



V2 RETAIL LIMITED

(Formerly Vishal Retail Limited)

Annual Report 2010-11

Important Message

MCA's Green Initiative for paperless communication

Dear Shareholder,

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents, including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of V2 Retail Limited to contribute to the Corporate Social Responsibility initiative of the Company.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of Demat holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill in the Registration form given below and register the same with the Registrar and Share Transfer Agent of the Company, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W) Mumbai – 400 018 or V2 Retail Limited, Plot No. 8, Pocket-2, Block-A, Rangpuri Extensions, NH-8, Delhi 110 037.

Let's be part of this 'Green Initiative'!

Please note that as a member of the Company you will also be entitled to receive all such communication in physical form, upon request.

Best Regards,
SAURABH MISRA
Company Secretary



E-COMMUNICATION REGISTRATION FORM

(In terms of circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder :

Name of Joint Holder(s) :

Registered Address :

E-mail ID (to be registered) :

I/we shareholder(s) of V2 Retail Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date: Signature:

(First Holder)

Note: Shareholder(s) are requested to keep the Company's Registrar – Link Intime India Private Limited informed as and when there is any change in the e-mail address.

BOARD OF DIRECTORS

Shri Ram Chandra Agarwal *Chairman & Managing Director*

Smt. Uma Agarwal *Executive Director*

Shri Shunil Tripathi *Additional Director*

Shri Dharmnath Prasad *Independent Director*

Shri Alok Kumar Srivastava *Additional Director*

Shri Rahul Kumar *Independent Director*

COMPANY SECRETARY

Shri Saurabh Misra *Company Secretary*

STATUTORY AUDITORS

M/s. Surana Singh Rathi & Co., Chartered Accountants

15/A, Laxmi Narayan Mukherjee Road

Kolkatta 700 006

REGISTERED & CORPORATE OFFICE

Plot No. 8, Pocket-2, Block-A,

Rangpuri Extensions, NH-8,

Delhi 110 037

Phone(011)-32431314-15

Fax: (011)-26784281

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(W)

Mumbai -400 018

Phone: (022)-25963838

Fax: (022)-25946969

Email: Mumbai@linkintime.co.in

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NOTICE

NOTICE IS HEREBY GIVEN THAT TENTH ANNUAL GENERAL MEETING OF THE V2 RETAIL LIMITED WILL BE HELD ON 30.09.2011 AT LUTHRA FARM HOUSE, GATE NO. 3, NEAR SHANI BAZAR, RAJOKRI, NEW DELHI 110 038 AT 10.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss account for the year ended March 31, 2011 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Ms. Uma Agarwal who retires by rotation and being eligible offers herself for reappointment.
3. To appoint M/s AKGVG & Associates, Chartered Accountants as the Statutory Auditors of the Company in place of M/s. Surana Singh Rath & Co., retiring statutory auditors to hold office until the conclusion of next annual general meeting at a remuneration to be fixed by the Board of Directors of the Company.

“RESOLVED THAT pursuant to the provisions of section 224 of the Companies Act, 1956 and any other law for the time being in force, M/s AKGVG & Associates, Chartered Accountants, be and is hereby appointed as the statutory auditors of the company at a remuneration to be decided by the Board of Directors of the company”

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Shunil Tripathi, appointed as an Additional Director by the Board of Directors on 20th October, 2010 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Shunil Tripathi as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation.”

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

“RESOLVED THAT Mr. Alok Kumar Srivastava, appointed as an Additional Director by the Board of Directors on 12th May, 2011 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Alok Kumar Srivastava as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956 read with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to the approvals, consent, permission, sanctions, etc. as may be necessary, consent of and/or ratification by the members of the Company be and is hereby accorded to the change in some of locations of retail stores to locations other than those stated in the Prospectus dated 18.06.2007 in the commercial interest of company and stakeholders, as per the details provided in the Explanatory statement attached herewith.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution all acts deeds, matters, things and related steps taken by the Board of Directors (hereinafter referred to as 'Board' which term shall deem to include any committee constituted by the Board) be and are hereby approved and rectified and the Board be and is hereby authorized to take further steps as it may deem fit and proper in such manner as may appear to be most beneficial to the Company.”

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

sd/-

**Ram Chandra Agarwal
Chairman & Managing Director**

Date : 04.09.2011
Place : New Delhi

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD**

OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out in the notice is enclosed.
3. All documents referred to in the notice or in the accompanying explanatory statement are open for inspection at the registered office of the Company between 11:00 a.m. to 1:00 p.m. on all working days upto the date of Annual General Meeting.
4. The details pertaining to the appointment / reappointment of Directors are furnished in statement of Corporate Governance in the Directors' Report/ in the Explanatory Statement in the notice.
5. The register of members and the share transfer books of the Company will be closed from 24th September 2011 to 29th September, 2011 both days inclusive.
6. Members/ proxies should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.
7. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The company shall provide additional forms on written request only.
8. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
9. Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request).
10. In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
11. The communication address of our Registrar and Share Transfer Agent (RTA) Link Intime India Private Limited, A-40, 2nd floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028.
13. Details of Ms. Uma Agarwal who is proposed to be reappointed at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement, are as under:-

Name of Director	: Ms. Uma Agarwal
Date of Birth	: 15.11.1975
Date of Appointment	: 23.07.2001
Expertise in specific Functional Area	: She Holds Nine years of experience in retail industry
Qualifications	: Bachelor in Arts
Directorship held in other public Companies	: VRL Fashions Limited VRL Consumer Goods Limited VRL Knowledge Process Limited VRL Retail Ventures Limited VRL Foods Limited VRL Movers Limited VRL Infrastructure Limited

Membership/chairmanship of other public companies	: None
Shareholding in the Company	: 3,44,000/- (Three Lacs Forty Four Thousand) equity shares as on 31st March 2011

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

ITEM NO. 4

Mr. Shunil Tripathi was appointed as an Additional Director of the Company with effect from 20th October 2010 by the Board of Directors of the Company.

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

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

Name of Director : Shunil Tripathi
Date of Birth : 27/12/1980
Date of Appointment : 20.10.2010
Expertise in specific Functional Area : Finance
Qualifications : M.COM, MBA (FINANCE)
Directorship held in other public Companies : NIL
Membership/chairmanship of other public companies : NIL
Shareholding in the Company : NIL equity shares as on 31st March 2011

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

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

ITEM NO. 5

Mr. Alok Kumar Srivastava was appointed as an Additional Director of the Company with effect from 12th May 2011 by the Board of Directors of the Company.

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

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

Name of Director : Alok Kumar Srivastava
Date of Birth : 10/05/1983
Date of Appointment : 12.05.2011
Expertise in specific Functional Area : Finance & Corporate Law
Qualifications : LL.B, C.S
Directorship held in other public Companies : NIL
Membership/chairmanship of other public companies : NIL
Shareholding in the Company : NIL equity shares as on 31st March 2011

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

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

ITEM NO. 6

The object of the IPO as mentioned in the Prospectus dated 18.06.2007 was primarily to open new retail stores across India. 22 locations identified for the purpose were also indicated in the Prospectus. While it projected to open 22 stores out of the issue proceeds, towards its expansion and growth drive the company managed to open 24 stores out of the fund proceeds for the overall benefit of the company and its stakeholders. However some such stores were opened in locations other than those specified in the Prospectus, out of business acumen and in best interest of the company, due to various inadvertent causes as stated below.

The Company was continuously endeavoring for opening of the proposed stores and alongwith the said stores, additional location were identified and, subject to suitability of applicable factors, additional retail stores were opened in pursuance our aim to reach out and serve the target customer base which directly leads to increased profitability and increase in shareholders' wealth. The company has made its utmost efforts to open stores in the locations wherein they were proposed in the prospectus however, being business decisions, it was best suited that the strategy which is best suited towards the growth and expansion of business was to be adopted. Keeping in view the above said there could not be located any such location in such areas wherein the project stores could be opened. With respect to certain locations the company had even entered into agreements with the landlords, the agreements with whom were terminated for some disagreements with such property owners. Hence, the basic reasons as to why despite of genuine efforts on the part of the company to open stores in projected locations, such stores could not be established, were:-

- i. Non availability of desirable locations to suit the interest of the company
- ii. Certain disagreements with the Property owners due to which the proposed contracts were terminated

The Company made its best possible efforts towards utilization of issue proceeds in the manner it was proposed to be made and are prudently utilized by the Company to meet its commercial decisions in the best interest of the stakeholders as a whole. Further, the interim use of issue proceeds was made towards high quality interest bearing liquid instruments including money market mutual funds, deposits with banks as was stated in the Prospectus and was also intimated to the stock exchanges in due course along with unaudited results of the company as submitted on quarterly basis.

In view of the above and as per professional advice received by company, company is required to take approval of shareholders for change in locations of such retail stores as mentioned in Prospectus, so Members' approval is sought for approval and ratification of the Company's actions of opening of retail stores, as below mentioned, other than those indicated in the prospectus.

Details of Locations, wherein retail stores were opened by the Company out of Issue Proceeds -

S. No.	Location	S. No.	Location
1.	Karnal	2.	Rudrapur
3.	Bhatinda	4.	Agra II
5.	Allahabad	6.	Shimla
7.	Beawar	8.	Khanna
9.	Bikaner	10.	Agra II
11.	Silchar	12.	Batala
13.	Dhanbad II	14.	Mulund
15.	Kangra	16.	Phagwara

Other than aforesaid, the company initiated to open 8 stores in locations which were well stated in its Prospectus as well.

The Board recommends the resolution set out at item no. 6 of the notice for your approval.

None of the directors is interested in the above resolution except to the extent of their shareholding in the Company.

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

Date : 04.09.2011
Place : New Delhi

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

DIRECTOR'S REPORT

Your Directors have great pleasure in presenting the Tenth Directors' Report of the company with the audited statements of accounts for the year ended March 31, 2011.

Financial Highlights (Rs. in million)

PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
Income from Operations	10646.46	11054.59
Other Income	104.05	130.28
Total Income	10750.51	11184.87
Total Expenditure except interest cost	11543.41	16136.16
Interest	1070.63	897.58
Profit(+) & Loss(-) before tax (3)-(4+5)	(1863.53)	(5848.87)
Provision for Taxation	Nil	Nil
Tax Adjustments	219.30	2238.96
Net Profit (+) & Loss (-) after tax(6-(7+8))	(1644.23)	(3609.99)
Brought forward from Previous year	(4269.00)	(121.83)
Extra Ordinary Item & Prior Period Adjustment	(992.51)	(537.18)
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	(4920.72)	(4269.00)
EPS(In Rs for Equity Shares of par value of Rs.10/- each)		
Basic (before extraordinary items)	(72.37)	(162.47)
Basic (after extraordinary items)	(29.10)	(185.15)
Diluted (before extraordinary items)	(72.37)	(162.47)
Diluted (after extraordinary items)	(29.10)	(185.15)

CHANGE OF NAME OF THE COMPANY

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

PERFORMANCE REVIEW

Retailers in India experienced high growth during the period 2004-07. However, as the slowdown hit the Indian economy in 2008, modern retail in India too felt its impact to a large extent. While it is true that the Company has sold off its wholesale business, franchise business and retail undertaking to TPG Wholesale Pvt. Ltd and Airplaza Retail Holdings Pvt. Ltd as per Wholesale Slump Sale Agreement dated January 06, 2011, we feel that the market is still open and a significant business opportunity lies ahead for the retailers. The overall market continues to grow at 5+% and consumer aspiration for a better service environment still remains intact and hence your company continues to endeavor to establish and make a come back in the retail space with a chain of stores under the 'V2' brand in the Retail Industry under the style:

OPERATIONS REVIEW

- During the year, the Company was in the process of finalization and execution of the terms of sale of its wholesale, franchise, institutional sales and retail undertakings to TPG Wholesale Pvt. Ltd and Airplaza Retail Holdings Pvt. Ltd.
- Company opened in its new stores under the brand "V2" at:

S.No	Location	Area (sq. ft.)
1	Sanjauli	15,500
2	Solan	25,683
3	Jamshedpur	10,292

- The Company also opened a new warehouse at Rangpuri, Delhi with 9,276 sq. ft. area on 31.12.2010.
- Post 31.03.2011, the Company opened new stores at:

S.No	Location	Area (sq. ft.)	Date
1	Faridabad	6,400	29.04.2011
2	Karol Bagh	12,600	18.04.2011
3	Krishna Nagar	15,052	25.05.2011
4	Mahipalpur	9,300	14.04.2011
5	Rajouri Garden	4,455	13.05.2011

- The Company also opened a new warehouse at Kapashera, Delhi admeasuring 22,850 sq. ft. on 25.04.2011
- Factors like negotiating rentals, store opening and rationalization, working capital management, regionalization, cost optimization and manpower planning are some of the key issues for the Company in the current context of re establishment.

CORPORATE DEBT RESTRUCTURING

The Company had approached the Corporate Debt Restructuring (CDR) Cell through SBI in September 2009 for restructuring the debts of the Company through CDR mechanism. The final restructuring package was approved by CDR Empowered Group in its meeting held on March 12, 2010. The detailed information on Corporate Debt Restructuring is provided in Management Discussion and Analysis Report.

SALE OF UNDERTAKINGS OF THE COMPANY

In pursuance to the CDR and the authority obtained from the shareholders u/s 293(1)(a) vide postal ballot, the Company sold and transferred on a slump sale basis, on 14.03.2011:

- Retail Trading Undertaking of the Company to a company owned by Shriram Group, a diversified industrial group headquartered in Chennai,
- The Wholesale Trading, Institutional Sales and Franchise Operations undertaking to a 100% Indian subsidiary of TPG VV Limited.

which inter alia were conducted by the company under the name and style of "Vishal", "Vishal Retail", "Vishal Megamart" and "Vishal Fashion Mart".

INDUSTRIAL RELATIONS

Pursuant to sale of its wholesale, franchise, institutional sales and retail undertakings, barring a few employees, most of the staff at its retail and wholesale businesses has been retained by the new owners.

The Company has developed a climate of cooperation, & confidence to make the process of change easy in the present context.

The Company is making appointments for the suitable positions aiming to create a talented personnel pool of the Company and shall further aim to establish good industrial relations that would imply existence of an atmosphere

of mutual cooperation, confidence & respect within enterprise. In such an atmosphere, there are common goals, which motivate all members of organisation to contribute their best.

MATERIAL CHANGES AFTER BALANCE SHEET DATE

- Change of name of the Company to V2 Retail Limited.
- Alteration in other objects clause of the company by adding the authority of the Company to enter into real estate activities besides the main business of retail.
- Appoint of M/s Surana Singh Rathi & Co., Chartered Accountants as Statutory Auditors of the company for the Financial year 2010-11
- Appointment of Mr. Dharam Nath Prasad and Mr. Rahul as an Independent director
- Appointment of Mr. Alok Kumar Srivastava as the additional director.
- Pursuant to approval from NSE and BSE, 3,910,000 (3,910,000) Convertible Share Warrants of Rs. 10/- each (against which Rs.2.5 per warrant has been received) issued on 30th October, 2009 to Mr. Ram Chandra Agarwal, were to be converted on or before 18 Months from date of issue i.e. April 2011. However due to nonpayment of the installment money, the warrants lapsed.
- Post 31.03.2011, the Company opened new stores at

S.No	Location	Area (sq. ft.)	Date
1	Faridabad	6,400	29.04.2011
2	Karol Bagh	12,600	18.04.2011
3	Krishna Nagar	15,052	25.05.2011
4	Mahipalpur	9,300	14.04.2011
5	Rajouri Garden	4,455	13.05.2011

- The Company also opened a new warehouse at Kapashera, Delhi admeasuring 22,850 sq. ft. on 25.04.2011.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIVIDEND

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

PUBLIC DEPOSIT

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

DIRECTORS

The board of Directors appointed Mr. Dharamnath Prasad and Mr. Rahul Kumar as Independent Directors at its board meeting held on 25th June, 2011. They hold office until the ensuing Annual General Meeting. Notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing their names for appointment as directors of the Company liable to retire by rotation.

Ms. Uma Agarwal, Director of the company liable to retire by rotation, whose term as additional director lapse at the ensuing Annual General Meeting, is proposed to be reappointed in the ensuing Annual General Meeting, pursuant to the receipt of Notice u/s 257 in her favor.

Mr. Jay Prakash Shukla, Executive Director, resigned from the Board of the company w.e.f. 13.03.2011

Ms. Seema Kukreja, Independent Director, resigned from the Board of the company w.e.f. 15.03.2011

APPOINTMENT OF COMPANY SECRETARY

During the year under review, Mr. Arun Gupta resigned as Company Secretary on March 13, 2011.

As required under section 383A of the Companies Act, 1956 read with the provisions of the listing agreement with stock exchanges, Mr. Saurabh Misra, an associate member of the Institute of Company Secretaries of India, New Delhi, has been appointed as the Company Secretary on March 17, 2011.

SUBSIDIARY COMPANIES

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

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

AUDITORS

The Statutory auditors M/s Haribhakti & Co., Chartered Accountants, placed their resignation w.e.f. 31.03.2011.

To fill up the casual vacancy, M/s. Surana Singh Rathi & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company w.e.f. 25.06.2011 by Postal Ballot resolution passed on 25.06.2011.

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) The accumulated losses of Rs. 4,920,718,732 (Rupees four hundred ninety two crores seven lacs eighteen thousand seven hundred thirty two only) as at 31st March, 2011 exceed the net worth of the Company;

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.

- b) The company has disposed off substantial part of its fixed assets under the Slump Sale agreement entered into as a part of Corporate Debt Restructuring Scheme. However the accompanying Financial Statements have been prepared assuming going concern. The company has disposed off substantial portion of its fixed assets under the Slump Sale agreement that raises substantial doubt about the Company's ability to continue as a Going Concern. Management Plans in regard to these matters are also described in Note B-6A to Schedule - 20 to the financial statements. The Financial statements do not include any adjustment that might result from the outcome of this uncertainty.

The Company has already started its new retail venture under the brand & style "V2". The Company has entered into MOU for eight new stores, out of the same, four stores has already operational with a total area of 60,775 sq. ft during the current period.

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.

- c) Basis of accounting for Capital Reserve amounting to Rs. 6,052,324,263 (Rupees Six hundred five Crores twenty three lacs twenty four thousand two hundred and sixty three) on account of restructuring of business of the company during the year. The Company has trifurcated its Assets and Liabilities as on appointed date between the Acquiring Companies as per the agreement entered into between them and the difference between Assets and Liabilities transferred has been shown as Capital Reserve.

The company has restructured its business during the year by way of sale of its Wholesale and Retail Businesses 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 by the Company with the Acquiring Companies and its Lenders to effect the said restructuring and CDR proposal of the Company.

- d) Basis of write off of Sundry balances amounting to Rs.22,470,875 (Rupees Two crores twenty four lacs seventy thousand eight hundred and seventy five only) included in Other Expenses in Schedule 16.

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

- e) Adequate documentary evidence for Miscellaneous Income of Rs.91,048,666 (Rupees nine crores ten lacs forty eight thousand six hundred sixty six only) which has been recognised as Other Income in the Profit & Loss Account in Schedule 14.

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

though company obtains/ keeps contracts in cases where each arrangement is regular and material in nature.

- f) The company has during the period under review discontinued its operation of Wholesale and Retail Division by way of Slump Sale Refer Note B-6 to Schedule - 20. However no disclosure for the same has been provided in Financial Statements as required by Accounting Standard 24 "Discontinuing Operations".

The nature of the business of the Company is retailing only. Since, the Company has substantially disposed off through slump one of its retail ventures running under the brand & style "Vishal Megamart", it has not disposed in its entirety the retailing business of the Company. The Company has already started its new retail venture under the brand & style "V2 - Value & Variety".

- g) Deferred Taxes Assets amounting to Rs. 2,845,904,015 (Rupees two hundred eighty four crore fifty nine lacs four hundred fifteen only) has been recognised in the Balance Sheet though the company has incurred operating losses in the current year and previous years and there exists no convincing evidence as to virtual certainty of future income to recover the deferred tax asset as required by Accounting Standard 22 "Accounting for Taxes on Income".

The Company has already started its new retail venture under the brand & style "V2". The Company has entered into MOU for eight new stores, out of the same, four stores has already operational with a total area of 60,775 sq. ft during the current period.

The Company has also repaid most of their debts outstanding and is in the process of releasing its securities mortgaged with the Secured Lenders. Thus, the Company is in the process of becoming debt free. Thus, reduction in the Interest cost together with the contribution in the profits from the new stores, we found that there is virtual certainty that company will be able to make sufficient profits and accordingly Deferred Tax Asset has been recognized..

AUDIT COMMITTEE

The Constitution of the Audit Committee as on 31st March 2011 was as follows:

Name of the Director	Designation	Chairman / Member
Mr. Shunil Tripathi@	NEID ^	Chairman

@Appointed w.e.f. 20.10.2010

^ NEID - Non Executive Independent Director

Due to resignation of Independent Directors, Ms. Seema Kukreja and Mr. Jay Prakash Shukla, during the year on 15.03.2011 & 13.03.2011 respectively, the Audit Committee was reconstituted as follows, upon appointment of Mr. Alok Kumar Srivastava on 12.05.2011

Name of the Director	Designation	Chairman / Member
Mr. Shunil Tripathi	NEID	Chairman
Mr. Ram Chandra Agarwal	Promoter Director	Member
Mr. Alok Kumar Srivastava	NEID	Member

DIRECTORS' RESPONSIBILITY STATEMENT

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

Subject to and except to the extent of the Auditor's qualification in the Auditor's Report which have been adequately responded to above, in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; That the Directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period under review;

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

That the Directors had prepared the annual accounts for the year ended 31st March 2011 on a 'going concern' basis.

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

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

REPORT ON CORPORATE GOVERNANCE

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

OTHER INFORMATION

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

IMPORTANT INTIMATION TO THE MEMBERS

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors
sd/-

Ram Chandra Agarwal
Chairman
Din:-00491885

Date : 04.09.11
Place : New Delhi

Annexure – I

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

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

The retail industry in India has gone through several orientations and readjustments since the advent of modernization few years ago. After the initial years of reckless expansion and hard lessons, it's time now to train industry sights on building retail businesses that are relevant, successful and enduring.

The Indian retail sector is highly fragmented with more than 90 per cent of its business being carried out by traditional family run small stores. This provides immense opportunity for large scale retailers to set-up their operations – a slew of organized retail formats like departmental stores, hypermarkets, supermarkets and specialty stores are swiftly replacing the traditional formats dramatically altering the retailing landscape in India.

In July of last year, the Department of Industrial Policy and Promotion (DIPP) released a detailed discussion paper mentioning the feasibility of introducing a Shopping Mall Regulation Act in order to protect the interests of the small-scale domestic retailers while simultaneously exploring the plausibility of permitting FDI in multi-brand retail.

The total retail sales in India will grow from US\$ 395.96 billion in 2011 to US\$ 785.12 billion by 2015, according to the BMI India Retail report for the third quarter of 2011. Robust economic growth, high disposable income with the end-consumer and the rapid construction of organized retail infrastructure are key factors behind the forecast growth. The greater availability of personal credit and a growing vehicle population providing improved mobility also contribute to a trend towards annual retail sales growth.

KEY GROWTH DRIVERS OF RETAIL INDUSTRY

The growth factors of the retail sector of Indian economy:

- Increase in per capita income which in turn increases the household consumption
- Demographical changes and improvements in the standard of living
- Change in patterns of consumption and availability of low-cost consumer credit
- Improvements in infrastructure and enhanced availability of retail space
- credit friendliness, drop in interest rates and easy availability of finance
- Regulatory enablers aiding growth

OPPORTUNITIES

It has been estimated that the Indian retail sector is around Rs. 9,00,000 crores. Organized sector accounts for a mere about 4 per cent of total retail business in India indicating a huge potential and market opportunity for

organized retailer. There is a need for organized retail to adapt itself to the Indian retail scenario to fully encash on this opportunity.

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

STRENGTHS

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

- Placing right people at the right job being talented professionals, especially at the middle-management level.
- Developing and setting up an agile and adaptive supply chain.
- 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.
- Improvement in infrastructure and logistics to reach out to untapped market.

Future Outlook and Strategies

- Effective utilization of IT system
- Productively employing staff at all location
- Branding
- Right Positioning of the Company
- Effective Visual Communication
- Strong Supply Chain
- Expansion of the business of the Company through Franchisee and Revenue Sharing Model.
- Increased focus on Shop in Shop Format i.e. excess space renting Arrangements.
- Focus on Core competencies of the Company i.e. retailing.
- Diversify business

Risks and Concerns

Execution

We believe the key risk to our growth is execution risk. The process of reestablishment is expected to happen over the next months and the timely execution of which will be critical.

Increase in Competition to Impact Margins

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

Higher rentals

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

Internal Control Systems and Their Adequacy

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

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

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

Corporate Debt Restructuring (CDR)

- During the previous year, Empowered Group (EG) of CDR approved the proposal of the Company for restructuring its secured as well as unsecured debts. SBI, HDFC, HSBC, ING Vyasa, UCO bank and BOI are the participating banks under the CDR mechanism.
- About CDR

The CDR mechanism, launched in February, 2002 under the aegis of RBI, is a voluntary and non-statutory arrangement to ensure timely and transparent mechanism for restructuring the corporate debts of potentially viable entities, outside the preview of legal proceedings.

Banks and FIs participating in CDR System became member and formed a self-empowered body, which lay down policies and guidelines, and monitors the

process of the CDR. At present there are 56 members such as State Bank of India, Life Insurance Corporation of India, Bank of Baroda, Bank of India, ICICI Bank etc.

CDR system is based on Debtors Creditor Agreement and Inter Creditor Agreement and this provide the legal basis to the CDR mechanism.

Further, if 75 per cent of creditors by value and 60 per cent creditors by number agree to a restructuring package of an existing debt, the same would be binding on the remaining creditors.

CDR considers all the preliminary reports for restructuring. However, the detailed package will be worked out with the help of Lead institution for the potentially viable companies.

The Company filed its preliminary report for restructuring through SBI and the case was admitted.

CDR Empowered Group in its meeting held on March 12, 2010 approved the restructuring package of the company and the same was conveyed to the Company on March 31, 2010.

Present Status on Implementation of CDR Package:

- Pursuant to the approved CDR package of the Company and the receipt of all requisite approvals including the approval of the Board of Directors of the Company, approval of its shareholders by way of postal ballot and the modification of the stay orders issued by the Hon'ble High Court of Delhi, the Company has successfully completed the sale and transfer of slump sale of the above mentioned undertakings.
- The retail trading undertaking has been transferred and sold to Airplaza Retail Holdings Pvt. Ltd. (a Company owned by Sriram Group) together with all rights, assets and interests pertaining to the retail undertaking and certain identified liabilities pertaining to the retail undertaking.
- The Wholesale trading, institutional sales and franchise operations undertaking of the Company to TPG Wholesale Pvt. Ltd. (Indian Subsidiary of TPG VW, Limited) together with all rights, assets and interests pertaining to the Wholesale Undertaking and with certain identified liabilities pertaining to Wholesale Undertaking.

HUMAN RESOURCE MANAGEMENT

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

COMPANY PERFORMANCE REVIEW

Your Company has reported a loss of Rs. 651 Millions during the financial year ended March 31, 2011.

The Company had sold off its wholesale business, franchise business and retail undertaking to TPG Wholesale Pvt. Ltd and Airplaza Retail Holdings Pvt. Ltd this year.

The turnover from operations of the company during the financial year ended March 31, 2011 was Rs. 10646 Mn as compared to Rs. 11055 Mn during the previous year ended March 31, 2010. The turnover of the company decreased by 3.70 % from the previous year.

After the completion of sale, as mentioned above, on 14.03.2011, the company opened 3 stores till 31.03.2011. The Company is now also planning to establish manufacturing set-ups.

Cost of Goods sold

Cost of goods sold decreased by more than 33% to Rs. 8331 Mn. by FY'11 from Rs 12585.19 Mn in FY'10.

The decrease can be attributed to the closing down of unviable stores and concentration of the company to sell off its undertakings to TPG Wholesale Pvt. Ltd and Airplaza Retail Holdings Pvt. Ltd, this year.

Administrative & Other Expenses

Administrative & Other Expenses declined by Rs. 102.28 Mn i.e 5.9% in FY'11. The decline in the cost is mainly on account of closing down of stores and aggressively pursuing policy of cost reduction.

Personnel Expenses

The personnel expenses decreased by 10.25% to Rs. 794 mn in FY'11 from 885 Mn in FY'10. The decrease in personnel expenses is mainly on account of closing down of stores which led to decrease in number of personnel employed there and aggressively pursuing policy of cost reduction.

Depreciation

The Company provided for depreciation of Rs. 343 Mn during FY' 11 compared to Rs 465 Mn in FY'10. For the year under consideration, cumulative depreciation was 12.14% of gross block, from 39.09% in the previous year. Your Company uses the Written down Value (WDV) method to compute depreciation charges.

Finance Charges

Interest expense reduced by 88.71% to Rs 101 Mn during FY' 11 compared to 898 Mn during FY'10. Such a substantial reduction can be attributed to the Debt restructuring undertaken by the company and pursuant sale of undertakings.

Provision for Taxation

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

EPS

The year recorded a negative EPS of Rs. (72.37) compared to previous year EPS of Rs. (162.47). The Diluted Earnings per Share (DPS) was Rs (29.10) in FY'11 compared to Rs (185.15) in FY'10.

Balance Sheet Position

Share Capital

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

Reserves & Surpluses

The reserves and surplus as on March 31, 2011 is Rs. 7765 Mn as compared to Rs. 1713 Mn as on March 31, 2010.

The company has restructured its business during the year by way of sale of its Wholesale and Retail Businesses 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 was entered into by the Company with the Acquiring Companies and its Lenders to effect the said restructuring and CDR proposal of the Company. As a result of the said agreement the liabilities to the extent of Rs. 823.20 Crores and assets of Rs. 393.63 crores were taken over by the acquiring companies against a consideration of Rs. 70 crores. The Slump Sale transaction resulted in a Capital Reserve of Rs. 499.57 Crores.

As a part of the said restructuring 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.

The company got waiver of Rs. 96.93 crores as reversal of interest under the CDR scheme which has been disclosed as extra ordinary item in the Profit & Loss Account.

Profit and Loss Account

Your Company incurred a loss of Rs. 651.77 Mn during the financial year ended March 31, 2011. Resultantly the balance in P&L as on March 31, 2011 was Rs. (4920) Mn compared to Rs (4269) mn as on March 31, 2010.

Debt

The total amount of the debt has been considerably reduced to Rs. 643 mn from the previous year Rs. 7662 mn.

The company has restructured its business during the year by way of sale of its Wholesale and Retail Businesses 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 was entered into by the Company with the Acquiring Companies and its Lenders to effect the said restructuring and CDR proposal of the Company. As a result of the said agreement the liabilities to the extent of Rs. 823.20 Crores and assets of Rs. 393.63 crores were taken over by the acquiring companies. 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.

The company got waiver of Rs. 96.93 crores as reversal of interest under the CDR scheme which has been disclosed as extra ordinary item in the Profit & Loss Account

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. 651 Mn. The deferred tax asset as on March 31, 2011 was Rs. 2845 Mn.

Investments

Your Company has made no additions to gross investment during the year which stands at Rs. 3.8 Mn.

Cash & Bank Balances

As on March 31, 2011, your Company is having a cash balance of Rs. 438 Mn compared to Rs 110 Mn as on March 31, 2010.

Inventories

Owing to sale of undertaking including the operational stores of the Company, the Company has NIL inventory, as on 31.03.2011.

Loans and Advances

Loans and Advances as on March 31, 2011 was Rs. 50 Mn compared to Rs. 597 Mn compared as on March 31, 2010. The change is on account of reduction in security deposits for the stores closed by the company during the year.

Current Liabilities & Provisions

Current liabilities decreased to Rs 14.46 Mn compared to Rs. 2398.73 Mn during FY'10. Accordingly provisions reduced to Rs. 6.66 Mn. During FY'11 as compared to Rs. 41.55 Mn during FY'10.

On behalf of the Board of Directors

Date : 04.09.11
Place : New Delhi

sd/-
Ram Chandra Agarwal
Chairman

ANNEXURE II

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

Power and fuel Consumption	2010-11	2009-10
Electricity		
Purchased Unit *		*
Total Amount	346961495	381656157
Rate/Unit	*	*
Furnace Oil		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL
HSD		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL

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

Foreign Exchange Earnings and outgo

Particulars	2010-11	2009-10
Foreign Exchange Outgo		
Traveling	21, 20,688	13,26,450
Consultancy		Nil
Others		Nil
Imports		
Raw Materials	Nil	Nil
Finished Goods	Nil	Nil
Capital Goods	Nil	Nil
Others	Nil	Nil
Foreign Exchange Earnings		
Earnings in foreign exchange	Nil	Nil

On behalf of the Board of Directors

Date: 04.09.2011
Place : New Delhi

sd/-
Ram Chandra Agarwal
Chairman

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

We are revamping our set up in the Retail Industry. After shutting manufacturing operations in the previous year and sale of undertakings to third parties, we have 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 2010-11.

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 :	Nil
Technology imported	Nil
Year of import	Nil
Has technology been fully absorbed?	Nil

On behalf of the Board of Directors

Date : 04.09.2011
Place : New Delhi

sd/-
Ram Chandra Agarwal
Chairman

Annexure III

CORPORATE GOVERNANCE REPORT

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

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

As on March 31, 2011, the Board comprised of [03] directors, 2 of them being Executive Non-Independent Directors and 1 being an Independent Director. The Composition of Board of Directors on 31.03.2011 is as follows:

Category	DIN	Name of the Director
Executive Promoter	00491885	Mr. Ram Chandra Agarwal
Director	00495945	Mrs. Uma Agarwal
Independent Director	03287154	Mr. Shunil Tripathi
Nominee Director		NIL

Mr. Jay Prakash Shukla and Ms. Seema Kukreja, who were the members of the Board during the year, resigned on 13.03.2011 & 15.03.2011 respectively. Also Mr. Sandeep Kumar and Mr. Bharat Jain, Independent Directors, resigned on 01.09.2010 and 02.08.2010, respectively.

However the Board was reconstituted with appointment of following directors on the Board:

Category	Date of appointment	DIN	Name of the Director
Independent Director	12.05.2011	03524682	Mr. Alok Kumar Srivastava
Independent Director	25.06.2011	03501724	Mr. Dharmnath Prasad
Independent Director	25.06.2011	03566046	Mr. Rahul Kumar

INFORMATION SUPPLIED TO THE BOARD

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

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

development in Human Resources/ Industrial Relations front like signing of wage agreement, Implementation of Voluntary Retirement Scheme etc.,

- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

ATTENDANCE AT BOARD MEETINGS

During the Financial Year 2010-11, 16 Board Meetings were held till 31st March 2011, as per following details:-

Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1.	April 19, 2010	2.	April 27, 2010
3.	May 04, 2010	4.	May 22, 2010
5.	May 31, 2010	6.	June 23, 2010
7.	August 02, 2010	8.	August 14, 2010
9.	September 01, 2010	10.	September 10, 2010
11.	September 30, 2010	12.	October 20, 2010
13.	October 22, 2010	14.	November 13, 2010
15.	February 11, 2011	16.	March 17, 2011

Composition of Board of Directors and their Attendance in the Board Meetings as on 31st March 2011;

Name of Director	Designation of Director	Board Meeting	Last AGM
Ram Chandra Agarwal	Managing Director & Executive Promoter	16	Yes
Uma Agarwal	Whole Time Director & Executive Promoter	16	Yes
Bharat Jain	Independent Non-Executive	10	No
Shunil Tripathi	Additional Director	04	Yes

In addition to the above listed directors, 4 directors resigned from the Board during the year. The relevant details of such directors are as follows:

Name of Director	Designation of Director	Board Meeting	Last AGM	Date of resignation
Jay Prakash Shukla	Whole Time Director	15	Yes	13.03.11
Seema Kukreja	Additional Director -Independent	15	Yes	15.03.11
Sandeep Kumar	Additional Director -Independent	08	No	01.09.10
Bharat Jain	Independent - Non Executive	NIL	No	02.08.10

The committee membership of the Directors as on 31.03.2011 is as follows:

Name of Director	No of other Directorships	Committee Membership	Committee Chairmanship
Ram Chandra Agarwal	10	NIL	NIL
Uma Agarwal	10	NIL	NIL
Shunil Tripathi	NIL	NIL	NIL

BOARD LEVEL COMMITTEES

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

Due to the resignation of Mr. J.P Shukla and Ms. Seema Kukreja as Independent Directors and appointment of 2 new Non-Executive and Independent Directors, Mr. Dharmath Prasad and Mr. Rahul Kumar, w.e.f 25 th June 2011, all the four Standing Committees, namely Audit Committee, Remuneration Committee, Shareholder/ Investor Grievance Committee, and Share Transfer Committee have been reconstituted at the Board meeting. Audit Committee was reconstituted on 12.05.2011 and other committees were reconstituted on held on 25.07.2011.

The details of the members of the committees as on March 31, 2011 are as under;

Name of the Director	Audit	Remuneration	Investors Grievances	Share Transfer
Ram Chandra Agarwal	NA	NA	NA	NA
Uma Agarwal	NA	NA	NA	NA
Shunil Tripathi	Chairperson	Chairperson	Chairperson	Chairperson

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:

AUDIT COMMITTEE

The Constitution of the Audit Committee as on 31st March 2011 was as follows:

Name of the Director	Designation	Chairman/ Member
Mr. Shunil Tripathi@	NEID ^	Chairman

@Appointed w.e.f. 20.10.2010

^ NEID – Non Executive Independent Director

Due to resignation of Independent Directors, Ms. Seema Kukreja and Mr. Jay Prakash Shukla, during the year on 15.03.2011 & 13.03.2011 respectively, the Audit Committee was reconstituted as follows, upon appointment of Mr. Alok Kumar Srivastava on 12.05.2011

Audit Committee meetings & presence

The details of Audit Committee meetings & presence of Members till 31st March 2011 are as follows:-

Date of Audit Committee Meetings	Name of the Audit Committee Member			
	Shunil Tripathi	Jay Prakash Shukla	Seema Kukreja	Sandeep Kumar
31st May, 2010	NA	NA	Present	Present
14th August, 2011	NA	NA	Present	Present
13th November, 2011	Present	Present	Present	NA
11th February, 2011	Present	Present	Present	NA

! Resigned on 22.10.2010

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

Remuneration Committee

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

Composition

The details of Members of the Remuneration Committee as on 31st March 2011 are as follows:-

Name	Designation	Chairman/ Member
Shunil Tripathi@	NEID ^	Chairperson

^ NEID – Non Executive Independent Director

@Appointed w.e.f. 20.10.2010

Due to resignation of Independent Directors during the year, the Committee was reconstituted, as follows, upon appointment of Mr. Alok Kumar Srivastava and Mr. Dharm Nath Prasad, on 25.06.2011

Name	Designation	Chairman/ Member
Shunil Tripathi	NEID	Chairperson
Mr. Dharm Nath Prasad	NEID	Member
Mr. Alok Kumar Srivastava	NEID	Member

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

Remuneration Committee Attendance

During the year no meeting for the remuneration committee was held.

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

Terms of Reference

The Committee inter alia looks into redressal of shareholders'/investors' complaints related to, non-receipt of Balance sheet, non-receipt of declared

dividends, non receipt of refund order, etc. The Company oversees the performance of the Registrar and Share Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

Composition

Due to resignation of Independent Directors during the year, the Committee was reconstituted, as follows, upon appointment of new Independent Directors, on 25.06.2011.

Name	Designation	Member
Mr. Shunil Tripathi	NEID	Chairperson
Mr. Alok Kumar Srivastava	NEID	Member
Mr. Dharm Nath Prasad	NEID	Member

The committee meets regularly to conduct such businesses.

During the year no meeting of the Shareholders'/Investors' Grievance Committee was held.

Compliance Officer

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

Investor Grievance Redressal

During the year the company has not received any complaints from investors/shareholders as per the information provided by the Registrar and Share Transfer Agent of the company. There was no investor/shareholder grievance pending as at 31st March 2011.

SHARE TRANSFER COMMITTEE

Due to resignation of Independent Directors during the year, the Committee was reconstituted, as follows, upon appointment of new Independent Directors, w.e.f. 25.06.2011.

Name	Designation	Member
Mr. Shunil Tripathi	NEID	Chairperson
Mr. Alok Kumar Srivastava	NEID	Member
Mr. Dharm Nath Prasad	NEID	Member

^ NEID – Non Executive Independent Director

The responsibilities of the Shareholders' Transfer Committee is to approve transfer/transmission of shares/debentures/ bonds of the Company; to issue certificates of shares/debentures/ bonds on allotment thereof and on split/consolidation/ renewal thereof; and to issue duplicate certificates under the seal of the Company

The details of Audit Committee meetings & presence of Members till 31st March 2011 are as follows:-

Date of Meetings	Name of the Audit Committee Member				
	Shunil Tripathi	Jay Prakash Shukla	Seema Kukreja	Sandeep Kumar	Bharat Jain
27th April, 2010	NA	Present	Present	Present	Absent
17th June, 2010	NA	Present	Present	Present	Absent
17th July, 2010	NA	Present	Present	Present	Absent

GENERAL BODY MEETINGS

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

Annual General Meeting

Financial Year	Venue	Date	Time
2009-10	NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi - 110017	29.10.10	10:30AM
2008-09	NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi - 110017	26.09.09	10:00 AM
2007-08	NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi - 110017	09.08.08	10:00 AM

Special Resolutions

Annual General Meeting (AGM) (29.10.2010)

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

Annual General Meeting (AGM) (26.09.2009)

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

Annual General Meeting (AGM) (08.09.2008)

- Increase in Authorised Share Capital of the Company
- Further Issue of Share Capital
- Authorisation to Board of Directors under Section 293(1)(d)

Postal Ballot

During the last financial year ended 31st March 2011 the Company passed the following resolutions through postal ballot:

- Sale of two Undertakings under Section 293(1)(a)

After 31.03.2011, the Company passed the following resolutions through postal ballot on 25.06.2011:

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

DISCLOSURES

Disclosure of Related Party transactions

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

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

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

Date : 04.09.11
Place : New Delhi

Sd/
Ram Chandra Agarwal
Chairman & Managing Director

Compliances by the Company

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

CEO / CFO Certification

A certificate from the Whole Time Director on the financial statements of the Company was placed before the Board.

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

- We have reviewed financial statements and the cash flow statement for the year ended 31st March 2011 and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- 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
- Significant changes in internal control over financial reporting, if any, during the year;
 - 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
 - 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 : 04.09.11
Place : New Delhi

Sd/
Uma Agarwal
Whole Time Director

Risk Management

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

Compliance to Non-Mandatory Requirement

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

Means of Communication

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

Website: The Company's new website is under construction. It will contain a separate dedicated section 'Investor Relations' where shareholders information will be available. The Shareholding Pattern, Quarterly results as well as the Annual Report of the company will also be available on the website in a user friendly and downloadable form. Further, shareholders will be able to 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 10TH ANNUAL GENERAL MEETING

The Tenth Annual General Meeting of the Company will be held on 30.09.2011 at Luthra Farm House, gate No. 3, Near Shani Bazar, Rajokri, New Delhi 110 038 at 10.30 AM.

Financial Year:

The Financial year of the Company shall commence from April 1, 2011 and ends on March 31, 2012.

For the Financial year ended on March 31, 2011 the results were announced on:-

First Quarter ended June 30, 2010 : August 14, 2010
Second Quarter ended September 30, 2010 : November 13, 2010
Third Quarter ended December 31, 2010 : February 11, 2011
Fourth Quarter ended March 31, 2011 : May 14, 2011*

* The Company has also announced audited result on September 04, 2011. The same has been published in Jansatta and Financial Express on 06.09.2011.

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

Dividend

Considering the losses incurred in the financial year ended March 31, 2011, the board of directors does not recommend any dividend for the financial year ending March 31, 2011.

Date of Book Closure

The Date of Book closure will be 24th September 2011 to 29th September 2011 both days inclusive.

Market Price Data

The share price of the Company at NSE & BSE are mentioned below;

S. No.	Month	NSE	
		High	Low
1.	April - 10	57.40	51.40
2.	May-10	55.70	47.20
3.	June-10	71.70	47.65
4.	July - 10	67.30	48.00
5.	August - 10	64.10	49.05
6.	September - 10	58.90	44.20
7.	October - 10	48.40	40.00
8.	November - 10	45.30	29.00
9.	December - 10	37.80	29.45
10.	January - 11	39.90	25.35
11.	February - 11	31.50	25.35
12.	March - 11	44.45	27.00

S. No.	Month	BSE	
		High	Low
1.	April - 10	58.40	50.40
2.	May-10	55.90	47.75
3.	June-10	71.75	47.75
4.	July - 10	67.10	48.00
5.	August - 10	63.90	49.05
6.	September - 10	58.95	44.05
7.	October - 10	48.45	40.05
8.	November - 10	45.45	29.00
9.	December - 10	37.80	25.50
10.	January - 11	40.05	26.45
11.	February - 11	32.00	25.15
12.	March - 11	44.50	27.25

Listing on Stock Exchanges

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

Bombay Stock Exchange Limited - Mumbai
National Stock Exchange of India Limited - Mumbai

Stock Exchange Code

Bombay Stock Exchange Limited : 532867
National Stock Exchange of India Limited : VISHALRET

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

Listing fees

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

Details of Public Funding obtained in last Three years:

The Company did not obtain public funding in the last three years.

Dematerialization of Shares

The equity shares of your company are under compulsory dematerialization mode as on March 31, 2011. The ISIN for the Equity Shares of the Company is INE945H01013.

91.66% of shares of the Company are dematerialized as on March 31, 2011. Trading in Equity shares of the company is permitted only in demat mode.

The Equity shares of your company are frequently traded

	BSE	NSE
No. of Shares	2,05,50,057	4,89,42,984
Turnover (Amount in Lakhs)	12,802.65	23,338.77

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Source: BSE & NSE website

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

Not Applicable

SHARE TRANSFER AGENTS:

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

Distribution of Shareholding-As on March 31, 2011

Share holding of nominal value (Rs.) (1) (2)	Share Holders Number (3)	Share Amount		
		% to total (4)	Rs. (5)	%to total
Upto 2500	19,064	79.936	12528660	5.593
2501-5000	2342	9.820	9342140	4.171
5001-10000	1303	5.464	10559740	4.714
10001-20000	591	2.478	8959170	4.000
20001-30000	180	0.755	4640970	2.072
30001-40000	89	0.373	3178760	1.419
40001-50000	78	0.327	3690940	1.648
50001-100000	98	0.411	7066570	3.155
100001 and above	104	0.436	164021740	73.228
Total	23849	100.00	223988690	100.00

Shareholding Pattern as on March 31, 2011

Category of Shareholders	No. of Shares	% of total shares	Number of shares pledged
Promoters	1,28,12,871	57.20%	9,53,770
Foreign Institutional Investors	1,84,209	0.82%	0
Financial Institutions / Banks	11,317	0.05%	0
Mutual Funds	00	00.00%	0
Venture Capital	00	00.00%	0
Insurance	00	00.00%	0
Body Corporate	27,24,040	12.16%	0
Individuals	62,98,626	28.12%	0
Others	3,67,806	1.64%	0
Total	2,23,98,869	100.00	9,53,770

Plant Location

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

Address for Correspondence

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

On behalf of the Board of Directors

Date : 04.09.11
Place : New Delhi

Sd/
Ram Chandra Agarwal
Chairman & Managing Director

AUDITORS REPORT ON CORPORATE GOVERNANCE

To the shareholders of V2 Retail Limited

We have examined the compliance of conditions of corporate governance by Vishal Retail Limited for the year ended on March 31, 2011, as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

For Shashi Bala & Associates
Company Secretaries

Date : 04.09.11
Place : New Delhi

Sd/
Shashi Bala
Membership No: 27912

Auditors' Report

To
The Members of
V2 RETAIL LIMITED

1. We have audited the attached Balance Sheet of **M/S V2 RETAIL LIMITED** (hereinafter referred to as "the Company"), as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order (CARO), 2003 (As Amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said ,Order to the extent applicable to the Company.
4. We report that:
 - a) *The accumulated losses of Rs. 4,920,718,732 (Rupees four hundred ninety two crores seven lacs eighteen thousand seven hundred thirty two only) as at 31st March, 2011 exceed the net worth of the Company;*
 - b) *The company has disposed off substantial part of its fixed assets under the Slump Sale agreement entered into as a part of Corporate Debt Restructuring Scheme. However the accompanying Financial Statements have been prepared assuming going concern. The company has disposed off substantial portion of its fixed assets under the Slump Sale agreement that raises substantial doubt about the Company's ability to continue as a Going Concern. Management Plans in regard to these matters are also described in Note B-6A to Schedule – 20 to the financial statements. The Financial statements do not include any adjustment that might result from the outcome of this uncertainty.*
5. Further to our comments in the paragraph 3 and 4 above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, subject to following:
 - a) *Basis of accounting for Capital Reserve amounting to Rs. 6,052,324,263 (Rupees Six hundred five Crores twenty three lacs twenty four thousand two hundred and sixty three) on account of restructuring of business of the company during the year. The Company has trifurcated its Assets and Liabilities as on appointed date between the Acquiring Companies as per the agreement entered into between them and the difference between Assets and Liabilities transferred has been shown as Capital Reserve. (Refer Note Note B-6 to Schedule – 20)*
 - b) *Basis of write off of Sundry balances amounting to Rs.22,470,875(Rupees Two crores twenty four lacs seventy thousand eight hundred and seventy five only) included in Other Expenses in Schedule 16.*
 - c) *Adequate documentary evidence for Miscellaneous Income of Rs.91,048,666 (Rupees nine crores ten lacs forty eight thousand six hundred sixty six only) which has been recognised as Other Income in the Profit & Loss Account in Schedule 14.*
 - (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 such books of our Company;
 - (iii) The Balance Sheet and Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - (iv) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except;
 - a) The company has during the period under review discontinued its operation of Wholesale and Retail Division by way of Slump Sale Refer Note Note B-6 to Schedule – 20. However no disclosure for the same has been provided in Financial Statements as required by Accounting Standard 24 "Discontinuing Operations".
 - b) Deferred Taxes Assets amounting to Rs. 2,845,904,015 (Rupees two hundred eighty four crore fifty nine lacs four hundred fifteen only) has been recognised in the Balance Sheet though the company has incurred operating losses in the current year and previous years and there exists no convincing evidence as to virtual certainty of future income to recover the deferred tax asset as required by Accounting Standard 22 "Accounting for Taxes on Income".
 - (v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to explanations given to us the annexed accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
 - (b) In the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date.
 - (c) In the Case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Surana Singh Rathi And Co.**
Chartered Accountants
FRN No.317119E

Place : New Delhi
Date : September 04, 2011

S.K. Surana
Partner
Membership No. 053271

ANNEXURE TO AUDITORS' REPORT

[As Referred to in paragraph 3 of our report of even date]

1.
 - a. The Company is in the process of updating the records, showing full particulars, including quantitative details and situation of Fixed assets.
 - b. The company has a policy for physical verification of its Fixed Assets over a period of three years, which in our opinion is reasonable having regard to the size and nature of its business, however during the period under review no physical verification of Fixed Assets has been done.
 - c. In our opinion and according to the information and explanations given to us, the Company has disposed off substantial amount of Fixed Assets during the year under the slump sale agreement.
2.
 - a. The inventory has been physically verified during the year by the management and other Chartered Accountants at periodical intervals. In our opinion, the

- frequency of verification is reasonable.
- b. In our opinion and according to the information and explanation given to us, the procedures of 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 and according to the information and explanations given to us and on the basis of our examination of records of inventory, the Company is maintaining proper records of inventory and discrepancies are properly recorded in the books of accounts.
3.
 - a. The company has not granted unsecured loans to parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information provided to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interests of the Company.
 - c. The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company.
 - d. There is no overdue amount in excess of Rs. 1 lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - e. The company had in the prior year taken unsecured interest free loan from 3 (three) parties covered in the register maintained under section 301 of Companies Act, 1956. During the year, the Company had taken further interest free unsecured loan from such parties and an amount of Rs. 36,852,881 was written back during the year. The maximum amount involved during the year was Rs. 100,758,467 and the year end balance of loans was Rs. 54,657,315.
 - f. In our opinion, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
 - g. In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
 4. In our opinion and according to the information and explanations given to us, the existing internal control procedures are required to be more adequate to commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services.
 5. Based on the audit procedures applied by us and according to the information, provided to us by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been entered and the transactions are made at the prices which are reasonable with regard to the prevailing market prices at the relevant time.
 6. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules framed there under. Therefore, the provisions of section 58AA or any other relevant provision of the Act are not applicable to the Company.
 7. The internal audit procedures in the Company commensurate with the size and nature of its activities being carried on by the Company.
 8. To the best of our information and explanations given to us the Central Government has not prescribed for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
 9.
 - a. According to the information and explanation given to us and the books and records as produced and examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Sales tax, income tax, wealth tax, service tax, custom duty, cess, excise duty, provident fund, employee's state insurance other material statutory dues as applicable with appropriate authorities. As explained to us provisions regarding Investor education & protection fund and excise duty are presently not applicable to the company.
 - b. According to the information and explanation given to us and the records of the company, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues which were outstanding for a period of more than six months at the year end are as follows:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which it relates
Sales Tax Laws	Sales Tax	14,75,941.00	2006 to 2010
Employee State Insurance Corporation	ESI Contribution	6,380.00	-
Profession Tax (Various State Laws)	Profession Tax	1,60,804.00	2006 to 2010

(c) Details of dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited as on March 31, 2011 on account of any disputes are given below:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to Which It Relates(FY)	Forum where dispute is pending
Sales Tax Laws	Sales Tax	6,24,180.00	2006-07	Deputy Commissioner
	Sales Tax	51,55,233.00	2006-07	Assistant Commissioner
	Sales Tax	29,86,774.00	2007-08	Deputy Commissioner
	Sales Tax	95,13,100.00	2007-08	Assistant Commissioner
	Sales Tax	6,42,966.00	2007-08	Assessing Officer
	Sales Tax	1,00,00,000.00	2007-08	Appellate Authority
	Sales Tax	1,73,53,962.00	2007-08	Jt. Commissioner (Appeals)
	Sales Tax	15,25,511.00	2007-08	Assistant Commissioner
	Sales Tax	50,000.00	2008-09	Assistant Commissioner
	Sales Tax	48,49,098.00	2008-09	Assistant Commissioner
	Sales Tax	50,000.00	2009-10	Assistant Commissioner
	Sales Tax	2,03,000.00	2009-10	Jt. Commissioner (Appeals)
	Sales Tax	22,42,668.00	2009-10	Assistant Commissioner
Employees Provident Fund & Miscellaneous Provisions Act	Provident Fund	11,39,29,006.00	Various Years	EPF Appellate Tribunal

10. The accumulated losses of the company at the year end are more than fifty percent of its network. Further, the company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our procedures and on the basis of information and explanations given by the management, in our opinion the Company has defaulted in repayment of dues to a financial institution and banks during the year but as at the year end there exists no default for such dues since the CDR proposal of the Company has been approved by the CDR cell and accepted by its lenders. Also the company has entered into settlement agreements with its non CDR lenders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund, nidhi or

mutual benefit fund/ societies are not applicable to the Company.

14. In our opinion and according to the information and explanation gives to us, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations provided to us, the Company has not guaranteed for loans taken by others from banks or financial institutions.
16. As per the explanations and information's provided to us the term loan has been applied for the purpose for which they were taken.
17. On the basis of our examinations of the books of accounts and the explanations and information's provided to us, in our opinion, the funds raised on short term basis have not been used for long term investment
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures and hence clauses 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
20. During the year covered by our report the Company has not raised any money by way of public issue.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the Company nor have we been informed of such cases by the management.

For Surana Singh Rathi And Co.
Chartered Accountants
FRN No.317119E

Place : New Delhi
Date : September 04, 2011

S.K. Surana
Partner
Membership No. 053271

Balance Sheet as at 31st March 2011

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2011	31st March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	223,988,690	223,988,690
Share Warrants	2	9,775,000	9,775,000
Reserves & Surplus	3	7,765,820,108	1,713,495,845
		7,999,583,798	1,947,259,535
Loan Funds			
Secured Loan	4	588,464,092	3,816,877,365
Unsecured Loan	5	54,657,315	3,845,452,206
		643,121,407	7,662,329,571
Total		8,642,705,205	9,609,589,106
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	459,253,660	3,636,980,389
Less: Accumulated Depreciation & Amortization		55,731,988	1,421,887,350
		403,521,672	2,215,093,039
Add: Capital Work in Progress		581,650	-
		404,103,322	2,215,093,039
Investments	7	3,806,280	3,806,280
Deferred Tax Assets (Net)		2,845,904,015	2,626,499,840
Current Assets, Loans & Advances			
Inventories	8	-	2,199,612,291
Sundry Debtors	9	836,129.00	29,157,235
Cash & Bank Balances	10	438,059,504	109,774,213
Loans & Advances	11	50,395,806	596,930,402
		489,291,440	2,935,474,141
Less: Current Liabilities & Provisions			
Current Liabilities	12	14,460,596	2,398,731,409
Provisions	13	6,657,988	41,554,187
		21,118,584	2,440,285,596
Net Current Assets		468,172,856	495,188,545
Profit & Loss Account (Dr. bal)		4,920,718,732	4,269,001,402
Total		8,642,705,205	9,609,589,106
Significant Accounting Policies & Notes on Accounts forming integral part of balance sheet	20		

As per our report of even date attached
For Surana Singh Rathi & Co.
Chartered Accountants
FRN: 317119E

For and on behalf of the Board
V2 Retail Limited

S. K. Surana
Partner
M. No. 53271

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary

Place: New Delhi
Date: September 04, 2011

Profit and Loss Account for the year ended 31st March 2011

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March 2011	31st March 2010
INCOME			
Gross Sales		11,282,459,136	11,666,797,607
Less: VAT/Sales Tax		635,996,000	612,205,105
Net Sales		10,646,463,136	11,054,592,502
Other Income	14	104,052,065	130,276,274
Total (A)		10,750,515,201	11,184,868,776
EXPENDITURE			
Cost of goods sold	15	8,331,505,599	12,585,194,915
Manufacturing, Administrative and other expenses	16	1,620,206,758	1,722,486,074
Employee Cost	17	794,994,103	885,453,260
Selling & Distribution Expenses	18	453,530,227	477,613,656
Finance Cost	19	1,070,630,216	897,578,522
Depreciation & Amortization	6	343,174,063	465,421,751
Total (B)		12,614,040,965	17,033,748,178
Loss Before Tax, Extraordinary & Prior Period Items (A - B)		(1,863,525,764)	(5,848,879,402)
-Prior Period Tax Adjustment		(105,475)	60,427,202
-Deferred Tax Adjustments		219,404,175	2,178,529,145
-Wealth Tax		-	(65,971)
Loss After Tax And Before Extraordinary & Prior Period Items		(1,644,227,064)	(3,609,989,026)
Extra Ordinary Item [Refer Note B-6 of Schedule 20]		969,277,944	(507,897,976)
Prior Period Adjustment(Net) [Refer Note B-19 of Schedule 20]		23,231,791	(29,282,541)
Net Profit / (Loss)		(651,717,330)	(4,147,169,543)
Balance brought forward from last year		(4,269,001,402)	(121,831,859)
BALANCE CARRIED TO BALANCE SHEET		(4,920,718,732)	(4,269,001,402)
Earnings Per Share			
(Refer Note B-16 in Schedule 20)			
Basic Earning Per Share (before extra ordinary items)(Rs.)		(72.37)	(162.47)
Basic Earning Per Share (after extra ordinary items)(Rs.)		(29.10)	(185.15)
Diluted Earning Per Share (before extra-ordinary items) (Rs.)		(72.37)	(162.47)
Diluted Earning Per Share (after extra ordinary items) (Rs.)		(29.10)	(185.15)
Nominal Value per share (Rs.)		10.00	10.00
Significant Accounting Policies & Notes on Accounts forming integral part of profit & loss accounts	20		

As per our report of even date attached
For Surana Singh Rathi & Co.
Chartered Accountants
FRN: 317119E

For and on behalf of the Board
V2 Retail Limited

S. K. Surana
Partner
M. No. 53271

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary

Place: New Delhi
Date: September 04, 2011

Cash Flow Statement for the year ended 31st March 2011

(Amount in Rs.)

PARTICULARS	31st March 2011	31st March 2010
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(1,863,525,764)	(5,848,879,402)
Adjustments For :		
Depreciation/Amortisation	343,174,063	465,421,751
Prior Period Items	23,231,791	(28,347,491)
Extraordinary Items	969,277,944	(507,897,976)
Loss on Sale of Fixed Assets	3,404,490	36,867,992
Provision for Interest on MSME	(6,834,368)	3,652,688
Provision for Bonus	-	36,576,519
Loss on Fixed Assets Discarded	20,943,466	-
Accumulated Depreciation Written Off	(18,861,875)	-
Provision for Gratuity	(26,121,180)	6,379,394
Provision for Leave Encashment	(8,404,414)	1,625,329
Provision for other Expenses	(370,605)	190,920,073
Interest on Loans	1,070,630,216	893,925,834
Interest & Dividend Income	(6,122,260)	(3,590,505)
Operating Profit before working capital changes	500,421,503	(4,753,345,794)
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Advances & Receivables	183,487,917	178,854,223
(Increase)/Decrease in Inventories	302,172,323	4,471,200,321
Increase/(Decrease) in Payables	105,278,836	681,393,365
	380,381,404	5,331,447,909
Cash generated from operations	880,802,907	578,102,115
Direct Taxes Paid	(105,475)	(912,825)
Cash generated from operations before Extraordinary Items	880,697,432	577,189,290
Net Cash from Operating Activities [A]	880,697,432	577,189,290
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(47,540,837)	(44,306,455)
Proceeds from Sale of Fixed Assets	10,015,615	93,155,424
Investment in Subsidiaries	-	(1,250,000)
Proceeds from Slump Sales	700,000,000	-
Net Cash & Bank Balance Takenover	(109,667,748)	-
Interest received	6,122,260	3,590,505
Net Cash from Investing Activities [B]	558,929,290	51,189,474
C. Cash Flow from Financing Activities		
Proceeds from issuance of share warrants	-	9,775,000
Securities Premium on issue of warrants	-	48,875,000
Proceeds from issuance of Debentures	-	(1,000,000)
Proceeds/(Repayment) of Secured Loans (net)	(42,536,189)	4,466,658
Proceeds/(Repayment) of Unsecured Loan (net)	1,824,975	34,359,053
Interest paid on loan	(1,070,630,216)	(764,469,785)
Net Cash from Financing Activities [C]	(1,111,341,429)	(667,994,074)
Net Increase/(Decrease) in Cash & Cash Equivalents [A+B+C]	328,285,291	(39,615,310)
Cash & Cash equivalents as at 01.04.2010	109,774,217	149,389,527
Cash & Cash equivalents as at 31.03.2011	438,059,504	109,774,217

Significant Accounting Policies & Notes 20

Notes:-

1. The above cash flow statement has been prepared under the indirect method set out in AS-3 notified under section 211(3)(C)
2. Figures in brackets indicate cash outflow
3. Cash and Cash equivalents includes Rs. 5,851,327 (P.Y. Rs.8,556,525) pledged with Bank against Bank Guarantees, which are not available for use by the Company
4. The above change in Operating, Financing, Investing Activities & Working Capital Changes has been stated after giving effect to the Slump Sale Deal..

As per our report of even date attached
For Surana Singh Rathi & Co.
Chartered Accountants
FRN: 317119E

For and on behalf of the Board
V2 Retail Limited

S. K. Surana
Partner
M. No. 53271

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary

Place: New Delhi
Date: September 04, 2011

Schedules Forming Part of Balance Sheet as at March 31, 2011

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
1	SHARE CAPITAL		
	Authorised		
	Equity Share Capital	300,000,000	300,000,000
	30,000,000 (30,000,000) Equity Shares of Rs. 10/- each		
	Preference Share Capital	58,400,000	58,400,000
	400,000 (400,000) Preference Shares of Rs. 146/- each		
		58,400,000	358,400,000
	Issued, Subscribed & Paid up		
	Equity Share Capital	223,988,690	223,988,690
	22,398,869 (22,398,869) Equity Shares of Rs. 10/- each, fully paid up in cash		
		223,988,690	223,988,690
2	SHARE WARRANT		
	3,910,000 (3,910,000) Convertible Share Warrants of Rs. 10/- each (against which Rs.2.5 per warrant has been received) issued on 30th October, 2009 are to be converted on or before 18 Months from date of issue	9,775,000	9,775,000
		9,775,000	9,775,000
3	RESERVES & SURPLUS		
	Capital Reserve	6,052,324,263	-
	(Refer note B-6 in Schedule - 20)		
	Securities Premium	1,713,495,845	1,664,620,845
	Balance brought forward		
		7,765,820,108	1,664,620,845
	Add: Addition	-	48,875,000
		7,765,820,108	1,713,495,845
4	SECURED LOAN		
	Term Loan		
	- From banks	588,464,092	1,022,164,630
	(Refer note B-4 in Schedule - 20 for the securities given on these loans)		
	Working Capital Loans		
	- From banks	-	2,549,295,896
	Vehicle Loan		
	-From banks	-	21,952,078
	Other Loans		
	-From banks	-	112,189,175
	-From others	-	19,569,641
	Interest accrued & Due on Secured Loans	-	91,705,945
		588,464,092	3,816,877,365
5	UNSECURED LOAN		
	1). Non Convertible Debentures		
	LIC Mutual Fund 10.25%	-	999,000,000
	Deutsche Trustee Services (I) Pvt. Ltd. 9.75%	-	500,000,000
	2). Bill Discounting :		
	-From banks	-	513,958,086
	-From others	-	50,679,887
	3). Short Term Loans		
	-From banks	-	1,693,180,757
	-From others	1,732,680	8,928,825
	4). Loan		
	a).From Directors	52,924,635	54,976,761
	[maximum amount outstanding during the year Rs. 54,976,761 (P.Y. Rs. 80,000,000)]		
	5). Interest accrued & due on Unsecured Loans	-	24,727,890
		54,657,315	3,845,452,206

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SCHEDULE : 6 - FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As at 01.04.2010	Additions during the Year	Adjustments/ Sold during the Year	As at 31.03.2011	As at 01.04.2010	Depreciation for the Year the Year	Adjustments/ Sold during	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Free Hold Land	107,995,114	-		107,995,114	-	-	-	-	107,995,114	107,995,114
Lease Hold Land	69,181,044	-	-	69,181,044	8,071,122	3,291,679	-	11,362,801	57,818,243	61,109,922
Lease Hold Buildings	49,154,953	-	-	49,154,953	4,789,303	1,875,666	-	6,664,969	42,489,984	44,365,650
Buildings	228,790,673	-	-	228,790,673	27,599,118	9,563,489	-	37,162,607	191,628,066	201,191,555
Plant & Machinery	71,640,025	-	71,640,025	-	27,753,934	5,930,157	33,684,091	-	-	43,886,091
Lift	19,724,154	825,182	20,549,336	-	8,757,017	1,511,359	10,268,376	-	-	10,967,137
Generator Set	235,753,206	-	235,753,206	-	74,162,020	21,356,044	95,518,064	-	-	161,591,185
Furniture & Fixture	1,100,681,653	17,504,519	1,118,186,172	-	444,950,934	114,500,061	559,450,995	-	-	655,730,719
Electrical Equipments & Fittings	368,710,394	9,934,600	378,644,995	-	117,489,069	33,922,490	151,411,559	-	-	251,221,325
Office Equipments	195,630,200	1,212,047	196,842,248	-	54,252,797	18,813,612	73,066,409	-	-	141,377,402
Air Conditioner	408,953,481	1,405,868	410,359,349	-	123,876,324	37,749,888	161,626,212	-	-	285,077,157
Computer	569,086,730	8,565,050	577,499,408	152,373	386,334,321	70,791,659	456,973,608	152,373	-	182,752,409
Video Conference Systems	52,987,306	-	52,987,306	-	36,817,997	6,148,767	42,966,763	-	-	16,169,309
Motor Vehicles	113,749,531	151,875	113,512,168	389,238	65,623,829	11,812,491	77,047,082	389,238	-	48,125,702
INTANGIBLE ASSET										
Computer Softwares	44,941,925	7,360,046	48,711,706	3,590,265	41,409,563	5,906,701	43,532,949	-	3,590,265	3,532,362
TOTAL	3,636,980,389	46,959,187	3,224,685,919	459,253,660	1,421,887,348	343,174,063	1,705,546,107	55,731,988	403,521,672	2,215,093,039
PREVIOUS YEAR	3,725,293,218	10,686,527	195,179,356	3,636,980,389	1,020,686,489	466,356,801	65,155,940	1,421,887,350	2,215,093,039	

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
7	INVESTMENTS		
	Long Term at Cost		
	Unquoted		
	In subsidiary companies		
	VRL Infrastructure Limited	250,000	250,000
	(25,000 [P.Y. 25,000] equity shares of F.V of Rs. 10/- each , fully paid up)		
	VRL Consumer Goods Limited	500,000	500,000
	(50,000 [P.Y. 50,000] equity shares of F.V. of Rs. 10/- each , fully paid up)		
	VRL Movers Limited	1,500,000	1,500,000
	1,50,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Fashions Limited	500,000	500,000
	(50,000 [P.Y. 50,000] equity shares of F.V. of Rs. 10/- each , fully paid up)		
	VRL Foods Limited	500,000	500,000
	(50,000 [P.Y. 50,000] equity shares of F.V. of Rs. 10/- each , fully paid up)		
	VRL Retail Ventures Limited	250,000	250,000
	(25,000 [P.Y. 25,000] equity shares of F.V of Rs. 10/- each , fully paid up)		
	VRL Knowledge Process Limited	250,000	250,000
	(25,000 [P.Y. 25,000] equity shares of F.V of Rs. 10/- each , fully paid up)		
	In Joint Venture companies		
	VRL Retailer Business Limited	56,280	56,280
	(5,628[P.Y. 5,628] equity shares of Rs. 10/- each , fully paid up)		
	(the above investment is subject to lock-in for a period of three years from July 31, 2008)		
		3,806,280	3,806,280
8	INVENTORIES		
	(as taken, valued & certified by the management)		
	Raw Materials	-	15,789,526
	Semi Finished Goods	-	14,681,885
	Stitching Materials & Consumables	-	33,177,975
	Finished Goods	-	2,135,962,905
		-	2,199,612,291

Schedules Forming Part of Balance Sheet as at March 31, 2011

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
9	SUNDRY DEBTORS		
	(Unsecured Considered Good, unless otherwise stated)		
	Outstanding for period exceeding Six months	-	5,878,194
	Other Debt	836,129	23,279,041
		836,129	29,157,235
10	CASH & BANK BALANCES		
	Cash on hand (as certified by the management)	100,711	45,827,551
	Cash in Transit (CMS)	-	16,113,923
	Cheques/ Demand drafts on hand	-	1,835,702
	<u>Balance with Scheduled Banks</u>		
	In Current Accounts	432,107,466	34,951,313
	In Fixed Deposit Accounts	5,851,327	11,045,724
	[Refer Note B-3 of Schedule - 20]		
		438,059,504	109,774,213
11	LOANS & ADVANCES		
	Advance Income Tax, including taxes deducted at source	3,871,204	78,264,487
	Input Vat Receivable		
	Security Deposits/Advances	4,337,106	268,980,166
	Advances to Subsidiary Companies		
	VRL Infrastructure Limited (Refer Note B-19 of Schedule 20)		-
	VRL Movers Limited (Refer Note B-19 of Schedule 20)		-
	Advances receivable in cash or in kind or for value to be received	42,187,496	249,685,749
		50,395,806	596,930,402
12	CURRENT LIABILITIES		
	Sundry Creditors		
	-Due to Micro, Medium & Small Enterprises	554,125	26,617,302
	-Sundry Creditors-Other		1,758,999,654
	Provision for interest payable to MSME	-	6,834,368
	[Refer Note B-9 of Schedule 20]		
	Interest Accrued But Not Due	-	110,539,211
	Book Overdraft	-	124,281,640
	Advances from Directors [Max. Balance Rs. 749,850 (P.Y. Rs. 749,850)]	749,850	749,850
	Other Liabilities	13,156,621	370,709,384
		14,460,596	2,398,731,409
13	PROVISIONS		
	Provision for Gratuity	410,740	26,531,920
	Provision for Leave Encashment	151,995	8,556,409
	Provision for Fringe Benefit Tax [Net of Advance FBT Rs. 15,419,647 (P.Y. Rs.15,419,647)]	6,095,253	6,095,253
	Provision for Wealth Tax	-	370,605
		6,657,988	41,554,187
14	OTHER INCOME		
	Interest [T.D.S. Rs. 263,423 (P.Y. Rs. 491,365)]	6,122,260	3,590,505
	Miscellaneous Income	95,035,029	98,083,054
	T.O.T Charges [T.D.S. Rs. 218,502 (P.Y. Rs. 503,038)]	1,965,744	28,602,715
	Rental Income [T.D.S. Rs. 185,699 (P.Y. Rs. NIL)]	929,032	-
		104,052,065	130,276,274
15	COST OF GOODS SOLD	8,331,505,599	12,585,194,915

Schedules Forming part of Profit and Loss Account for the year ended March 31, 2011

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
16	MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES		
	Fabrication & Other Manufacturing Expenses	1,651,517	7,114,756
	Power & Fuel Expenses	348,440,862	383,067,513
	Rent Charges	793,990,046	861,983,117
	Repairs & Maintenance-		
	- Building	9,475,879	18,449,497
	- Plant & Machinery	1,044,973	2,274,148
	- Others	89,025,024	66,608,468
	Insurance Charges	4,690,662	8,551,017
	Rates & Taxes	28,550,212	22,383,414
	Bank Charges	21,933,266	16,251,942
	Consultancy & Legal	56,535,369	54,922,281
	Motor Vehicle Expenses	4,264,472	7,347,127
	Printing & Stationery	16,319,687	15,128,115
	Security Service Charges	75,938,213	48,669,135
	Housekeeping Expenses	39,844,678	33,617,659
	Filing Fees	-	-
	Telephone Expenses	21,912,069	32,095,497
	Travelling & Conveyance	24,360,699	21,399,577
	Other Expenses	32,460,494	58,487,419
	Postage & Couriers Expenses	2,865,308	3,121,656
	Auditor Remuneration	1,180,638	2,649,045
	Directors' Sitting Fee	166,000	108,000
	Loss on Fixed Assets Discarded	20,943,466	-
	Loss on Sale of Fixed Assets	3,404,490	36,867,992
	Credit Cards Charges	21,208,735	21,388,699
		1,620,206,758	1,722,486,074
17	EMPLOYEE COSTS		
	Salary, Wages & Bonus	722,531,294	801,611,896
	Gratuity Expenses	4,482,546	8,084,408
	Contribution to PF & other Funds	47,190,774	50,895,883
	Staff Welfare Expenses	20,789,489	24,861,073
		794,994,103	885,453,260
18	SELLING & DISTRIBUTION EXPENSES		
	Advertisement & Sales Promotion	204,872,095	148,770,486
	Commission Charges	19,552,171	35,743,469
	Transportation Charges	140,888,387	169,288,794
	Packing Materials & Expenses	88,217,574	123,810,907
		453,530,227	477,613,656
19	FINANCE COST		
	Loan Processing Charges	-	3,145,000
	Interest on Bill Discounting	67,648,475	78,771,643
	Interest on Term Loans	234,457,825	72,058,750
	Interest on Unsecured Loans	14,296,938	4,899,447
	Interest on Vehicle Loans	755,191	2,848,886
	Interest on Working Capital Loan	609,778,135	583,288,711
	Interest on Debentures	143,693,651	152,566,085
	Interest Reversals	(969,277,944)	-
		101,352,272	897,578,522

Schedules 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

A. SIGNIFICANT ACCOUNTING POLICIES;

1. Basis of Preparation of Financial Statements

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

2. Use of Estimates

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

3. Revenue Recognition

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

4. Inventories

Inventories are valued as follows:

- Raw materials, stores/consumables & packing material: at lower of cost and net realizable value.
- Work in Progress : at lower of cost and net realizable value
- Finished goods: at lower of cost and net realizable value

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

5. Fixed Assets and Depreciation / Amortization

a) Fixed Assets

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

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

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

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

b) Intangible Assets

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

Computer software is amortized over a period of three years.

6. Impairment of Assets

- 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.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

7. Foreign Currency Transactions

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

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

8. Employee Benefits

(a) Short term employee benefits:

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

(b) Long term employee benefits:

(i) Defined contribution plans:

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

(ii) Defined Benefit Plans:

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

(iii) Other long term employee benefits

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

9. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments including investments in subsidiaries are carried at cost. However, no provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

10. Leases

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

11. Taxation

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

12. Earnings per share

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

13. Provisions & Contingent Liabilities

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

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

B. NOTES TO ACCOUNTS

1. Contingent liabilities

(Amount in Rs.)

Particulars	31 st March 2011	31 st March 2010
a. Outstanding Bank Guarantees	1,225,000	1,225,000
b. Disputed Sales Tax Demands - matter under appeal	5,51,96,492	4,687,235
c. Disputed excise duty demands- matter under appeal	-	500,000
d. Disputed Liability in respect of Income Tax demands - matter under appeal	-	127,166,302
e. Claims against the Company not acknowledged as debts	269,598,913	296,461,235
f. Claims by Provident Fund Department	113,929,006	113,929,006
Total	439,949,411	543,968,778

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.

2. Capital Commitments:

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

(Amount in Rs.)

Particulars	31 st March 2011	31 st March 2010
a. Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	821,856	462,000

- There is a lien on Fixed Deposits of Rs. 5,851,327 (Rs. 8,556,525) towards Bank Guarantee provided by Banks and pledge of Fixed Deposits with various Revenue Authorities as surety bond.

4. Securities for Loans.

Bank : State Bank of India, HSBC & HDFC Bank
<p>Security</p> <ul style="list-style-type: none"> 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 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.

Bank: HDFC Bank
Security
<ul style="list-style-type: none"> • Loan against property also available for HDFC Term Loans • First charge on the basement and ground floor of property at 52/6 VIP Road, Kolkata, West Bengal in the name of VRL. • First charge on property at 896, Golbazar, Wright Town, Jabalpur
Bank: Bank of India, ING Vysya Bank and UCO Bank
Security
<ul style="list-style-type: none"> • Exclusive charge with Bank of India of property at industrial land Khata no.329, Khasra No.122/43 Mouza Central Hope town, (Saelakui), Paragna Pachwadoon, Tehsil Vikas Nagar, District Dehradun (Note: this is a small piece of land measuring 0.57 acres distinct from the other property at Dehradun over which SBI, HDFC and HSBC have a charge) • Subservient charge on Current Assets • Personal Guarantee of Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal. • Pledge of 953,770 shares of VRL. • Corporate Guarantee of Unicorn Marketing Private Limited. (Liability limited to the extent of shares pledged (7,70,000 shares of VRL) • Post dated Cheques for Principal Amount + FITL • Pledge of 100% of existing promoters' shareholding in the Company or 51% of the Company's paid up capital whichever is lower.

5. Secured Loan repayable within a year is Rs. 588,464,092 (P. Y. Rs. 592,081,863).

6. Business Restructuring:

The company has restructured its business during the year by way of sale of its Wholesale and Retail Businesses 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 by the Company with the Acquiring Companies and its Lenders to effect the said restructuring and CDR proposal of the Company. 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. The Slump Sale transaction resulted in a Capital Reserve of Rs. 499.42 Crores.

As a part of the said restructuring 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.

The company got waiver of Rs. 96.93 crores as reversal of interest under the CDR scheme which has been disclosed as extra ordinary item in the Profit & Loss Account.

6A. Management Plan

The Company has already started its new retail venture under the brand & style "V2". The Company has entered into MOU for eight new stores, out of the same, four stores has already operational with a total area of 60,775 sq. ft during the current period.

7. In the opinion of the management, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

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

(Amount in Rs.)

Particulars	2010-11	2009-10
Statutory Audit 1,000,000	1,725,000	
Limited Review 600,000	450,000	
Other Matters Nil	65,000	
Out of Pocket Expenses	180,638	178,325
Total	1,780,638	2,418,325

9. 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:

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
Balance of Sundry Creditors		
- Principal amount due to Micro, Small and Medium	5,54,125	26,617,302
- Principal amount due to Others	-	1,758,999,654
Total	5,54,125	1,785,616,956
Interest accrued and due at the end of the year		
- Interest on payments due to Micro, Small and Medium Enterprises	-	6,834,368
- 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	Nil	6,834,368
Paid during the year		
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	Nil	Nil
- Principal amount	-	-
- Interest thereon	-	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	148,867,019
Others		
- Interest accrued in the prior year and paid during the year	-	-
- Interest accrued during the year and paid during the year	-	-

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As per the Business Transfer Agreement entered into by the Company with TPG Wholesale Private Ltd and Airplaza Retail Holding Private Ltd (referred to as acquiring companies), the balances due to Sundry Creditors have been transferred to acquiring companies. The interest payable to Micro, Small and Medium Enterprises amounting to Rs. 68,34,368 has been written back in the Profit and Loss Account. However if any liability arises for the same in future the interest will be accounted for on payment basis.

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

Loans given to subsidiaries and associate companies

(Amount in Rs.)

S No.	Name of the Company	Type of Loan/ Advance	As at 31.03.2011		As at 31.03.2010	
			Outstanding Balance	Maximum Balance	Outstanding Balance	Maximum Balance
1	VRL Infrastructure Limited	Short Term	NIL	NIL	NIL	438,386
2	VRL Movers Limited	Short Term	NIL	NIL	NIL	1,532,586

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

12. Deferred Tax

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of Rs.219,404,175 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at 31st March, 2011 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2011.

(Amount in Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
Increase in Deferred Tax Liabilities		
On account of Depreciation	3,848,430	
Total Increase in Deferred Tax Liabilities	3,848,430	-
Increase in Deferred Tax Assets		
On account of Depreciation	-	29,508,669
Provision for Gratuity	1,488,990	2,168,356
Provision for Leave Encashment	918,304	552,449
Bonus	9,906,101	5,880,888
Carry Forward of Losses	202,851,427	2,127,908,242
Loss on Sale of Fixed Assets	1,130,886	12,510,541
Loss on assets discarded	6,956,896	-
Total Increase in Deferred Tax Assets	223,252,604	2,178,529,145
Net Deferred Tax Assets/ (Liabilities) for the Year	219,404,175	2,178,529,145
Opening Deferred Tax Assets/(Liabilities)	2,626,499,840	447,970,695
Closing Deferred Tax Assets/(Liabilities)	2,845,904,015	2,626,499,840

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

a) Defined Contribution Plans

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

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

(Amount in Rs.)

Particulars	2010-11	2009-10
Contribution to Provident Fund	30,609,470	34,628,288
Contribution to Employee's State Insurance Scheme	16,457,303	16,210,550

b) Defined Benefit Plans

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

(Amount in Rs.)

Particulars	31.3.2011	31.3.2010
(i) Actuarial Assumptions		
(i) Discount Rate (Per annum)	7.90%	7.60%
(ii) Rate of increase in Compensation levels	10.00%	10.00%
(iii) Rate of Return on Plan Assets	-	-
(iv) Expected Avg. remaining working lives of employees in no. of Years	29.25 Years	30.56 Years
(ii) Changes in present Value of Obligation		
(a) Present value of Obligation as at 1 st April 2010	26,531,920	20,152,526
(b) Interest Cost	2,016,426	1,410,677
(c) Past Service Cost	-	1,189,703
(d) Current Service Cost	73,302	7,735,658
(e) Benefit Paid	(4,071,806)	(1,705,014)
(f) Actuarial(Gains)/Loss	(24,139,102)	(2,251,630)
(g) Present value of Obligation as at 31 st March, 2011	410,740	26,531,920

(iii)	Changes in Fair value of Plan Assets	-	-
(iv)	Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets		
	(a) Present value of Funded Obligation as at 31 st March, 2011	-	-
	(b) Fair value of Plan Assets as at 31 st March, 2011	-	-
	(c) Funded (Asset)/Liability recognized in the Balance Sheet	-	-
	(d) Present value of Unfunded Obligation as at 31 st March, 2011	410,740	26,531,920
	(e) Unrecognized Past Service Cost	-	-
	(f) Unrecognized Actuarial(Gain)/Loss	-	-
	(g) Unfunded Net Liability recognized in the Balance Sheet	410,740	26,531,920
(v)	Amounts recognized in the Balance Sheet		
	(i) Present Value of Obligation as at 31 st March 2011	410,740	26,531,920
	(ii) Fair value of Plan Assets as at 31 st March 2011	-	-
	(iii) Asset/ Liability recognized in the Balance Sheet	410,740	26,531,920
(vi)	Expenses recognized in the Profit and Loss Account		
	(a) Current Service Cost	73,302	7,735,658
	(b) Past Service Cost	-	1,189,703
	(c) Interest Cost	2,016,426	1,410,677
	(d) Expected Return on Plan Assets	-	-
	(e) Net Actuarial(Gain)/Loss	(24,139,102)	(2,251,630)
	(f) Employees' Contribution	-	-
	(g) Total Expenses recognized in the Profit and Loss Account	(22,049,374)	8,084,408
(vii)	Amount for the Current Period		
	(a) Present Value of Obligation	26,531,920	26,531,920
	(b) Plan Assets	-	-
	(c) Surplus (Deficit)	(410,740)	(26,531,920)
	(d) Experience adjustments on plan liabilities - (Loss)/Gain	(24,135,396)	2,848,209
	(e) Experience adjustments on plan assets - (Loss)/Gain	-	-

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

a) **Defined Benefit Plans**

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

Amount in Rs.

	Particulars	31.3.2011	31.3.2010
(i)	Actuarial Assumptions		
	(i) Discount Rate (Per annum)	7.90%	7.60%
	(ii) Rate of increase in Compensation levels	10.00%	10.00%
	(iii) Rate of Return on Plan Assets	-	-
	(iv) Expected Avg. remaining working lives of employees in no. of Years	29.25 Years	30.56 Years
(ii)	Changes in present Value of Obligation		
	(a) Present value of Obligation as at 1 st April 2010	8,556,409	6,931,080
	(b) Interest Cost	650,287	485,176
	(c) Past Service Cost	-	-
	(d) Current Service Cost	60,770	5,424,517
	(e) Benefit Paid	(2,612,523)	(2,951,754)
	(f) Actuarial(Gains)/Loss	(6,502,948)	(1,332,610)
	(g) Present value of Obligation as at 31 st March, 2011	151,995	8,556,409
(iii)	Changes in Fair value of Plan Assets	-	-
(iv)	Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets		
	(a) Present value of Funded Obligation as at 31 st March, 2011	-	-
	(b) Fair value of Plan Assets as at 31 st March, 2011	-	-
	(c) Funded (Asset)/Liability recognized in the Balance Sheet	-	-
	(d) Present value of Unfunded Obligation as at 31 st March, 2011	151,995	8,556,409
	(e) Unrecognized Past Service Cost	-	-
	(f) Unrecognized Actuarial(Gain)/Loss	-	-
	(g) Unfunded Net Liability recognized in the Balance Sheet	151,995	8,556,409
(v)	Actuarial gain / loss recognized for the period		
	Actuarial (gain) / loss recognized for the period-Obligation	(6,502,948)	(1,332,610)
	Actuarial (gain) / loss recognized for the period-Plan Assets	-	-
	Total (gain) / loss for the period	(6,502,948)	(1,332,610)
	Actuarial (gain) / loss recognized in the period	(6,502,948)	(1,332,610)
	Unrecognized actuarial (gains) / losses at the end of period	-	-

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(vi)	Amounts recognized in the Balance Sheet		
	(i) Present Value of Obligation as at 31 st March 2011	151,995	8,556,409
	(ii) Fair value of Plan Assets as at 31 st March 2011	-	-
	(iii) Asset/ Liability recognized in the Balance Sheet	151,995	8,556,409
(vii)	Expenses recognized in the Profit and Loss Account		
	(a) Current Service Cost	60,770	5,424,517
	(b) Past Service Cost	-	-
	(c) Interest Cost	650,287	485,176
	(d) Expected Return on Plan Assets	-	-
	(e) Net Actuarial(Gain)/Loss	(6,502,948)	(1,332,610)
	(f) Employees' Contribution	-	-
	(g) Total Expenses recognized in the Profit and Loss Account	(5,791,891)	4,577,083
(viii)	Amount for the current period		
	Present value of obligation	151,995	8,556,409
	Plan Assets	-	-
	Surplus (Deficit)	(151,995)	(8,556,409)
	Experience adjustments on plan liabilities-(Loss) / gain	6,502,040	1,229,104
	Experience adjustments on plan liabilities-(Loss) / gain	-	-

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

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

Name	Designation	Relationship
Mr. Ram Chandra Agarwal	Director	Key Managerial Personnel
Mrs. Uma Agarwal	Director	Key Managerial Personnel
VRL Infrastructure Limited		Subsidiary Company
VRL Consumer Goods Limited		Subsidiary Company
VRL Movers Limited		Subsidiary Company
VRL Fashions Limited		Subsidiary Company
VRL Retailer Business Solutions Pvt. Limited		Joint Venture Company
VRL Retail Ventures Limited		Subsidiary Company
VRL Knowledge Process Limited		Subsidiary Company
VRL Foods Limited		Subsidiary Company
Unicon Marketing Pvt. Ltd.		Two directors of Vishal Retail Limited are directors in the Company.
Ricon Commodities Pvt. Ltd.		Two directors of Vishal Retail Limited are directors in the Company.
Vishal Water World Private Ltd.		Two directors of Vishal Retail Limited are directors in the Company.
V2 Conglomerate Private Ltd.		One director of Vishal Retail Limited is director in the Company.

Details of Transaction with related parties

S No.	Particulars	31-03-2010	31-03-2009
1.	Loans Repaid/ (Refunded)		
	VRL Infrastructure Ltd.	-	(438,386)
	VRL Mover Ltd.	-	(1,532,586)
	Ram Chandra Agarwal	(2,052,126)	116,023,239
	Unicon Marketing Pvt Ltd.	-	65,300,000
2.	Loans Granted		
	VRL Movers Limited	-	1,350,000
3.	Loans Accepted		
	Unicon Marketing Pvt Ltd.	36,852,881	53,391,033
	Mr. Ram Chandra Agarwal	-	111,000,000
4.	Loans Written Off		
	Unicon Marketing Pvt Ltd.	44,049,026	-
5.	Investment in Subsidiaries and Joint Ventures		
	VRL Movers Limited	-	1,250,000
	VRL Fashions Limited	-	-
	VRL Foods Limited	-	-
	Outstanding as at the Balance Sheet Date		
6.	Amount Receivable		
	Remuneration Recoverable from S.K. Agarwal	1,282,128	1,287,912
	Remuneration Recoverable from Uma Agarwal	212,424	312,421
7.	Amount Payable		
	Mr. Ram Chandra Agarwal	52,924,635	54,976,761
	Unicon Marketing Pvt Ltd.	-	7,196,145
	Vishal Water World Pvt Ltd.	1,732,680	1,732,680
8.	Issue of Share Warrant		
	39,10,000 Convertible Share Warrant Issued to Mr. R.C. Agarwal, Managing Director, 25% of Total Consideration received	-	58,650,000

15. 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 31.03.11	Percentage Interest as at 31.03.10
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%
Name	As at 31.03.2011		As at 31.03.2010	
	Assets (Rs.)	Liability (Rs.)	Assets (Rs.)	Liability (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	708,936	313,596	1,418,699	161,415
Name	For the year ended 31.03.2011		For the year ended 31.03.2010	
	Income (Rs.)	Expenditure (Rs.)	Income (Rs.)	Expenditure (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	242,614	778,393	10,373	1,355,293

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.

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

Particulars	UNIT	31-03-2011	31-03-2010
Profit/(Loss) After Tax & prior period items and Before Extraordinary Items	Rs.	(1,620,995,274)	(3,639,271,567)
Profit/ (Loss) after Tax , prior period items & extraordinary items	Rs.	(651,717,330)	(4,147,169,543)
Weighted average number of equity shares	Nos.	22,398,869	22,398,869
Weighted average number of equity shares for Dilutive EPS	Nos.	22,398,869	22,398,869
Basic Earning Per Share (before extra ordinary items)	Rs.	(72.37)	(162.47)
Basic Earning Per Share (after extra ordinary items)	Rs.	(29.10)	(185.15)
Diluted Earning Per Share (before extra-ordinary items)	Rs.	(72.37)	(162.47)
Diluted Earning Per Share (after extra ordinary items)	Rs.	(29.10)	(185.15)

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

(Amounts in Rs.)

Particulars	2010-11	2009-10
Opening	NIL	100,000
Provision During the Year	NIL	NIL
Closing Balance	NIL	NIL

18. Lease

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

Obligations on long term, non-cancelable operating leases.

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

(Amount in Rs)

Particulars	2010-11	2009-10
A). Lease Rentals recognized during the year in Profit & Loss Account*	793,990,046	861,983,117
Obligations		
Within one year of the balance sheet date	2,448,864	116,113,070
Due in a period between one year and five years	4,285,512	23,532,253
Due after five years (as lease are cancelable by the Company after three to five years)	NIL	NIL

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

19. Prior Period Items

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

(Amount in Rs)

Particulars	31 st March 2011
Expenses	
Service Tax	311820
AMC	748314
Rent	12269089
Professional Charges	1544612
Insurance	1009359

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Incentive	2447331
Others	4971343
Miscellaneous Balances Written Off	8114090
Total Expenses	31415958
Income	
Miscellaneous Income	4219690
Depreciation	3783314
Salary & Bonus	34473315
Interest on MSME	6834368
Purchases	5337062
Total Income	54647749
Net Prior Period Expense/(Income)	(23231791)

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

a) **Expenditure in Foreign Currency**

(Amount in Rs)

Particulars	2010-11	2009-10
Traveling Expenses	21,20,688	11,326,450

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

Quantitative Details for the year ended March 31, 2011

Category	Opening Qty 01.04.10	Opening Value	Purchase (Qty)	Purchase Value	Sales (Qty)	Sales Value	Closing Stock Qty	Closing Stock Value 31.03.11
Apparel	104.30	11,710.88	300.59	40,373.60	404.89	54,361.03	-	-
FMCG	-	2,879.83	-	15,683.19	-	20,246.25	-	-
Non Apparel	-	6,768.92	-	22,558.00	-	31,857.35	-	-
Grand Total	104.30	21,359.63	300.59	78,614.78	404.89	1,06,464.63	-	-

Quantitative Details for the year ended March 31, 2010

Category	Opening Qty 01.04.09	Opening Value	Purchase (Qty)	Purchase Value	Sales (Qty)	Sales Value	Closing Stock Qty	Closing Stock Value 31.03.10
Apparel	202.38	39,076.49	370.24	42,150.73	398.39	57,230.15	104.30	11,710.88
FMCG	-	3,272.91	-	24,483.70	-	25,771.33	-	2,879.83
Non Apparel	-	21,517.06	-	20,863.22	-	27,544.45	-	6,768.92
Grand Total	202.38	63,866.46	370.24	87,497.65	398.39	1,10,545.93	104.30	21,359.63

Notes:

i. The Company is dealing in a large number of products at several locations across the country. The quantitative information required in terms of Schedule VI of the Companies Act, 1956 have been broadly grouped as Apparels, FMCG and Non-Apparels (household goods and other accessories).

c) Other information in pursuance of the provisions of the paragraph 3, 4C, 4D, Part II of Schedule VI of the Companies Act, 1956 is not applicable to the Company.

21. The figures of previous year were audited by firm of Chartered Accountants other than Surana Singh Rathi and Co.. 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 attached
For Surana Singh Rathi & Co.
Chartered Accountants
FRN: 317119E

For and on behalf of the Board
V2 Retail Limited

S. K. Surana
Partner
M. No. 53271

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary

Place: New Delhi
Date: September 04, 2011

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

Aggregation of relevant details of Subsidiaries as at March 31, 2011

S. No	PARTICULARS	VRL Consumer Ltd.	VRL Fashions Ltd.	VRL Foods Ltd.	VRL Movers Ltd.	VRL Knowledge Process Ltd.	VRL Retail Ventures Ltd.	VRL Infrastructure Ltd.	TOTAL
1.	Share Capital	500,000	500,000	500,000	3,000,000	500,000	500,000	500,000	6,000,000
2.	Reserve & Surplus				3,750,000	-	-	-	3,750,000
3.	Total Assets	253,528	253,528	253,528	1,392,897	260,770	261,770	109,219	2,785,240
4.	Total Liabilities	4,412	4,412	4,412	6,232,131	4,412	4,412	4,412	6,258,603
5.	Miscellaneous Expenditure (to the extent not written off or adjusted)				11,227,719				11,227,719
6.	Profit & Loss (Debit Balance if any)	250,884	250,884	250,884	361,515	243,642	242,642	395,193	1,995,644
7.	Turnover	-	-	-	-	-	-	-	-
8.	Profit/(Loss) before Tax	(4,412)	(4,412)	(4,412)	(4,412)	(4,412)	(59,562)	(4,412)	(86,034)
9.	Provision for Taxation	-	-	-	-	-	-	-	-
10.	Profit/(Loss) after Tax	(4,412)	(4,412)	(4,412)	(4,412)	(4,412)	(59,562)	(4,412)	(86,034)
11.	Proposed Dividend	-	-	-	-	-	-	-	-

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

Balance sheet abstract and Company 's general Business Profile

Amount in Rs.Thousands

I. CIN No.	U74999DL2001PLC147724	State Code	55
Balance sheet date	31st March 2011		
II. Capital raised during the year			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Share Warrant	Nil
III. Position of Mobilisation and Deployment of Funds			
Total Liabilities	8,642,705	Total Assets	8,642,705
Sources of Funds		Application of Funds	
Paid-up Capital	233,764	Net Fixed Assets	404,103
Reserves & Surplus	7,765,820	Investments	3,806
Secured Loans	588,464	Net Current Assets	468,173
Unsecured Loans	54,657	Deferred Tax Assets	2,845,904
Deferred Tax Asset Liability	-	Miscellaneous Expenditure	-
		Profit & Loss A/c	4,920,719
IV. Performance of Company :			
Turnover	10,646,463	Total Expenditure	11,621,531
Profit/(Loss) before tax	(871,016)	Profit/(Loss) after tax &	(651,717)
Earning per Share (Rs.)	(72.37)	Provision	-
		Dividend Rate %	-
V. Generic Names of principal products, services of the Company :			
Item Code No.	N.A.		
Product Description	Garments & Accessories		

For Surana Singh Rath & Co.
Chartered Accountants
FRN: 317119E

For and on behalf of the Board
V2 Retail Limited

S. K. Surana
Partner
M. No. 53271

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary

Place: New Delhi
Date: September 04, 2011

Auditors' Report to the Board of Directors of V2 Retail Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of **V2 RETAIL LIMITED** (hereinafter referred to as "the Company") and its Subsidiaries and Joint Ventures (collectively referred to as the Group), as at 31st March, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total net assets of Rs. 3,473,363 (Rupees thirty four lacs seventy three thousand three hundred sixty three only) as a 31st March, 2011, total revenues of Rs. Nil and net cash flows of Rs. 86,034 (Rupees eighty six thousand thirty four only) for the year ended. The financial statements of the Joint Venture in whose financial statements the group's share of loss is Rs. 535,779 (Rupees five lacs thirty five thousand seven hundred seventy nine only) for the year ended 31st March, 2011 are unaudited and have been consolidated on the basis of the financial statements as certified by the Management. These financial statements and other financial information of subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" and Accounting Standard 27, " Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies Accounting Standard Rules, 2006 and on the basis of the separate financial statements of V2 Retail Limited, its Subsidiaries and Joint Venture Company.
5. We report that:
 - a) *The accumulated losses of Rs. 4,920,718,732 (Rupees four hundred ninety two crores seven lacs eighteen thousand seven hundred thirty two only) as at 31st March, 2011 exceed the net worth of the Company;*
 - b) *The company has disposed off substantial part of its fixed assets under the Slump Sale agreement entered into as a part of Corporate Debt Restructuring Scheme. However the accompanying Financial Statements have been prepared assuming going concern. The company has disposed off substantial portion of its fixed assets under the Slump Sale agreement that raises substantial doubt about the Company's ability to continue as a Going Concern. Management Plans in regard to these matters are also described in Note B-6A to Schedule – 20 to the financial statements. The Financial statements do not include any adjustment that might result from the outcome of this uncertainty.*
6. Further to our comments in the paragraph 3, 4 and 5 above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, subject to following :
 - a) *Basis of accounting for Capital Reserve amounting to Rs. 6,052,324,263 (Rupees Six hundred five Crores twenty three lacs twenty four thousand two hundred and sixty three) on account of restructuring of business of the company during the year. The Company has trifurcated its Assets and Liabilities as on appointed date between the Acquiring Companies as per the agreement entered into between them and the difference between Assets and Liabilities transferred has been shown as Capital Reserve. (Refer Note Note B-6 to Schedule – 20)*
 - b) *Basis of write off of Sundry balances amounting to Rs.22,470,875(Rupees Two crores twenty four lacs seventy thousand eight hundred and seventy five only) included in Other Expenses in Schedule 16.*
 - c) *Adequate documentary evidence for Miscellaneous Income of Rs.91,048,666 (Rupees nine crores ten lacs forty eight thousand six hundred sixty six only) which has been recognised as Other Income in the Profit & Loss Account in Schedule 14.*
 - (ii) In our opinion, the Consolidated Balance Sheet and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except;
 - a) *The company has during the period under review discontinued its operation of Wholesale and Retail Division by way of Slump Sale Refer Note Note B-6 to Schedule – 20. However no disclosure for the same has been provided in Financial Statements as required by Accounting Standard 24 " Discontinuing Operations".*
 - b) *Deferred Taxes Assets amounting to Rs. 2,845,904,015 (Rupees two hundred eighty four crore fifty nine lacs four hundred fifteen only) has been recognised in the Balance Sheet though the company has incurred operating losses in the current year and previous years and there exists no convincing evidence as to virtual certainty of future income to recover the deferred tax asset as required by Accounting Standard 22 "Accounting for Taxes on Income".*
 - (iii) In our opinion and to the best of our information and according to explanations given to us the annexed accounts and subject to our observations given in above paragraphs, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011 and
 - (b) In the case of the Consolidated Profit & Loss Account, of the Loss for the year ended on that date.
 - (c) In the Case of Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For For Surana Singh Rathii And Co.
Chartered Accountant
FRN No.317119E

sd/-
S. K. Surana
Partner

Membership No.053271

Place: New Delhi
Date: September 04, 2011

Consolidated Balance Sheet as at 31st March 2011

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2011	31st March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	223,988,690	223,988,690
Share Warrants	2	9,775,000	9,775,000
Reserves & Surplus	3	7,765,820,108	1,713,495,845
Capital Reserve on Consolidation of Joint Venture		2,219,762	2,149,160
		8,001,803,560	1,949,408,695
Minority Interest		-	-
Loan Funds			
Secured Loan	4	588,464,092	3,816,877,365
Unsecured Loan	5	54,657,315	3,845,452,206
		643,121,407	7,662,329,571
Total		8,644,924,967	9,611,738,266
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	459,253,660	3,636,980,389
Less: Accumulated Depreciation & Amortization		55,731,988	1,421,887,350
		403,521,672	2,215,093,039
Add: Capital Work in Progress		581,650	-
		404,103,322	2,215,093,039
Share in Joint Venture		604,111	404,707,433
Deferred Tax Assets (Net)			742,883
		2,846,419,735	2,215,835,922
Current Assets, Loans & Advances			
Inventories	7	-	2,199,612,291
Sundry Debtors	8	836,129	29,157,235
Cash & Bank Balances	9	439,226,915	111,278,049
Loans & Advances	10	52,118,459	598,576,893
		492,181,503	2,938,624,468
Less: Current Liabilities & Provisions			
Current Liabilities	11	21,032,795	2,405,151,427
Provisions	12	6,657,988	41,554,187
		27,690,783	2,446,705,615
Net Current Assets		464,490,720	491,918,850
Profit & Loss Account		4,929,307,078	4,277,086,890
Total		8,644,924,967	9,611,738,266
Significant Accounting Policies & Notes on Accounts forming integral part of balance sheet	19		

As per our report of even date attached
For Surana Singh Rathi And Co.
Chartered Accountants
FRN: 317119E

S.K. Surana
Partner
M. No. 53271

For and on behalf of the Board
V2 Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary

Place: New Delhi
Date: 04.09.2011

Consolidated Profit and Loss Account for the year ended 31st March 2011

(Amount in Rs.)

PARTICULARS	SCHEDULE	31st March 2011	31st March 2010
INCOME			
Gross Sales		11,282,459,136	11,666,797,607
Less: VAT/Sales Tax		635,996,000	612,205,105
Turnover		10,646,463,136	11,054,592,502
Other Income	13	104,294,678	130,286,646
Total (A)		10,750,757,814	11,184,879,149
EXPENDITURE			
Cost of goods sold	14	8,331,505,599	12,585,194,915
Manufacturing, Administrative and other expenses	15	1,620,807,484	1,728,630,918
Employee Cost	16	794,994,103	885,453,260
Selling & Distribution Expenses	17	453,530,227	477,613,656
Finance Cost	18	1,070,630,216	897,578,522
Depreciation & Amortization	6	343,174,063	465,421,751
Share in Joint Venture		227,302	343,401,365
		273,823	465,695,575
Total (B)		12,614,868,994	17,040,166,846
Loss Before Tax, Extraordinary & Prior Period Items (A - B)		(1,864,111,179)	(5,855,287,698)
-Prior Period Tax Adjustment		(105,475)	60,501,233
-Deferred Tax Adjustments		219,523,131	2,178,900,744
-Wealth Tax		-	(65,971)
Loss After Tax And Before Extraordinary & Prior Period Items		(1,644,693,523)	(3,615,951,692)
Extra Ordinary Item [Refer Note B-10 of Schedule 20]		969,277,944	(507,897,976)
Prior Period Adjustment(Net) [Refer Note B-28 of Schedule 20]		23,231,791	(29,282,541)
Net Profit / (Loss)		(652,183,789)	(4,153,132,208)
Balance brought forward from last year		(4,277,086,890)	(121,880,725)
Loss attributable to Minority		(36,399)	(2,073,957)
BALANCE CARRIED TO BALANCE SHEET		(4,929,307,078)	(4,277,086,890)
Earnings Per Share			
(Refer Note B-10 in Schedule 19)			
Basic Earning Per Share (before extra ordinary items)(Rs.)		(72.39)	(162.73)
Basic Earning Per Share (after extra ordinary items)(Rs.)		(29.12)	(185.42)
Diluted Earning Per Share (before extra-ordinary items) (Rs.)		(72.39)	(162.73)
Diluted Earning Per Share (after extra ordinary items) (Rs.)		(29.12)	(185.42)
Nominal Value per share (Rs.)		10.00	10.00
Significant Accounting Policies & Notes on Accounts forming integral part of profit & loss accounts	19		

As per our report of even date attached
For Surana Singh Rathi And Co.
Chartered Accountants
FRN: 317119E

S.K. Surana
Partner
M. No. 53271

For and on behalf of the Board
V2 Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary

Place: New Delhi
Date: 04.09.2011

Consolidated Cash Flow Statement for the year ended 31st March, 2011

(Amount in Rs.)

PARTICULARS	31st March 2011	31st March 2010
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(1,864,147,578)	(5,857,361,652)
Adjustments For :		
Depreciation/Amortisation	343,174,063	465,421,751
Prior Period Items	23,231,791	(28,347,491)
Extraordinary Items	969,277,944	(507,897,976)
Loss on Sale of Fixed Assets	3,404,490	36,867,992
Loss on Fixed Assets Discarded	20,943,466	-
Provision for Interest on MSME	(6,834,368)	3,652,688
Provision for Bonus	-	36,576,519
Accumulated Depreciation Written Off	(18,861,874)	-
Provision for Gratuity	(26,121,180)	6,379,394
Provision for Leave Encashment	(8,404,414)	1,625,329
Provision for other Expenses	(370,605)	190,920,073
Interest on Loans	1,070,630,216	893,925,834
Interest & Dividend Income	(6,122,260)	(3,590,505)
Operating Profit before working capital changes	499,799,689	(4,761,828,044)
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Advances & Receivables	183,411,754	178,131,854
(Increase)/Decrease in Inventories	302,172,323	4,471,200,321
Increase/(Decrease) in Payables	(105,126,655)	681,251,014
	380,457,422	5,330,583,190
Cash generated from operations	880,257,112	568,755,146
Direct Taxes Paid	(105,475)	(838,798)
Cash generated from operations before Extraordinary Items	880,151,637	567,916,349
Net Cash from Operating Activities [A]	880,151,637	567,916,349
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(47,402,066)	(44,306,455)
Proceeds from Sale of Fixed Assets	10,015,615	93,219,109
Capital Reserve Changes	70,602	-
Proceeds from Slump Sales	700,000,000	-
Net Cash & Bank Balance Takenover	(109,667,748)	-
Interest received	6,122,260	3,590,505
Net Cash from Investing Activities [B]	559,138,663	52,503,159
C. Cash Flow from Financing Activities		
Proceeds from issuance of share warrants	-	9,775,000
Securities Premium on issue of warrants	-	45,051,100
Proceeds from issuance of Debentures	-	(1,000,000)
Proceeds/(Repayment) of Secured Loans (net)	(42,536,189)	4,466,658
Proceeds/(Repayment) of Unsecured Loan (net)	1,824,975	34,359,053
Minority Interest	-	(2,250,000)
Misc Expenditure	-	13,034,187
Interest paid on loan	(1,070,630,216)	(764,469,785)
Net Cash from Financing Activities [C]	(1,111,341,429)	(661,033,787)
Net Increase/(Decrease) in Cash & Cash Equivalents [A+B+C]	327,948,869	(40,614,279)
Cash & Cash equivalents as at 01.04.2010	111,278,047	151,892,327
Cash & Cash equivalents as at 31.03.2011	439,226,915	111,278,047

Significant Accounting Policies & Notes on Accounts forming integral part of balance sheet Schedule 19

Notes:-

- The above cash flow statement has been prepared under the indirect method set out in AS-3 notified under section 211(3)(C)
- Figures in brackets indicate cash outflow
- Cash and Cash equivalents includes Rs. 5,822,168(P.Y. Rs.8,556,525) pledged with Bank against Bank Guarantees, which are not available for use by the Company
- The above change in Operating, Financing, Investments Activities & Working Capital Changes has been stated after giving effect to the Slump Sale Deal..

As per our report of even date attached
For Surana Singh Rathi And Co.

Chartered Accountants
FRN: 317119E

S.K. Surana
Partner
M. No. 53271

For and on behalf of the Board
V2 Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary

Place: New Delhi
Date: 04.09.2011

Schedules forming part of Consolidated Balance Sheet as at March 31, 2011

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
1	SHARE CAPITAL		
	Authorised		
	Equity Share Capital	300,000,000	300,000,000
	30,000,000 (30,000,000) Equity Shares of Rs. 10/- each		
	Preference Share Capital	58,400,000	58,400,000
	400,000 (400,000) Preference Shares of Rs. 146/- each		
		358,400,000	358,400,000
	Issued, Subscribed & Paid up		
	Equity Share Capital		
	22,398,869 (22,398,869) Equity Shares of Rs. 10/- each, fully paid up in cash	223,988,690	223,988,690
		223,988,690	223,988,690
2	SHARE WARRANT		
	3,910,000 (Nil) Convertible Share Warrants of Rs. 10/- each (against which Rs.2.5 per warrant has been received) issued on 30th October, 2009 are to be converted on or before 18 Months from date of issue	9,775,000	9,775,000
		9,775,000	9,775,000
3	RESERVES & SURPLUS		
	Capital Reserve	6,052,324,263	-
	(Refer note B-6 in Schedule 19 for the securities given on these loans)		
	Securities Premium		
	Balance brought forward	1,713,495,845	1,664,620,845
	Add: Addition	-	48,875,000
		7,765,820,108	1,713,495,845
4	SECURED LOAN		
	Term Loan		
	- From banks	588,464,092	1,022,164,630
	(Refer note B-4 in Schedule 19 for the securities given on these loans)		
	Working Capital Loans		
	- From banks	-	2,549,295,896
	Vehicle Loan		
	-From banks	-	21,952,078
	Other Loans		
	-From banks	-	112,189,175
	-From others	-	19,569,641
	Interest accrued & Due on Secured Loans	-	91,705,945
		588,464,092	3,816,877,365
5	UNSECURED LOAN		
	1). Non Convertible Debentures		
	LIC Mutual Fund 10.25%	-	999,000,000
	Deutsche Trustee Services (I) Pvt. Ltd. 9.75%	-	500,000,000
	2). Bill Discounting :		
	-From banks	-	513,958,086
	-From others	-	50,679,887
	3). Short Term Loans		
	-From banks	-	1,693,180,757
	-From others	1,732,680	8,928,825
	4). Loan		
	a). From Directors	52,924,635	54,976,761
	[maximum amount outstanding during the year Rs. 54,976,761 (P.Y. Rs. 80,000,000)]		
	5). Interest accrued & due on Unsecured Loans	-	24,727,890
		54,657,315	3,845,452,206

SCHEDULE : 6 - FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As at 01.04.2010	Additions during the Year	Adjustments/ Sold during the Year	As at 31.03.2011	As at 01.04.2010	Depreciation for the Year	Adjustments/ Sold during the Year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Free Hold Land	107,995,114	-	107,995,114	-	-	-	-	107,995,114	107,995,114	
Lease Hold Land	69,181,044	-	-	69,181,044	8,071,122	3,291,679	-	11,362,801	57,818,243	61,109,922
Lease Hold Buildings	49,154,953	-	-	49,154,953	4,789,303	1,875,666	-	6,664,969	42,489,984	44,365,650
Buildings	228,790,673	-	-	228,790,673	27,599,118	9,563,489	-	37,162,607	191,628,066	201,191,555
Plant & Machinery	71,640,025	-	71,640,025	-	27,753,934	5,930,157	33,684,091	-	-	43,886,091
Lift	19,724,154	825,182	20,549,336	-	8,757,017	1,511,359	10,268,376	-	-	10,967,136
Generator Set	235,753,206	-	235,753,206	-	74,162,020	21,356,044	95,518,064	-	-	161,591,186
Furniture & Fixture	1,100,681,653	17,504,519	1,118,186,172	-	444,950,934	114,500,061	559,450,995	-	-	655,730,719
Electrical Equipments										
& Fittings	368,710,394	9,934,600	378,644,995	-	117,489,069	33,922,490	151,411,559	-	-	251,221,325
Office Equipments	195,630,200	1,212,047	196,842,248	-	54,252,797	18,813,612	73,066,409	-	-	141,377,402
Air Conditioner	408,953,481	1,405,868	410,359,349	-	123,876,324	37,749,888	161,626,212	-	-	285,077,157
Computer	569,086,730	8,565,050	577,499,408	152,373	386,334,321	70,791,659	456,973,608	152,373	-	182,752,409
Video Conference										
Systems	52,987,306	-	52,987,306	-	36,817,997	6,148,767	42,966,763	-	-	16,169,309
Motor Vehicles	113,749,531	151,875	113,512,168	389,238	65,623,829	11,812,491	77,047,082	389,238	-	48,125,702
INTANGIBLE ASSET										
Computer Softwares	44,941,925	7,360,046	48,711,706	3,590,265	41,409,563	5,906,701	43,532,949	-	3,590,265	3,532,362
TOTAL	3,636,980,389	46,959,187	3,224,685,919	459,253,660	1,421,887,348	343,174,063	1,705,546,107	55,731,988	403,521,672	2,215,093,039
PREVIOUS YEAR	3,725,293,218	10,686,527	195,179,356	3,636,980,389	1,020,686,489	466,356,801	65,155,940	1,421,887,350	2,215,093,039	

(Amount in Rs.)

SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
7	INVESTMENTS (as taken, valued & certified by the management)		
	Raw Materials	-	15,789,526
	Semi Finished Goods	-	14,681,885
	Stitching Materials & Consumables	-	33,177,975
	Finished Goods	-	2,135,962,905
		-	2,199,612,291
8	SUNDRY DEBTORS (Unsecured Considered Good, unless otherwise stated)		
	Outstanding for period exceeding Six months		5,878,194
	Other Debt	836,129	23,279,041
		836,129	29,157,235
9	CASH & BANK BALANCES (as certified by the management)		
	Cash on hand	877,233	47,061,325
	Cash in Transit (CMS)	-	16,113,923
	Cheques/ Demand drafts on hand	-	1,835,702
	Balance with Scheduled Banks		
	In Current Accounts	432,478,683	34,951,313
	Credit Card Control A/c		
	In Fixed Deposit Accounts [Refer Note B-3 of schedule 19]	5,851,327	11,045,724
		439,207,243	111,007,988
	Share in Joint Venture	19,672	270,061
		439,226,915	111,278,049

Schedules forming part of Consolidated Balance Sheet as at March 31, 2011

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
10	<u>LOANS & ADVANCES</u> (Unsecured & considered good, unless otherwise stated)		
	Advance Income Tax, including taxes deducted at source	3,871,204	78,264,487
	Security Deposits/Advances	4,337,106	270,617,666
	Advances to Subsidiary Companies		
	Advances receivable in cash or in kind or for value to be received	43,824,996	249,685,749
		52,033,306	598,567,902
	Share in Joint Venture	85,153	8,991
		52,118,459	598,576,893
11	<u>CURRENT LIABILITIES</u>		
	Sundry Creditors		
	-Due to Micro, Medium & Small Enterprises	6,812,728	26,617,302
	-Sundry Creditors-Other		1,765,258,257
	Provision for interest payable to MSME [Refer Note B-9 of Schedule 19]	-	6,834,368
	Interest Accrued But Not Due	-	110,539,211
	Book Overdraft	-	124,281,640
	Advances from Directors [Max. Balance Rs. 749,850 (P.Y. Rs. 749,850)]	749,850	749,850
	Other Liabilities	13,156,621	370,709,384
		20,719,199	2,404,990,012
	Share in Joint Venture	313,596	161,415
		21,032,795	2,405,151,427
12	<u>PROVISIONS</u>		
	Provision for Gratuity	410,740	26,531,920
	Provision for Leave Encashment	151,995	8,556,409
	Provision for Fringe Benefit Tax [Net of Advance FBT Rs. 15,419,647 (P.Y. Rs. 15,419,647)]	6,095,253	6,095,253
	Provision for Wealth Tax	-	370,605
		6,657,988	41,554,187

Schedules Forming Part of Consolidated Profit & Loss Account for the year ended March 31, 2011

SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
13	<u>OTHER INCOME</u>		
	Interest [T.D.S. Rs. 263,423 (P.Y. Rs. 491,365)]	6,122,260	3,590,505
	Misc Income	78,504,458	98,083,054
	T.O.T Charges [T.D.S. Rs. 218,502 (P.Y. Rs. 503,038)]	18,496,315	28,602,715
	Rental Income [T.D.S. Rs. 185,699 (P.Y. Rs. NIL)]	929,032	-
		104,052,065	130,276,274
	Share in Joint Venture	242,614	10,373
		104,294,678	130,286,646
14	<u>COST OF GOODS SOLD</u>	8,331,505,599	12,585,194,915

Schedules Forming Part of Consolidated Profit & Loss Account for the year ended March 31, 2011

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March 2011	31st March 2010
15	MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES		
	Fabrication & Other Manufacturing Expenses	1,651,517	7,114,756
	Power & Fuel Expenses	348,440,862	383,067,513
	Rent Charges	793,990,046	861,983,117
	Repairs & Maintenance-		
	- Building	9,475,879	18,449,497
	- Plant & Machinery	1,044,973	2,274,148
	- Others	89,025,024	66,608,468
	Insurance Charges	4,690,662	8,551,017
	Rates & Taxes	28,550,212	22,383,414
	Bank Charges	21,933,266	16,251,942
	Consultancy & Legal	56,535,369	54,922,281
	Motor Vehicle Expenses	4,264,472	7,347,127
	Printing & Stationery	16,319,687	15,128,115
	Security Service Charges	75,938,213	48,669,135
	Housekeeping Expenses	39,844,678	33,617,659
	Filing Fees	-	-
	Telephone Expenses	21,912,069	32,095,497
	Travelling & Conveyance	24,360,699	21,399,577
	Other Expenses	32,510,130	63,550,793
	Postage & Couriers Expenses	2,865,308	3,121,656
	Auditor Remuneration	1,180,638	2,649,045
	Directors' Sitting Fee	166,000	108,000
	Loss on Fixed Assets Discarded	20,943,466	-
	Loss on Sale of Fixed Assets	3,404,490	36,867,992
	Credit Cards Charges	21,208,735	21,388,699
		1,620,256,394	1,727,549,448
	Share in Joint Venture	551,090	1,081,470
		1,620,807,484	1,728,630,918
16	EMPLOYEE COSTS		
	Salary, Wages & Bonus	722,531,294	801,611,896
	Director's Remuneration	-	-
	Gratuity Expenses	4,482,546	8,084,408
	Contribution to PF & other funds	47,190,774	50,895,883
	Staff Welfare Expenses	20,789,489	24,861,073
		794,994,103	885,453,260
17	SELLING & DISTRIBUTION EXPENSES		
	Advertisement & Sales Promotion	204,872,095	148,770,486
	Commission Charges	19,552,171	35,743,469
	Transportation Charges	140,888,387	169,288,794
	Packing Materials & Expenses	88,217,574	123,810,907
		453,530,227	477,613,656
18	FINANCE COST		
	Loan Processing Charges	-	3,145,000
	Interest on Bill Discounting	67,648,475	78,771,643
	Interest on Term Loans	234,457,825	72,058,750
	Interest on Unsecured Loans	14,296,938	4,899,447
	Interest on Vehicle Loans	755,191	2,848,886
	Interest on Working Capital Loans	609,778,135	583,288,711
	Interest on Debentures	143,693,651	152,566,085
	Interest Reversals	(969,277,944)	-
		101,352,272	897,578,522

Schedule 19 forming part of Consolidated Financial Statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Accounts

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.

1A Principles of Consolidation

The Companies considered in the Consolidated Financial Statements are :

Name of the Subsidiaries	Country of Incorporation	Ownership Interest	Financial Year ends on
VRL Infrastructure Limited *	India	50%	31st March, 2011
VRL Consumer Goods Limited	India	100%	31st March, 2011
VRL Movers Limited *	India	50%	31st March, 2011
VRL Fashions Limited	India	100%	31st March, 2011
VRL Foods Limited	India	100%	31st March, 2011
VRL Retail Ventures Limited*	India	50%	31st March, 2011
VRL Knowledge Process Limited*	India	50%	31st March, 2011

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

The Joint Venture considered in the Consolidated Financial Statements are :

Name of the Company	Description of Interest	Country of Incorporation	Percentage Interest as at at 31.03.11	Percentage Interest as at 31.03.10
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%

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

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

1C Other significant accounting policies are as set out as under.

1. Use of Estimates

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

2. Revenue Recognition

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

3. Inventories

Inventories are valued as follows:

- Raw materials, stores/consumables & packing material: at lower of cost and net realizable value.
- Work in Progress : at lower of cost and net realizable value
- Finished goods: at lower of cost and net realizable value

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

4. Fixed Assets and Depreciation / Amortization

a) Fixed Assets

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

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

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

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

b) Intangible Assets

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

Computer software is amortized over a period of three years.

5. Impairment of Assets

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

ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

6. Foreign Currency Transactions

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

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

7. Employee Benefits

(a) Short term employee benefits:

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

(b) Long term employee benefits:

(i) Defined contribution plans:

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

(ii) Defined Benefit Plans:

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

(iii) Other long term employee benefits

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

8. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments including investments in subsidiaries are carried at cost. However, no provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

9. Leases

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

10. Taxation

a) Tax expenses comprises of Current Tax, Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

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

11. Earnings per share

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

12. Provisions & Contingent Liabilities

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

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

B. NOTES TO ACCOUNTS
1. Contingent liabilities

(Amount in Rs.)

Particulars	31st March 2011	31st March 2010
a. Outstanding Bank Guarantees	1,225,000	1,225,000
b. Disputed Sales Tax Demands - matter under appeal	5,51,96,492	4,687,235
c. Disputed excise duty demands- matter under appeal	-	500,000
d. Disputed Liability in respect of Income Tax demands - matter under appeal	-	127,166,302
e. Claims against the Company not acknowledged as debts	269,598,913	296,461,235
f. Claims by Provident Fund Department	113,929,006	113,929,006
Total	439,949,411	543,968,778

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.

2. Capital Commitments:

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

Particulars	31st March 2011	31st March 2010
a. Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	821,856	462,000

There is a lien on Fixed Deposits of Rs. 5,851,327 (Rs. 8,556,525) towards Bank Guarantee provided by Banks and pledge of Fixed Deposits with various Revenue Authorities as surety bond.

4. Securities for Loans:

Bank : State Bank of India, HSBC & HDFC Bank
Security
<ul style="list-style-type: none"> • First charge on pari passu basis on all the movable and immovable assets of the Company as of 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 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.
Bank: HDFC Bank
Security
<ul style="list-style-type: none"> • Loan against property also available for HDFC Term Loans • First charge on the basement and ground floor of property at 52/6 VIP Road, Kolkata, West Bengal in the name of VRL. • First charge on property at 896, Golbazar, Wright Town, Jabalpur
Bank : Bank of India, ING Vysya Bank and UCO Bank
Security
<ul style="list-style-type: none"> • Exclusive charge with Bank of India of property at industrial land Khata no.329, Khasra No. 122/43 Mouza Central Hope town, (Saalakui), Paragana 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, HDFC and HSBC have a charge) • Subservient charge on Current Assets • Personal Guarantee of Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal. • Pledge of 953,770 shares of VRL. • Corporate Guarantee of Unicorn Marketing Private Limited. (Liability limited to the extent of shares pledged(7,70,000 shares of VRL) • Post dated Cheques for Principal Amount + FITL • Pledge of 100% of existing promoters' shareholding in the Company or 51% of the Company's paid up capital whichever is lower.

5. Secured Loan repayable within a year is Rs. 588,464,092 (P. Y. Rs. 592,081,863).

6. Business Restructuring:

The company has restructured its business during the year by way of sale of its Wholesale and Retail Businesses 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 by the Company with the Acquiring Companies and its Lenders to effect the said restructuring and CDR proposal of the Company. 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. The Slump Sale transaction resulted in a Capital Reserve of Rs. 499.42 Crores.

As a part of the said restructuring 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.

The company got waiver of Rs. 96.93 crores as reversal of interest under the CDR scheme which has been disclosed as extra ordinary item in the Profit & Loss Account.

7A. Management Plan

The Company has already started its new retail venture under the brand & style "V2". The Company has entered into MOU for eight new stores, out of the same, four stores has already operational with a total area of 60,775 sq. ft during the current period.

In the opinion of the management, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

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

Particulars	(Amount in Rs.)	
	2010-11	2009-10
Statutory Audit	1,000,000	1,725,000
Limited Review	600,000	450,000
Other Matters	Nil	65,000
Out of Pocket Expenses	180,638	178,325
Total	1,780,638	2,418,325

9. 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:

	(Amount in Rs.)	
	As at 31.03.2011	As at 31.03.2010
Balance of Sundry Creditors		
- Principal amount due to Micro, Small and Medium Enterprises	5,54,125	26,617,302
- Principal amount due to Others	-	1,758,999,654
Total	5,54,125	1,785,616,956
Interest accrued and due at the end of the year		
- Interest on payments due to Micro, Small and Medium Enterprises	-	6,834,368
- 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	Nil	6,834,368
Paid during the year		
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	Nil	Nil
- Principal amount	-	-
- Interest thereon	-	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	148,867,019
Others		
- Interest accrued in the prior year and paid during the year	-	-
- Interest accrued during the year and paid during the year	-	-

As per the Business Transfer Agreement entered into by the Company with TPG Wholesale Private Ltd and Airplaza Retail Holding Private Ltd (referred to as acquiring companies), the balances due to Sundry Creditors have been transferred to acquiring companies. The interest payable to Micro, Small and Medium Enterprises amounting to Rs. 68,34,368 has been written back in the Profit and Loss Account. However if any liability arises for the same in future the interest will be accounted for on payment basis.

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

11. Deferred Tax

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of Rs.219,877,524 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at 31st March, 2011 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2011.

Particulars	(Amount in Rs.)	
	As at 31.03.2011	As at 31.03.2010
Deferred Tax Liabilities		
On account of Depreciation	3,848,430	-
Total Deferred Liabilities	3,848,430	-

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Deferred Tax Assets		
On account of Depreciation	-	6,571,867
Provision for Gratuity	1,488,990	9,018,200
Provision for Leave Encashment	918,304	2,908,322
Bonus	9,906,101	12,432,359
Carry Forward of Losses	2,827,292,911	2,595,569,092
Share of Joint Venture's Deferred Tax Asset	118,956	396,764
Loss on Sale of Fixed Assets	1,130,886	-
Loss on assets discarded	6,956,896	-
Total Deferred Assets	2,850,268,165	2,626,896,604
Net Deferred Tax Assets/ (Liabilities)	2,846,419,735	2,626,896,604

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

a) **Defined Contribution Plans**

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

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

(Amount in Rs.)

Particulars	2010-11	2009-10
Contribution to Provident Fund	30,609,470	34,628,288
Contribution to Employee's State Insurance Scheme	16,457,303	16,210,550

b) **Defined Benefit Plans**

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

(Amount in Rs.)

	Particulars	31.3.2011	31.3.2010
(i)	Actuarial Assumptions		
	(i) Discount Rate (Per annum)	7.90%	7.60%
	(ii) Rate of increase in Compensation levels	10.00%	10.00%
	(iii) Rate of Return on Plan Assets	-	-
	(iv) Expected Avg. remaining working lives of employees in no. of Years	29.25 Years	30.56 Years
(ii)	Changes in present Value of Obligation		
	(a) Present value of Obligation as at 1 st April 2010	26,531,920	20,152,526
	(b) Interest Cost	2,016,426	1,410,677
	(c) Past Service Cost	-	1,189,703
	(d) Current Service Cost	73,302	7,735,658
	(e) Benefit Paid	(4,071,806)	(1,705,014)
	(f) Actuarial(Gains)/Loss	(24,139,102)	(2,251,630)
	(g) Present value of Obligation as at 31 st March, 2011	410,740	26,531,920
(iii)	Changes in Fair value of Plan Assets	-	-
(iv)	Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets		
	(a) Present value of Funded Obligation as at 31 st March, 2011	-	-
	(b) Fair value of Plan Assets as at 31 st March, 2011	-	-
	(c) Funded (Asset)/Liability recognized in the Balance Sheet	-	-
	(d) Present value of Unfunded Obligation as at 31 st March, 2011	410,740	26,531,920
	(e) Unrecognized Past Service Cost	-	-
	(f) Unrecognized Actuarial(Gain)/Loss	-	-
	(g) Unfunded Net Liability recognized in the Balance Sheet	410,740	26,531,920
(v)	Amounts recognized in the Balance Sheet		
	(i) Present Value of Obligation as at 31 st March 2011	410,740	26,531,920
	(ii) Fair value of Plan Assets as at 31 st March 2011	-	-
	(iii) Asset/ Liability recognized in the Balance Sheet	410,740	26,531,920
(vi)	Expenses recognized in the Profit and Loss Account		
	(a) Current Service Cost	73,302	7,735,658
	(b) Past Service Cost	-	1,189,703
	(c) Interest Cost	2,016,426	1,410,677
	(d) Expected Return on Plan Assets	-	-
	(e) Net Actuarial(Gain)/Loss	(24,139,102)	(2,251,630)
	(f) Employees' Contribution	-	-
	(g) Total Expenses recognized in the Profit and Loss Account	(22,049,374)	8,084,408

(vii)	Amount for the Current Period		
(a)	Present Value of Obligation	26,531,920	26,531,920
(b)	Plan Assets	-	-
(c)	Surplus (Deficit)	(410,740)	(26,531,920)
(d)	Experience adjustments on plan liabilities - (Loss)/Gain	(24,135,396)	2,848,209
(e)	Experience adjustments on plan assets - (Loss)/Gain	-	-

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

c) **Defined Benefit Plans**

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

		(Amount in Rs.)	
Particulars		31.3.2011	31.3.2010
(i) Actuarial Assumptions			
(i)	Discount Rate (Per annum)	7.90%	7.60%
(ii)	Rate of increase in Compensation levels	10.00%	10.00%
(iii)	Rate of Return on Plan Assets	-	-
(iv)	Expected Avg. remaining working lives of employees in no. of Years	29.25 Years	30.56 Years
(ii) Changes in present Value of Obligation			
(a)	Present value of Obligation as at 1 st April 2010	8,556,409	6,931,080
(b)	Interest Cost	650,287	485,176
(c)	Past Service Cost	-	-
(d)	Current Service Cost	60,770	5,424,517
(e)	Benefit Paid	(2,612,523)	(2,951,754)
(f)	Actuarial(Gains)/Loss	(6,502,948)	(1,332,610)
(g)	Present value of Obligation as at 31 st March, 2011	151,995	8,556,409
(iii) Changes in Fair value of Plan Assets		-	-
(iv) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets			
(a)	Present value of Funded Obligation as at 31 st March, 2011	-	-
(b)	Fair value of Plan Assets as at 31 st March, 2011	-	-
(c)	Funded (Asset)/Liability recognized in the Balance Sheet	-	-
(d)	Present value of Unfunded Obligation as at 31 st March, 2011	151,995	8,556,409
(e)	Unrecognized Past Service Cost	-	-
(f)	Unrecognized Actuarial(Gain)/Loss	-	-
(g)	Unfunded Net Liability recognized in the Balance Sheet	151,995	8,556,409
(v) Actuarial gain / loss recognized for the period			
	Actuarial (gain) / loss recognized for the period-Obligation	(6,502,948)	(1,332,610)
	Actuarial (gain) / loss recognized for the period-Plan Assets	-	-
	Total (gain) / loss for the period	(6,502,948)	(1,332,610)
	Actuarial (gain) / loss recognized in the period	(6,502,948)	(1,332,610)
	Unrecognized actuarial (gains) / losses at the end of period	-	-
(vi) Amounts recognized in the Balance Sheet			
(i)	Present Value of Obligation as at 31 st March 2011	151,995	8,556,409
(ii)	Fair value of Plan Assets as at 31 st March 2011	-	-
(iii)	Asset/ Liability recognized in the Balance Sheet	151,995	8,556,409
(vii) Expenses recognized in the Profit and Loss Account			
(a)	Current Service Cost	60,770	5,424,517
(b)	Past Service Cost	-	-
(c)	Interest Cost	650,287	485,176
(d)	Expected Return on Plan Assets	-	-
(e)	Net Actuarial(Gain)/Loss	(6,502,948)	(1,332,610)
(f)	Employees' Contribution	-	-
(g)	Total Expenses recognized in the Profit and Loss Account	(5,791,891)	4,577,083
(viii) Amount for the current period			
	Present value of obligation	151,995	8,556,409
	Plan Assets	-	-
	Surplus (Deficit)	(151,995)	(8,556,409)
	Experience adjustments on plan liabilities-(Loss) / gain	6,502,040	1,229,104
	Experience adjustments on plan liabilities-(Loss) / gain	-	-

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

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

Name	Designation	Relationship
Mr. Ram Chandra Agarwal	Director	Key Managerial Personnel
Mrs. Uma Agarwal	Director	Key Managerial Personnel
VRL Infrastructure Limited		Subsidiary Company
VRL Consumer Goods Limited		Subsidiary Company
VRL Movers Limited		Subsidiary Company
VRL Fashions Limited		Subsidiary Company
VRL Retailer Business Solutions Pvt. Limited		Joint Venture Company
VRL Retail Ventures Limited		Subsidiary Company
VRL Knowledge Process Limited		Subsidiary Company
VRL Foods Limited		Subsidiary Company
Unicon Marketing Pvt. Ltd.		Two directors of Vishal Retail Limited are directors in the Company.
Ricon Commodities Pvt. Ltd.		Two directors of Vishal Retail Limited are directors in the Company.
Vishal Water World Private Ltd.		Two directors of Vishal Retail Limited are directors in the Company.
V2 Conglomerate Private Ltd.		One director of Vishal Retail Limited is director in the Company.

Details of Transaction with related parties

(Amount in Rs.)

Particulars	31-03-2011	31-03-2010
1. Loans Repaid/ (Refunded)		
VRL Infrastructure Ltd.	-	(438,386)
VRL Mover Ltd.	-	(1,532,586)
Ram Chandra Agarwal	(2,052,126)	116,023,239
Unicon Marketing Pvt Ltd.	-	65,300,000
2. Loans Granted		
VRL Movers Limited	-	1,350,000
3. Loans Accepted		
Unicon Marketing Pvt Ltd.	36,852,881	53,391,033
Mr. Ram Chandra Agarwal	-	111,000,000
4. Loans Written Off		
Unicon Marketing Pvt Ltd.	44,049,026	-
5. Investment in Subsidiaries and Joint Ventures		
VRL Movers Limited	-	1,250,000
VRL Fashions Limited	-	-
VRL Foods Limited	-	-
Outstanding as at the Balance Sheet Date		
6. Amount Receivable		
Remuneration Recoverable from S.K. Agarwal	1,282,128	1,287,912
Remuneration Recoverable from Uma Agarwal	212,424	312,421
7. Amount Payable		
Mr. Ram Chandra Agarwal	52,924,635	54,976,761
Unicon Marketing Pvt Ltd.	-	7,196,145
Vishal Water World Pvt Ltd.	1,732,680	1,732,680
8. Issue of Share Warrant		
39,10,000 Convertible Share Warrant Issued to Mr. R.C. Agarwal, Managing Director, 25% of Total Consideration received	-	58,650,000

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

Particulars	UNIT	31-03-2011	31-03-2010
Profit/(Loss) After Tax & prior period items and Before Extraordinary Items	Rs.	(1,621,461,733)	(3,639,271,567)
Profit/ (Loss) after Tax , prior period items & extraordinary items	Rs.	(652,183,789)	(4,147,169,543)
Weighted average number of equity shares	Nos.	22,398,869	22,398,869
Weighted average number of equity shares for Dilutive EPS	Nos.	22,398,869	22,398,869
Basic Earning Per Share (before extra ordinary items)	Rs.	(72.39)	(162.47)
Basic Earning Per Share (after extra ordinary items)	Rs.	(29.12)	(185.15)
Diluted Earning Per Share (before extra-ordinary items)	Rs.	(72.39)	(162.47)
Diluted Earning Per Share (after extra ordinary items)	Rs.	(29.12)	(185.15)

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

(Amounts in Rs.)

Particulars	2010-11	2009-10
Opening	NIL	100,000
Provision During the Year	NIL	NIL
Closing Balance	NIL	NIL

16. Lease

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

Obligations on long term, non-cancelable operating leases.

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

(Amount in Rs)

Particulars	2010-11	2009-10
A). Lease Rentals recognized during the year in Profit & Loss Account*	793,990,046	861,983,117
Obligations		
Within one year of the balance sheet date	2,448,864	116,113,070
Due in a period between one year and five years	4,285,512	23,532,253
Due after five years (as lease are cancelable by the Company after three to five years)	NIL	NIL

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

17. Prior Period Items

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

(Amount in Rs)

Particulars	31 st March 2011
Expenses	
Service Tax	311820
AMC	748314
Rent	12269089
Professional Charges	1544612
Insurance	1009359
Incentive	2447331
Others	4971343
Miscellaneous Balances Written Off	8114090
Total Expenses	31415958
Income	
Miscellaneous Income	4219690
Depreciation	3783314
Salary & Bonus	34473315
Interest on MSME	6834368
Purchases	5337062
Total Income	54647749
Net Prior Period Expense/(Income)	(23231791)

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

a) Expenditure in Foreign Currency

(Amount in Rs)

Particulars	2010-11	2009-10
Traveling Expenses	21,20,688	1,326,450

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

Quantitative Details for the year ended March 31, 2011

Category	Opening Qty 01.04.10	Opening Value	Purchase (Qty)	Purchase Value	Sales (Qty)	Sales Value	Closing Stock Qty	Closing Stock Value 31.03.11
Apparel	104.30	11,710.88	300.59	40,373.60	404.89	54,361.03	-	-
FMCG	-	2,879.83	-	15,683.19	-	20,246.25	-	-
Non Apparel	-	6,768.92	-	22,558.00	-	31,857.35	-	-
Grand Total	104.30	21,359.63	300.59	78,614.78	404.89	1,06,464.63	-	-

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Quantitative Details for the year ended March 31, 2010

Category	Opening Qty 01.04.09	Opening Value	Purchase (Qty)	Purchase Value	Sales (Qty)	Sales Value	Closing Stock Qty	Closing Stock Value 31.03.10
Apparel	202.38	39,076.49	370.24	42,150.73	398.39	57,230.15	104.30	11,710.88
FMCG	-	3,272.91	-	24,483.70	-	25,771.33	-	2,879.83
Non Apparel	-	21,517.06	-	20,863.22	-	27,544.45	-	6,768.92
Grand Total	202.38	63,866.46	370.24	87,497.65	398.39	1,10,545.93	104.30	21,359.63

Notes:

- i. The Company is dealing in a large number of products at several locations across the country. The quantitative information required in terms of Schedule VI of the Companies Act, 1956 have been broadly grouped as Apparels, FMCG and Non-Apparels (household goods and other accessories).
 - c) Other information in pursuance of the provisions of the paragraph 3, 4C, 4D, Part II of Schedule VI of the Companies Act, 1956 is not applicable to the Company.
19. The figures of previous year were audited by firm of Chartered Accountants other than Surana Singh Rathi and Co.. Previous year's figures have been regrouped and/or rearranged where necessary to conform to this year's classification.

For Surana Singh Rathi & Co.
Chartered Accountants
FRN: 317119E

S. K. Surana
Partner
M. No. 53271

Place: New Delhi
Date: September 04, 2011

For and on behalf of the Board
V2 Retail Limited

sd/-
Ram Chandra Agarwal
Managing Director
DIN 00491885

sd/-
Uma Agarwal
Director
DIN 00495945

sd/-
Saurabh Misra
Company Secretary



V2 Retail Limited

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

ATTENDANCE SLIP

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

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

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

I/We hereby record my/our presence at the 10th Annual General Meeting of the Company being held on 30.09.2011 at Luthra Farm House, gate No. 3, Near Shani Bazar, Rajokri, New Delhi 110 038 at 10.30 AM

Signature of the Shareholder(s)/proxy**

1. _____ 2. _____ 3. _____

*Applicable for investors holding shares in electronic form.

**Strike out whichever is not applicable.

Note: Attendance in original should be complete in all respects.

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



V2 Retail Limited

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

PROXY

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

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

Being a member/members of V2 Retail Limited hereby appointor failing him/her.....ofmy/our proxy to vote for me/us and on my/our behalf at the 10th Annual General Meeting of the Company being held on 30.09.2011 at Luthra Farm House, gate No. 3, Near Shani Bazar, Rajokri, New Delhi 110 038 at 10.30 AM

Signature of the Shareholder(s)/proxy**

Signature of Proxy(s)

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

Date : DD MM YY

*Applicable for investors holding shares in electronic form.

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



BOOK - POST

If undelivered, please return to:

V2 RETAIL LIMITED

(Formerly Vishal Retail Limited)

Plot No. 8, Pocket-2, Block-A,
Rangpuri Extensions, NH-8,
Delhi 110 037
Phone(011) -32431314-15
Fax: (011) -26784281