

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

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| 1. Name of the Company: | V2 Retail Limited |
| 2. Annual financial statements for the year ended | 31.03.2014 |
| 3. Type of Audit qualification | Qualified/ Subject to / Except |
| 4. Frequency of qualification | First Time & Repetitive Both |
| 5. Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report: | <p>a) Attention is invited to note 4 of these financial statements, included in capital reserve amounting to Rs.6,05,23,24,263/-, is Rs. 4,29,42,24,263/- arising out of transfer of asset and liabilities to the acquiring companies in earlier years for which necessary reconciliation/information to the tune of Rs 3,72,24,324/- is not available with the company. Accordingly in the absence of the same, we are unable to comment on the appropriateness of capital reserve including consequential impact, if any, arising out of the same on these financial statements (Repetitive Since 31.03.2011)</p> |

Management Response:

The Company had restructured its business during the 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. While in relation to reconciliation necessary reconciliation to the tune of Rs. 3,72,24,324/-, company is in process to reconcile the same.



b) Attention is invited to note 5 and 10 of these financial statements the Company has outstanding short-term borrowings at the year-end due to a lender including overdue principal and interest for which necessary supporting documents for balance confirmation at the year end and relevant information with relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment on the same. **(Repetitive Since 31.03.2011)**

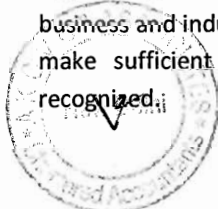
Management Response:

The interest expense has been recognised in the Books of Account on the basis of the figure provided by the concern lender in May 2012, in relation to balances as on 31st March 2012 which is disputed by the Company, as interest rate has been charged in excess of the prescribed rate under Master Restructuring Agreement dated 11.11.2010. The company is in the process of obtaining relevant documents and information from lender for basis of such charge and trying to resolve the dispute.

c) Attention is invited to note 14 of these financial statements the company has recognized Rs. 2,71,11,06,418/- as deferred tax assets at the year-end for which it does not have virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized in accordance with principles of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India . Had the company not recognized deferred tax, impact on profit and loss account would have been increase in loss during the year by Rs. 16,70,481/- and decrease in Reserves and Surplus by Rs. 2,71,11,06,418/-.

Management Response:

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 16 new stores, and one warehouse. Considering the above, management do not see any event which may lead to a reason wherein company should not be considered as Profitable. Further the company has earned increase in turnover in year 2013-14 of Rs 1,23,22,11,031/- in comparison to financial year 2012-13 and further we made profit in first quarter of financial year 2014-2015. The Board is confident that because of such positive signs and growth in the business and industry there is virtual certainty that company will be able to make sufficient profits and accordingly deferred tax assets will be recognized.



d) Attention is invited to note 38 of these financial statements, the Company has disclosed contingent liabilities on account of appeals with various statutory authorities at different levels amounting to Rs. 1,69,57,11,396/- for which necessary information is not available with the Company to reliably ascertain estimated amount of such liabilities and consequential impact thereof on these financial statements in accordance with Accounting Standard-29 issued by the Institute of Chartered Accountants of India. Hence, we are unable to comment on the same. **(Repetitive Since 31.03.2012)**

Management Response:

The Contingent Liabilities to the tune of Rs. 1,69,57,11,396/- 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 as according to past trends of assessments under sales tax and the estimate for the contingent liabilities could not be ascertained. In such position, the company is not in a position to provide for certain fixed amount as liabilities in the books of accounts, which will be done as and when the management will be in a position to estimate the same. The company has made provision in the books of account in the current year with respect to amount payable to labour welfare fund. The liability on account of same was not provided for in the earlier year as the same cannot be ascertained.

e) **Matter of Empasis:** Attention is invited to note 4 of of these financial statements, wherein the Company has accumulated losses amounting to Rs. 5,36,63,49,094/- at the year end and has incurred loss of Rs. 4,50,76,168/- during the year which raises concern regarding going concern status of the Company. However, having regard to improvement in the business conditions, increase in revenue from operations, cost rationalization measures adopted and opening of new stores by the Company, these consolidated financial statements have been prepared on a going concern basis and that no adjustments are required to the carrying value of assets and liabilities. **(second Time)**

Management Response:

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 16 new stores, and two warehouses. 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. Further the company has earned huge increase in turnover in first quarter of financial year 2014-2015 and expecting same in the financial year 2014-15. The Board is confident that because of such positive signs and growth in the business and industry, the company will improve its performance and net worth will not be eroded further.



f) The Company has maintained proper records showing full particulars, and situation of fixed assets except quantitative details **(Repetitive Since 31.03.2011)**

Management Response:

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

g) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the sale of goods and services and for the purchase of fixed assets. However, the internal control system for purchases of inventory is inadequate since the inventory items are entered into incorrect item codes at the time of recording in the system. **(Repetitive Since 31.03.2012)**

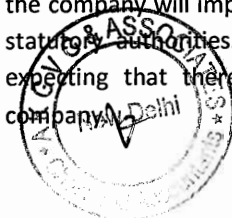
Management Response:

After restructuring of the Business, the business of the Company has been substantially reduced, and accordingly Purchase and Inventory also go down. Any purchase involving substantial amount is directly supervised by the Management and accordingly accounting transactions are made. The management is committed to bring strong internal system in the company with the increase in operations for the benefit of all stakeholders.

h) 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 have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious. **(Repetitive Since 31.03.2012)**

Management Response:

The Company has always tried to regularly deposit the applicable statutory dues with the appropriate authorities, however due to high attrition rate and lot of structural changes in the company; sometimes it is not deposited on time but has been paid with the Interest and Penalty as applicable. The Board by implementing strong internal control and internal audit system in the company will improve the system of depositing the statutory dues with statutory authorities. Further with the growth in business, the board is expecting that there will be improvement in the liquidity position of company.



i) 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 Rs. 1,509,287,158.

Management Response:

The total due of Rs. 1,509,287,158 is under dispute at various forums, the final due will be settled on account of final decision by the respective authorities. The Board has initiated appropriate representations before such forums to settle the dues and issue the final orders.

j) 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. **(Repetitive Since 31.03.2009)**

Management Response:

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.

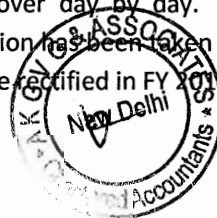
k) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has defaulted in repayment of dues to a financial institution. **(Repetitive Since 31.03.2009)**

Management Response:

Pursuant to Master Restructuring Agreement, the payment to the Financial Institution was to be made by sale of property currently shown in Investments. The Financial Institution did not take effective steps to sell the Land and Building of the Company, therefore the payment could not be made. The Board is continuously doing efforts to sell the land & building of company and will pay off the requisite dues of financial institution/bank after realization of consideration.

6. Additional comments from the board/audit committee chair:

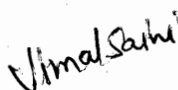
The Company is still under the CDR and the performance of the Company is improving over day by day. The effective steps for the removal of this qualification has been taken and it is expected that most of the qualification will be rectified in FY 2014-15.




7. To be signed by-


(MANAGING DIRECTOR)


(CHIEF FINANCIAL OFFICER)


(AUDITOR OF THE COMPANY)


(AUDIT COMMITTEE CHAIRMAN)



Date: 25th August 2014

Place: New Delhi



V2 RETAIL LIMITED

Annual Report 2013-14

BOARD OF DIRECTORS

Mr. Ram Chandra Agarwal	Chairman & Managing Director
Mrs. Uma Agarwal	Executive Director
Mr. Sourabh Kumar	Independent Director
Mr. Rohit Singh Rautela	Independent Director
Mr. Ravinder Kumar Sharma	Independent Director

CHIEF FINANCIAL OFFICER

Mr. Varun Kumar Singh	Chief Financial Officer
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COMPANY SECRETARY

Mr. Yatish Bhardwaj	Company Secretary
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STATUTORY AUDITORS

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

REGISTERED & CORPORATE OFFICE

**Plot No. 8, Pocket-2, Block-A, Khasra No. 335-336,
 Rangpuri Extensions, NH-8, New Delhi 110 037**
 Website: www.v2retail.com,
 E-mail: customercare@vrl.net.in
 CIN NO. : L74999DL2001PLC147724
 Phone(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 THIRTEEN ANNUAL GENERAL MEETING OF THE V2 RETAIL LIMITED WILL BE HELD ON MONDAY, SEPTEMBER 29, 2014 AT KHASRA NO. 1138, SHANI BAZAR CHOWK, RAJOKARI, NEW DELHI 110038 at 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

- To consider and adopt the audited Financial Statement along with audited consolidated Financial Statement of the company for the financial year ended March 31, 2014 and the Reports of the Board of Directors' and the Auditor thereon.
- To appoint a director in place of Mrs. Uma Agarwal (DIN00495945), who retires by rotation and being eligible, offers herself for reappointment.
- To appoint the Auditor of the company and in this regard 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 from the conclusion of this AGM until next AGM as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the companies (Audit and Auditors) Rules, 2014, including and including any statutory modification(s) or re-enactment thereof for the time being in force, M/s AKGVG & Associates, Chartered Accountants Delhi(Firm Registration No. 018598N), be and are hereby appointed as the statutory auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company (subject to ratification of appointment by the members at every AGM held after this AGM) at such remuneration and reimbursement of out of pocket expenses, if any, as shall be fixed by the Audit Committee of the Board of Directors of the Company."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and clause 49 of the listing agreement, Mr. Rohit Singh Rautela (holding DIN 05118387), a non executive director of the company, who was appointed as an Additional Director pursuant to provisions of section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years commencing from September 29, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and clause 49 of the listing agreement, Mr. Ravinder Kumar Sharma (holding DIN 06865804), who was appointed as an additional Director pursuant to provisions of section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five

consecutive years commencing from September 29, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

- To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (incorporation) Rules 2014 and other approvals as may be required from time to time, the draft regulations contained in the Articles of the association submitted to this meeting be and are hereby approved and adopted in substitution /alteration and to the entire exclusion, of the regulations contained in the existing Articles of Association of the company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things including take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By the Order of the Board of Directors
For V2 Retail Limited

Date : 25.08.2014
Place : New Delhi

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

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies etc. must be supported by an appropriate resolution/authority, as applicable.

- All documents referred to in the notice 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.
- In terms of the Articles of Association of the Company read with Section 152 of the Companies Act, 2013, Mrs. Uma Agarwal, Director, retires by rotation at the ensuing Meeting and being eligible, offers herself for re-appointment. The Board of Directors of the Company commends her re-appointment.

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
Date of Birth	15/11/1975
Date of Appointment	23/07/2001
Expertise in Specific Functional Area	She holds more than Twelve years of Experience in Retail Industry
Qualifications	Bachelor's Degree in Arts
Directorship in Other Public Companies	VRL Infrastructure Limited VRL Movers Limited VRL Retail Ventures Limited
Membership/Chairmanship of Other Public Companies	None
Shareholding in the Company	344000 (Three Lacs Forty Four Thousand) Equity Shares as on March 31, 2014

4. Brief resume of Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
5. The Register of Members and Share Transfer Books of the Company Shall remain closed from September 23, 2014 to September 29, 2014 (both days inclusive).
6. 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.
7. Shareholders, who are holding shares in identical order of name in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holding in one folio.
8. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
9. The members intending to seek any information on Annual Accounts at the meeting are requested to kindly inform the Company at least 7 days before the date of the meeting.
10. For convenience of the members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
11. In terms of SEBI notification, the shares of the Company are subject to compulsory trading only in dematerialized form on the stock exchange hence members are requested to convert their physical share certificates into electronic form.
12. In terms of Section 109A of the Companies Act, 2013, the shareholders of the Company may nominate a person to whom the shares held by him shall vest in the event of his death.
13. Non-Resident Indian Members are requested to inform RTA, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement and.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Share Transfer Agent (RTA), Link Intime India Private Limited, 44, Community Centre, 2nd floor, Naraina Industrial Area, Phase-I, PVR Naraina, New Delhi-110028 and also at C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai -400 018.
15. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a request letter in this respect to the Company / Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only.
16. The Notice of AGM and Attendance Slip is being sent in electronic mode to members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM and Attendance Slip is being sent to those members who have not registered their e-mail IDs with the Company or Depository Participant(s).

17. VOTING THROUGH ELECTRONIC MEANS

Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management & Administration) Rules, 2014, the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- i. Log on to the e-voting website www.evotingindia.com.
- ii. Click on "Shareholders" tab to cast your votes.
- iii. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DPID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi) If you are a first time user follow the steps given below:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> • Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field • Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/ NSDL client id. For example: in case of name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the EVSN for the relevant "V2 RETAIL LIMITED" on which you choose to vote.
- xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page..
- xvi) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

Please follow all steps sl. no. (i) to sl. no. (xvii) above to cast vote.

- xvii) The e-voting period will commence at 9.00 A.M. on Tuesday, September 23, 2014 and will end at 6:00 P.M on Thursday, September 25, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, August 22, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and evoting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
 - xix) The shareholders can opt for only one mode of voting, i.e. either physically by attending AGM or e-voting. If any shareholders opt for e-voting, he/she will not be eligible to vote physically in AGM.
18. In case of those Members, who do not have access to e-voting facility, they can use the assent/dissent form enclosed herewith and convey their assent/dissent to each one of the items of business to be transacted at the ensuing AGM and send the Assent/ Dissent form in the enclosed self addressed pre-paid postage envelope so as to reach Mr. Loveneet Handa, Scrutinizer appointed by the Company at A-41, Office No. 2, first floor, Main Market, Madhu Vihar, I.P. Extension, Delhi- 110092 on or before 6.00 P.M. on September 25, 2014.
19. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.

(ANNEXURE TO NOTICE)

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

The Board of Directors of the Company have appointed Mr. Rohit Singh Rautela as an Additional Director of the Company with effect from April 14, 2014, in accordance with the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company. Further, in terms of

the aforesaid provisions, she would hold office as such up to the date of this Annual General Meeting of the Company.

In terms of provisions of Sections 149, 150, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. Rohit Singh Raurela as Independent Director of the Company for a term up to 5 (five) consecutive years commencing from September 29, 2014.

Mr. Rohit Singh Rautela has given a declaration to the Board of Directors to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Rohit Singh Rautela fulfill the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and Mr. Rohit Singh Rautela is independent of the management.

The Company has received notice in writing from a member along with deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Rohit Singh Rautela for the office of director of the Company.

Brief resume of Mr. Rohit Singh Rautela, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, his shareholding in the Company, relationships amongst directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Corporate Governance Report forming part of the Annual Report.

A copy of the Letter of Appointment of Mr. Rohit Singh Rautela as Independent Director, setting out terms and conditions of his appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

Other than Mr. Rohit Singh Rautela and his relatives, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the proposed Ordinary Resolution as set out in Item No. 4 of this Notice. This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Rohit Singh Rautela is appointed as an Independent Director. Accordingly, the Board recommends the ordinary Resolution as set out at Item No. 4 of this Notice for approval of the members of the Company

ITEM NO. 5

The Board of Directors of the Company have appointed Mr. Ravinder Kumar Sharma as an Additional Director of the Company with effect from April 14, 2014, in accordance with the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company. Further, in terms of the aforesaid provisions, she would hold office as such up to the date of this Annual General Meeting of the Company.

In terms of provisions of Sections 149, 150, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. Ravinder Kumar Sharma as Independent Director of the Company for a term up to 5 (five) consecutive years commencing from September 29, 2014.

Mr. Ravinder Kumar Sharma has given a declaration to the Board of Directors to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Ravinder Kumar Sharma fulfill the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and Mr. Ravinder Kumar Sharma is independent of the management.

The Company has received notice in writing from a member along with deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Ravinder Kumar Sharma for the office of director of the Company.

Brief resume of Mr. Ravinder Kumar Sharma, nature of his expertise in specific functional areas and names of companies in which he holds directorships and

memberships /chairmanships of Board Committees, his shareholding in the Company, relationships amongst directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Corporate Governance Report forming part of the Annual Report.

A copy of the Letter of Appointment of Mr. Ravinder Kumar Sharma as Independent Director, setting out terms and conditions of his appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

Other than Mr. Ravinder Kumar Sharma and his relatives, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the proposed Ordinary Resolution as set out in Item No. 5 of this Notice. This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Ravinder Kumar Sharma is appointed as an Independent Director. Accordingly, the Board recommends the ordinary Resolution as set out at Item No. 5 of this Notice for approval of the members of the Company

ITEM NO. 6

The Members of the Company at their 13th Annual General Meeting held on September 29, 2014 approved the amendment of the Articles of Association ("AoA") of the Company as presently in force. The existing Articles of Association ("AoA") of the Company are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to the specific Sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 (Act 2013). The Act 2013 is now largely in force and substantive Sections of the Act 2013 which deal with the general working of companies stand notified.

With the coming into force of the Act 2013 several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act 2013 which sets out the model Articles of Association for a Company limited by shares. The existing articles have been streamlined and aligned with the Act 2013.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

Your Directors recommend the ordinary resolutions set out at Item No 6 of the Notice for approval by the shareholders

**By the Order of the Board of Directors
For V2 Retail Limited**

Date : 25.08.2014
Place : New Delhi

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

DIRECTORS' REPORT

To
The Members of V2 Retail Limited

Your Directors have great pleasure in presenting the Thirteen Directors' Report on the business and operations of the Company together with the Audited Statements of Accounts of the Company for the year ended March 31, 2014.

FINANCIAL HIGHLIGHTS: (Rs. in Million)

PARTICULARS	Year ended 31.03.2014	Year ended 31.03.2013
Income from Operations (1)	2288.92	1056.71
Other Income (2)	22.07	20.99
Total Income (3)	2310.99	1077.70
Total Expenditure except interest cost (4)	2281.31	1072.07
Interest (5)	80.54	65.21
Profit(+) & Loss(-) before tax (6)=(3)-(4+5)	(50.86)	(59.58)
Provision for Taxation (7)	Nil	Nil
Tax Adjustments (8)	7.52	18.84
Net Profit (+) & Loss (-) after tax (6)-(7+8)	(43.34)	(40.74)
Brought forward from Previous year	(5321.27)	(5268.52)
Extra Ordinary Item & Prior Period Adjustment	(1.73)	(12.02)
Amount available for appropriation	Nil	Nil
Less: Provision for Preference Dividend	Nil	Nil
Less: Provision for Dividend Distribution Tax	Nil	Nil
Balance carried to Balance Sheet	(5366.35)	(5321.27)
EPS		
(In Rs for Equity Shares of par value of Rs.10/- each)		
Basic (before extraordinary & prior period items)	(1.94)	(1.82)
Basic (after extraordinary & prior period items)	(2.01)	(2.35)
Diluted (before extraordinary & prior period items)	(1.94)	(1.82)
Diluted (after extraordinary & prior period items)	(2.01)	(2.35)

PERFORMANCE REVIEW

The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. During the year the company has increased its turnover from 1056.71 Million to 2288.92 Million by 2.1 times compared to previous year. The Company has significantly reduced its accumulated loss as compared to its last year. It is expected in future the company will generate profits for its stakeholders. 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

- During the year, Company had 15 stores. 1 New Store was opened under the brand "V2" at AARA (Bihar) and 1 was closed during the year.
- One more Store of the Company at Guwahati (Assam) becomes operational in the month of April 2014.
- The Company's strategy of investing in growth of its own retail business is being pursued steadfastly.

INDUSTRIAL RELATIONS

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

MATERIAL CHANGES AFTER BALANCE SHEET DATE

- Mr. Rohit Singh Rautela has joined as Non Executive Additional Independent Director on April 14, 2014.
- Mr. Ravinder Kumar Sharma has joined as Non Executive Additional Independent Director on April 14, 2014.
- Mr. Varun Kumar Singh has joined as a Chief Financial Officer on April 01, 2014.
- Mr. Dinesh Kumar Malpani has joined as Chief Executive officer on April 26, 2014 and he has resigned on August 04, 2014.

- (e) One more Store of the Company at Guwahati (Assam) becomes operational in the month of April 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in the Annexure I forming separate section of the Annual Report.

DIVIDEND

Keeping in view of the non profitability of the previous year, your directors do not propose to declare any dividend for this year.

PUBLIC DEPOSIT

During the year under review, the Company has not accepted any deposit under Section 58A and section 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) rules, 1975 and other applicable provisions of the Companies Act, 2013 to the extent as applicable, if any.

DIRECTORS

Mr. Yatish Bhardwaj who has joined the company as an Additional Director on August 27, 2012 has resigned on March 12, 2014.

The Board of Directors appointed Mr. Rohit Singh Rautela and Mr. Ravinder Kumar Sharma as Independent Directors at its board meeting held on April 14, 2014. They hold office until the ensuing Annual General Meeting. Notice has been received from a Member under Section 257 of the Companies Act, 1956 offering their names for appointment as directors of the Company liable to retire by rotation.

Mrs. 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. Dheeraj Kumar Mishra, Company Secretary has resigned on March 12, 2014 and Mr. Yatish Bhardwaj has joined the Company on March 12, 2014.

As required under section 383A of the Companies Act, 1956 read with the provisions of the listing agreement with stock exchanges, Mr. Yatish Bhardwaj an associate member of the Institute of Company Secretaries of India, New Delhi, has been appointed as the Company Secretary on March 12, 2014 pursuant to the resignation of Mr. Dheeraj Kumar Mishra.

SUBSIDIARY COMPANIES

The Company has 3 subsidiary Companies as on date namely, VRL Movers Limited, VRL Infrastructure Limited, VRL Retail Ventures Limited.

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 other related details are available for inspection during business hours at the Company's registered office and at the registered office of the subsidiary companies concerned.

STATUTORY AUDITORS AND THEIR REPORT:

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 139(2) and 142(1) of the Companies Act, 2013. 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

- a) *Attention is invited to note 4 of these financial statements, included in capital reserve amounting to Rs. 6,05,23,24,263/-, is Rs. 4,29,42,24,263/- arising out of transfer of asset and liabilities to the acquiring companies in earlier years for which necessary reconciliation/ information to the tune of Rs 3,72,24,324/- is not available with the company. Accordingly in the absence of the same, we are unable to comment on the appropriateness of capital reserve including consequential impact, if any, arising out of the same on these financial statements.*

Management Response:

The Company had restructured its business during the 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. While in relation to reconciliation necessary reconciliation to the tune of Rs. 3,72,24,324/-, company is in process to reconcile the same.

- b) *Attention is invited to note 5 and 10 of these financial statements the Company has outstanding short-term borrowings at the year-end due to a lender including overdue principal and interest for which necessary supporting documents for balance confirmation at the year end and relevant information with relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment on the same.*

Management Response:

The interest expense has been recognised in the Books of Account on the basis of the figure provided by the concern lender in May 2012, in relation to balances as on 31st March 2012 which is disputed by the Company, as interest rate has been charged in excess of the prescribed rate under Master Restructuring Agreement dated 11.11.2010. The company is in the process of obtaining relevant documents and information from lender for basis of such charge and trying to resolve the dispute.

- c) *Attention is invited to note 14 of these financial statements the company has recognized Rs. 2,71,11,06,418/- as deferred tax assets at the year-end for which it does not have virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized in accordance with principles of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India . Had the company not recognized deferred tax, impact on profit and loss account would have been increase in loss during the year by Rs. 16,70,481/- and decrease in Reserves and Surplus by Rs. 2,71,11,06,418/-.*

Management Response:

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 16 new stores, and one warehouse. Considering the above, management do not see any event which may lead to a reason wherein company should not be considered as Profitable. Further the company has earned increase in turnover in year 2013-14 of Rs 1,23,22,11,031/- in comparison to financial year 2012-13 and further we made profit in first quarter of financial year 2014-2015. The Board is confident that because of such positive signs and growth in the business and industry there is virtual certainty that company will be able to make sufficient profits and accordingly deferred tax assets will be recognized.

- d) *Attention is invited to note 38 of these financial statements, the Company has disclosed contingent liabilities on account of appeals with various statutory authorities at different levels amounting to Rs.*

1,69,57,11,396/- for which necessary information is not available with the Company to reliably ascertain estimated amount of such liabilities and consequential impact thereof on these financial statements in accordance with Accounting Standard-29 issued by the Institute of Chartered Accountants of India. Hence, we are unable to comment on the same.

Management Response:

The Contingent Liabilities to the tune of Rs. 1,69,57,11,396/- 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 as according to past trends of assessments under sales tax and the estimate for the contingent liabilities could not be ascertained. In such position, the company is not in a position to provide for certain fixed amount as liabilities in the books of accounts, which will be done as and when the management will be in a position to estimate the same. The company has made provision in the books of account in the current year with respect to amount payable to labour welfare fund. The liability on account of same was not provided for in the earlier year as the same cannot be ascertained.

- e) *Matter of Empasis: Attention is invited to note 4 of these financial statements, wherein the Company has accumulated losses amounting to Rs. 5,36,63,49,094/- at the year end and has incurred loss of Rs. 4,50,76,168/- during the year which raises concern regarding going concern status of the Company. However, having regard to improvement in the business conditions, increase in revenue from operations, cost rationalization measures adopted and opening of new stores by the Company, these consolidated financial statements have been prepared on a going concern basis and that no adjustments are required to the carrying value of assets and liabilities.*

Management Response:

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 16 new stores, and two warehouses. 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. Further the company has earned huge increase in turnover in first quarter of financial year 2014-2015 and expecting same in the financial year 2014-15. The Board is confident that because of such positive signs and growth in the business and industry, the company will improve its performance and net worth will not be eroded further.

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

Management Response:

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

- g) *In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the sale of goods and services and for the purchase of fixed assets. However, the internal control system for purchases of inventory is inadequate since the inventory items are entered into incorrect item codes at the time of recording in the system.*

Management Response:

After restructuring of the Business, the business of the Company has been substantially reduced, and accordingly Purchase and Inventory also go down. Any purchase involving substantial amount is directly supervised by the Management and accordingly accounting transactions are made. The management is committed to bring strong internal system in the company with the increase in operations for the benefit of all stakeholders.

- h) *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 have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.*

Management Response:

The Company has always tried to regularly deposit the applicable statutory dues with the appropriate authorities, however due to high attrition rate and lot of structural changes in the company; sometimes it is not deposited on time but has been paid with the Interest and Penalty as applicable. The Board by implementing strong internal control and internal audit system in the company will improve the system of depositing the statutory dues with statutory authorities. Further with the growth in business, the board is expecting that there will be improvement in the liquidity position of company.

- i) *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 Rs. 1,509,287,158.*

Management Response:

The total due of Rs. 1,509,287,158 is under dispute at various forums, the final due will be settled on account of final decision by the respective authorities. The Board has initiated appropriate representations before such forums to settle the dues and issue the final orders.

- j) *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.*

Management Response:

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.

- k) *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.*

Management Response:

Pursuant to Master Restructuring Agreement, the payment to the Financial Institution was to be made by sale of property currently shown in Investments. The Financial Institution did not take effective steps to sell the Land and Building of the Company, therefore the payment could not be made. The Board is continuously doing efforts to sell the land & building of company and will pay off the requisite dues of financial institution/bank after realization of consideration.

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 precautionary steps for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and avoiding fraud and other malpractices.

That the Directors had prepared the annual accounts for the year ended March 31, 2014 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.

REPORT ON CORPORATE GOVERNANCE

The report on corporate governance along with auditor certificate on the same has been enclosed as an Annexure III 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

Yours Directors take this opportunity to express their sincere appreciation for the support and cooperation provided by the shareholders, customers, suppliers, bankers and other business associates. Your Directors gratefully acknowledge the ongoing cooperation and support provided by Central and State Governments and all regulatory authorities. Your Directors also place on record their appreciation of the contribution made by employees across all levels.

On behalf of the Board of Directors

Sd/-

Ram Chandra Agarwal

Chairman and Managing Director

Din:-00491885

Date : 25.08.2014
Place : New Delhi

Annexure – I**Management Discussion and Analysis****INDUSTRY STRUCTURE AND DEVELOPMENT**

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. It is the fastest growing retail market in the World. India's retailing is essentially the owner of small shop which account for more than 90%.

The present study finds that The Indian retail sector is evolving rapidly. The size of India's retail industry is expected to more than double to \$1.3 trillion by 2020. Further organised retails penetration in India's total retail is on increase. Recent policy changes and greater external liberalisation of retail sector will bring many more foreign retailers to India. It is expected that FDI will accelerate the growth of organized retail. India's huge population with large proportion of young, increasingly brand-and fashion-conscious population, high potential growth in consumer expenditure, growing middle class are some of the factors due to which the macro trends for the sector looks favorable. Organized retail whose share in total retail was 8% in 2012 is expected to assume 24% share of total retail market in India in 2020. Among organized retail segments, Mass Grocery and Apparel are segments growing faster than other segments. In next few years, multi-brand organized retail is expected to expand in specialty stores such as Consumer Electronics, Footwear, Furniture and Furnishing etc. But the requirement of 30% procurement from Indian small industries may prove to be a major bottleneck for FDI in many of these segments. The global heads of retail chains keeping a mum on India in recently held World Retail Congress in Paris supports this viewpoint .While Mexico and the Philippines were being touted as the next big markets for commencing retail ventures, India's policies regarding sourcing and investments have put a question mark on prospective investments Analyst say that if Walmart indeed pulls out of India, it may not have any impact on consumers as only eight per cent of the total retail is organized, But, confidence on India as a potential investment destination could be greatly marred .However, recently Government of India has liberalised some FDI norms wef 22 August,2013 to boost investors sentiments.

India is the 5th most favorable destination for international retailers. Of the total Indian retail market, 8% constitutes the organized retail segment which is estimated to grow at a rate of almost 30% by 2015, and hence at a much faster pace than the overall retail market which is forecast to grow by 16% in the same period. Clothing & Apparel make up almost a third of the organized retail segment, followed by Food & Grocery and Consumer Electronics. India

currently has a small penetration within the organized retail segment as compared to other emerging markets such as China, which has a penetration of more than 20% within organized retail according to the Global Retail Index report by the World Retail Conference.

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. Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones. India has highest number of outlets per person (7 per thousand) Indian retail space per capita at 2 sq ft (0.19 m2)/ person is lowest in the world Indian retail density of 6 percent is highest in the world.[38] 1.8 million households in India have an annual income of over 4.5 million

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 masses. 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 foreign direct investment (FDI) inflows in single-brand retail trading during April 2000 to December 2012 stood at US\$ 95.36 million, as per the data released by Department of Industrial Policy and Promotion (DIPP). The overall Indian retail sector is expected to grow 9 per cent in 2012-16, with organized retail growing at 24 per cent or three times the pace of traditional retail (which is expected to expand at 8 per cent).

The opportunities in food and grocery retail are immense, given that it constitutes about 69 per cent of the country's total retail market, according to panel members at the seventh Food and Grocery Forum India

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 growths.

OPPORTUNITIES & THREATS

The new FDI policy implies greater autonomy in functioning for foreign single-brand retail players who can now own 100% of their Indian stores, up from the previous cap of 51% with only the stipulation that they will have to source 30% of their goods from small and medium-sized Indian suppliers. The new policy allows a maximum 51% ownership for the multi brand retail sector subject to the certain conditions.

The Indian economic sector, including retail, has weathered an uneven ride. Changes in Government policies and markets have caused investors in this market to draw caution and adopt wait-and-watch policies. Rising inflation, even when disposable income has risen, has left a dampening mark on retail sales and consumption. Brands have decided to ensure an effective presence strategy while speculation markets have dropped. Big malls that were assured of complete occupancy just a few years back have to resort to price-leading strategies to woo in tenants and consumers.

The Company Strategy to increase the number of departmental stores, and increase its market share in existing Tier II and Tier III cities through additional new stores in those cities.

However the Economic Slowdown may affect the direct consumption which may affect the Retail Industry.

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 Information Technology and 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.
- Strong focuses on system & processes.
- Strong distribution and logistics network supply chain.Strong Bargaining Strength.
- Strategic planning is must in order to keep aside the cut-throat competition in context of various corporate restructuring, market segmentation, creativity and innovation with regard to new launch of product and services.

PRODUCT WISE PERFORMANCE

The Company is in the business of retailing of products such as apparels and household goods. The Sale of the apparels has been increased significantly over the year and sale of household goods also increased during the year consequently the Company is planning to explore and add some more line of products.

Future Outlook and Strategies

- Productively employing staff at all location
- Branding of V2
- Effective Visual Communication
- Strong Supply Chain
- Expansion and Diversification prospects for the business of the Company.
- Increased focus on Shop in Shop Format i.e. excess space renting Arrangements.
- Focus on Core competencies of the Company i.e. retailing.
- Revision of Sales Promotion , Pricing , Branding and advertising strategies of the Company

Risks and Concerns

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. Risk Management at V2 Retail is an enterprise wide function. which develop frameworks and methodologies for assessing and mitigating risk. Enterprise Risk Management (ERM) is a leveraged function that works in close co-ordination with Business Teams, Legal, Finance, Human Resources, Quality, internal audit and other functional teams having great skills to control, reduce, transfer, mitigate and risk that comes on its way to progress.

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 and 51% in multi 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.

The Company is able to compete the market situations and maintain its margins for future growth.

Higher rentals

The market is still on a high rental level, leaving very little margin for the retailers to make sustenance and strive hard to maintain the existing reputation as well as consumer base 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 dynamic, adequate effective and efficient system of internal check as well as internal control. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposal, and the transactions are authorized, recorded and reported as per Company's norms including Statutory Guideline.

The Company monitors and strengthen the Internal Control system of its stores through separate department. The Company also appoints

consultants, advisors, professionals and experts from time to time in order to bring specialization in area of it's operation.

These internal control procedures ensure the following:

1. Efficient use and protection of resources
2. Compliances with policies procedures and Statues
3. Accuracy and promptness of financial reports.
4. Detection of frauds and misconduct on the part of employees of the company.

HUMAN RESOURCE MANAGEMENT

We firmly believe that employee's training, motivation, development, and engagement are key aspects of good human resources management. We provide several forums and communication channels for our employees to not only share their points of view and feedback related to our business, but also share feedback on self development and career advancement. These forums have helped us identify and implement a number of structural changes during the year. These included compensation revision across the organization, streamlining of compensation structure, quarterly cycles of promotion and progression, and rotation of onsite assignments. Providing opportunities for employees to interact with senior management through innovative interventions such as "Just a Minute" Session (JAM) with the Management, town hall events across campuses and priority mailers notifying employees about every organizational change and development are a few of the measures taken to boost communication with employees. Rewarding and recognizing consistent superior performance is essential to build a stronger V2 RETAIL. This year, we introduced the concept of "Employee of the Month" program, which is designed exclusively to identify high performers and provide them challenging opportunities to grow faster within the organization

COMPANY PERFORMANCE REVIEW

Your Company has reported a Net loss after tax of Rs. 43.34 Millions before adjustment of the prior period expenses during the financial year ended March 31, 2014.

The turnover from operations of the company during the financial year ended March 31, 2014 was Rs. 2288 Mn as compared to Rs. 1056 Mn during the previous year ended March 31, 2013. The turnover of the company increased by 117% from the previous year on account of opening of Various Stores over different Location across nation.

Cost of Goods sold

The total Cost of goods sold increased by more than 118.12 % from the existing Rs. 789 Mn in FY'13 to Rs. 1721 Mn in FY'14.

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

Administrative, Selling, Distribution & Other Expenses

Administrative, Selling, Distribution & Other Expenses increased to Rs. 365 Mn in FY'14 from the existing Rs. 177 Mn in FY'13. The increase is mainly on account of opening of New Showroom.

Personnel Expenses

The personnel expenses increase by 93.90 % from 82 Mn in FY'12 to Rs. 159 Mn in FY'13. The increase in personnel expenses is mainly on account of opening of stores which led to increase in number of personnel employed there.

Depreciation

The Company provided for depreciation of Rs. 34.82 Mn during FY' 14 compared to Rs 22.71 Mn in FY'13. For the year under consideration, cumulative depreciation was 26% of gross block, from 22 % in the previous year. Your Company uses the Written down Value (WDV) method to compute depreciation charges.

Finance Cost

Interest expense increase by 23.52 % to Rs 80 Mn during FY' 14 compared to 65 Mn during FY'13. The Increase in Finance cost is on account of Increase 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. (1.94) compared to previous year EPS of Rs. (1.82). The Diluted Earnings per Share (DPS) is Rs (1.94) in FY'14 compared to Rs (1.82) in FY'13.

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, 2014 is Rs. 2407 Mn as compared to Rs. 2478 Mn as on March 31, 2013.

Profit and Loss Account

Your Company incurred a loss of Rs. 45 Mn during the financial year ended March 31, 2014. Resultantly the balance in P&L as on March 31, 2014 was Rs. (5366) Mn compared to Rs (5321) mn as on March 31, 2013.

Debt

The total amount of the long term debt has been increased to Rs. 377 Mn from the previous year Rs. 315 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. 53 Mn. The deferred tax asset as on March 31, 2014 was Rs. 2711 Mn as compared to Rs. 2709 Mn as on March 31, 2013.

Investments

The Investment of the Company has been reduced by Rs. 8.65 Mn from the previous investment of Rs. 323 Mn. Reduction is due to depreciation on Non Current Investment. The gross investment at the end of year stands at Rs. 314 Mn.

Cash & Bank Balances

As on March 31, 2014, your Company was having inventory of Rs. 555 Mn compared to Rs. 448 Mn as on March 31, 2013.

Inventories

As on 31st March 2014, your Company was having inventory of Rs. 555 Mn compared to Rs. 448 Mn as on March 31, 2013.

Non Current Loans and Advances

Non Current Loans and Advances as on March 31, 2014 was Rs. 17.2 Mn compared to Rs. 16.5 Mn as on March 31, 2013. The increase is due to Security Deposit given to Lessor for the new stores.

Current Liabilities & Provisions

As on March 31, 2014, your Company was having Current liabilities including provision of Rs. 794 Mn compared to Rs. 651 Mn during FY'13. The increase is mainly due to Trade Creditors.

On behalf of the Board of Directors

Sd/-

Date : 25.08.2014 Ram Chandra Agarwal
Place : New Delhi Chairman and Managing Director
Din:-00491885

ANNEXURE II

Information as required u/s 217 (1) (e) of the Companies Act, 1956 and as per the provision of Companies Act, 2013 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out as under:

Conservation of Energy

- 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.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy : Nil
- Impact of measures at (i) & (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods- Nil
- 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	2013-14	2012-13
Electricity		
Purchased		
Unit	*	*
Total Amount	47014872	17344124
Rate/Unit	*	*
Furnace Oil		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL
HSD		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL

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

Foreign Exchange Earnings and outgo

The Company is not indulge into export of goods. No activities relating to exports have been undertaken by the Company during the financial year 2013-2014.

Particulars	2013-14	2012-13
Foreign Exchange Outgo		
Traveling	41517	62783
Consultancy	Nil	Nil
Others	Nil	Nil
Imports		
Raw Materials	Nil	Nil
Finished Goods	Nil	Nil
Capital Goods	Nil	Nil
Others		
Foreign Exchange Earnings		
Earnings in foreign exchange	Nil	Nil
Total cost	Nil	Nil
Average rate	Nil	Nil

On behalf of the Board of Directors

Sd/-

Date : 25.08.2014 Ram Chandra Agarwal
Place : New Delhi Chairman
DIN: 00491885

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 2013-14.

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

On behalf of the Board of Directors

Sd/-

Date : 25.08.2014 Ram Chandra Agarwal
Place : New Delhi Chairman and Managing Director
DIN: 00491885

Annexure III

CORPORATE GOVERNANCE REPORT

In accordance with Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at V2 Retail Limited is in compliance with laws and high standard of business ethics for effective control and management system in an organization.

The Board and Management of the Company believes that Corporate Governance is the commitment for compliance with all Laws, Rules and Regulations that apply to it with the spirit and intent of high business ethics, honesty and integrity. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder's value.

The essence of Corporate Governance lies in promoting and maintaining transparency and accountability in the higher echelons of management. The demands of corporate governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. Good governance practices stem from the culture and the mindset of the organisation and at V2 Retail we are committed to meet the aspirations of all our stakeholders. Your company's essential charter is shaped by the objectives of transparency, professionalism and accountability.

It is through these practices, the Company is making efforts to reduce stakeholder, regulators and government intervention concerning various information reflecting the day- to- day affairs of the company .

The Company believes that the essence of the Corporate Governance lies in the phrase "Your Company". It is "Your" company because it belongs to you- "the Shareholders." The Chairpersons and Directors are "Your" fiduciaries and trustees. Their Objective is to take the business forward in such a way that it maximizes "Your" long term value. Besides adhering to the prescribed Corporate Governance practices as per clause 49 of the Listing Agreement, it voluntarily governs itself as per highest standard of ethical and responsible conduct of business in line with the local and global standards. Strong governance practices at VRL have earned recognition for it and have strengthened its bond of trust not only with the stakeholders but with the society at large.

Various policies at **V2 RETAIL** seek to focus on enhancement of long term shareholder value keeping in mind Ethical Standards and Corporate Social Responsibilities. These practices are embedded in our principle of Corporate Governance, which provides for accountability, independence, transparency and fair disclosure.

The Spirit of V2 Retail represents the core values inherent in our organization which is framed around these Corporate Governance principles and practices. These are mentioned below:

Intensity to Win

1. Make customers successful
2. Team, innovate and excel

Act with Sensitivity

1. Respect for the individual
2. Thoughtful and responsible

Unyielding Integrity

1. Delivering on commitments
2. Honesty and fairness in action

A Certificate from M/s. AKGVG & Associates, Chartered Accountants, Statutory Auditors of the Company regarding compliance of the conditions of the Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, is attached in the Corporate Governance Report and form part of this report.

Certificate of the Managing Director, inter-alia confirming the correctness of the financial statement, compliance with Company's Code of Conduct, adequacy of the Internal Control measures and reporting of matters to the Audit Committee in terms of Clause 49 of the Listing Agreement with the Stock Exchange, is attached in the Corporate Governance Report and forms part of this Annual Report.

CODE OF CONDUCT

The Board of Directors of the company acknowledge and accept the extent of their duties as Directors. They have a responsibility to carry out their duties

in an honest and businesslike manner and within the scope of their authority, as set forth in the laws of India as well as in the Memorandum and Articles of Association of the Company. They are entrusted with and are responsible for the oversight of the assets and business affairs of VRL in an honest, fair, diligent and ethical manner. As Directors, they must act within the bounds of the authority conferred upon them and with the duty to make and enact informed decisions and policies in the best interests of the Company. The Board of Directors has adopted the following Code of Conduct e and a separate declaration to this effect is annexed to the Corporate Governance Report.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders' aspirations and societal expectations.

Good governance practices stem from the culture and mindset of the organisation and at V2 we are committed to meet the aspirations of all our stakeholders.

Our customers have benefited from products having value which is available at the most competitive prices.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the higher echelons of management. The demands of corporate governance require professionals to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics.

BOARD OF DIRECTORS

As on March 31, 2014, the Board comprised of 04 directors, 2 of them being Executive 2 being Non Executive Independent Director. The Composition of Board of Directors on March 31, 2014 is as follows:

Category	DIN	Name of the Director
Executive Promoter Director	: 00491885 00495945	Mr. Ram Chandra Agarwal Mrs. Uma Agarwal
Independent Director	: 05113240	Mr. Sourabh Kumar
Independent Director	: 06368039	Mr. Yatish Bhardwaj*

*Mr. Yatish Bhardwaj, Independent Director resigned on 12.03.2014.

The Board was reconstituted with appointment of following directors and key Managerial Personnel (KMP) on the Board on 14.04.2014:

Category	Date of ap- pointment	DIN	Name of the Director
Independent Director	27.08.2012	06368039	Mr. Yatish Bhardwaj^
Independent Director	14.04.2014	05118387	Mr. Rohit Singh Rautela
Independent Director	14.04.2014	06865804	Mr. Ravinder Kumar Sharma
Chief Financial Officer	01.04.2014	NA	Mr. Varun Kumar Singh
Chief Executive Officer	26.04.2014	NA	Mr. Dinesh Kumar Malpani

^Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Composition of Board of Director has been reconstituted on April 14, 2014. Mr. Varun Kumar Singh being CFO of the company has joined the company on 01.04.2014 and Mr. Rohit Singh Rautela (DIN: 05118387), Mr. Ravinder Kumar Sharma (DIN: 06368039) has joined the Company as a non Executive Additional Independent Director on April 14, 2014.

BRIEF PROFILE OF THE DIRECTORS OF THE COMPANY

Brief profile of all the Directors, nature of their expertise in specific functional areas:

Mr. Ram Chandra Agarwal, Chairman & Managing Director (DIN No 00491885), is a Director of the Company since 23.07.2001. He Graduated in Commerce, He holds more than Twenty Six Years of Experience in Retail Industry.

Mrs. Uma Agarwal, Whole time Director (DIN No. 00495945), is a Director of the Company since 23.07.2001. She Bachelor in Arts, She holds more than Twelve Years of Experience in retail Industry.

Mr. Sourabh Kumar, is a Non-Executive Director (DIN No 05113240) of the Company since 01.10.2011. He Mastered in Commerce, He holds more than Four Years of Experience in Finance and Accounts Function Area.

Mr. Rohit Singh Rautela, is a Non-Executive Director (DIN No 05118387) of the Company from 14.04.2014. He Graduated in Commerce, He is a Member of The Institute of Company Secretary of India, and He holds more Five Years of Experience in Finance and Corporate Law.

Mr. Ravinder Kumar Sharma is a Non-Executive Director (DIN No 06865804) of the Company from 14.04.2014. He Graduated in Commerce, and He holds more than two Years of Experience in Corporate Law.

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.
- 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.

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.

The details of the members of the committees as on March 31, 2014 are as under;

Name of the Director	Audit	Remuneration	Investors Grievances	Share Transfer
Mr. Ram Chandra Agarwal	Member	NA	NA	NA
Mrs.Uma Agarwal	NA	NA	Member	Member
Mr.Sourabh Kumar*	Chairman	Chairman	Chairman	Chairman
Mr.Yatish Bhardwaj [^]	Member	Member	Member	Member

[^]Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Committee has been reconstituted on April 14, 2014 and Mr. Ravinder Kumar Sharma has been nominated as Member from April 14, 2014, in place of Mr. Yatish Bhardwaj.

*Mr. Rohit Singh Rautela has been nominated as Chairman in place of Mr. Sourabh Kumar of the Committee, the Committee has been reconstituted on April 14, 2014.

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:

ATTENDANCE AT BOARD MEETINGS

During the Financial Year 2013-14, 12 Board Meetings were held till 31st March 2014, as per following details:-

Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1.	April 18,2013	2.	May 18, 2013
3.	May 30, 2013	4.	June 15, 2013
5.	August 14, 2013	6.	September 04, 2013
7.	September 30, 2013	8.	November 14, 2013
9.	February 10, 2014	10.	February 20, 2014
11.	March 12, 2014	12.	March 31, 2014

Composition of Board of Directors and their Attendance in the Board Meetings for FY 2013-14 are as under;

Name of the Director	Designation of Director			
		Board Meeting Held	Board Meeting Attended	Last AGM
Mr. Ram Chandra Agarwal	Managing Director & Executive Promoter	12	12	Yes
Mrs.Uma Agarwal	Whole Time Director & Executive Promoter	12	12	Yes
Mr.Sourabh Kumar*	Independent Director	12	12	Yes
Mr.Yatish Bhardwaj [^]	Independent Director	11	11	Yes

*Mr. Yatish Bhardwaj has resigned from Independent Directorship on March 12, 2014.

The committee membership of the Directors as on 31.03.2014 is as follows:

NAME OF DIRECTOR	NO. OF OTHER DIRECTORSHIPS	NO. OF OTHER COMMITTEE MEMBER-SHIP#	NO. OF OTHER COMMITTEE CHAIRMAN-SHIP #
Mr. Ram Chandra Agarwal	8	Nil	Nil
Mrs. Uma Agarwal	10	Nil	Nil
Mr. Sourabh Kumar	Nil	Nil	Nil
Mr. Yatish Bhardwaj [^]	Nil	Nil	Nil

*Mr. Yatish Bhardwaj has resigned from Independent Directorship on 12th March 2014.

Only the Membership of Audit Committee and Investor Grievances Committee of other public Companies are considered.

AUDIT COMMITTEE

The Audit Committee is regularly reviewing the Internal Audit Reports for the auditing carried out in all the key areas of the operations. Additionally the Audit Committee approves all the audit plans and reports for significant issues raised by the Internal and External Auditors. Regular reports on the Directors. Internal Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as required.

Normal foreseeable risks of the Company's assets are adequately covered by comprehensive insurance.

The Constitution of the Audit Committee as on March 12, 2014, was as follows:

Name of the Director	Designation	Chairman/ Member
Mr. Saurabh Kumar [^]	NEID [^]	Chairman
Mr. Ram Chandra Agarwal	Promoter & Director	Member
Mr. Yatish Bhardwaj [*]	NEID	Member

[^]Mr. Rohit Singh Rautela has been nominated as Chairman in place of Mr. Saurabh Kumar who will continue to hold the position as a member of the Committee has been reconstituted on April 14, 2014.

^{*}Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Committee has been reconstituted on April 14, 2014 and Mr. Ravinder Kumar Sharma has been nominated as Member in place of Mr. Yatish Bhardwaj.

[^]NEID – Non Executive Independent Director

Audit Committee Meetings & Presence:

The details of Audit Committee meetings & presence of Members till March 31, 2014 are as follows:

Date of Audit Committee Meetings	Name of the Audit Committee Members		
	Mr. Sourabh Kumar	Mr. Ram Chandra Agarwal	Mr. Yatish Bhardwaj [*]
10th April, 2013	Present	Present	Present
30th May, 2013	Present	Present	Present
14th August 2013	Present	Present	Present
4th September 2013	Present	Present	Present
30th September 2013	Present	Present	Present
14th November 2013	Present	Present	Present
10th February 2014	Present	Present	Present

^{*}Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Committee has been reconstituted on April 14, 2014 and Mr. Ravinder Kumar Sharma has been nominated as Member in place of Mr. Yatish Bhardwaj.

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.

Nomination Remuneration Committee

The primary purpose of this committee would be to ensure that directors and executives are fairly rewarded for their individual contribution to company's performance without any personal interest and also keeping other stakeholders' as well as company's financial and commercial health intact. Committee shall also serve as party to monitor and strengthen the objectivity and credibility of directors and executives' remuneration system and also making recommendation to the board on remuneration package and policies applicable to directors.

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 March 31, 2014 are as follows:-

Name	Designation	Chairman/ Member
Mr. Sourabh Kumar	NEID [^]	Chairman
Mr. Yatish Bhardwaj [*]	NEID [^]	Member

^{*}Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Committee has been reconstituted on April 14, 2014 and Mr. Ravinder Kumar Sharma and Mr. Rohit Singh Rautela has been nominated as Member on April 14, 2014.

[^] NEID – Non Executive Independent Director

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

The scope of the activities of Nomination Remuneration Committee includes the following:

- Determination of Company's policy on specific remuneration package for executive and non-executive directors including pension rights and compensation payment.
- Orchestrate the performance targets and deliverables of the positions for which the Remuneration Committee is authorized to set remuneration and correlate with the delivered performance.
- Monitor and review the compensation (including salaries and salary adjustments, incentives/benefits bonuses, stock options, deferred compensations) periodically.
- Review and approve proposed terminal payments for those who directly report to the Managing Director and Chief Executive Officer.
- Review and recommend to the Board any changes in remuneration policy required, if any.

Remuneration Committee Attendance

The details of Remuneration Committee meetings & presence of Members till March 31, 2014 are as follows:

Date of Remuneration Committee Meetings	Name of Remuneration Committee Members	
	Mr. Sourabh Kumar	Mr. Yatish Bhardwaj
28th October 2013	Present	Present

^{*}Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Committee has been reconstituted on April 14, 2014 and Mr. Ravinder Kumar Sharma and Mr. Rohit Singh Rautela has been nominated as Member on April 14, 2014.

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 March 31, 2014 are as follows:-

Name	Designation	Chairman/ Member
Mr. Sourabh Kumar	NEID [^]	Chairman
Mr. Yatish Bhardwaj [*]	NEID [^]	Member
Mrs. Uma Agarwal	Promoter & Executive Director	Member

^{*}Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Committee has been reconstituted on April 14, 2014. Mr. Ravinder Kumar Sharma and Mr. Rohit Singh Rautela has been nominated as Member on April 14, 2014.

[^] NEID – Non Executive Independent Director

The details of Shareholders'/Investors' Grievance Committee Meetings & presence of Members till March 31, 2014 are as follows:

Date of Meetings	Name of the Shareholder/Investor Grievance Committee Members		
	Mr. Sourabh Kumar	Mr. Yatish Bhardwaj	Mrs. Uma Agarwal
4th September, 2013	Present	Present	Present
10th February 2014	Present	Present	Present

^{*}Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Committee has been reconstituted on April 14, 2014. Mr. Ravinder Kumar Sharma Mr. Rohit Singh Rautela has been nominated as Member on April 14, 2014.

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.

The details of Members of the Share Transfer Committee as on March 31, 2014 are as follows:-

Name	Designation	Member
Mr. Sourabh Kumar	NEID^	Chairman
Mr. Yatish Bhardwaj*	NEID^	Member
Mr. Ram Chandra Agarwal	Promoter & Executive Director	Member

*Due to Resignation of Mr. Yatish Bhardwaj on March 12, 2014, the Committee has been reconstituted on April 14, 2014. Mr. Ravinder Kumar Sharma and Mr. Rohit Singh Rautela has been nominated as Member on April 14, 2014.

^NEID – Non Executive Independent Director

During the year no meeting of the Share Transfer Committee meetings were held.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (“CSR”) Committee was constituted by the Board on April 14, 2014 considering requirements of the Companies Act, 2013 relating to the constitution of a Corporate Social Responsibility Committee.

The details of Members of the Shareholders’/Investors’ Grievance Committee as on March 31, 2014 are as follows:-

Name	Designation	Chairman/Member
Mr. Rohit Singh Rautela	NEID^	Chairman
Mr. Ravinder Kumar Sharma	NEID^	Member
Mr. Sourabh Kumar	NEID^	Member

^ NEID – Non Executive Independent Director

The purpose of this committee is to formulate and monitor the CSR policy of the Company. The CSR Committee has adopted a policy that intends

- Strive for economic development that positively impacts the society at large with a minimal resource footprints.
- Be responsible for the corporation’s actions and encourage a positive impact through its activities on the environment, communities and stakeholders

The Committee’s prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of ‘corporate social responsibility policy’. The Committee’s constitution and terms of reference meet with the requirements of the Companies Act, 2013.

Compliance Officer

Mr. Yatish Bhardwaj, 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 received 1 complaint 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 March 31, 2014.

GENERAL BODY MEETINGS

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

ANNUAL GENERAL MEETING

Financial Year	Venue	Date	Time
2012-2013	Khasra No. 1138, Shani Bazar Chowk, Rajokari, New Delhi 110 038	30.09.2013	10.30AM
2011-2012	Rangoli Garden, Chhawla Bijwasan Road, Near Zatika More, Najafgarh, New Delhi-110043	28.09.2012	10.30AM
2010-2011	Luthra Farm House, Gate No. 3, Near Shani Bazar, Rajokri New Delhi 110038	30.09.2011	10.30AM

Special Resolutions

Annual General Meeting (AGM) (30.09.2013)

- No Special Resolution was passed during the financial year 2012-2013.

Annual General Meeting (AGM) (28.09.2012)

- Issue of Share Warrants convertible into Equity Shares.
- Reappointment of Mr. Ram Chandra Agarwal as Managing Director.

Annual General Meeting (AGM) (30.09.2011)

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

Postal Ballot

During the last financial year ended 31st March 2014 the Company has not passed any resolution through Postal Ballot.

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 except to the qualification made by the Auditors.

Code for Prevention of Insider trading Practices

In line 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, Compliance Officer and other 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 as well as prevailing 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 is 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, 2014.

Date : 25.08.2014
Place : New Delhi

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

Compliances by the Company

To the best of information and knowledge of management, the company is complying with the provisions, rules and regulations of various laws applicable except as otherwise qualified in annual report. 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 preceding four 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 2014 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) Significant changes in internal control over financial reporting, if any, during the year;
 - (ii) Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date: 30.05.2014

Place: New Delhi

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

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 manner 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 13TH ANNUAL GENERAL MEETING

The Thirteenth Annual General Meeting of the Company will be held on 29.09.2014 at KHASRA NO. 1138, Shani Bazar Chowk, Rajokari, New Delhi, 110 038 at 10.00 AM.

Financial Year:

The Financial year of the Company shall commence from April 1, 2013 and ends on March 31, 2014.

For the Financial year ended on March 31, 2014 the results were announced on:-

First Quarter ended June 30, 2013	:	August 14, 2013
Second Quarter ended September 30, 2013	:	November 14, 2013
Third Quarter ended December 31, 2013	:	February 10, 2014
Fourth Quarter ended March 31, 2014	:	May 30, 2014* (Audited Results)

* The Company has announced audited result on May 30, 2014. The same has been published in Jansatta and Financial Express on 01.06.2014.

For the Financial year ending on March 31, 2014 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) and quarterly results will be approved and published within 45 days of end of quarter as per clause 41 of Listing agreement.

Dividend

Considering the losses incurred in the financial year ended March 31, 2014, the board of directors does not recommend any dividend for the financial year ending March 31, 2013.

Date of Book Closure

The Date of Book closure will be 23th September 2014 to 29th September 2014 both days inclusive.

Market Price Data

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

S. No.	Month	BSE	
		High	Low
1	Apr.13	10.95	8.55
2	May.13	13.71	10.10
3	Jun.13	12.10	10.55
4	Jul.13	11.50	8.40
5	Aug.13	9.02	6.38
6	Sep.13	9.62	6.24
7	Oct.13	9.05	6.51
8	Nov.13	8.90	7.60
9	Dec.13	8.74	7.15
10	Jan.14	8.50	6.57
11	Feb.14	12.20	6.42
12	Mar.14	17.84	11.15

S. No.	Month	NSE	
		High	Low
1	Apr.13	10.95	8.05
2	May.13	13.40	10.05
3	Jun.13	12.75	10.45
4	Jul.13	11.50	11.00
5	Aug.13	10	7.5
6	Sep.13	8.5	6.6
7	Oct.13	9.10	6.5
8	Nov.13	8.80	6.75
9	Dec.13	7.40	6.60
10	Jan.14	8.30	6.35
11	Feb.14	12.30	6.10
12	Mar.14	17.70	12.20

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

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, 2014. The ISIN for the Equity Shares of the Company is INE945H01013.

98.18% of shares of the Company are dematerialized as on March 31, 2014. Trading in Equity shares of the company is permitted only in demat mode.

The Equity shares of your company are regularly traded.

	BSE	NSE
No. of Shares	1,261,918	1,811,897
Turnover (Amount in Lakhs)	151.52	237.22

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@linkintime.co.in, cs@vrl.net.in

Distribution of Shareholding-As on March 31, 2014

Share holding of nominal value (Rs.)	Share Holders Number	Share Amount		
		% to total	Rs.	% to total
(1)	(2)	(3)	(4)	(5)
Upto 2500	16487	77.524	10718350	4.785
2501-5000	2265	10.650	9105350	4.065
5001-10000	1278	6.009	10506730	4.691
10001-20000	605	2.845	9373760	4.185
20001-30000	220	1.034	5681950	2.537
30001-40000	80	0.376	2883120	1.287
40001-50000	87	0.409	4121580	1.840
50001-100000	135	0.635	9770140	4.362
100001 and above	110	0.517	161827710	72.248
Total	21267	100.00	223988690	100.00

Shareholding Pattern as on March 31, 2014

Category of Shareholders	No. of Shares	% of total shares	Number of shares pledged
Promoters	1,28,10,871	57.19%	1,23,77,194
Foreign Institutional Investors	00	00	0
Financial Institutions/ Banks	00	00	0
Mutual Funds	00	00.00%	0
Venture Capital	00	00.00%	0
Insurance	00	00.00%	0
Body Corporate	17,17,479	7.67%	0
Individuals	73,84,423	32.97%	0
Others	4,86,096	2.17%	0
Total	2,23,98,869	100.00	1,23,77,194

Plant Location

The Company is in the process of identifying and setting up manufacturing facilities, However the Company has taken a premises in Manesar.

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 : 25.08.2014
Place : New Delhi

Sd/-
Ram Chandra Agarwal
Chairman and Managing Director
DIN: 00491885

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, 2014, 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 procedure 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 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 : 30.05.2014
Place : New Delhi

Sd/-
Vimal Kumar Saini
Membership No: 515915

Independent Auditor's Report

To
The Members of V2 Retail Limited.

1. Report on the Financial Statements

We have audited the accompanying financial statements of **V2 Retail Limited**. ("the Company"), which comprises the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. Basis for Qualified Opinion

- a) *Attention is invited to note 4 of these financial statements, included in capital reserve amounting to Rs. 6,05,23,24,263/-, is Rs. 4,29,42,24,263/- arising out of transfer of asset and liabilities to the acquiring companies in earlier years for which necessary reconciliation/ information to the tune of Rs 3,72,24,324/- is not available with the company. Accordingly in the absence of the same, we are unable to comment on the appropriateness of capital reserve including consequential impact, if any, arising out of the same on these financial statements.*
- b) *Attention is invited to note 5 and 10 of these financial statements the Company has outstanding short-term borrowings at the year-end due to a lender including overdue principal and interest for which necessary supporting documents for balance confirmation at the year end and relevant information with relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment on the same.*
- c) *Attention is invited to note 14 of these financial statements the company has recognized Rs. 2,71,11,06,418/- as deferred tax assets at the year-end for which it does not have virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized in accordance with principles of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Had the company not recognized deferred tax, impact on profit and loss account would have been increase in loss during the year by Rs. 16,70,481/- and decrease in Reserves and Surplus by Rs. 2,71,11,06,418/-.*
- d) *Attention is invited to note 38 of these financial statements, the Company has disclosed contingent liabilities on account of appeals with various statutory authorities at different levels amounting to Rs. 1,69,57,11,396/- for which necessary information is not available with the Company to reliably ascertain estimated amount of such liabilities and consequential impact thereof on these quarterly financial statements in accordance with Accounting Standard-29 issued by the Institute of Chartered Accountants of India. Hence, we are unable to comment on the same.*

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in para 3(a), (b), (c) and (d), 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 2014;
- (b) in the case of the Statement of Profit and Loss, of the 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.

6. Emphasis of Matter

Without qualifying our opinion, we draw attention to note 4 of these financial statements, wherein the Company has accumulated losses amounting to Rs. 5,36,63,49,094/- at the year end and has incurred loss of Rs. 4,50,76,168/- during the year which raises concern regarding going concern status of the Company. However, having regard to improvement in the business conditions, increase in revenue from operations, cost rationalization measures adopted and opening of new stores by the Company, these consolidated financial statements have been prepared on a going concern basis and that no adjustments are required to the carrying value of assets and liabilities.

7. Report on Other Legal and Regulatory Requirements

- a) As required by the Companies (Auditor's Report) Order, 2003 ('Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- b) As required by Section 227(3) of the Act, we report that:
- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, to the extent applicable; and
 - (v) on the basis of written representations received from the directors of the Company as on 31 March 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2014, from being appointed as director in terms of clause (g) of sub-section (1) of the Section 274 of the Act.

For AKGVG & Associates
Chartered Accountants
Firm Registration No. : 018598N

Sd/-

Vimal Kumar Saini
Partner

Membership No.: 515915

Place : New Delhi
Date : 30.05.2014

Annexure to the Independent Auditor's Report

(Referred to in our report of even date)

- (i) (a) According to the information and explanation given to us, the Company has maintained proper records showing full particulars, and situation of fixed assets except quantitative details.
- (b) As informed to us, the Company has a regular programme of physical verification of its fixed assets according to which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, the Company has physically verified all fixed assets during the year. No material discrepancies were noticed on such verification.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records 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.

- (b) The Company has taken loans from 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 of loan taken from such parties is as follows:

Name of the Party	Maximum Amount Outstanding	Closing Balance
Mr. Ram Chandra Agarwal	44,072,507	38,772,507
Mrs. Uma Agarwal	1,087,576	1,087,576
Vishal Water World Pvt. Ltd.	100,232,680	100,000,000
V2 Conglomerate Ltd.	56,736,622	778,037
Ricon Commodities Pvt. Ltd.	42,981,078	42,663,874
VRL Infrastructure Ltd.	51,835	51,835
VRL Movers Limited	643,882	643,882

- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (iv) *In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the sale of goods and services and for the purchase of fixed assets. However, the internal control system for purchases of inventory is inadequate since the inventory items are entered into incorrect item codes at the time of recording in the system.*
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) 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.
- (vi) In our opinion, the Company has an internal audit system commensurate with its size and nature of its 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 there under, Therefore the provisions of section 58AA or any other relevant provisions of the act are not applicable to the company.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products. Therefore provisions of clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) *Undisputed statutory dues including provident fund, investoreducation and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty cess and other material statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.*
- (b) According to the information and explanations given to us and the records of the company, no undisputed amounts payable in respect of provident fund, investoreducation 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.
- (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 Statue	Nature of the Dues	Period To which Relates(FY)	Amount (Rs.)	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 of Sales Tax
	Sales Tax	2007-08	10,000,000	Appellate Authority of Sales Tax
	Sales Tax	2007-08	17,353,962	Jt. Commissioner (Appeals) of Sales Tax
	Sales Tax	2007-08	1,525,511	Assistant Commissioner of Sales Tax
	Sales Tax	2008-09	50,000	Assistant Commissioner of Sales Tax
	Sales Tax	2008-09	4,849,098	Assistant Commissioner of Sales Tax
	Sales Tax	2009-10	50,000	Assistant Commissioner of Sales Tax
	Sales Tax	2008-09	1,248,180	Jt. Commissioner (Appeals) of Sales Tax
	Sales Tax	2009-10	203,000	Jt. Commissioner (Appeals) of Sales Tax
	Sales Tax	2009-10	2,242,668	Assistant Commissioner of Sales Tax
	Sales Tax	2007-08	6,810,980	Deputy Commissioner, Jaipur of Sales Tax
	Sales Tax	2008-09	8,387,111	Deputy Commissioner, Jaipur of Sales Tax
	Sales Tax	2006-07	624,180	Deputy Commissioner of Sales Tax
	Sales Tax	2007-08	2,986,774	Deputy Commissioner of Sales Tax
	Sales Tax	2008-09	2,200,000	Deputy Commissioner of Sales Tax
	Sales Tax	2008-09	226,600,000	Deputy Commissioner of Sales Tax
	Sales Tax	2010-11	720,420	Deputy Commissioner (Appeals) of Sales Tax
Income Tax	Income Tax	2010-11	1,188,071,650	CIT (Appeals) of Income Tax
Total			1,509,287,158	

- (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.
- (xii) According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, 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) According to the information and explanations given to us, the Company is not dealing 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 guarantees for loans taken by others from banks 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 prima facie 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) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit for the year.

For AKGVG & Associates
Chartered Accountants
Firm Registration No.: 018598N

Sd/-
Vimal Kumar Saini
Partner
Membership No.: 515915

Place : New Delhi
Date : 30.05.2014

BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rs.)

S. No.	Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
I.	Equity and liabilities			
(1)	Shareholder's funds			
	(a) Share capital	3	223,988,690	223,988,690
	(b) Reserves and surplus	4	2,407,218,981	2,478,021,161
			2,631,207,671	2,702,009,851
(2)	Non-current liabilities			
	(a) Long-term borrowings	5	377,186,923	315,600,746
	(b) Other long term liabilities	6	4,915,000	4,860,000
	(c) Long term provisions	7	46,543,784	1,267,473
			428,645,707	321,728,219
(3)	Current Liabilities			
	(a) Trade payables	9	281,980,829	246,733,088
	(b) Other current liabilities	10	505,365,250	401,515,624
	(c) Short-term provisions	8	6,345,849	4,169,764
			793,691,928	652,418,476
	Total		3,853,545,306	3,676,156,546
II.	Assets			
(1)	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	140,351,383	83,336,388
	(ii) Intangible assets	12	2,989,399	2,432,243
	(iii) Capital work-in-progress		449,600	12,486,005
	(b) Non Current Investment	13	313,924,817	322,570,787
	(c) Deferred tax assets (net)	14	2,711,106,419	2,709,435,938
	(d) Long term loans and advances	15	17,244,765	16,530,088
	(e) Other non-current assets	16	48,655,823	30,195,544
			3,234,722,206	3,176,986,993
(2)	Current assets			
	(a) Current Investments		-	-
	(b) Inventories	17	555,203,911	448,261,844
	(c) Trade receivables	18	235,187	65,776
	(d) Cash and cash equivalents	19	21,296,700	17,953,017
	(e) Short-term loans and advances	20	41,956,711	32,722,766
	(f) Other current assets	21	130,591	166,150
			618,823,100	499,169,553
	Total		3,853,545,306	3,676,156,546

The accompanying notes are an internal part of the financial statements.

As per our report of even date,
For AKGVG & Associates
Firm Registration No: 018598N
Chartered Accountants

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

Sd/-
Vimal Kumar Saini
Partner
Membership No: 515915

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Place: Delhi
Date: 30th May, 2014

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rs.)

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
Income			
Revenue from operations (Gross)	22	2,378,182,636	1,099,889,765
Less Sales Tax / VAT		89,259,463	43,177,623
Revenue from operations (Net)		2,288,923,173	1,056,712,142
Other Income	23	22,065,952	20,992,686
Total revenue (I)		2,310,989,125	1,077,704,828
Expenses:			
Purchase of Traded Goods	24	1,828,719,837	1,077,653,755
Changes in inventories of traded finished goods	25	(106,942,067)	(287,825,803)
Employee benefit expense	26	159,200,623	82,671,767
Other expenses	27	365,513,131	176,857,885
Total (II)		2,246,491,524	1,049,357,604
Earnings before interest, tax, depreciation and amortization (EBITDA)	(I) - (II)	64,497,601	28,347,224
Depreciation and amortization expense	28	34,818,899	22,709,757
Finance Cost	29	80,546,118	65,211,138
Profit/(Loss) before tax		(50,867,416)	(59,573,671)
Tax expense			
- Current tax		-	-
- Income tax earlier years		(5,854,152)	-
- Deferred tax	14	(1,670,481)	(18,843,986)
Total tax expense		(7,524,633)	(18,843,986)
Profit (Loss) after tax and before prior period items		(43,342,783)	(40,729,685)
Prior period expenses	35	1,733,385	12,019,106
Net profit		(45,076,168)	(52,748,791)
Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)]			
-Basic	30	(1.94)	(1.82)
-Diluted		(1.94)	(1.82)

The accompanying notes are an internal part of the financial statements.

As per our report of even date,
For AKGVG & Associates
Firm Registration No: 018598N
Chartered Accountants

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

Sd/-
Vimal Kumar Saini
Partner
Membership No: 515915

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Ram Chandra Agarwal
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DIN 00491885

Sd/-
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Director
DIN 00495945

Place: Delhi
Date: 30th May, 2014

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rs.)

	31st March, 2014 (Rs.)	31st March, 2013 (Rs.)
A. Cash flow from operating activities		
Net profit before tax but after prior period items	(52,600,801)	(71,592,777)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	34,818,899	22,709,757
Interest Reversed & Liabilities written off		
Interest income	(952,433)	(797,297)
Finance charges	79,238,151	64,689,848
Operating profit before working capital changes	60,503,817	15,009,530
Movements in working capital :		
Increase/(decrease) in trade payables	35,247,741	170,998,746
Increase/(decrease) in long-term provisions	45,276,311	724,185
Increase/(decrease) in short-term provisions	2,176,085	3,666,050
Increase/(decrease) in other current liabilities	103,849,626	(12,801,581)
Increase/(decrease) in other long-term liabilities	55,000	60,000
decrease/(Increase) in trade receivables	(169,411)	(63,988)
decrease/(Increase) in inventories	(106,942,068)	(287,825,803)
decrease/(Increase) in long-term loans and advances	(714,677)	(6,504,413)
decrease/(Increase) in short-term loans and advances	(9,233,944)	(3,648,748)
decrease/(Increase) in other current assets	35,559	(166,150)
decrease/(Increase) in other non-current assets	(17,909,538)	(592,881)
Cash generated from operations	112,174,501	(121,145,052)
Direct Taxes (paid)/ refund	5,854,152	-
Net cash flow from operating activities (A)	118,028,653	(121,145,052)
B. Cash flow from investing activities		
Purchase of Fixed Assets, including intangible assets, CWIP and capital advances	(71,708,674.00)	(45,701,906)
Interest received	952,433	797,297
Decrease/(Increase) in pledged fixed deposits	(550,741)	389,643
Net cash flow used in investing activities (B)	(71,306,982)	(44,514,966)
C. Cash flow from financing activities		
Change in Capital Reserve due to slump sale in previous year	(25,726,012)	572,729
Repayment of long term borrowings	61,586,177	145,587,725
Finance charges	(79,238,151)	(64,689,848)
Net cash flow from/(used in) financing activities (C)	(43,377,986)	81,470,606
Net decrease in cash and cash equivalents (A+B+C)	3,343,684	(84,189,411)
Cash and cash equivalents at the beginning of the year	17,953,016	102,142,427
Cash and cash equivalents at the end of the year	21,296,700	17,953,016
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		
	31st March, 2014 (Rs.)	31st March, 2013 (Rs.)
Cash in hand	7,780,522	8,695,208
Balance with		
On current accounts	13,065,943	8,148,137
Others	450,235	1,109,671
	21,296,700	17,953,016

This is the Cash Flow Statement referred to in our report of even date

As per our report of even date,
For AKGVG & Associates
Firm Registration No: 018598N
Chartered Accountants

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

Sd/-
Vimal Kumar Saini
Partner
Membership No: 515915

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Place: Delhi
Date: 30th May, 2014

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**1. Corporate information**

V2 Retail Limited formerly known as Vishal Retail Limited (the Company) 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 and consumer durables 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 adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below:

2.1 Summary of significant accounting policies**a) 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.

b) 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.

c) 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.

Asset	Method of depreciation	Rates of depreciation
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%

d) 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:

Assets	Rates (WDV)
Computer software	40%

e) 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 lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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.

f) 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 qualifying asset as defined in Accounting Standard-16. All other borrowing costs are expensed in the period they occur.

g) 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.

iii. 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.

h) 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.

i) Inventories

The Company has only trading Goods in its Inventory which is valued at lower of cost and net realizable value. Cost of inventory comprises of cost of purchases and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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.

k) 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.

l) Retirement and other employee Benefits**i. 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.

ii. Long term employee benefits:

- **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.

- **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.

- **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.

m) 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

n) Segment Reporting

The Company is engaged in the business of retail trade 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.

o) 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.

p) 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.

q. 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.

r. 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.

s. 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.

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

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary

Place: Delhi
Date: 30.05.2014

3. Share Capital

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Authorised Share Capital		
Equity share capital		
30,000,000 (Previous Year : 30,000,000) equity shares of Rs. 10/- each	300,000,000	300,000,000
Preference Share Capital		
400,000 (Previous Year : 400,000) preference shares of Rs. 146/- each	58,400,000	58,400,000
	358,400,000	358,400,000
Issued, subscribed & fully paid up		
22,398,869 (Previous Year : 22,398,869) Equity Shares of Rs. 10/- each, fully paid up	223,988,690	223,988,690
Total	223,988,690	223,988,690

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

Equity Shares

Particulars	As at 31-Mar-2014		As at 31-Mar-2013	
	Numbers	Amount	Numbers	Amount
At the beginning of the period	22,398,869	223,988,690	22,398,869	223,988,690
Outstanding at the end of period	22,398,869	223,988,690	22,398,869	223,988,690

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.

c. Details of Shareholders holding more than 5% shares in the Company

Equity Shares of Rs. 10 each fully paid	As at 31-Mar-2014		As at 31-Mar-2013	
	Numbers	% holding in the class	Numbers	% holding in the class
Unicon Marketing Private Limited	5,444,710	24.3097	5,444,710	24.3097
Ricon Commodities Private Limited	4,940,000	22.0547	4,940,000	22.0547

4. Reserve & Surplus

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Securities Premium		
Balance as per last financial statements	1,713,495,845	1,713,495,845
Add: Addition during the year	-	-
Closing Balance	1,713,495,845	1,713,495,845
Capital Reserve		
Balance as per last financial statements	6,085,798,243	6,085,225,514
Add: Addition during the year	(25,726,012)	572,729
Closing Balance	6,060,072,231	6,085,798,243
Surplus/(deficit) in the statement of profit & loss		
Balance as per last financial statement	(5,321,272,927)	(5,268,524,135)
Add: Loss for the period	(45,076,168)	(52,748,791)
Closing Balance	(5,366,349,094)	(5,321,272,927)
Total	2,407,218,981	2,478,021,161

5. Long Term Borrowings

Particulars	Non-Current Portion		Current Portion	
	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Term Loan				
From Financial Institutions	-	-	456,922,488	38,87,31,270
Deposits (Unsecured)				
Inter-corporate deposits	337,326,840	270,440,663	-	-
From Directors	39,860,083	45,160,083	-	-
	377,186,923	315,600,746	-	-
Total	377,186,923	315,600,746	456,922,488	38,87,31,270
The above amount includes				
Secured borrowings	-	-	456,922,488	38,87,31,270
Unsecured Borrowings	377,186,923	315,600,746	-	-
Amount Disclosed under the head "other current liabilities" (note 10)				
Total	377,186,923	315,600,746	456,922,488	38,87,31,270

Securities furnished in respect of long term borrowings taken by the Company

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

There is no outstanding loan from State Bank of India the charges mentioned herein below are to be removed from MCA

The loan originally taken from HSBC Bank Limited has been assigned to Pegasus Assets Reconstruction Pvt. Ltd.

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 Kouchapur, PO Hatgachia, dist 24 Parganas (West Bengal)

First pari passu charge by way of equitable mortgage of property in the name of VRL situated at Khasra No. 122/43,122/44, Mouza Central Hope town (Selakui), Paragana Pachwodopon, Tehsil Vikas Nagar, district Dehradun.

First pari passu charge by way of equitable mortgage of property in the name of VRL situated at Krishnanagar Village, Taluq Hubli, District Dharwad.

First pari passu charge by way of equitable mortgage of property in the name of VRL situated at PJE Plaza, deg No.77-78,81,82 Khasra B no.655-11-5-12, Mauza -Kyenjara, VIP road, Kolkata (except ground floor which is exclusively mortgaged to HDFC Bank)

Personal Guarantee of Mr. Ram Chandra Agarwal 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.

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

There is no outstanding loan from Bank of India, ING Vysya Bank & UCO Bank the charges mentioned herein below are to be removed from MCA

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 (Note: this is a small piece of land measuring 0.57 acres distinct from the other property at Dehradun over which SBI and Pegasus have a charge)

Subservient charge on Current Assets

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

Pledge of 953,770 shares of VRL.

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

Post dated Cheques for Principal Amount + FITL

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

Particulars	Non Current Portion	
	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Security Deposit *	4,915,000	4,860,000
	4,915,000	4,860,000

*The above amount includes security deposit received against renting of showroom at VIP Road, Kolkata Rs.48,00,000 (previous year 48,00,000) and security deposit received from shop-in-shop vendors of Rs. 115,000 (previous Year 60,000)

7. Long Term Provisions

Particulars	Non Current Portion	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Provision for employee benefits		
Provision for Gratuity	1,594,453	706,290
Provision for Leave Encashment	983,647	561,183
Other Provisions		
Lease Equalisation Reserve	43,965,684	-
Total	46,543,784	1,267,473

8. Short Term Provisions

Particulars	Current Portion	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Provision for employee benefits		
Provision for Gratuity	5,146	2,732
Provision for Leave Encashment	618,815	344,850
Other provisions		
Provision for litigations	3,721,888	38,22,182
Provision for Diminution in Investment in Subsidiary Companies	2,000,000	-
Total	6,345,849	4,169,764

9. Trade Payables

Particulars	Current Portion	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Trade Payables (refer note 37 for details of dues to micro and small enterprises)	281,980,829	246,733,088
Total	281,980,829	246,733,088

10. Other Current Liabilities

Particulars	Current Portion	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Current maturities of long-term borrowings	456,922,488	388,731,270
Salary & Bonus Payable	11,873,938	7,126,108
Other Statutory Liabilities	3,838,795	2,588,371
Over Drawn Current Accounts	23,046,055	-
Others	9,683,974	3,069,875
Total	505,365,250	401,515,624

11. Tangible Assets

Particulars	Lease Hold Buildings	Plant & Machinery	Generator Set	Furniture & Fixture	Electrical Equipments & Fittings	Office Equipments	Air Conditioner	Computer	Motor Vehicles	Total
Cost or valuation										
At 1 April 2012	4,041,432	1,095,561	6,198,787	30,602,326	10,877,356	913,198	10,012,185	6,583,025	2,595,838	72,919,708
Additions	-	391,199	1,711,500	17,755,498	6,020,741	208,076	2,141,699	4,792,505	-	33,021,218
Disposals / Regrouping	7,237	-	-	-	-	-	-	877,080	-	884,317
Other adjustments	-	907,295	180,370	731,607	658,890	149,829	-	152,373	389,238	3,169,602
At 31 March 2013	4,034,195	2,394,055	7,729,917	47,626,217	16,239,207	1,271,103	12,153,884	12,100,237	2,206,600	105,755,415
Additions	403,523	284,469	3,160,500	32,690,450	12,802,901	39,207	9,858,269	9,756,422	53,760	69,049,501
Addition from P.Y. CWIP	-	-	5,848,500	-	-	-	6,637,505	-	-	12,486,005
Disposals / Regrouping	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	4,437,718	2,678,524	16,738,917	80,316,667	29,042,108	1,310,310	28,649,658	21,856,659	2,260,360	187,290,921
Depreciation										
At 1 April 2012	331,766	107,096	637,453	4,076,007	1,105,631	93,238	988,768	2,042,068	947,567	10,329,594
Charge for the year	344,714	259,006	752,243	5,260,843	1,440,240	146,297	1,369,325	2,524,275	426,737	12,523,680
Other Adjustments	-	-	-	-	-	-	-	145,359	389,238	534,597
Disposals / Regrouping	3,211	90,765	14,366	65,044	73,020	20,458	-	152,373	-	419,237
At 31 March 2013	679,691	456,867	1,375,330	9,271,806	2,472,851	259,993	2,358,093	4,559,329	985,066	22,419,026
Charge for the year	363,331	289,635	1,923,414	10,732,788	2,915,110	143,973	3,113,905	4,716,912	321,441	24,520,509
Disposals / Regrouping	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	1,043,022	746,502	3,298,744	20,004,594	5,387,961	403,966	5,471,998	9,276,241	1,306,507	46,939,535
Net Block										
At 31 March 2013	3,354,504	1,937,188	6,354,587	38,354,411	13,766,356	1,011,110	9,795,790	7,540,908	1,221,534	83,336,388
At 31 March 2014	3,394,696	1,932,022	13,440,173	60,312,073	23,654,147	906,344	23,177,657	12,580,418	953,853	140,351,383

12. Intangible Assets

Particulars	Computer Softwares	Total
Gross Block		
At 31 March 2012	4,261,097	4,261,097
Additions \ purchases during the year	932,683	932,683
Adjustments/Sold during the year	356,100	356,100
At 31 March 2013	4,837,680	4,837,680
Additions \ purchases during the year	2,209,573	2,209,573
Internal development	-	-
Adjustments/Sold during the year	-	-
At 31 March 2014	7,047,253	7,047,253
Amortization		
At 31 March 2012	1,427,743	1,427,743
Charge for the year	1,085,056	1,085,056
Adjustments/Sold during the year	107,362	107,362
At 31 March 2013	2,405,437	2,405,437
Charge for the year	1,652,417	1,652,417
Adjustments/Sold during the year	-	-
At 31 March 2013	4,057,854	4,057,854
Net block		
At 31 March 2013	2,432,243	2,432,243
At 31 March 2014	2,989,399	2,989,399

13. Non Current Investments

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Investment property (at cost less accumulated depreciation)		
Investments in Land & Building which are not used for the operations of Company	336,785,788	336,785,788
Less: Accumulated depreciation	64,517,251	55,871,281
Net Block of investment property	272,268,537	280,914,507
Long Term Non trade Investment (valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
There are no restrictions on the right of ownership, reliability of investments or the remittance of income and proceeds of disposal.	-	
The Company earned an interest @ 0.50% P.A. on Compulsory Convertible Debentures		
Investment in subsidiaries		
VRL Infrastructure Limited	250,000	250,000
(25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)		
VRL Movers Limited	1,500,000	1,500,000
1,50,000 [P.Y. 1,50,000] equity shares of Rs. 10/- each , fully paid up		
VRL Retail Ventures Limited	250,000	250,000
25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up		
Investment in joint venture companies		
VRL Retailer Business Solutions Private Limited		
5,628[P.Y. 5,628] equity shares of Rs. 10/- each , fully paid up	56,280	56,280
Investment in Debentures		
Compulsory Convertible Debentures (CCD) of TPG Wholesale Pvt. Ltd. at a coupon rate of .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	39,600,000
	41,656,280	41,656,280
	313,924,817	322,570,787

Investment property given as security

Investment property with a carrying amount of Rs. 27,22,68,537 (P.Y. Rs. 28,09,14,506) are subject to first charge to secure the companies term loan taken from bankers and financial institutions as detailed in securities furnished in respect of loans taken by the company

14. Deferred Tax Assets

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of ` 16,70,481 For the current year has been recognized 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, 2014.

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Increase in Deferred Tax Liabilities		
On Account of Depreciation	698,537	1,408,743
Profit for the Current Period	20,865,811	-
Impact of change in rate of Tax on B/F Losses	-	-
Total Increase in Deferred Tax Liabilities	21,564,348	1,408,743
Increase in Deferred Tax Assets		
On Account of Depreciation	-	-
Provision for Gratuity	288,948	138,230
Provision for Leave Encashment	225,956	144,011
Provision for Diminution in Investment in Subsidiary	648,900	-
Lease Equalisation Reserve	14,264,666	-
Bonus	411,573	156,100
Adjustment of Previous year loss	7,090,954	-
Depreciation Adjustment	303,832	-
Loss for the Current Period	-	19,814,388
Total Increase in Deferred Tax Assets	23,234,829	20,252,729
Net Deferred Tax Assets / (Liabilities) for the Year	1,670,481	18,843,986
Opening Deferred Tax Assets/ (Liabilities)	2,709,435,938	2,690,591,952
Closing Deferred Tax Assets/ (Liabilities)	2,711,106,419	2,709,435,938

15. Long term Loans & Advances

Particulars	Non Current	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Unsecured Advances, considered good		
Security Deposit towards premises taken on Lease and others	17,244,765	16,530,088
Advances recoverable in cash or in kind or for value to be received	-	-
Advance income-tax (net of provision for taxation)	-	-
Total	17,244,765	16,530,088

16. Other Non Current Assets

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
A) Secured, considered good		
Fixed deposit with banks (held as Margin Money with Banks towards Bank Guarantees)	7,608,046	7,057,305
B) Secured, considered good		
Advance with Provident Fund Department	33,547,777	15,638,239
Advance with Service Tax Department	7,500,000	7,500,000
	48,655,823	30,195,544

17. Inventories (Valued at lower of Cost or Net Realisable Value)

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Traded goods	555,203,911	448,261,844
Total	555,203,911	448,261,844

18. Trade Receivables

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
(Considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months	-	-
Other receivables		
Unsecured	235,187	65,776
Total	235,187	65,776

19. Cash & Cash Equivalents

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	13,065,943	8,148,137
Credit Card Receivables	450,235	1,109,671
Cash on hand	7,780,522	8,695,208
Total	21,296,700	17,953,016

20. Short term Loans & Advances

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Security Deposit towards premises taken on Lease and others		
Advances recoverable in cash or in kind or for value to be received	16,835,929	14,309,250
Advance income-tax (net of provision for taxation)	6,538,168	4,086,268
Balances with statutory / government authorities	18,582,614	14,327,248
Total	41,956,711	32,722,766

21. Other Current Assets

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Interest accrued on investment	130,591	166,150
	130,591	166,150

22. Revenue from Operations

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Revenue from operations (net of VAT)		
Sale of Products		
Traded Goods	2,374,503,801	1,097,674,643
Other operating revenue		
Scrap Sales	3,678,835	2,215,122
Revenue from operations (gross)	2,378,182,636	1,099,889,765
Less Sales Tax / VAT	89,259,463	43,177,623
Revenue from operations (Net)	2,288,923,173	1,056,712,142
Details of product goods sold (net of VAT)		
Apparels	1,947,897,677	765,297,233
Non Apparels	337,599,765	262,133,961
Fast-moving consumer goods	33,658	27,065,826
Others	3,392,074	2,215,122
Revenue from operations (Net)	2,288,923,173	1,056,712,142

23. Other Incomes

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Interest Income On		
- Bank Deposits	633,747	603,828
- Others	318,686	193,469
Display income	1,433,519	825,389
Rental Income	19,680,000	19,370,000
Total	22,065,952	20,992,686

*Interest income on others include interest on Cash convertible debentures issued by TPG Wholesale Private Limited

24. Details of purchase of traded goods

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Cost of traded goods sold / raw material consumed	1,721,777,770	789,827,953
(Increase) / Decrease in Inventory	(106,942,067)	(287,825,803)
Total	1,828,719,837	1,077,653,755

25. Increase / Decrease in Inventory

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Inventories at the end of the year		
Traded goods	555,203,911	448,261,844
	555,203,911	448,261,844
Inventories at the beginning of the year		
Traded goods	448,261,844	160,436,041
	448,261,844	160,436,041
Net Increase / Decrease in inventory of traded goods	(106,942,067)	(287,825,803)

Details of traded goods purchased

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Apparels	1,588,801,787	823,593,727
Non Apparels	239,918,050	228,706,956
Fast-moving consumer goods	-	25,353,072
	1,828,719,837	1,077,653,755

Details of inventory at the end of the year

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Apparels	481,135,407	375,029,663
Non Apparels	74,048,570	73,033,663
Fast-moving consumer goods	19,934	198,518
	555,203,911	448,261,844

26. Employee Benefit Expense

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Salary, wages & bonus	143,842,508	75,941,603
Gratuity expenses	1,141,183	426,045
Contribution to Provident & other funds	9,046,788	3,823,548
Staff welfare expenses	5,170,143	2,480,571
Total in employee benefit expense	159,200,623	82,671,767

27. Other Expenses

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
A Administrative & Other Expenses		
Power & fuel Expenses	47,224,345	17,379,519
Rent	151,781,693	68,361,418
Repairs & maintenance-	-	-
- Building	1,057,673	1,263,961
- Plant & machinery	11,765	657,651
- Others	7,091,095	6,677,412
Insurance charges	446,849	292,615
Rates & taxes	1,971,297	6,447,206
Bank charges	8,898,481	2,985,097
Cash pick-up charges-CMS	2,140,799	726,295
Legal & professional fess	4,085,377	1,834,624
Motor Vehicle Expenses	651,363	416,438
Printing & stationery	4,109,451	2,842,847
Security service charges	3,123,378	3,267,631
Housekeeping expenses	2,364,254	1,516,468
Communication costs	5,118,049	5,943,855
Travelling & conveyance	9,434,939	1,491,527
VAT clearing expenses	2,780,323	6,528,151
Other Expenses	446,285	221,502
Payment to auditors (refer details below)	842,700	561,800
Directors' sitting fee	179,777	219,777
Credit Cards Charges	3,859,518	1,698,505
Investment in Subsidiaries Written Off	2,000,000	-
Total (A)	259,619,411	131,334,300

B Selling & Distribution Expenses

Advertisement & Sales Promotion	34,924,163	13,673,109
Commission charges	126,819	31,519
Transportation charges	36,136,884	14,641,124
Packing materials & expenses	34,705,854	17,177,833
Total (B)	105,893,720	45,523,585
Total of other expenses (A)+(B)	365,513,131	176,857,884

Payment to Auditors

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Audit Fee	842,700	561,800
Other Matters	-	-
Out of Pocket Expenses	-	-
Total	842,700	561,800

28. Depreciation and Amortization Expenses

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Depreciation of tangible assets	33,166,482	21,624,701
Amortization of Intangible assets	1,652,417	1,085,056
Total	34,818,899	22,709,757

29. Finance Cost

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Interest on Term Loans	68,191,218	59,980,407
Interest on Unsecured Loans	11,046,933	4,709,441
Interest on Working Capital Loans	1,307,967	521,290
Total	80,546,118	65,211,138

30. Earnings Per Share

The following reflects the profit / (loss) and share data used in the basic and diluted EPS computation

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Total Operations for the year		
Profit/(loss) after tax	(45,076,168)	(52,748,791)
Net Profit/(loss) for calculation of the basic EPS	(45,076,168)	(52,748,791)
Net Profit/(loss)	(45,076,168)	(52,748,791)
Net Profit/(loss) before Extra-ordinary items	(43,342,783)	(40,729,685)
Weighted average number of equity shares in calculating EPS	22,398,869	22,398,869
Basic EPS after Extra-ordinary Items	(2.01)	(2.35)
Basic EPS before Extra-ordinary Items	(1.94)	(1.82)
Diluted EPS after Extra-ordinary Items	(2.01)	(2.35)
Diluted EPS before Extra-ordinary Items	(1.94)	(1.82)

31. Gratuity and other post-employment benefits plans

ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2014 UNDER GRATUITY PLAN

The figures given here in below are in Indian Rupees

Assumptions:

- (i) Demographic Assumptions: As shown in para "A" of the report.
- (ii) Financial Assumptions:-

	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Discount Rate:	9.10%	8.10%
Rate of increase in Compensation levels:	10.00%	10.00%
Rate of Return on Plan Assets:	----	----
I. Table showing changes in present value of obligations during the period		
Present Value of Obligation as at the beginning of the period	709,022	282,977
Acquisition adjustment	----	----
Interest Cost	57,431	24,336
Past Service Cost	----	----
Current Service Cost	924,440	491,463
Curtailment Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Benefit Paid	(250,606)	NIL
Actuarial (gain)/ loss on obligations	159,312	(89,754)
Present Value of Obligation as at the end of the period	1,599,599	709,022
II. Table showing changes in the fair value of plan assets during the period		
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	----	----
III. Table Showing Fair Value Of Plan Assets		
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	(1,599,599)	(709,022)
Excess of actual over estimated return on plan assets	----	----

IV. Actuarial Gain / Loss Recognized For The Period	(159,312)	89,754
Actuarial gain/(loss) for the period – Obligation	-----	-----
Actuarial (gain)/loss for the period - Plan Assets	159,312	(89,754)
Total (gain) / loss for the period	159,312	(89,754)
Actuarial (gain) / loss recognized in the period	-----	-----
Unrecognized actuarial (gains) / losses at the end of period		
V. The Amounts To Be Recognized In Balance Sheet And Statements Of Profit And Loss		
Present Value of Obligation as at the end of the period	1,599,599	709,022
Fair Value of Plan Assets as at the end of the period	-----	-----
Funded Status	(1,599,599)	(709,022)
Unrecognized Actuarial (gains) / losses	-----	-----
Unrecognized Past Service Cost (Non Vested Benefits)	-----	-----
Net Liability Recognized in Balance Sheet	1,599,599	709,022
VI. Expense Recognized In The Statement Of Profit And Loss For The Period		
Current Service Cost	924,440	491,463
Past Service Cost	-----	-----
Interest Cost	57,431	24,336
Expected Return on Plan Assets	-----	-----
Curtailment Cost / (Credit)	-----	-----
Settlement Cost / (Credit)	-----	-----
Net actuarial (gain)/ loss recognized in the period	159,312	(89,754)
Expenses Recognized in the statement of Profit & Loss	1,141,183	426,045
VII. Amount For The Current Period		
Present Value of Obligation		
Plan Assets	1,599,599	709,022
Surplus (Deficit)	-----	-----
Experience adjustments on plan liabilities - (Loss)/Gain	(1,599,599)	(709,022)
Experience adjustments on plan assets - (Loss)/Gain	(247,384)	109,974
	-----	-----
VIII. Reconciliation Statement Of Expense In The Statement Of Profit And Loss		
Present value of obligation as at the end of period	1,599,599	709,022
Present value of obligation as at the beginning of the period	(709,022)	(282,977)
Benefits paid:		
(i) Directly paid by the enterprise	250,606	NIL
(ii) Payment made out of the fund	-----	-----
Actual return on plan assets	-----	-----
Expenses recognized in the statement of profit & losses	1,141,183	426,045
IX. Movement In The Liability Recognized In The Balance Sheet		
Opening Net Liability	709,022	282,977
Expenses as above	1,141,183	426,045
Benefits paid directly by the enterprise	(250,606)	NIL
Contributions Paid into the Fund	-----	-----
Closing Net Liability	1,599,599	709,022
X. Major Categories Of Plan Assets (as percentage of total plan assets)		
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	----	----
Total	----	----

(A) Mortality: Published rates under Indian Assured Lives Mortality (2006-2008) ultimate table. Rates of Indian Assured Lives Mortality (2006-2008) ultimate table at specimen ages are as shown below:

Age (Years)	Rates	Age (Years)	Rates
15	0.000614	60	0.011534
20	0.000888	65	0.017009
25	0.000984	70	0.025855
30	0.001056	75	0.039637
35	0.001282	80	0.060558
40	0.001803	85	0.091982
45	0.002874	90	0.138895
50	0.004946	95	0.208585
55	0.007888	100	0.311628

Indian Assured Lives Mortality (2006-2008) ultimate table are used of calculations as on 31.03.2014.

Withdrawal: Withdrawal rates are in accordance with the following table:

Age	31.03.2012	31.03.2013	31.03.2014
All Ages	30% per annum	30% per annum	30% per annum

Disability: Leaving services due to disability is included in the provision made for all causes of withdrawals from service (refer above for withdrawals)

ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2014 UNDER LEAVE ENCASHMENT PLAN

The figures given here in below are in Indian Rupees

Assumptions:

- (i) Demographic Assumptions: As shown in para "B" of the report.
- (ii) Financial Assumptions:-

Discount Rate:

Rate of increase in Compensation levels:

Rate of Return on Plan Assets:

I. Table Showing Changes In Present Value Of Obligations During The Period

	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Present Value of Obligation as at the beginning of the period	906,033	462,170
Acquisition adjustment	-----	-----
Interest Cost	73,389	39,747
Past Service Cost	-----	-----
Current Service Cost	1,068,601	596,775
Curtailement Cost / (Credit)	-----	-----
Settlement Cost / (Credit)	-----	-----
Benefit Paid	(213,038)	(52,109)
Actuarial (gain)/ loss on obligations	(232,523)	(140,550)
Present Value of Obligation as at the end of the period	1,602,462	906,033

II. Table Showing Changes In The Fair Value Of Plan Assets During The Period

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	-----	-----

III. Table Showing Fair Value Of Plan Assets

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	(1,602,462)	(906,033)
Excess of actual over expected return on plan assets	-----	-----

	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
IV. Actuarial Gain / Loss Recognized For The Period		
Actuarial gain/(loss) for the period – Obligation	232,523	140,550
Actuarial (gain)/loss for the period - Plan Assets	----	----
Total (gain) / loss for the period	(232,523)	(140,550)
Actuarial (gain) / loss recognized in the period	(232,523)	(140,550)
Unrecognized actuarial (gains) / losses at the end of period	----	----
V. The Amounts To Be Recognized In Balance Sheet And Statements Of Profit And Loss		
Present Value of Obligation as at the end of the period	1,602,462	906,033
Fair Value of Plan Assets as at the end of the period	----	----
Funded Status	(1,602,462)	(906,033)
Unrecognized Actuarial (gains) / losses	----	----
Net Liability Recognized in Balance Sheet	1,602,462	906,033
VI. Expense Recognized In The Statement Of Profit And Loss For The Period		
Current Service Cost	1,068,601	596,775
Past Service Cost	----	----
Interest Cost	73,389	39,747
Expected Return on Plan Assets	----	----
Curtailment Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Net actuarial (gain)/ loss recognized in the period	(232,523)	(140,550)
Expenses Recognized in the statement of Profit & Loss	909,468	495,972
VII. Amount For The Current Period		
Present Value of Obligation	1,602,462	906,033
Plan Assets	----	----
Surplus (Deficit)	(1,602,462)	(906,033)
Experience adjustments on plan liabilities - (Loss)/Gain	201,193	149,356
Experience adjustments on plan assets - (Loss)/Gain	----	----
VIII. Reconciliation Statement Of Expense In The Statement Of Profit And Loss		
Present value of obligation as at the end of period	1,602,462	906,033
Present value of obligation as at the beginning of the period	(906,033)	(462,170)
Benefits paid:		
(i) Directly paid by the enterprise	213,038	52,109
(ii) Payment made out of the fund	----	----
Actual return on plan assets	----	----
Expenses recognized in the statement of profit & losses	909,467	495,972
IX. Movement In The Liability Recognized In The Balance Sheet		
Opening Net Liability	906,033	462,170
Expenses as above	909,467	495,972
Benefits paid directly by the enterprise	(213,038)	(52,109)
Contributions Paid into the Fund	----	----
Closing Net Liability	1,602,462	906,033
X. Major Categories Of Plan Assets (as percentage of total plan assets)		
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	----	----
Total	----	----

(B) Mortality: Published rates under Indian Assured Lives Mortality (2006-2008) ultimate table. Rates of Indian Assured Lives Mortality (2006-2008) ultimate table at specimen ages are as shown below:

Age (Years)	Rates	Age (Years)	Rates
15	0.000614	60	0.011534
20	0.000888	65	0.017009
25	0.000984	70	0.025855
30	0.001056	75	0.039637
35	0.001282	80	0.060558
40	0.001803	85	0.091982
45	0.002874	90	0.138895
50	0.004946	95	0.208585
55	0.007888	100	0.311628

Indian Assured Lives Mortality (2006-2008) ultimate table are used of calculations as on 31.03.2014

Withdrawals: Withdrawal rates are in accordance with the following table:

Age	31.03.2012	31.03.2013	31.03.2014
All Ages	30% per annum	30% per annum	30% per annum

Disability: Leaving service due to disability is included in the provision made for all causes of withdrawals from service (refer above for withdrawals)

	31.03.2012	31.03.2013	31.03.2014
Rate of Availing Leave in the Long Run	5.00% per annum	5.00% per annum	5.00% per annum
Rate of Encashment of Leave whilst in service	4.00% per annum	4.00% per annum	4.00% per annum

32. 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-cancellable operating leases.

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

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
A). Lease Rentals recognized during the year in Profit & Loss Account*	15,17,81,693	6,83,61,418
Obligations		
Within one year of the balance sheet date	9,59,78,850	9,64,37,945
Due in a period between one year and five years	41,16,48,944	50,42,41,544
Due after five years (as lease are cancelable by the Company after three to five years)	-	-

* Lease Rental recognized during the year includes Lease Rent Equalisation Reserve of Rs. 4,39,65,684

33. Related Party Disclosures:

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

1. Names of related parties and related party relationship with whom transaction have

Subsidiary companies	VRL Infrastructure Limited VRL Movers Limited VRL Retail Ventures Ltd.
Enterprises in directors of the company are directors	Unicon Marketing P. Ltd. Ricon Commodities P. Ltd. Vishal Water World P. Ltd. V2 Conglomerate Ltd.
Key managerial personnel	Mr. Ram Chandra Agarwal (Director) Mrs. Uma Agarwal (Director)
Relative of key managerial personnel	Mr. Akash Agarwal (Son of Director)

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Particulars	Subsidiary companies		Enterprises in directors of the company are directors		Key managerial personnel		Relative of key managerial personnel	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
1. Loans Repaid/ (Refunded)								
Ram Chandra Agarwal	-	-	-	-	5,300,000	5,800,000	-	-
Mrs. Uma Agarwal	-	-	-	-	-	500,000	-	-
Vishal Water World Pvt Ltd.	-	-	232,680	1,500,000	-	-	-	-
V2 Conglomerate Ltd.	-	-	181,126,402	325,678,647	-	-	-	-
VRL Retail Ventures Ltd.	-	(650,000)	-	-	-	-	-	-
2. Loans Accepted								
Mr. Ram Chandra Agarwal	-	-	-	-	-	930,000	-	-
Mrs. Uma Agarwal	-	-	-	-	-	500,000	-	-
Ricon Commodities Pvt. Ltd.	-	-	42,663,874	-	-	-	-	-
VRL Movers Limited	-	-	-	-	-	-	-	-
Vishal Water World Pvt Ltd.	-	-	-	100,000,000	-	-	-	-
VRL Infrastructure Ltd.	-	-	-	-	-	-	-	-
V2 Conglomerate Ltd.	-	-	162,730,251	242,852,832	-	-	-	-
3. Remuneration								
Akash Agarwal	-	-	-	-	-	-	454,653	261,145
4. Purchases during the year								
V2 Conglomerate Ltd.	-	-	86,203,372	45,216,828	-	-	-	-
5. Payment made								
V2 Conglomerate Ltd.	-	-	59,000,553	44,910,545	-	-	-	-
6. Amount Receivable								
VRL Retail Ventures Ltd.	12,80,000	12,80,000	-	-	-	-	-	-
7. Amount Payable								
V2 Conglomerate Ltd.	-	-	27,509,102	306,283	-	-	-	-
8. Loan Payable								
Mr. Ram Chandra Agarwal	-	-	-	-	38,772,507	44,072,507	-	-
Mrs. Uma Agarwal	-	-	-	-	1,087,576	1,087,576	-	-
Vishal Water World Pvt Ltd.	-	-	100,000,000	100,232,680	-	-	-	-
V2 Conglomerate Ltd. (Loan A/c)	-	-	778,034	19,174,185	-	-	-	-
Ricon Commodities Pvt. Ltd.	-	-	42,663,874	63,874	-	-	-	-
VRL Infrastructure Ltd.	51,835	51,835	-	-	-	-	-	-
VRL Movers Limited	643,882	643,882	-	-	-	-	-	-

34 Expenditure in Foreign Currency (on accrual basis)

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Traveling Expenses	41,517	62,783
Total	41,517	62,783

35. Prior Period Items

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

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Expenses		
Cost of goods sold	186,460	6,900,000
Electricity charges	-	-
House Keeping charges	-	25,980
Rent	-	-
Marketing	20,000	122,000
Professional charges	745,758	412,381
Salary & bonus	-	-
Property tax	-	-
Finance cost	-	-
Legal charges	75,000	-
Misc. Balances written off	80,564	-
Repair to Genset	-	11,349
Repair to building	99,404	-

Sale tax demand	-	234,621
Transportation charges	181,719	138,050
Video conference sys	-	4,351,167
Travelling expenses	315,922	
Telephone expenses	28,558	
Other expenses	-	-
Total expenses in `	1,733,385	12,195,548
Income		
Bank charges	-	14,332
Misc. Incomes	-	-
Insurance	-	-
Interest on investment	-	162,110
Total incomes	-	176,442
Net Prior Period Expenses / (Incomes)	1,733,385	12,019,106

36. Capital Commitments:

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

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	1,906,417	9,152,053

37. 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, 2011 are as follows:

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Balance of Sundry Creditors		
- Principal amount due to Micro, Small and Medium Enterprises	-	-
- Principal amount due to Others	-	-
Total	-	-
Interest accrued and due at the end of the year		
- 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	-	-
Total	-	-
Paid during the year		
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	-	-
Others		
- 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 already initiated the process of identification of Micro, Small & Medium Enterprises suppliers and service providers, In view of large number of suppliers and non receipt of critical inputs, responses from several such potential parties, the liability of interest, if any cannot be reliably estimated. Hence the required disclosure has not been made.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification disclosure.

38. Contingent Liabilities

Particulars	31.03.2014	31.03.2014
a. Outstanding Bank Guarantees	4,652,797	4,652,797
b. Disputed Sales Tax Demands - matter under appeal	291,007,117	291,007,117
c. Claims against the Company not acknowledged as debts	181,771,441	201,556,700
d. Claims by Income Tax Department	1,188,071,650	-
e. Claims by Provident Fund Department	-	113,929,006
f. Claims by Service Tax Department	30,208,391	30,208,391
Total	1,695,711,396	641,354,011

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

39. 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 31.03.13	Percentage Interest as at 31.03.12
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%
As at 31.03.2014			As at 31.03.2013	
Name of the Company	Assets (Rs.)	Liability (Rs.)	Assets (Rs.)	Liability (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	-	-	25,027	1124
For the year ended 31.03.2014			For the year ended 31.03.2013	
Name of the Company	Income (Rs.)	Expenditure (Rs.)	Income (Rs.)	Expenditure (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	-	-	101,360	-

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.

40. The figures of previous year were audited by AKGVG and Associates Previous Year's figures have been regrouped and/or rearranged where necessary to conform to this year's classification.

As per our report of even date,
For AKGVG & Associates
Firm Registration No: 018598N
Chartered Accountants

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

Sd/-
Vimal Kumar Saini
Partner
Membership No: 515915

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Place: Delhi
Date: 30th May, 2014

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
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, 2014

Sr. No.	Particulars	VRL Movers Limited	VRL Infrastructure Limited	VRL Retail Ventures Limited	TOTAL
1	Share Capital	3,000,000	500,000	500,000	4,000,000
2	Reserve and Surplus	(7,857,664)	(452,116)	(539,789)	(8,849,569)
3	Total Assets	1,374,468	61,790	1,240,212	2,676,470
4	Total Liabilities	6,232,131	13,906	1,280,000	7,526,037
5	Detail of Investment (Except in Subsidiaries)	Nil	Nil	Nil	Nil
6	Turnover	Nil	Nil	Nil	Nil
7	Profit/ (loss) before Tax	(9,494)	(9,494)	(27,880)	(46,868)
8	Provision for Taxation	Nil	Nil	Nil	Nil
9	Profit/ (Loss) after Tax	(9,494)	(9,494)	(27,880)	(46,868)
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.

Independent Auditor's Report on Consolidated Financial Statements

To
The Members of V2 Retail Limited.

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of V2 Retail Limited. (herein referred as "the company") and its Subsidiaries and Joint Ventures (collectively referred to as the Group), which comprises the Consolidated Balance Sheet as at 31 March 2014, the Statement of Consolidated Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

4. Basis for Qualified Opinion

- a) Attention is invited to note 4 of these financial statements, included in capital reserve amounting to Rs. 6,05,23,24,263/-, is Rs. 4,29,42,24,263/- arising out of transfer of asset and liabilities to the acquiring companies in earlier years for which necessary reconciliation/ information to the tune of Rs 3,72,24,324/- is not available with the company. Accordingly in the absence of the same, we are unable to comment on the appropriateness of capital reserve including consequential impact, if any, arising out of the same on these consolidated financial statements.
- b) Attention is invited to note 5 of these financial statements the Company has outstanding short-term borrowings at the year-end due to a lender including overdue principal and interest for which necessary supporting documents for balance confirmation at the year end and relevant information with relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment on the same.
- c) Attention is invited to note 14 of these financial statements the company has recognized Rs. 2,71,11,35,913/- as deferred tax assets at the year-end for which it does not have virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized in accordance with principles of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Had the company not recognized deferred tax, impact on profit and loss account would have been increase in loss during the year by Rs. 1,721,868/- and decrease in Reserves and Surplus by Rs. 2,71,11,35,913/-.
- d) Attention is invited to note 38 of these financial statements, the Company has disclosed contingent liabilities on account of appeals with various statutory authorities at different levels amounting to Rs. 1,69,57,11,396/- for which necessary information is not available with the Company to reliably ascertain estimated amount of such liabilities and consequential impact thereof on these financial statements in accordance with Accounting Standard-29 issued by the Institute of Chartered Accountants of India. Hence, we are unable to comment on the same.

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in para 3(a), (b), (c) and (d), the consolidated 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 Consolidated Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, **we draw attention to note 4 of these consolidated financial statements**, wherein the Company has accumulated losses amounting to Rs. 5,37,52,93,349/- at the year end and has incurred loss of Rs. 4,50,71,649/- during the year which raises concern regarding going concern status of the Company. However, having regard to improvement in the business conditions, increase in revenue from operations, cost rationalization measures adopted and opening of new stores by the Company, these consolidated financial statements have been prepared on a going concern basis and that no adjustments are required to the carrying value of assets and liabilities.

For AKGVG & Associates
Chartered Accountants
Firm Registration No. : 018598N
Sd/-
Vimal Kumar Saini
Partner
Membership No.: 515915

Place: Delhi
Date: 30.05.2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rs.)

S. No.	Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
I.	Equity and liabilities			
(1)	Shareholder's Funds			
	(a) Share capital	3	223,988,690	223,988,690
	(b) Reserves and Surplus	4	2,398,274,726	2,469,072,387
	Capital reserve on consolidation		2,067,903	2,091,805
			2,624,331,319	2,695,152,882
(2)	Non-Current Liabilities			
	(a) Long-term borrowings	5	377,186,923	315,600,746
	(b) Other Long term liabilities	6	4,915,000	4,860,000
	(c) Long term provisions	7	46,543,784	1,267,473
			428,645,707	321,728,219
(3)	Current Liabilities			
	(a) Short-term borrowings		1,280,000	1,280,000
	(b) Trade payables	9	281,980,829	246,733,088
	(c) Other current liabilities	10	511,611,287	407,753,291
	(d) Short-term provisions	8	6,345,849	4,169,764
			801,217,964	659,936,143
	Total		3,854,194,990	3,676,817,244
II.	ASSETS			
(1)	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	140,351,386	83,336,389
	(ii) Intangible assets	12	2,989,399	2,432,243
	(iii) Capital work-in-progress		449,600	12,486,005
	Share in Joint Venture			-
	(b) Non Current Investment	13	311,868,537	320,514,507
	(c) Deferred tax assets (net)	14	2,711,135,913	2,709,414,045
	(d) Long term loans and advances	15	17,244,765	16,555,104
	(e) Other non-current assets	16	50,228,040	31,767,761
			3,234,267,640	3,176,506,054
(2)	Current assets			
	(a) Inventories	17	555,203,911	448,261,844
	(b) Trade receivables	18	1,185,652	1,016,241
	(c) Cash and cash equivalents	19	21,450,485	18,144,188
	(d) Short-term loans and advances	20	41,956,711	32,722,767
	(e) Other current assets	21	130,591	166,150
			619,927,350	500,311,190
	Total		3,854,194,990	3,676,817,244

The accompanying notes are an internal part of the financial statements

As per our report of even date,
For AKGVG & Associates
Firm Registration No: 018598N
Chartered Accountants

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

Sd/-
Vimal Kumar Saini
Partner
Membership No: 515915

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Place: Delhi
Date: 30th May, 2014

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014*(Amount in Rs.)*

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
Income			
Revenue from operations (Gross)	22	2,378,182,636	1,099,889,765
Less Sales Tax / VAT		89,259,463	43,177,623
Revenue from operations (Net)		2,288,923,173	1,056,712,142
Other Income	23	22,065,952	21,002,538
Total revenue (I)		2,310,989,125	1,077,714,680
Expenses:			
Cost of materials consumed			
Purchase of Traded Goods	24	1,828,719,837	1,077,653,755
Changes in inventories of traded finished goods	25	(106,942,068)	(287,825,803)
Employee benefit expense	26	159,200,623	82,671,767
Other expenses	27	365,536,565	176,901,623
Total (II)		2,246,514,958	1,049,401,342
Earnings before interest, tax, depreciation and amortization (EBITDA)	(I) - (II)	64,474,167	28,313,338
Depreciation and amortization expense	28	34,818,899	22,709,757
Share in Joint Venture			101,360
Finance Cost	29	80,546,118	65,211,138
Profit/(Loss) before tax		(50,890,850)	(59,506,198)
Tax expense			
- Current tax			
- Income tax earlier years		(5,854,152)	
- Deferred tax		(1,721,868)	(18,822,095)
Total tax expense		(7,576,020)	(18,822,095)
Profit (Loss) after tax and before Extra Ordinary Items		(43,314,830)	(40,684,103)
- Prior Period expenses		1,733,385	12,019,106
Profit/(Loss) for the year		(45,048,215)	(52,703,209)
Loss attributable to Minority		(23,434)	(33,886)
		(45,071,649)	(52,737,095)
Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)] before Extra Ordinary Items	30		
-Basic		(1.93)	(1.82)
-Diluted		(1.93)	(1.82)
Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)] after Extra Ordinary Items	30		
-Basic		(2.01)	(2.35)
-Diluted		(2.01)	(2.35)

The accompanying notes are an integral part of the financial statements.

As per our report of even date,
For AKGVG & Associates
Firm Registration No: 018598N
Chartered Accountants

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

Sd/-
Vimal Kumar Saini
Partner
Membership No: 515915

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Place: Delhi
Date: 30th May, 2014

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rs.)

Particulars	31st March, 2014 (Rs.)	31st March, 2013 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax but after prior period items	(52,647,669)	(71,559,190)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	34,818,899	22,709,757
Interest Reversed & Liabilities written off		
Interest income	(952,433)	(603,828)
Finance charges	79,238,151	64,689,848
Operating profit before working capital changes	60,456,949	15,236,587
Movements in working capital :		
Increase/(decrease) in trade payables	35,247,741	168,693,777
Increase/(decrease) in long-term provisions	45,276,311	724,185
Increase/(decrease) in short-term provisions	2,176,085	3,666,050
Increase/(decrease) in other current liabilities	103,857,996	(12,800,457)
Increase/(decrease) in other long-term liabilities	55,000	(42,483)
decrease/(Increase) in trade receivables	(169,411)	4,233,143
decrease/(Increase) in inventories	(106,942,068)	(287,825,803)
decrease/(Increase) in long-term loans and advances	(689,662)	(6,504,413)
decrease/(Increase) in short-term loans and advances	(9,233,944)	(3,648,748)
decrease/(Increase) in other current assets	35,559	(166,150)
decrease/(Increase) in other non-current assets	(17,909,538)	(592,881)
Cash generated from operations	112,161,018	(119,027,192)
Direct Taxes paid	5,854,152	-
Net cash flow from operating activities (A)	118,015,170	(119,027,192)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets, CWIP and capital advances	(71708674)	(45,701,906)
Interest received	952,433	603,828
Decrease/(Increase) in pledged fixed deposits	(550,741)	389,643
Net cash flow used in investing activities (B)	(71,306,983)	(44,708,435)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (net of expenses on issue of shares)	-	-
Change in Capital Reserve	(23,903)	(0)
Change in Capital Reserve due to slump sale in previous year	(25,726,012)	572,729
Repayment of long term borrowings	61,586,177	145,587,725
Proceeds from short term borrowings (net of repayments)	-	(2,150,000)
Finance charges	(79,238,153)	(64,689,848)
Net cash flow from/(used in) financing activities (C)	(43,401,890)	79,320,606
Net decrease in cash and cash equivalents (A+B+C)	3,306,297	(84,415,021)
Cash and cash equivalents at the beginning of the year	18,144,188	102,559,210
Cash and cash equivalents at the end of the year (refer note - 1)	21,450,485	18,144,188
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		
	31st March, 2014 (Rs.)	31st March, 2013 (Rs.)
Cash in hand	7,926,312	8,859,993
Balance with		
On current accounts	13,073,937	8,174,524
Deposits with original maturity of less than 3 months		
Balances with credit card banks	450,235	1,109,671
	21,450,485	18,144,188

As per our report of even date,
For AKGVG & Associates
Firm Registration No: 018598N
Chartered Accountants

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

Sd/-
Vimal Kumar Saini
Partner
Membership No: 515915

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Place: Delhi
Date: 30th May, 2014

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**1. Corporate information**

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

Components of the V2 Group

The Consolidated Financial Statement represent consolidation of accounts of the Company and its subsidiaries, Joint Ventures as detailed below (Same as in previous year):

Sr. No.	Name of the Company	Nature of Company
1.	VRL Infrastructure Limited *	Subsidiary companies by virtue of control over the composition of board of director.
2.	VRL Movers Limited *	
3.	VRL Retail Ventures Limited*	
4.	VRL Retailer Business Solutions Pvt. Ltd.	Joint Venture

2. 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, 2014
VRL Movers Limited *	India	50%	31st March, 2014
VRL Retail Ventures Limited*	India	50%	31st March, 2014

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

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

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

2.2 Summary of significant accounting policies are as set out as under:**1. Use of Estimates**

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

2. Tangible 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.

3. Depreciation on Tangible 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.

Particulars, Method, and Rate of Depreciation:

	Method of Depreciation	Rate of Depreciation
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%

4. 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%

5. 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 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.

6. 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.

7. 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.

8. 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.

9. 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 and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

10. Revenue RecognitionSale 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.

11. 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.

12. Retirement and other employee Benefits**i. 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.

ii. Long term employee benefits:• 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.

• 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.

- 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.

13. 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

14. Segment Reporting

The Company is engaged in the business of retail trade 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

For and on behalf of the Board of Directors of

V2 Retail Limited.

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary

Place: Delhi

Date: 30th May, 2014

3. Share Capital

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Authorised Share Capital		
Equity share capital		
30,000,000 (Previous Year : 30,000,000) equity shares of Rs. 10/- each	300,000,000	300,000,000
Preference Share Capital		
400,000 (Previous Year : 400,000) preference shares of Rs. 146/- each	58,400,000	58,400,000
	358,400,000	358,400,000
Issued, subscribed & fully paid up		
22,398,869 (Previous Year : 22,398,869) Equity Shares of Rs. 10/- each, fully paid up	223,988,690	223,988,690
Total	223,988,690	223,988,690

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

Equity Shares

Particulars	As at 31-Mar-2014		As at 31-Mar-2013	
	Numbers	Amount	Numbers	Amount
At the beginning of the period	22,398,869	223,988,690	22,398,869	223,988,690
Outstanding at the end of period	22,398,869	223,988,690	22,398,869	223,988,690

b. Terms / rights attached to equity shares / warrants

The Company has only one class of equity shares having a par value of `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.

c. Details of Shareholders holding more than 5% shares in the Company

Equity Shares of Rs. 10 each fully paid	As at 31-Mar-2014		As at 31-Mar-2013	
	Numbers	% holding in the class	Numbers	% holding in the class
Unicon Marketing Private Limited	5,444,710	24.3097	5,444,710	24.3097
Ricon Commodities Private Limited	4,940,000	22.0547	4,940,000	22.0547

4. Reserve & Surplus

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Securities Premium		
Balance as per last financial statements	1,713,495,845	1,713,495,845
Add: Addition during the year	-	-
Closing Balance	1,713,495,845	1,713,495,845
Capital Reserve		
Balance as per last financial statements	6,085,798,243	6,085,225,514
Add: Addition during the year	(25,726,012)	572,729
Closing Balance	6,060,072,231	6,085,798,243
Surplus/(deficit) in the statement of profit & loss		
Balance as per last financial statement	(5,330,221,700)	(5,277,484,605)
Add: Loss for the period	(45,071,649)	(52,737,095)
Closing Balance	(5,375,293,349)	(5,330,221,700)
Total	2,398,274,726	2,469,072,387

5. Long Term Borrowings

Particulars	Non-Current Portion		Current Portion	
	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Term Loan				
From Financial Institutions	-	-	456,922,488	38,87,31,270
Deposits (Unsecured)				
Inter-corporate deposits	337,326,840	270,440,663	-	-
From Directors	39,860,083	45,160,083	-	-
	377,186,923	315,600,746	-	-
Total	377,186,923	315,600,746	456,922,488	38,87,31,270
The above amount includes				
Secured borrowings	-	-	456,922,488	38,87,31,270
Unsecured Borrowings	377,186,923	315,600,746	-	-
Amount Disclosed under the head "other current liabilities" (note 10)				
Total	377,186,923	315,600,746	456,922,488	38,87,31,270

Securities furnished in respect of long term borrowings taken by the Company

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

There is no outstanding loan from State Bank of India the charges mentioned herein below are to be removed from MCA

The loan originally taken from HSBC Bank Limited has been assigned to Pegasus Assets Reconstruction Pvt. Ltd.

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 VRL situated at Khasra No. 122/43,122/44, Mouza Central Hope town (Selakui), Paragana Pachwodoon, Tehsil Vikas Nagar, district Dehradun.

First pari passu charge by way of equitable mortgage of property in the name of VRL situated at Krishnanagar Village, Taluq Hubli, District Dharwad.

First pari passu charge by way of equitable mortgage of property in the name of VRL situated at PJE Plaza, deg No.77-78,81,82 Khasra B no.655-11-5-12, Mauza -Kyenjara, VIP road, Kolkata (except ground floor which is exclusively mortgaged to HDFC Bank)

Personal Guarantee of Mr. Ram Chandra Agarwal 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.

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

There is no outstanding loan from Bank of India, ING Vysya Bank & UCO Bank the charges mentioned herein below are to be removed from MCA

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 (Note: this is a small piece of land measuring 0.57 acres distinct from the other property at Dehradun over which SBI and Pegasus have a charge)

Subservient charge on Current Assets

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

Pledge of 953,770 shares of VRL.

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

Post dated Cheques for Principal Amount + FITL

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

Particulars	Non Current Portion	
	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Security Deposit *	4,915,000	4,860,000
	4,915,000	4,860,000

*Security Deposit denotes Security deposit money received against renting of VIP Road, Kolkata Property amounting to Rs. 48,00,000/- (Rs. 48,00,000 last year) and money received from vendors against shop in shop agreements of Rs. 1,15,000/- (Rs. 60000/- last year)

7. Long Term Provisions

Particulars	Non Current Portion	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Provision for employee benefits		
Provision for gratuity	1,594,453	706,290
Provision for leave encashment	983,647	561,183
Other Provisions		
Lease Equalisation Reserve	43,965,684	-
Total	46,543,784	1,267,473

8. Short Term Provisions

Particulars	Current Portion	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Other provisions		
Provision for litigations	3,721,888	3,822,182
Provision for Diminution in Investment in Subsidiary Companies	2,000,000	-
Provision for employee benefits		
Provision for Gratuity	5,146	2,732
Provision for Leave Encashment	618,815	344,850
Total	6,345,849	4,169,764

9. Trade Payables

Particulars	Current Portion	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Trade Payables (refer note 37 for details of dues to micro and small enterprises)	281,980,829	246,733,088
Total	281,980,829	246,733,088

10. Other Current Liabilities

Particulars	Current Portion	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Current maturities of long-term liabilities (note 5)	456,922,488	388,731,270
Salary & Bonus Payable	11,873,938	7,126,108
Other Statutory Liabilities	3,838,795	2,588,371
Over Drawn Current Accounts	23,046,055	-
Others	15,930,011	93,06,418
Share in Joint Venture	-	1,124
Total	511,611,287	407,753,291

11. Tangible Assets

Particulars	Lease Hold Buildings	Plant & Machinery	Generator Set	Furniture & Fixture	Electrical Equipments & Fittings	Office Equipments	Air Conditioner	Computer	Motor Vehicles	Total
Cost or valuation										
At 1 April 2012	4,041,432	1,095,561	6,198,787	30,602,326	10,877,356	913,198	10,012,185	6,583,025	2,595,838	72,919,708
Additions	-	391,199	1,711,500	17,755,498	6,020,741	208,076	2,141,699	4,792,505	-	33,021,218
Disposals / Regrouping	7,237	-	-	-	-	-	-	877,080	-	884,317
Other adjustments	-	907,295	180,370	731,607	658,890	149,829	-	152,373	389,238	3,169,602
At 31 March 2013	4,034,195	2,394,055	7,729,917	47,626,217	16,239,207	1,271,103	12,153,884	12,100,237	2,206,600	105,755,415
Additions	403,523	284,469	3,160,500	32,690,450	12,802,901	39,207	9,858,269	9,756,422	53,760	69,049,501
Addition from P.Y. CWIP	-	-	5,848,500	-	-	-	6,637,505	-	-	12,486,005
Disposals / Regrouping	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	4,437,718	2,678,524	16,738,917	80,316,667	29,042,108	1,310,310	28,649,658	21,856,659	2,260,360	187,290,921
Depreciation										
At 1 April 2012	331,766	107,096	637,453	4,076,007	1,105,631	93,238	988,768	2,042,068	947,567	10,329,594
Charge for the year	344,714	259,006	752,243	5,260,843	1,440,240	146,297	1,369,325	2,524,275	426,737	12,523,680
Other Adjustments	-	-	-	-	-	-	-	145,359	389,238	534,597
Disposals / Regrouping	3,211	90,765	14,366	65,044	73,020	20,458	-	152,373	-	419,237
At 31 March 2013	679,691	456,867	1,375,330	9,271,806	2,472,851	259,993	2,358,093	4,559,329	985,066	22,419,026
Charge for the year	363,331	289,635	1,923,414	10,732,788	2,915,110	143,973	3,113,905	4,716,912	321,441	24,520,509
Disposals / Regrouping	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	1,043,022	746,502	3,298,744	20,004,594	5,387,961	403,966	5,471,998	9,276,241	1,306,507	46,939,535
Net Block										
At 31 March 2013	3,354,504	1,937,188	6,354,587	38,354,411	13,766,356	1,011,110	9,795,791	7,540,908	1,221,534	83,336,389
At 31 March 2014	3,394,696	1,932,022	13,440,173	60,312,073	23,654,147	906,344	23,177,660	12,580,418	953,853	140,351,386

12. Intangible Assets

Particulars	Computer Softwares	Total
Gross Block		
At 31 March 2012	4,261,097	4,261,097
Additions \ purchases during the year	932,683	932,683
Adjustments/Sold during the year	356,100	356,100
At 31 March 2013	4,837,680	4,837,680
Additions \ purchases during the year	2,209,573	2,209,573
Internal development	-	-
Adjustments/Sold during the year	-	-
At 31 March 2014	7,047,253	7,047,253
Amortization		
At 31 March 2012	1,427,743	1,427,743
Charge for the year	1,085,056	1,085,056
Adjustments/Sold during the year	107,362	107,362
At 31 March 2013	2,405,437	2,405,437
Charge for the year	1,652,417	1,652,417
Adjustments/Sold during the year	-	-
At 31 March 2013	4,057,854	4,057,854
Net block		
At 31 March 2013	2,432,243	2,432,243
At 31 March 2014	2,989,399	2,989,399

13. Non Current Investments

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Investment property (at cost less accumulated depreciation)		
Investments in Land & Building which are not used for the operations of Company	336,785,788	336,785,788
Less: Accumulated depreciation	64,517,251	55,871,281
Net Block of investment property	272,268,537	280,914,507
Long Term Non trade Investment (valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
There are no restrictions on the right of ownership, reliasability of investments or the remittance of income and proceeds of disposal.	-	
The Company earned an interest @ 0.50% P.A. on Compulsory Convertible Debentures		
Compulsory Convertible Debentures (CCD) of TPG Wholesale Pvt. Ltd. at a coupon rate of .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	39,600,000
	39,600,000	39,600,000
	311,868,537	320,514,507

Investment property given as security

Investment property with a carrying amount of Rs. 27,22,68,537 (P.Y. Rs. 28,09,14,506) are subject to first charge to secure the companies term loan taken from bankers and financial institutions as detailed in securities furnished in respect of loans taken by the company

14. Deferred Tax Assets

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of ` 16,70,481 For the current year has been recognized 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, 2014.

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Increase in Deferred Tax Liabilities		
On Account of Depreciation	698,537	1,104,912
Profit for the Current Period	20,858,208	-
Total Increase in Deferred Tax Liabilities	21,556,745	1,104,912

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Increase in Deferred Tax Assets		
Provision for Gratuity	288,948	138,230
Provision for Leave Encashment	225,956	144,011
Provision for Diminution in Investment in Subsidiary	648,900	-
Lease Equalisation Reserve	14,264,666	-
Bonus	411,573	156,100
Adjustment of Previous year loss	7,134,739	-
Depreciation Adjustment	303,831	-
Loss for the Current Period	-	19,488,664
Total Increase in Deferred Tax Assets	23,278,613	19,927,006
Net Deferred Tax Assets / (Liabilities) for the Year	1,721,868	18,822,094
Opening Deferred Tax Assets/ (Liabilities)	2,709,414,045	2,690,591,951
Closing Deferred Tax Assets/ (Liabilities)	2,711,135,913	2,709,414,045

15. Long term Loans & Advances

Particulars	Non Current	
	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Unsecured Advances, considered good		
Security Deposit towards premises taken on Lease and others	17,244,765	16,530,088
Advances recoverable in cash or in kind or for value to be received	-	-
Advance income-tax (net of provision for taxation)	-	-
Share in Joint Venture	-	25,016
Total	17,244,765	16,555,104

16. Other Non Current Assets

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
A) Secured, considered good		
Fixed deposit with banks (held as Margin Money with Banks towards Bank Guarantees)	7,608,046	7,057,305
B) Secured, considered good		
Balances with statutory / government authorities		
Advance with Provident Fund Department	33,547,777	15,638,239
Advance with Service Tax Department	7,500,000	7,500,000
Other Assets	1,572,217	1,572,217
Total	50,228,040	31,767,761

17. Inventories (Valued at lower of Cost or Net Realisable Value)

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Traded goods	555,203,911	448,261,844
Total	555,203,911	448,261,844

18. Trade Receivables

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
(Considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payments	950,465	950,465
Other receivables		
Unsecured	235,187	65,776
Total	1,185,652	1,016,241

19. Cash & Cash Equivalents

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	13,073,937	8,174,524
Credit Card Receivables	450,235	1,109,671
Cash on hand	7,926,312	8,859,982
Share in Joint Venture	-	11
Total	21,450,485	18,144,188

20. Short term Loans & Advances

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Unsecured Advances, considered good		
Security Deposit towards premises taken on Lease and others		
Advances recoverable in cash or in kind or for value to be received	16,835,929	14,309,250
Advance income-tax (net of provision for taxation)	6,538,168	4,086,268
Balances with statutory / government authorities	18,582,614	14,327,248
Total	41,956,711	32,722,767

21. Other Current Assets

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Interest accrued on investment	130,591	166,150
Total	130,591	166,150

22. Revenue from Operations

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Revenue from operations (net of VAT)		
Sale of Products		
Traded Goods	2,374,503,801	1,097,674,643
Other operating revenue		
Scrap Sales	3,678,835	2,215,122
Revenue from operations (gross)	2,378,182,636	1,099,889,765
Less Sales Tax / VAT	89,259,463	43,177,623
Revenue from operations (Net)	2,288,923,173	1,056,712,142
Details of product goods sold (net of VAT)		
Apparels	1,947,897,677	765,297,233
Non Apparels	337,599,765	262,133,961
Fast-moving consumer goods	33,658	27,065,826
Others	3,392,074	2,215,122
Revenue from operations (Net)	2,288,923,173	1,056,712,142

23. Other Incomes

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Bank Deposits	633,747	603,828
Others*	318,686	193,469
Display income	1,433,519	825,389
Rental Income	19,680,000	19,370,000
Share in Joint Venture	-	9,852
Total	22,065,952	21,002,538

*Interest income on others include interest on Cash convertible debentures issued by TPG Wholesale Private Limited

24. Details of purchase of traded goods

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Cost of traded goods sold / raw material consumed (Increase) / Decrease in Inventory	1,721,777,770 (106,942,067)	789,827,953 (287,825,803)
Total	1,828,719,837	1,077,653,755

25. Increase / Decrease in Inventory

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Inventories at the end of the year Traded goods	555,203,911	448,261,844
	555,203,911	448,261,844
Inventories at the beginning of the year Traded goods	448,261,844	160,436,041
	448,261,844	160,436,041
Net (Increase) / decrease in inventory of traded goods	(106,942,068)	(287,825,803)

Details of traded goods purchased

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Apparels	1,588,801,787	823,593,727
Non Apparels	239,918,050	228,706,956
Fast-moving consumer goods	-	25,353,072
	1,828,719,837	1,077,653,755

Details of inventory at the end of the year

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Apparels	481,135,407	375,029,663
Non Apparels	74,048,570	73,033,663
Fast-moving consumer goods	19,934	198,518
	555,203,911	448,261,844

26. Employee Benefit Expense

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Salary, wages & bonus	143,842,508	75,941,603
Gratuity expenses (refer note 31)	1,141,183	426,045
Contribution to PF & others	9,046,788	3,823,548
Staff welfare expenses	5,170,143	2,480,571
Total	159,200,623	82,671,767

27. Other Expenses

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
A Administrative & Other Expenses		
Power & fuel Expenses	47,224,345	17,379,519
Rent	151,781,693	68,361,418
Repairs & maintenance-		
- Building	1,057,673	1,263,961
- Plant & machinery	11,765	657,651
- Others	7,091,095	6,677,412
Insurance charges	446,849	292,615

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Rates & taxes	1,971,297	6,447,206
Bank charges	8,907,674	3,022,176
Cash pick-up charges-CMS	2,140,799	726,295
Legal & professional fess	4,092,877	1,834,624
Motor Vehicle Expenses	651,363	416,438
Printing & stationery	4,109,451	2,842,847
Security service charges	3,123,378	3,267,631
Housekeeping expenses	2,364,254	1,516,468
Communication costs	5,118,049	5,943,855
Travelling & conveyance	9,434,939	1,491,527
VAT clearing expenses	2,780,323	6,528,151
Other Expenses	446,287	221,502
Payment to auditors (refer details below)	849,441	568,459
Directors' sitting fee	179,777	219,777
Credit Cards Charges	3,859,518	1,698,505
Investment in Subsidiaries Written Off	2,000,000	-
Total (A)	259,642,847	131,378,037
B Selling & Distribution Expenses		
Advertisement & Sales Promotion	34,924,163	13,673,109
Commission Charges	126,819	31,519
Transportation Charges	36,136,884	14,641,124
Packing Materials & Expenses	34,705,854	17,177,833
Total (B)	105,893,720	45,523,585
Total of other expenses (A)+(B)	365,536,565	176,901,623
Payment to Auditors		
Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Audit Fee	842,700	568,459
Other Matters	-	-
Out of Pocket Expenses	-	-
Total	842,700	568,459
28. Depreciation and Amortization Expenses		
Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Depreciation of tangible assets	33,166,482	21,624,701
Amortization of Intangible assets	1,652,417	1,085,056
Total	34,818,899	22,709,757
29. Finance Cost		
Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Interest on Term Loans	68,191,218	59,980,407
Interest on Unsecured Loans	11,046,933	4,709,441
Interest on Working Capital Loans	1,307,967	521,290
Total	80,546,118	65,211,138

30. Earnings Per Share

The following reflects the profit / (loss) and share data used in the basic and diluted EPS computation

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Total Operations for the year		
Profit/(loss) after tax	(45,071,649)	(52,737,095)
Net Profit/(loss) for calculation of the basic EPS	(45,071,649)	(52,737,095)
Net Profit/(loss)	(45,071,649)	(52,737,095)
Net Profit/(loss) before Extra-ordinary items	(43,338,264)	(40,717,989)
Weighted average number of equity shares in calculating EPS	22,398,869	22,398,869
Basic EPS after Extra-ordinary Items	(2.01)	(2.35)
Basic EPS before Extra-ordinary Items	(1.93)	(1.82)
Diluted EPS after Extra-ordinary Items	(2.01)	(2.35)
Diluted EPS before Extra-ordinary Items	(1.93)	(1.82)

31. Gratuity and other post-employment benefits plans**ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2014 UNDER GRATUITY PLAN**

The figures given here in below are in Indian Rupees

Assumptions:

- (i) Demographic Assumptions: As shown in para "A" of the report.
(ii) Financial Assumptions:-

	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Discount Rate:	9.10%	8.10%
Rate of increase in Compensation levels:	10.00%	10.00%
Rate of Return on Plan Assets:	----	----
I. Table showing changes in present value of obligations during the period		
Present Value of Obligation as at the beginning of the period	709,022	282,977
Acquisition adjustment	----	----
Interest Cost	57,431	24,336
Past Service Cost	----	----
Current Service Cost	924,440	491,463
Curtailment Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Benefit Paid	(250,606)	NIL
Actuarial (gain)/ loss on obligations	159,312	(89,754)
Present Value of Obligation as at the end of the period	1,599,599	709,022
II. Table showing changes in the fair value of plan assets during the period		
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	----	----
III. Table Showing Fair Value Of Plan Assets		
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	(1,599,599)	(709,022)
Excess of actual over estimated return on plan assets	----	----

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
IV. Actuarial Gain / Loss Recognized For The Period		
Actuarial gain/(loss) for the period – Obligation	(159,312)	89,754
Actuarial (gain)/loss for the period - Plan Assets	----	----
Total (gain) / loss for the period	159,312	(89,754)
Actuarial (gain) / loss recognized in the period	159,312	(89,754)
Unrecognized actuarial (gains) / losses at the end of period	----	----
V. The Amounts To Be Recognized In Balance Sheet And Statements Of Profit And Loss		
	1,599,599	709,022
Present Value of Obligation as at the end of the period	----	----
Fair Value of Plan Assets as at the end of the period	(1,599,599)	(709,022)
Funded Status	----	----
Unrecognized Actuarial (gains) / losses	----	----
Unrecognized Past Service Cost (Non Vested Benefits)	1,599,599	709,022
Net Liability Recognized in Balance Sheet		
VI. Expense Recognized In The Statement Of Profit And Loss For The Period		
Current Service Cost	924,440	491,463
Past Service Cost	----	----
Interest Cost	57,431	24,336
Expected Return on Plan Assets	----	----
Curtailment Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Net actuarial (gain)/ loss recognized in the period	159,312	(89,754)
Expenses Recognized in the statement of Profit & Loss	1,141,183	426,045
VII. Amount For The Current Period		
Present Value of Obligation	1,599,599	709,022
Plan Assets	----	----
Surplus (Deficit)	(1,599,599)	(709,022)
Experience adjustments on plan liabilities - (Loss)/Gain	(247,384)	109,974
Experience adjustments on plan assets - (Loss)/Gain	----	----
VIII. Reconciliation Statement Of Expense In The Statement Of Profit And Loss		
Present value of obligation as at the end of period	1,599,599	709,022
Present value of obligation as at the beginning of the period	(709,022)	(282,977)
Benefits paid:		
(i) Directly paid by the enterprise	250,606	NIL
(ii) Payment made out of the fund	----	----
Actual return on plan assets	----	----
Expenses recognized in the statement of profit & losses	1,141,183	426,045
IX. Movement In The Liability Recognized In The Balance Sheet		
Opening Net Liability	709,022	282,977
Expenses as above	1,141,183	426,045
Benefits paid directly by the enterprise	(250,606)	NIL
Contributions Paid into the Fund	----	----
Closing Net Liability	1,599,599	709,022
X. Major Categories Of Plan Assets (as percentage of total plan assets)		
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	----	----
Total	----	----

(A) Mortality: Published rates under Indian Assured Lives Mortality (2006-2008) ultimate table. Rates of Indian Assured Lives Mortality (2006-2008) ultimate table at specimen ages are as shown below:

Age (Years)	Rates	Age (Years)	Rates
15	0.000614	60	0.011534
20	0.000888	65	0.017009
25	0.000984	70	0.025855
30	0.001056	75	0.039637
35	0.001282	80	0.060558
40	0.001803	85	0.091982
45	0.002874	90	0.138895
50	0.004946	95	0.208585
55	0.007888	100	0.311628

Indian Assured Lives Mortality (2006-2008) ultimate table are used of calculations as on 31.03.2014.

Withdrawal: Withdrawal rates are in accordance with the following table:

Age	31.03.2012	31.03.2013	31.03.2014
All Ages	30% per annum	30% per annum	30% per annum

Disability: Leaving service due to disability is included in the provision made for all causes of withdrawals from service (refer above for withdrawals)

ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2014 UNDER LEAVE ENCASHMENT PLAN

The figures given here in below are in Indian Rupees

Assumptions:

- (i) Demographic Assumptions: As shown in para "B" of the report.
- (ii) Financial Assumptions:-

	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Discount Rate:	9.10%	8.10%
Rate of increase in Compensation levels:	10.00%	10.00%
Rate of Return on Plan Assets:	----	----
I. Table Showing Changes In Present Value Of Obligations During The Period		
Present Value of Obligation as at the beginning of the period	906,033	462,170
Acquisition adjustment	----	----
Interest Cost	73,389	39,747
Past Service Cost	----	----
Current Service Cost	1,068,601	596,775
Curtailment Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Benefit Paid	(213,038)	(52,109)
Actuarial (gain)/ loss on obligations	(232,523)	(140,550)
Present Value of Obligation as at the end of the period	1,602,462	906,033
II. Table Showing Changes In The Fair Value Of Plan Assets During The Period		
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	----	----
III. Table Showing Fair Value Of Plan Assets		
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	(1,602,462)	(906,033)
Excess of actual over expected return on plan assets	----	----

	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
IV. Actuarial Gain / Loss Recognized For The Period		
Actuarial gain/(loss) for the period – Obligation	232,523	140,550
Actuarial (gain)/loss for the period - Plan Assets	-----	-----
Total (gain) / loss for the period	(232,523)	(140,550)
Actuarial (gain) / loss recognized in the period	(232,523)	(140,550)
Unrecognized actuarial (gains) / losses at the end of period	-----	-----
V. The Amounts To Be Recognized In Balance Sheet And Statements Of Profit And Loss		
Present Value of Obligation as at the end of the period	1,602,462	906,033
Fair Value of Plan Assets as at the end of the period	-----	-----
Funded Status	(1,602,462)	(906,033)
Unrecognized Actuarial (gains) / losses	-----	-----
Net Liability Recognized in Balance Sheet	1,602,462	906,033
VI. Expense Recognized In The Statement Of Profit And Loss For The Period		
Current Service Cost	1,068,601	596,775
Past Service Cost	-----	-----
Interest Cost	73,389	39,747
Expected Return on Plan Assets	-----	-----
Curtailement Cost / (Credit)	-----	-----
Settlement Cost / (Credit)	-----	-----
Net actuarial (gain)/ loss recognized in the period	(232,523)	(140,550)
Expenses Recognized in the statement of Profit & Loss	909,468	495,972
VII. Amount For The Current Period		
Present Value of Obligation	1,602,462	906,033
Plan Assets	-----	-----
Surplus (Deficit)	(1,602,462)	(906,033)
Experience adjustments on plan liabilities - (Loss)/Gain	201,193	149,356
Experience adjustments on plan assets - (Loss)/Gain	-----	-----
VIII. Reconciliation Statement Of Expense In The Statement Of Profit And Loss		
Present value of obligation as at the end of period	1,602,462	906,033
Present value of obligation as at the beginning of the period	(906,033)	(462,170)
Benefits paid:		
(i) Directly paid by the enterprise	213,038	52,109
(ii) Payment made out of the fund	-----	-----
Actual return on plan assets	-----	-----
Expenses recognized in the statement of profit & losses	909,467	495,972
IX. Movement In The Liability Recognized In The Balance Sheet		
Opening Net Liability	906,033	462,170
Expenses as above	909,467	495,972
Benefits paid directly by the enterprise	(213,038)	(52,109)
Contributions Paid into the Fund	-----	-----
Closing Net Liability	1,602,462	906,033
X. Major Categories Of Plan Assets (as percentage of total plan assets)		
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	----	----
Total	----	----

- (B) Mortality: Published rates under Indian Assured Lives Mortality (2006-2008) ultimate table. Rates of Indian Assured Lives Mortality (2006-2008) ultimate table at specimen ages are as shown below:

Age (Years)	Rates	Age (Years)	Rates
15	0.000614	60	0.011534
20	0.000888	65	0.017009
25	0.000984	70	0.025855
30	0.001056	75	0.039637
35	0.001282	80	0.060558
40	0.001803	85	0.091982
45	0.002874	90	0.138895
50	0.004946	95	0.208585
55	0.007888	100	0.311628

Indian Assured Lives Mortality (2006-2008) ultimate table are used of calculations as on 31.03.2014

Withdrawals: Withdrawal rates are in accordance with the following table:

Age	31.03.2012	31.03.2013	31.03.2014
All Ages	30% per annum	30% per annum	30% per annum

Disability: Leaving service due to disability is included in the provision made for all causes of withdrawals from service (refer above for withdrawals)

	31.03.2012	31.03.2013	31.03.2014
Rate of Availing Leave in the Long Run	5.00% per annum	5.00% per annum	5.00% per annum
Rate of Encashment of Leave whilst in service	4.00% per annum	4.00% per annum	4.00% per annum

32. 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-cancellable operating leases.

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

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
A). Lease Rentals recognized during the year in Profit & Loss Account*	15,17,81,693	6,83,61,418
Obligations		
Within one year of the balance sheet date	9,59,78,850	9,64,37,945
Due in a period between one year and five years	41,16,48,944	50,42,41,544
Due after five years (as lease are cancelable by the Company after three to five years)	-	-

- * Lease Rental recognized during the year includes Lease Rent Equalisation Reserve of Rs. 4,39,65,684

33. Related Party Disclosures:

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

1. Names of related parties and related party relationship with whom transaction have

Subsidiary companies	VRL Infrastructure Limited
	VRL Movers Limited
	VRL Retail Ventures Ltd.
Enterprises in directors of the company are directors	Unicon Marketing P. Ltd.
	Ricon Commodities P. Ltd.
	Vishal Water World P. Ltd.
	V2 Conglomerate Ltd.
Key managerial personnel	Mr. Ram Chandra Agarwal (Director)
	Mrs. Uma Agarwal (Director)
Relative of key managerial personnel	Mr. Akash Agarwal (Son of Director)

Particulars	Subsidiary companies		Enterprises in directors of the company are directors		Key managerial personnel		Relative of key managerial personnel	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
1. Loans Repaid/ (Refunded)								
Ram Chandra Agarwal	-	-	-	-	5,300,000	5,800,000	-	-
Mrs. Uma Agarwal	-	-	-	-	-	500,000	-	-
Vishal Water World Pvt Ltd.	-	-	232,680	1,500,000	-	-	-	-
V2 Conglomerate Ltd.	-	-	181,126,402	325,678,647	-	-	-	-
VRL Retail Ventures Ltd.	-	(650,000)	-	-	-	-	-	-
2. Loans Accepted								
Mr. Ram Chandra Agarwal	-	-	-	-	-	930,000	-	-
Mrs. Uma Agarwal	-	-	-	-	-	500,000	-	-
Ricon Commodities Pvt. Ltd.	-	-	42,663,874	-	-	-	-	-
VRL Movers Limited	-	-	-	-	-	-	-	-
Vishal Water World Pvt Ltd.	-	-	-	100,000,000	-	-	-	-
VRL Infrastructure Ltd.	-	-	-	-	-	-	-	-
V2 Conglomerate Ltd.	-	-	162,730,251	242,852,832	-	-	-	-
3. Remuneration								
Akash Agarwal	-	-	-	-	-	-	454,653	261,145
4. Purchases during the year								
V2 Conglomerate Ltd.	-	-	86,203,372	45,216,828	-	-	-	-
5. Payment made								
V2 Conglomerate Ltd.	-	-	59,000,553	44,910,545	-	-	-	-
6. Amount Receivable								
VRL Retail Ventures Ltd.	12,80,000	12,80,000	-	-	-	-	-	-
7. Amount Payable								
V2 Conglomerate Ltd.	-	-	27,509,102	306,283	-	-	-	-
8. Loan Payable								
Mr. Ram Chandra Agarwal	-	-	-	-	38,772,507	44,072,507	-	-
Mrs. Uma Agarwal	-	-	-	-	1,087,576	1,087,576	-	-
Vishal Water World Pvt Ltd.	-	-	100,000,000	100,232,680	-	-	-	-
V2 Conglomerate Ltd. (Loan A/c)	-	-	778,034	19,174,185	-	-	-	-
Ricon Commodities Pvt. Ltd.	-	-	42,663,874	63,874	-	-	-	-
VRL Infrastructure Ltd.	51,835	51,835	-	-	-	-	-	-
VRL Movers Limited	643,882	643,882	-	-	-	-	-	-

34 Expenditure in Foreign Currency (on accrual basis)

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Traveling Expenses	41,517	62,783
Total	41,517	62,783

35. Prior Period Items

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

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
Expenses		
Cost of goods sold	186,460	6,900,000
Electricity charges	-	-
House Keeping charges	-	25,980
Rent	-	-
Marketing	20,000	122,000
Professional charges	745,758	412,381
Salary & bonus	-	-
Property tax	-	-
Finance cost	-	-
Legal charges	75,000	-
Misc. Balances written off	80,564	-
Repair to Genset	-	11,349
Repair to building	99,404	-
Sale tax demand	-	234,621

Transportation charges	181,719	138,050
Video conference sys	-	4,351,167
Travelling expenses	315,922	
Telephone expenses	28,558	
Other expenses	-	-
Total expenses in `	1,733,385	12,195,548
Income		
Bank charges	-	14,332
Misc. Incomes	-	-
Insurance	-	-
Interest on investment	-	162,110
Total incomes	-	176,442
Net Prior Period Expenses / (Incomes)	1,733,385	12,019,106

36. Capital Commitments:

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

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	1,906,417	9,152,053

37. 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, 2011 are as follows:

Particulars	As at 31st-Mar-2014 (Rs.)	As at 31st-Mar-2013 (Rs.)
Balance of Sundry Creditors		
- Principal amount due to Micro, Small and Medium Enterprises	-	-
- Principal amount due to Others	-	-
Total	-	-
Interest accrued and due at the end of the year		
- 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	-	-
Total	-	-
Paid during the year		
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	-	-
Others		
- 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 already initiated the process of identification of Micro, Small & Medium Enterprises suppliers and service providers. In view of large number of suppliers and non receipt of critical inputs, responses from several such potential parties, the liability of interest, if any cannot be reliably estimated. Hence the required disclosure has not been made.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

38. Contingent Liabilities

Particulars	As at 31-Mar-2014 (Rs.)	As at 31-Mar-2013 (Rs.)
a. Outstanding Bank Guarantees	46,52,797	46,52,797
b. Disputed Sales Tax Demands - matter under appeal	29,10,07,117	29,10,07,117
c. Claims against the Company not acknowledged as debts	18,17,71,441	20,15,56,700
d. Claims by Income Tax Department	1,18,80,71,650	-
e. Claims by Provident Fund Department	-	11,39,29,006
f. Claims by Service Tax Department	3,02,08,391	3,02,08,391
Total	1,69,57,11,396	64,13,54,011

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

39. 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 31.03.13	Percentage Interest as at 31.03.12
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%
As at 31.03.2014			As at 31.03.2013	
Name of the Company	Assets (Rs.)	Liability (Rs.)	Assets (Rs.)	Liability (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	-	-	25,027	1124
For the year ended 31.03.2014			For the year ended 31.03.2013	
Name of the Company	Income (Rs.)	Expenditure (Rs.)	Income (Rs.)	Expenditure (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	-	-	-	-

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.

40. The figures of previous year were audited by AKGVG and Associates Previous Year's figures have been regrouped and/or rearranged where necessary to conform to this year's classification.

As per our report of even date,
For AKGVG & Associates
Firm Registration No: 018598N
Chartered Accountants

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

Sd/-
Vimal Kumar Saini
Partner
Membership No: 515915

Sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

Sd/-
Uma Agarwal
Director
DIN 00495945

Place: Delhi
Date: 30th May, 2014

Sd/-
Varun Kumar Singh
Chief Financial Officer

Sd/-
Yatish Bhardwaj
Company Secretary



V2 RETAIL LIMITED

Reg. Office: Plot No.8, Pocket-2, Block-A, Khasra No. 335/336, Rangpuri Extension, NH-8, Delhi-110037

CIN: L74999DL2001PLC147724, Ph: 011-32316262

E-mail: cs@vrl.net.in, website: www.v2retail.com

Folio No./DP ID/Client ID No.	
No. of Shares Held	

ATTENDANCE SLIP

I hereby record my presence at the 13th Annual General Meeting of the Company at the khasra No. 1138, Shani Bazar Chowk, Rajokari, New Delhi 110038 on Monday, September 29, 2014, at 10.00 A.M.

NAME OF THE SHAREHOLDER(S)(in Block Letters)	
SIGNATURE OF THE SHAREHOLDER(S)	
NAME OF THE PROXY(in Block Letters)	
SIGNATURE OF THE PROXY	

NOTE: You are requested to sign and handover this slip at the entrance of the meeting venue.

PROXY FORM Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	L74999DL2001PLC147724
Name of the Company:	V2 RETAIL LIMITED
Registered Office:	Plot No.8, Pocket-2, Block-A, Khasra No. 335/336, Rangpuri Extension, NH-8, Delhi-110037
Name of the member(s):	
Registered address:	
E-mail Id:	
Folio No./Client Id	DP ID

I / We, being the member(s) of _____ shares of the above named Company, hereby appoint:

- Name: _____ E Mail: _____
Address: _____
Signature _____ Or failing him / her
- Name: _____ E Mail: _____
Address: _____
Signature _____ Or failing him / her
- Name: _____ E Mail: _____
Address: _____
Signature _____

as my/ our proxy to attend and vote (on a poll) for me /us and on my /our behalf at the 13th Annual General Meeting of the Company, to be held on Monday, September 29, 2014, 10:00 A.M. at the **khasra No. 1138, Shani Bazar Chowk, Rajokari, new Delhi 110038, and at any adjournment thereof in respect of such resolutions as are indicated below:**

Resolution No.	Description of the Resolutions	For	Against
Ordinary Business			
1	Adoption of financial statements for the financial year ended March 31, 2014 and Reports of Board of Directors' and Auditors' thereon.		
2	Appoint a director in place of Mrs. Uma Agarwal who retires by rotation and being eligible, offers herself for reappointment.		
3	Appointment of M/s AKGVG & Associates, Chartered Accountants, and Delhi based Firm, as statutory Auditors of the Company and to fix their remuneration.		
Special Business			
4	Appointment of Mr. Rohit Singh Rautela as the Independent Director of the Company.		
5	Appointment of Mr. Ravinder Kumar Sharma as the Independent Director of the Company.		
6	Approval and adoption of Articles of Association of the company.		

Signed this..... day of..... 2014

Signature of Shareholder : _____

Signature of Proxy holder(s) : _____

Affix revenue stamp of not less than Rs 0.15

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.

COURIER

If undelivered, please return to:

V2 RETAIL LIMITED

Plot No. 8, Pocket-2, Block-A,
Rangpuri Extensions, NH-8,
New Delhi 110 037
Phone(011)-32316262