. Office: Plot No. 8, Pocket-2, Block-A, Rangpuri Extensions, NH-8, Delhi 110 037

**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. _____	_____	_____

Being a member/members of V2 Retail Limited hereby appoint .....or failing him/her.....of .....my/our proxy to vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company being held on Friday the 28th Day of September 2012 at Rangoli Garden, Chhawla Bijwasan Road, near Zatikra More, Najafgarh, New Delhi - 110043 at 10.30A.M.

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.



# BOOK - POST

*If undelivered, please return to:*

## **V2 RETAIL LIMITED**

*(Formerly Vishal Retail Limited)*

Plot No. 8, Pocket-2, Block-A,  
Rangpuri Extensions, NH-8,  
Delhi 110 037

Phone(011) -32431314-15

Fax: (011) -26784281