



V2 RETAIL LIMITED

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NOTICE

NOTICE IS HEREBY GIVEN THAT TWELFTH ANNUAL GENERAL MEETING OF THE V2 RETAIL LIMITED WILL BE HELD ON MONDAY THE 30th DAY OF SEPTEMBER 2013 AT KHASRA NO. 1138, SHANI BAZAR CHOWK, RAJOKARI, NEW DELHI 110038 at 10.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Profit and Loss account for the year ended March 31, 2013 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
- To appoint a director in place of Mr. Sourabh Kumar, who retires by rotation and being eligible offers himself for reappointment.
- To consider and if thought fit, to pass with or without modification (s), the following resolution for appointment and fixation of the remuneration for the Statutory Auditors from the conclusion of this AGM until next AGM as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956 and any other law for the time being in force, M/s AKGVG & Associates, Chartered Accountants (Firm Registration No. 018598N), be and is hereby appointed as the statutory auditors of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration on such remuneration and reimbursement of out of pocket expenses, if any, as may be decided by Board of Directors in consultation with the M/s AKGVG & Associates.

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

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

Date : 04.09.2013
Place : New Delhi

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- All documents referred to in the notice are open for inspection at the registered office of the Company between 11:00 a.m. to 1:00 p.m. on all working days upto the date of Annual General Meeting.
- The details pertaining to the appointment / reappointment of Directors are furnished in statement of Corporate Governance in the Directors' Report.
- The register of members and the share transfer books of the Company will be closed from 24th September 2013 to 29th September, 2013 both days inclusive.
- Members/proxies should bring their copy of the Annual Report for reference at the meeting and also the duly filled attendance slip for attending the meeting.
- Members holding shares under more than one folio may use photocopy of Proxy Form for other folios. The company shall provide additional forms on written request only.
- Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
- Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request).

- In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
- Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (D.P) ID number on all correspondences with the Company.
- Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- Members are requested to address all correspondence including dividend matters to the Registrar and Share Transfer Agent (RTA), Link Intime India Private Limited, 44, Community Centre, 2nd floor, Naraina Industrial Area, Phase-I, PVR Naraina, New Delhi-110028 and also at C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(W), Mumbai -400 018
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / RTA.
- Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to RTA, for consolidation into a single folio.
- Non-Resident Indian Members are requested to inform RTA, immediately of:
 - Change in their residential status on return to India for permanent settlement or.
 - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- Details of Director who is proposed to be appointed/re-appointed at the ensuing Annual General Meeting, as required under clause 49 of the Listing Agreement, are as under:

Name of Director	Mr. Sourabh Kumar
Date of Birth	04/02/1985
Date of Appointment	01/10/2011
Expertise in Specific Functional Area	He holds more than Three years of Experience in Finance and Accounts
Qualifications	M.COM
Directorship in Other Public Companies	None
Membership/Chairmanship of Other Public Companies	None
Shareholding in the Company	None

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

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

Date : 04.09.2013
Place : New Delhi

DIRECTORS' REPORT

Your Directors have great pleasure in presenting the Twelfth Directors' Report of the company with the audited statements of accounts for the year ended March 31, 2013.

Financial Highlights

(Rs. in Million)

PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
Income from Operations (1)	1056.71	401.64
Other Income (2)	20.99	37.40
Total Income (3)	1077.70	439.05
Total Expenditure except interest cost (4)	1072.07	510.35
Interest (5)	65.21	81.50
Profit(+) & Loss(-) before tax (3)-(4+5) (6)	(59.57)	(152.81)
Provision for Taxation (7)	Nil	Nil
Tax Adjustments (8)	18.84	(155.31)
Net Profit (+) & Loss (-) after tax(6-(7+8))	(40.73)	(308.12)
Brought forward from Previous year	(5268.52)	(4920.72)
Extra Ordinary Item & Prior Period Adjustment	(12.02)	(39.69)
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	(5321.27)	(5268.52)
EPS (In Rs for Equity Shares of par value of Rs.10/- each)		
Basic (before extraordinary & prior period items)	(1.82)	(13.76)
Basic (after extraordinary & prior period items)	(2.35)	(15.53)
Diluted (before extraordinary & prior period items)	(1.82)	(13.76)
Diluted (after extraordinary & prior period items)	(2.35)	(15.53)

PERFORMANCE REVIEW

The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. During the year the company has increased its turnover from 401.64 Million to 1056.71 Million by 2.5 times compared to previous year. The Company has significantly reduced its accumulated loss as compared to its last year. It is expected in future the company will generate profits for its stakeholders. The overall retail market continues to grow and consumer aspiration for a better service environment still remains intact. Your company continues to endeavor to reinstate its growth pattern in the retail industry with a chain of stores under the 'V2' brand in the Retail Industry.

OPERATIONS REVIEW

- During the year, Company opened in its 8 new stores under the brand "V2" at different places across nation and added approx 2 Lac square feet.
- Relocation of Warehouse from Delhi to Manesar, Gurgaon.

INDUSTRIAL RELATIONS

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

MATERIAL CHANGES AFTER BALANCE SHEET DATE

The Company opened new store admeasuring approx 20000 sq. ft. at Hubli, Karnataka.

Four Stores of the Company become operational in the month of April and May 2013

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIVIDEND

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

PUBLIC DEPOSIT

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

DIRECTORS

Mr. Sourabh Kumar, Non Executive Independent Director of the Company retires by rotation and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

SUBSIDIARY COMPANIES

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

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

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

AUDITORS

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

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

Qualification and response to Auditor's Report

- Attention is invited to note 4 of financial statements explaining the reserves and surplus in the head capital reserve amounting to Rs. 60,523.24/-Lacs., necessary supporting documents and relevant information is not available with the Company and provided to us, so In the absence of the same, we are unable to comment on the appropriateness of the same including consequential impact, if any, arising out of the same on these financial statements. This was also the subject matter of qualification by us in previous year as well.

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

Company with Acquiring Companies and its Lenders to effect the said restructuring and CDR proposal of the Company. The Company had trifurcated its Assets and Liabilities as on appointed date between the

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

- b) Attention is invited to note 4 of financial statements explaining the reserves and surplus, company has accumulated losses more than 50% of its net worth. However, having regard to improvement in the economic sentiment, rationalization measures adopted by the Company, opening of new stores, these financial statements have been prepared on the basis that the company is a going concern and that no adjustments are required to the carrying value of assets and liabilities. The accumulated losses is Rs. 5,32,12,72,927 (Rupees Five hundred Thirty two crores twelve lacs seventy two thousand nine hundred twenty seven only) as at 31st March, 2013 which exceed the net worth of the company.

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 15 stores, and one warehouse. From the above, management do not see any event which may lead to a reason wherein company should not be considered as going concern. Based on the same assessment, accounts have been drawn on going concern assumption. Further the company has earned huge increase in turnover in first quarter of financial year 2013-2014. The Board is confident that because of such positive signs and growth in the business and industry, the company will improve its performance and net worth will not be eroded further.

- c) As stated in Note 29 to the financial statement, the Company has debited Rs 5,99,80,407/- on account of interest expense in the statement of Profit and Loss, however, necessary supporting documents and relevant information in relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment whether such charge to the statement of profit and loss is appropriate in accordance with Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India

The interest expense of Rs. 5,99,80,407/- has been recognised in the Books of Account on the basis of the figure provided by the concern lender, which is disputed by the Company, as interest rate has been charged in excess of the prescribed under Master Restructuring Agreement dated 11.11.2010. The company is in the process of obtaining relevant documents and information from lender for basis of such charge and trying to resolve the dispute.

- d) As stated in Note 38 to the financial statement, the Company has contingent liability on account of appeal with different authorities at different levels amounting to Rs. 64,13,54,011/-, however, At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Accounting Standard-29 has not been made in books of accounts.

The Contingent Liabilities to the tune of Rs. 64,13,54,011/- are under appeal with different authorities at different levels. The provision of these liabilities could not be made due to various reasons such as no possible obligation on the Company, outflow for the Company is very remote and the estimate for the contingent liabilities could not be ascertained. In such position, the company is not in a position to provide for certain fixed amount as liabilities in the books of accounts, which will be done as and when the management will be in a position to estimate the same. The company has made provision in the books of account in the current year with respect to amount payable to labour welfare fund. The liability on account of same was not provided for in the earlier year as the same cannot be ascertained.

- e) The company has maintained proper records showing full particulars, including situation of fixed Assets except quantitative details.

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

- f) Fixed assets have not been physically verified by the management during the year. As explained by the management company has a policy of physical verification once in a period of three year, in our opinion, is unreasonable having regard to the size of the company and the nature of its assets.

The Company has policy for physical verification of its Fixed Assets over a period of Three years. All fixed assets except Land, Building and Computer Software are acquired during the year and its previous year. The verification is in process and all assets will be verified in FY 2013-14. The Management is also considering to review the policy of physical verification of fixed assets from once in 3 years to every year, which will be implemented very soon.

- g) In our opinion and according to the information and explanations given to us, there is inadequate internal control system commensurate with the size of the company and the nature of its business, for the recording of accounting transactions of purchase of inventory and expenses, which need to be strengthened. During the course of our audit, however we observed that management is in process of improvising the Internal Control.

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

- h) In our opinion and according to the information and explanations given to us, the company does not have internal audit system commensurate with its size and nature of business.

After restructuring of the Business, the turnover of the Company falls substantially. Therefore in order to save the cost, internal audit system is performed by the employees independent of Finance & Accounts Department. The management is committed to bring strong internal audit system in the company with the increase in operations for the benefit of all stakeholders. The management is also considering appointing independent firm of professionals to carry on the internal audit work in the company.

- i) The company is irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, however such dues have been paid with interest and penalties as applicable.

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

- j) According to the records of the company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute which are Rs. 43,51,44,514.

The total due of Rs. 43,51,44,514 (Rupees Forty Three Crore Fifty One Lacs Forty Four Thousand Five Hundred Fourteen) is under dispute at various forums, the final due will be settled on account of final decision by the respective authorities. The Board has initiated appropriate representations before such forums to settle the dues and issue the final orders.

- k) The company has accumulated losses at the end of the financial year which exceed fifty percent of its net worth. Further, company incurred cash losses in the current and immediately preceding financial year.

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.

- l) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has defaulted in repayment of dues to a financial institution/ bank.

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

AUDIT COMMITTEE

The Constitution of the Audit Committee as on 31st March 2013 was as follows:

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

[^] NEID- Non Executive Independent Director

Mr. Sourabh Kumar has been designated as Chairman w.e.f 10 April 2013.

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 the Companies 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 2013 on a 'going concern' basis.

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

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

OTHER INFORMATION

None of the Director or Employee of the Company was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act 1956.

REPORT ON CORPORATE GOVERNANCE

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

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.

By the Order of the Board of Directors

Sd/-
Ram Chandra Agarwal
Chairman
DIN 00491885

Date : 04.09.2013
Place : New Delhi

Annexure – I

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

India is the fastest growing retail market in the world. India's retailing is essentially owner small shop which account for more than 90%.

The Indian retail market is estimated to exceed US\$ 750 billion by 2015, according to the India Retail Report 2013, presenting a strong potential for foreign retailers planning to enter India. Until 2011, the Indian Central Government denied Foreign Direct Investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or other retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process. In late 2012, the Government of India passed a Foreign Direct Investment policy which allows foreign retailers to own up to 51 per cent in multi-brand retail and 100% in single brand retail. It is expected that these stores will now have full access to over 200 million urban consumers in India, approximately 47% of which are below the age of 30 with high levels of consumption.

India is the 5th most favorable destination for international retailers. Of the total Indian retail market, 8% constitutes the organized retail segment which is estimated to grow at a rate of almost 30% by 2015, and hence at a much faster pace than the overall retail market which is forecast to grow by 16% in the same period. Clothing & Apparel make up almost a third of the organized retail segment, followed by Food & Grocery and Consumer Electronics. India currently has a small penetration within the organized retail segment as compared to other emerging markets such as China, which has a penetration of more than 20% within organized retail according to the Global Retail Index report by the World Retail Conference.

India has one of the largest numbers of retail outlets in the world. The sector is witnessing exponential growth, with retail development taking place not only in major cities and metros, but also in Tier-II and Tier-III cities.

The organized Indian retail industry has also begun witnessing an increased level of activity in the private label space, which is expected to grow further in the near future. The Country retail landscape presents a good opportunity to investors across the globe to use India as a strategic business hub.

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

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

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

KEY GROWTH DRIVERS OF RETAIL INDUSTRY

The growth factors of the retail sector of Indian economy:

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

OPPORTUNITIES & THREATS

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

The new policy allows a maximum 51% ownership for the multi brand retail sector subject to the certain conditions.

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

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

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

STRENGTHS

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

- Improvement in Information Technology and supply chain.
- To retain the existing customers and to promote the brand name of V2 Retail Limited.
- Placing right people at the right job being talented professionals, especially at the middle-management level.
- Employing standard security features such as CCTVs, POS systems and anti-shoplifting systems for greater control over fraud and theft to curb employee pilferage, shoplifting, vendor frauds and inaccuracy in supervision and administration.

Strong focuses on system & processes.

Strong distribution and logistics network supply chain.Strong Bargaining Strength.

PRODUCT WISE PERFORMANCE

The Company is in the business of retailing of products such as apparels and household goods. The Sale of the apparels has been increased significantly over the year and sale of household goods also increased during the year.

Future Outlook and Strategies

- Productively employing staff at all location
- Branding of V2
- Effective Visual Communication
- Strong Supply Chain
- Expansion of the business of the Company.
- Increased focus on Shop in Shop Format i.e. excess space renting Arrangements.
- Focus on Core competencies of the Company i.e. retailing.

Risks and Concerns

We believe the key risk to our growth is execution risk. The process of reestablishment will continue and the timely achievement of which will be critical. The Company has a strong execution team and we believe it has the capability to execute varied retail formats.

Increase in Competition to Impact Margins

With the entry of big players in retail Industry due to the permissible 100% FDI in Single Brand Retailing and 51% in multi brand retailing, the competition will become intense. Increase in competition is expected to alter the dynamics of business and further sustaining/ acquiring space and manpower resources.

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

Higher rentals

The market is still on a high rental level, leaving very little margin for the retailers to 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 devised 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 authorized, recorded and reported correctly. Effective governance consists of competent management; implementation of standard policies and processes; maintenance of an appropriate audit programmes with internal control environment effective risk monitoring and management information system.

The Company monitor and strengthen the Internal Control of its stores through separate department. The Company also appoints consultants, advisors, professionals from time to time to guide the company to improve its operations.

These internal control procedures ensure the following:

1. Efficient use and protection of resources
2. Compliances with policies procedures and Statues
3. Accuracy and promptness of financial reports.

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 Net loss after tax of Rs. 40.73 Millions before adjustment of the prior period expenses during the financial year ended March 31, 2013.

The turnover from operations of the company during the financial year ended March 31, 2013 was Rs. 1056 Mn as compared to Rs. 401 Mn during the previous year ended March 31, 2012. The turnover of the company increased by 163% from the previous year on account of opening of Various Stores over different Location across nation. The Company is operating from 15 Stores as comparison to 7 Stores of the last year.

Cost of Goods sold

The total Cost of goods sold increased by more than 60.67 % from the existing Rs. 310 Mn in FY'12 to Rs. 789 Mn in FY'13.

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

Administrative, Selling, Distribution & Other Expenses

Administrative, Selling, Distribution & Other Expenses increased to Rs. 177 Mn in FY'13 from the existing Rs. 122 Mn in FY' 12. The increase is mainly on account of opening of New Showroom.

Personnel Expenses

The personnel expenses increase by 59.97 % from 52 Mn in FY'12 to Rs. 82 Mn in FY'13 The increase in personnel expenses is mainly on account of opening of stores which led to increase in number of personnel employed there.

Depreciation

The Company provided for depreciation of Rs. 22.7 Mn during FY' 13 compared to Rs 25.9 Mn in FY'12. For the year under consideration, cumulative depreciation was 22% of gross block, from 15 % in the previous year. Your Company uses the Written down Value (WDV) method to compute depreciation charges.

Finance Cost

Interest expense reduced by 19.98 % to Rs 65 Mn during FY' 13 compared to 82 Mn during FY'12. Reduction in Finance cost is on account of reduction in the loan amount.

Provision for Taxation

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

EPS

The year recorded a negative EPS of Rs. (2.35) compared to previous year EPS of Rs. (15.53). The Diluted Earnings per Share (DPS) is Rs (2.53) in FY'13 compared to Rs (15.53) in FY'12.

Balance Sheet Position

Share Capital

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

Reserves & Surpluses

The reserves and surplus as on March 31, 2013 is Rs. 2478 Mn as compared to Rs. 2530 Mn as on March 31, 2012.

Profit and Loss Account

Your Company incurred a loss of Rs. 52 Mn during the financial year ended March 31, 2013. Resultantly the balance in P&L as on March 31, 2013 was Rs. (5321) Mn compared to Rs (5268) mn as on March 31, 2012.

Debt

The total amount of the long term debt has been increased to Rs. 315 Mn from the previous year Rs. 170 Mn.

Deferred Tax

Deferred tax assets/liabilities represent impact of timing differences in the financial and tax books. Your Company incurred a net loss of Rs. 52 Mn. The deferred tax asset as on March 31, 2013 was Rs. 2709 Mn as compared to Rs. 2690 Mn as on March 31, 2012.

Investments

The Investment of the Company has been reduced by Rs. 9 Mn from the previous investment of Rs. 332 Mn. Reduction is due to depreciation on Non Current Investment. The gross investment at the end of year stands at Rs. 323 Mn.

Cash & Bank Balances

As on March 31, 2013, your Company was having a cash balance of Rs. 18 Mn compared to Rs 102 Mn as on March 31, 2012.

Inventories

As on 31st March 2013, your Company was having inventory of Rs. 448 Mn compared to Rs. 160 Mn as on March 31, 2012.

Non Current Loans and Advances

Non Current Loans and Advances as on March 31, 2013 was Rs. 17 Mn compared to Rs. 10 Mn as on March 31, 2012. The increase is due to Security Deposit given to Lessor for the new stores.

Current Liabilities & Provisions

As on 31st March 2013, your Company was having Current liabilities including provision of Rs. 651 Mn compared to Rs. 491 Mn during FY'12. The increase is mainly due to Trade Creditors.

On behalf of the Board of Directors

Sd/-

Ram Chandra Agarwal

Chairman

Date : 04.09.2013

Place : New Delhi

DIN 00491885

ANNEXURE II

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

Conservation of Energy

- Energy Conservation Measures taken: Energy conservation efforts are ongoing activities. During the year under review, further efforts were made to ensure optimum utilization of fuel and electricity.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy : Nil
- Impact of measures at (i) & (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods- Nil
- Total energy consumption and energy consumption per unit of production as per Form 'A'

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

Power and fuel Consumption	2012-13	2011-12
Electricity		
Purchased		
Unit	*	*
Total Amount	17344124	10457519
Rate/Unit	*	*
Furnace Oil		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL
HSD		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL

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

Foreign Exchange Earnings and outgo

The Company is not indulge into export of goods. No activities relating to exports have been undertaken by the Company during the financial year 2012-2013.

On behalf of the Board of Directors

Sd/-

Ram Chandra Agarwal

Chairman

DIN 00491885

Date : 04.09.2013

Place : New Delhi

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

After shutting down manufacturing operations and after the Slump sale of undertakings, your company has begun the process of setting up of new stores and planning to establish the manufacturing facilities. Presently, all our products are being procured from outside. We have not imported any technology during the financial year 2012-13.

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

Sd/-

Ram Chandra Agarwal

Chairman

DIN 00491885

Date : 04.09.2013

Place : New Delhi

Annexure III

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI and Exchanges. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

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

BOARD OF DIRECTORS

As on March 31, 2013, the Board comprised of 04 directors, 2 of them being Executive and 2 being Non-Executive Independent Director. The Composition of Board of Directors on 31.03.2013 is as follows:

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

INFORMATION SUPPLIED TO THE BOARD

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

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company.
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, Implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

ATTENDANCE AT BOARD MEETINGS

During the Financial Year 2012-13, 16 Board Meetings were held till 31st March 2013, as per following details:-

Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1.	April 10, 2012	2.	May 10, 2012
3.	May 30, 2012	4.	June 27, 2012
5.	July 26, 2012	6.	August 14, 2012
7.	August 27, 2012	8.	September 10, 2012
9.	October 06, 2012	10.	November 02, 2012
11.	November 10, 2012	12.	December 05, 2012
13.	January 24, 2013	14.	February 11, 2013
15.	February 21, 2013	16.	March 29, 2013

Composition of Board of Directors and their Attendance in the Board Meetings for FY 2012-13 are as under;

Name of Director	Designation of Director	Board Meeting Held	Board Meeting Attended	Last AGM
Mr. Ram Chandra Agarwal	Managing Director & Executive Promoter	16	16	Yes
Mrs. Uma Agarwal	Whole Time Director & Executive Promoter	16	16	Yes
Mr. Sourabh Kumar	Independent Director	16	16	Yes
Mr. Yatish Bhardwaj	Independent Director	9	9	Yes
Mr. Abhishek Kumar*	Independent Director	7	7	No

*Resigned from Directorship on 27 August 2012.

The committee membership of the Directors as on 31.03.2013 is as follows:

NAME OF DIRECTOR	NO. OF OTHER DIRECTORSHIPS	NO. OF OTHER COMMITTEE MEMBERSHIP#	NO. OF OTHER COMMITTEE CHAIRMANSHIP #
Mr. RAM CHANDRA AGARWAL	8	Nil	Nil
Mrs. UMA AGARWAL	10	Nil	Nil
Mr. SOURABH KUMAR	Nil	Nil	Nil
Mr. YATISH BHARDWAJ	Nil	Nil	Nil

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

BOARD LEVEL COMMITTEES

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

The details of the members of the committees as on March 31, 2013 are as under;

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

* Mr. Sourabh Kumar has been designated as Chairman w.e.f 10 April 2013.

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 2013 was as follows:

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

^ NEID – Non Executive Independent Director

* Mr. Sourabh Kumar has been designated as Chairman w.e.f 10 April 2013.

Audit Committee Meetings & Presence:

The details of Audit Committee meetings & presence of Members till 31st March 2013 are as follows:

Date of Audit Committee Meetings	Name of the Audit Committee Members			
	Mr. Abhishek Mishra	Mr. Ram Chandra Agarwal	Mr. Sourabh Kumar	Mr. Yatish Bhardwaj
12th April, 2012	Present	Present	Present	NA
30th May, 2012	Present	Present	Present	NA
14th August 2012	Present	Present	Present	NA
25th October 2012	NA	Present	Present	Present
24th January 2013	NA	Present	Present	Present

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

Remuneration Committee

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

The details of Members of the Remuneration Committee as on 31st March 2013 are as follows:-

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

^ NEID – Non Executive Independent Director

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

Remuneration Committee Attendance

The details of Remuneration Committee meetings & presence of Members till 31st March 2013 are as follows:

Date of Remuneration Committee Meetings	Name of Remuneration Committee Members	
	Mr. Sourabh Kumar	Mr. Yatish Bhardwaj
25th October 2012	Present	Present

Details of remuneration paid to Directors are given below;

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

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

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

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

Shareholders'/Investors' Grievance Committee

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

The details of Members of the Shareholders'/Investors' Grievance Committee as on 31st March 2013 are as follows:-

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

^ NEID – Non Executive Independent Director

*Resigned from Directorship on 27 August 2012.

The details of Shareholders'/Investors' Grievance Committee Meetings & presence of Members till 31st March 2013 are as follows :

Date of Meetings	Name of the Shareholder/Investor Grievance Committee Members			
	Mr. Abhishek Mishra*	Mr. Sourabh Kumar	Mrs. Uma Agarwal	Mr. Yatish Bhardwaj
10th April 2012	Present	Present	Present	NIL
14th August 2012	Present	Present	Present	NIL
25th October 2012	Nil	Present	Present	Present
24th January 2013	Nil	Present	Present	Present

*Resigned from Directorship on 27 August 2012.

SHARE TRANSFER COMMITTEE

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

The details of Members of the Share Transfer Committee as on 31st March 2013 are as follows:-

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

^ NEID – Non Executive Independent Director

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

Compliance Officer

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

Investor Grievance Redressal

During the year the company has received 1 complaint from investors/ shareholders as per the information provided by the Registrar and Share Transfer Agent of the company. There was no investor/shareholder grievance pending as at 31st March 2013.

GENERAL BODY MEETINGS

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

Annual General Meeting

Financial Year	Venue	Date	Time
2011-2012	Rangoli Garden, Chhawla Bijwasan Road, Near Zatika More, Najafgarh, New Delhi-110043	28.09.2012	10.30AM
2010-2011	Luthra Farm House, Gate No. 3, Near Shani Bazar, Rajokri New Delhi 110038	30.09.2011	10.30AM
2009-2010	NCUI, Siri Fort Institutional Area, August Kranti Marg, New Delhi-110016	29.10.2010	10:30AM

Special Resolutions

Annual General Meeting (AGM) (28.09.2012)

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

Annual General Meeting (AGM) (30.09.2011)

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

Annual General Meeting (AGM) (29.10.2010)

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

Postal Ballot

During the last financial year ended 31st March 2013 the Company has not passed any resolution through Postal Ballot.

DISCLOSURES

Disclosure of Related Party transactions

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

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

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

Disclosure of Accounting Treatment in preparation of financial statements

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

Code for Prevention of Insider trading Practices

In tandem with the SEBI regulation on prevention of insider trading, the compliance with respect to the Insider trading code of conduct is being made by the Directors, Officers and Specified Employees on regular basis.

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

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

To,

Members of V2 Retail Limited

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

I, Ram Chandra Agarwal, Managing Director of V2 Retail Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2013.

-Sd/-

Date : 04.09.2013

Ram Chandra Agarwal

Place : New Delhi

Chairman & Managing Director

Compliances by the Company

To the best of information and knowledge of management, the company is complying with the provisions of various laws applicable except as otherwise qualified in annual report. There has neither been any non compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the stock exchange or SEBI or any other authorities, on any matter related to capital market during the last three years.

CEO / CFO Certification

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

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

- We have reviewed financial statements and the cash flow statement for the year ended 31st March 2013 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.
- 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.

- 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.

-Sd/-

Date : 30.05.2013

Ram Chandra Agarwal

Place : New Delhi

Chairman & Managing Director

Risk Management

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

Compliance to Non-Mandatory Requirement

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

Means of Communication

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

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

Website: The Company's new website is www.v2retail.com. It contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Shareholding Pattern, Quarterly results as well as the Annual Report of the company is also available on the website in a user friendly and downloadable form. Further, shareholders can register their Email Ids with the Company so that requisite information, as per the requirements of the Companies Act, can be sent to them, swiftly.

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

INFORMATION TO SHAREHOLDERS

DATE, TIME AND VENUE OF THE 12TH ANNUAL GENERAL MEETING

The Twelfth Annual General Meeting of the Company will be held on 30.09.2013 at KHASRA NO. 1138, SHANI BAZAR CHOWK, RAJOKARI, NEW DELHI 110 038 at 10.30 AM.

Financial Year:

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

For the Financial year ended on March 31, 2013 the results were announced on:-

First Quarter ended June 30, 2012	August 14, 2012
Second Quarter ended September 30, 2012	November 2, 2012
Third Quarter ended December 31, 2012	January 24, 2013
Fourth Quarter ended March 31, 2013	May 30, 2013* (Audited Results)

* The Company has announced audited result on May 30, 2013. The same has been published in Jansatta and Financial Express on 01.06.2013.

For the Financial year ending on March 31, 2014 the audited results will be announced as per the time schedule prescribed under Clause 41 of the Listing Agreement within 60 days of the end of the financial year (annual) and quarterly results will be approved and published within 45 days of end of quarter as per clause 41 of Listing agreement.

Dividend

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

Date of Book Closure

The Date of Book closure will be 23th September 2013 to 29th September 2013 both days inclusive.

V2 RETAIL LIMITED - ANNUAL REPORT 2013

Market Price Data

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

S. No.	Month	BSE	
		High	Low
1	Apr.12	13.77	11.75
2	May.12	12.59	8.85
3	Jun.12	11.9	9.15
4	Jul.12	17.34	10.82
5	Aug.12	12.4	9.57
6	Sep.12	13.93	9.69
7	Oct.12	13.15	10.4
8	Nov.12	15	10.25
9	Dec.12	17.4	11.92
10	Jan.13	13.75	10.85
11	Feb.13	12.74	10.41
12	Mar.13	11.3	7.85

S. No.	Month	NSE	
		High	Low
1	Apr.12	13.55	11.50
2	May.12	13.35	8.8
3	Jun.12	11.95	9.05
4	Jul.12	17.75	10.85
5	Aug.12	12.25	9.9
6	Sep.12	13.85	9.5
7	Oct.12	13.15	10.30
8	Nov.12	14.70	10.15
9	Dec.12	17.85	12.15
10	Jan.13	13.70	10.80
11	Feb.13	12.75	10.50
12	Mar.13	11.00	8.00

Listing on Stock Exchanges

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

Bombay Stock Exchange Limited - Mumbai

National Stock Exchange of India Limited - Mumbai

Stock Exchange Code

Bombay Stock Exchange Limited : 532867

National Stock Exchange of India Limited : V2RETAIL

Listing fees

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

Details of Public Funding obtained in last Three years:

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

Dematerialization of Shares

The equity shares of your company are under compulsory dematerialization mode as on March 31, 2013. The ISIN for the Equity Shares of the Company is INE945H01013.

98.18% of shares of the Company are dematerialized as on March 31, 2013. Trading in Equity shares of the company is permitted only in demat mode.

The Equity shares of your company are regularly traded.

	BSE	NSE
No. of Shares	21,95,843	49,37,421
Turnover (Amount in Lakhs)	287.26	643.14

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: mailto:delhi@linkintime.co.in, cs@vrl.net.in

Distribution of Shareholding-As on March 31, 2013

Share holding of nominal value (Rs.)	Share Holders	Share Amount		
		Number	% to total	Rs. % to total
(1)	(2)	(3)	(4)	(5)
Upto 2500	17182	77.557	11334740	5.060
2501-5000	2384	10.761	9585090	4.279
5001-10000	1338	6.040	10933300	4.881
10001-20000	616	2.781	9424240	4.207
20001-30000	223	1.007	5781290	2.581
30001-40000	100	0.451	3571400	1.594
40001-50000	91	0.411	4250040	1.897
50001-100000	122	0.551	8714230	3.890
100001 and above	98	0.442	160394360	71.608
Total	22154	100.00	223988690	100.00

Shareholding Pattern as on March 31, 2013

Category of Shareholders	No. of Shares	% of total shares	Number of shares pledged
Promoters	1,28,12,871	57.20%	1,23,77,194
Foreign Institutional Investors	00	00	0
Financial Institutions/Banks	00	00	0
Mutual Funds	00	00.00%	0
Venture Capital	00	00.00%	0
Insurance	00	00.00%	0
Body Corporate	20,83,250	9.30%	0
Individuals	71,38,700	31.87%	0
Others	3,64,048	1.63%	0
Total	2,23,98,869	100.00	1,23,77,194

Plant Location

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

Address for Correspondence

Registered Office & Corporate Office

Plot No. 8, Pocket 2, Block A
Khasra No. 335-336,
Rangpuri Extension, NH-8,
New Delhi-110037

On behalf of the Board of Directors

Sd/-

Date : 04.09.2013

Place : New Delhi

Ram Chandra Agarwal

Chairman and Managing Director

AUDITORS REPORT ON CORPORATE GOVERNANCE

To the shareholders of V2 Retail Limited

We have examined the Compliance of conditions of Corporate Governance by V2 Retail Limited for the year ended on March 31, 2013, as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the Compliance of the provisions relating to Corporate Governance. It is neither an audit nor an opinion on the Financial Statements of the Company.

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

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

For AKGVG & Associates
Chartered Accountant
FRN No.: 018598N

Sd/-

Place : New Delhi

Date : 04.09.2013

Vimal Kumar Saini

Membership No: 515915

INDEPENDENT AUDITOR'S REPORT

To

The Members of

V2 Retail Limited

Report on the Financial Statements

We have audited the accompanying financial statements of V2 Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

- a) *Attention is invited to note 4 of financial statements explaining the reserves and surplus in the head capital reserve amounting to Rs. 60,523.24/-Lacs., necessary supporting documents and relevant information is not available with the Company and provided to us, so In the absence of the same, we are unable to comment on the appropriateness of the same including consequential impact, if any, arising out of the same on these financial statements. This was also the subject matter of qualification by us in previous year as well.*
- b) *Attention is invited to note 4 of financial statements explaining the reserves and surplus, company has accumulated losses more than 50% of its net worth. However, having regard to improvement in the economic sentiment, rationalization measures adopted by the Company, opening of new stores, these financial statements have been prepared on the basis that the company is a going concern and that no adjustments are required to the carrying value of assets and liabilities. The accumulated losses is Rs.5,32,12,72,927/- (Rupees Five hundred Thirty two crores twelve lacs seventy two thousand nine hundred twenty seven only) as at 31st March, 2013 which exceed the net worth of the company.*
- c) *As stated in Note 29 to the financial statement, the Company has debited Rs 5,99,80,407/- on account of interest expense in the statement of Profit and Loss, however, necessary supporting documents and relevant information in relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment whether such charge to the statement of profit and loss is appropriate in accordance with Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India*
- d) *As stated in Note 38 to the financial statement, the Company has contingent liability on account of appeal with different authorities at different levels amounting to Rs. 64,13,54,011/-, however, At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Accounting Standard-29 has not been made in books of accounts.*

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) *except for the matter described in the basis for qualification paragraph*, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) *Except for the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For AKGVG & Associates
Chartered Accountants**

ICAI Firm Registration Number: 018598N

**per Vimal Kumar Saini
Partner**

Membership Number: 515915

**Place : Delhi
Date : May 30th 2013**

**Annexure referred to in paragraph 3 under the heading "Report on other legal and regulatory requirements" of our report of even date
Re: V2 Retail Limited (the company)**

- (i) (a) The company has maintained proper records showing full particulars, including situation of fixed Assets except quantitative details.
- (i) (b) *Fixed assets have not been physically verified by the management during the year. As explained by the management company has a policy of physical verification once in a period of three year, in our opinion, is unreasonable having regard to the size of the company and the nature of its assets.*
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (ii) (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (ii) (c) The company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the company and hence not commented upon.
- (iii) (b) The Company had taken loans, secured or unsecured to companies, firms, or the other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year along with closing Balance is as follows:

Name of the Party	Maximum Amount Outstanding	Closing Balance
Mr. Ram Chandra Agarwal	4,89,42,507	4,40,72,507
Mrs. Uma Agarwal	10,87,576	10,87,576
Vishal Water World Pvt Ltd.	10,02,32,680	10,02,32,680
V2 Conglomerate Ltd.	1,91,74,185	1,91,74,185
Ricon Commodities Pvt. Ltd.	63,874	63,874
VRL Infrastructure Ltd.	51,835	51,835
VRL Movers Limited	643,882	6,43,882
Total	16,95,52,657	16,53,26,539

- (iii) (d) The company has taken reasonable steps for payment of principal and interest when such loan taken is overdue and the amount exceeds Rs.1 lakh.
- (iv) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (iv) (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs 500,000 have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (v) In our opinion and according to the information and explanations given to us, there is inadequate internal control system commensurate with the size of the company and the nature of its business, for the recording of accounting transactions of purchase of inventory and expenses, which need to be strengthened. During the course of our audit, however we observed that management is in process of improvising the Internal Control.
- (vi) In our opinion and according to the information and explanations given to us, the company does not have internal audit system commensurate with its size and nature of business.
- (vii) The Company has not accepted any deposits from the public within the meaning of Sec 58A of the Companies Act, 1956 and the Rules framed thereunder, Therefore the provisions of section 58AA or any other relevant provisions of the act are not applicable to the company.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products. Therefore provisions of clause 4(viii) of the Order are not applicable to the Company.

- (ix) (a) The company is irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, however such dues have been paid with interest and penalties as applicable.
- (ix) (b) According to the information and explanations given to us and the records of the company, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (ix) (c) According to the records of the company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute which, are as follows:

Name of Statute	Nature of the Dues	Period To which Relates(FY)	Amount (Rs.)	Forum where dispute is Pending
Service Tax Laws	Service Tax	2006-07 To 2010-11	3,02,08,391	Commissioner of Service Tax
Sales Tax Laws	Sales Tax	2006-07	51,55,233	Assistant Commissioner
	Sales Tax	2007-08	1,00,00,000	Appellate Authority
	Sales Tax	2007-08	1,73,53,962	Jt. Commissioner (Appeals)
	Sales Tax	2007-08	15,25,511	Assistant Commissioner
	Sales Tax	2008-09	50,000	Assistant Commissioner
	Sales Tax	2008-09	48,49,098	Assistant Commissioner
	Sales Tax	2009-10	50,000	Assistant Commissioner
	Sales Tax	2008-09	12,48,180	Jt. Commissioner (Appeals)
		2009-10	2,03,000	Jt. Commissioner (Appeals)
	Sales Tax	2009-10	22,42,668	Assistant Commissioner
	Sales Tax	2007-08	68,10,980	Deputy Commissioner, Jaipur
	Sales Tax	2008-09	83,87,111	Deputy Commissioner, Jaipur
	Sales Tax	2006-07	6,24,180	Deputy Commissioner
	Sales Tax	2007-08	29,86,774	Deputy Commissioner
	Sales Tax	2008-09	22,00,000	Deputy Commissioner
	Sales Tax	2008-09	22,66,00,000	Deputy Commissioner
	Sales Tax	2010-11	7,20,420	Deputy Commissioner (Appeals)
Employees Provident Fund & Miscellaneous Provisions Act	Provident Fund	Various Years	11,39,29,006	EPF Appellate Tribunal
Total			43,51,44,514	

- (x) The company has accumulated losses at the end of the financial year which exceed fifty percent of its net worth. Further, company incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has defaulted in repayment of dues to a financial institution/ bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, no new term loans have been taken during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that prima facie no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For AKGVG & Associates
Firm registration number: 018598N

Chartered Accountants
per Vimal Kumar Saini
Partner
Membership no.: 515915

Place : Delhi
Date : 30th May, 2013

Balance Sheet as at March 31, 2013

(Amount in Rs.)

S.No.	Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012
I.	Equity and Liabilities			
(1)	Shareholder's Funds			
	(a) Share Capital	3	223,988,690	223,988,690
	(b) Reserves and Surplus	4	2,478,021,161	2,530,197,223
			2,702,009,851	2,754,185,913
(2)	Non-Current Liabilities			
	(a) Long-term borrowings	5	315,600,746	170,013,021
	(b) Other Long term liabilities	6	4,860,000	4,800,000
	(c) Long term provisions	7	1,267,473	543,288
			321,728,219	175,356,309
(3)	Current Liabilities			
	(a) Trade payables	9	246,733,088	75,734,341
	(b) Other current liabilities	10	399,785,925	414,317,205
	(c) Short-term provisions	8	4,169,764	503,714
			650,688,777	490,555,260
	Total		3,674,426,847	3,420,097,482
II.	Assets			
(1)	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	83,336,388	62,590,114
	(ii) Intangible assets	12	2,432,243	2,833,354
	(iii) Capital work-in-progress		12,486,005	738,000
	(b) Non Current Investment	13	322,570,787	331,671,807
	(c) Deferred tax assets (net)	14	2,709,435,938	2,690,591,951
	(d) Long term loans and advances	15	16,530,088	10,025,675
	(e) Other non-current assets	16	30,195,544	29,992,306
			3,176,986,993	3,128,443,207
(2)	Current assets			
	(a) Current Investments		-	-
	(b) Inventories	17	448,261,844	160,436,041
	(c) Trade receivables	18	65,776	1,788
	(d) Cash and cash equivalents	19	17,953,016	102,142,427
	(e) Short-term loans and advances	20	30,993,068	29,074,019
	(f) Other current assets	21	166,150	-
			497,439,853	291,654,275
	Total		3,674,426,847	3,420,097,482

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date,

For AKGVG & Associates

Firm Registration no : 018598N

Chartered Accountants

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

Vimal Kumar Saini

Partner

Membership No: 515915

Ram Chandra Agarwal

Managing Director

DIN 00491885

Uma Agarwal

Director

DIN 00495945

Dheeraj Mishra

Company Secretary

Place : Delhi

Date : 30th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(Amount in Rs.)

Particulars	Notes	As at 31st March, 2013	As at 31st March 2012
Income			
Revenue from operations (Gross)	22	1,099,889,765	421,992,425
Less Sales Tax / VAT		43,177,623	20,352,306
Revenue from operations (Net)		1,056,712,142	401,640,119
Other Income	23	20,992,686	37,406,552
Total revenue (I)		1,077,704,828	439,046,671
Expenses:			
Purchase of Traded Goods	24	1,077,653,755	471,042,999
Changes in inventories of traded finished goods	25	(287,825,803)	(160,436,041)
Employee benefit expense	26	82,671,767	51,807,383
Other expenses	27	176,857,885	121,940,868
Total (II)		1,049,357,604	484,355,209
Earnings before interest, tax, depreciation and amortization (EBITDA)	(I) - (II)	28,347,224	(45,308,538)
Depreciation and amortization expense	28	22,709,757	25,997,048
Finance Cost	29	65,211,138	81,501,229
Profit/(Loss) before tax		(59,573,671)	(152,806,816)
Tax expense			
- Current tax			
- Deferred tax	14	18,843,986	(155,312,063)
Total tax expense		18,843,986	(155,312,063)
Profit (Loss) after tax and before prior period items		(40,729,685)	(308,118,879)
Prior period expenses		12,019,106	39,686,524
Net profit		(52,748,791)	(347,805,404)
Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)] before Extra Ordinary Items			
- Basic	30	(1.82)	(13.76)
- Diluted		(1.82)	(13.76)
Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)] after Extra Ordinary Items			
- Basic		(2.35)	(15.53)
- Diluted		(2.35)	(15.53)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date,

For AKGVG & Associates

Firm Registration no : 018598N

Chartered Accountants

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

Vimal Kumar Saini

Partner

Membership No: 515915

Ram Chandra Agarwal

Managing Director

DIN 00491885

Uma Agarwal

Director

DIN 00495945

Dheeraj Mishra

Company Secretary

Place : Delhi

Date : 30th May, 2013

Cash Flow Statement for the year ended March 31, 2013

	(Amount in Rs.)
	31st March, 2013
	31st March, 2012
A. Cash flow from operating activities	
Net profit before tax but after prior period items	(71,592,777)
Non-cash adjustment to reconcile profit before tax to net cash flows	(192,493,340)
Depreciation and amortisation	22,709,757
Profit on sale of Non Current Investments	25,997,048
Write off/other adjustments of Non Current Investments	(10,881,585)
Profit on sale of fixed assets	1,750,000
Write off/other adjustments of fixed assets	(483,855)
Interest income	1,141,086
Finance charges	(797,297)
Operating profit before working capital changes	(1,223,268)
Movements in working capital :	80,917,586
Increase/(decrease) in trade payables	15,009,530
Increase/(decrease) in long-term provisions	(95,276,328)
Increase/(decrease) in short-term provisions	170,998,746
Increase/(decrease) in other current liabilities	-
Increase/(decrease) in other long-term liabilities	724,185
decrease/(Increase) in trade receivables	141,512
decrease/(Increase) in inventories	3,666,050
decrease/(Increase) in long-term loans and advances	342,755
decrease/(Increase) in short-term loans and advances	(14,531,279)
decrease/(Increase) in other current assets	(112,123,292)
decrease/(Increase) in other non-current assets	60,000
Cash generated from operations	4,800,000
Direct Taxes paid	(63,988)
Net cash flow from operating activities (A)	834,341
B. Cash flow from investing activities	(287,825,803)
Purchase of Fixed Assets, including intangible assets, CWIP and capital advances	(160,436,041)
Proceeds from sale of fixed assets	(5,688,569)
Interest received	(1,919,050)
Decrease/(Increase) in Investments	(12,488,231)
Decrease/(Increase) in pledged fixed deposits	(166,150)
Net cash flow used in investing activities (B)	(592,881)
C. Cash flow from financing activities	(121,145,052)
Proceeds from issue of equity share capital (net of expenses on issue of shares)	(379,714,564)
Change in Capital Reserve due to slump sale in previous year	-
Repayment of long term borrowings	-
Proceeds from short term borrowings (net of repayments)	-
Finance charges	-
Net cash flow from/(used in) financing activities (C)	-
Net decrease in cash and cash equivalents (A+B+C)	-
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	-

Notes :

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

Cash and cash equivalents

	31st March, 2013	31st March, 2012
	Rs.	Rs.
Cash in hand	8,695,207	4,212,642
Balance with	-	-
On current accounts	8,148,137	97,674,187
Deposits with original maturity of less than 3 months	-	-
Balances with credit card banks	1,109,671	255,598
	17,953,016	102,142,427

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

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

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

Vimal Kumar Saini
Partner
Membership No: 515915

Ram Chandra Agarwal
Managing Director
DIN 00491885

Uma Agarwal
Director
DIN 00495945

Dheeraj Mishra
Company Secretary

Place : Delhi
Date : 30th May, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**1. Corporate information**

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

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below:

2.1 Summary of significant accounting policies**a) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment on the carrying amounts of assets or liabilities in future Periods.

b) Tangible fixed assets

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

c) Depreciation on tangible fixed assets

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

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

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

d) Intangible assets

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

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

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

Assets	Rates (WDV)
Computer software	40%

e) Leases

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

Where the company is the lessee

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

Where the company is the lessor

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

f) Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective qualifying asset as defined in Accounting Standard-16. All other borrowing costs are expensed in the period they occur.

g) Impairment of tangible and intangible assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

h) Investments

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

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

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

Investment property

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

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

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

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

i) Inventories

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

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

j) Revenue Recognition

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

Sale of goods

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

Interest

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

Income from services

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

k) Foreign Currency Transactions

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

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

l) Retirement and other employee Benefits

i. Short term employee benefits:

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

ii. Long term employee benefits:

• **Defined contribution plans:**

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

• **Defined Benefit Plans:**

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

• **Other long term employee benefits :**

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

m) Income Taxes

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

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

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

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

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

n) Segment Reporting

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

o) Earnings per share

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

p) Provisions

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

q) Contingent Liabilities

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

r) Cash and cash equivalents

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

s) Measurement of EBITDA

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

For and on behalf of the Board

V2 Retail Limited

Place: New Delhi

Date: 30th May, 2013

Ram Chandra Agarwal

Managing Director

DIN 00491885

Uma Agarwal

Director

DIN 00495945

Dheeraj Mishra

Company Secretary

3. Share Capital

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Authorised shares capital		
Equity share capital		
30,000,000 (Previous Year : 30,000,000) equity shares of Rs. 10/- each	300,000,000	300,000,000
Preference Share Capital		
400,000 (Previous Year : 400,000) preference shares of Rs. 146/- each	58,400,000	58,400,000
	358,400,000	358,400,000
Issued, subscribed & fully paid up capital		
22,398,869 (Previous Year : 22,398,869) Equity Shares of Rs. 10/- each fully paid up	223,988,690	223,988,690
Total	223,988,690	223,988,690

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

Equity Shares

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Numbers	Amount (Rs.)	Numbers	Amount (Rs.)
At the beginning of the period	22,398,869	223,988,690	22,398,869	223,988,690
Outstanding at the end of period	22,398,869	223,988,690	22,398,869	223,988,690

b. Terms / rights attached to equity shares / warrants

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

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

Since the company is not subsidiary to any company, this disclosure is not applicable to the company

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

Equity Shares of Rs. 10 each fully paid	As at 31st March, 2013		As at 31st March, 2012	
	Numbers	% holding in the class	Numbers	% holding in the class
Unicon Marketing Private Limited	5,444,710	24.3097	5,444,710	24.3097
Ricon Commodities Private Limited	4,940,000	22.0547	4,940,000	22.0547

4. Reserves & Surplus

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Securities Premium		
Balance as per last financial	1,71,34,95,845	1,71,34,95,845
Add: Addition during the year	-	-
Closing Balance	1,71,34,95,845	1,71,34,95,845
Capital Reserve		
Opening Balance	6,08,52,25,514	6,05,23,24,263
Add: Addition during the year	5,72,729	3,29,01,250
Closing Balance	6,08,57,98,243	6,08,52,25,514
Surplus/(deficit) in the statement of profit & loss		
Balance as per last financial statement	(5,268,524,135)	(4,920,718,732)
Add: Loss for the period	(52,748,791)	(347,805,404)
Closing Balance	(5,321,272,927)	(5,268,524,135)
Total	2,478,021,161	2,530,197,223

5. Long Term Borrowings

Particulars	Non Current Portion		Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Term loans				
From financial institutions	-	-	38,87,31,270	39,87,50,863
Deposits (Unsecured)				
Inter-corporate deposits repayable on demand	27,04,40,663	11,94,40,436	-	-
From Directors	4,51,60,083	5,05,72,585	-	-
Total	31,56,00,746	17,00,13,021	38,87,31,270	39,87,50,863
The above amount includes				
Secured borrowings	-	-	38,87,31,270	39,87,50,863
Unsecured borrowings	31,56,00,746	17,00,13,021		
Amount disclosed under the head "other current liabilities" (note 10)				
Total	31,56,00,746	17,00,13,021	38,87,31,270	39,87,50,863

Securities furnished in respect of long term borrowings taken by the Company
A. State Bank of India & Pegasus Assets Reconstruction Pvt. Ltd.

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

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

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

First pari passu charge by way of equitable mortgage of property in the name of Vishal Water World Pvt. Ltd. situated at Kouchapukur, PO Hatgachia, dist 24 Parganas (West Bangal)

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

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

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

Corporate Guarantee of Vishal Water World Pvt. Limited

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

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

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

Exclusive charge with Bank of India of property at industrial land Khata no.329, Khasra No. 122/43 Mouza Central Hope town, (Saelakui), Paragna Pachwodopon, Tehsil Vikas Nagar, District Dehradun (Note: this is a small piece of land measuring 0.57 acres distinct from the other property at Dehradun over which SBI and Pegasus have a charge)

Subservient charge on Current Assets

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

Pledge of 953,770 shares of VRL.

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

Post dated Cheques for Principal Amount + FITL

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

6. Other Long Term Liabilities

Particulars	Non Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Security deposits	4,860,000	4,800,000
	4,860,000	4,800,000

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

7. Long Term Provisions

Particulars	Non Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Provision for employee benefits		
Provision for Gratuity	706,290	258,357
Provision for Leave Encashment	561,183	284,931
Total	12,67,473	5,43,288

8. Short Term Provisions

Particulars	Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Provision for employee benefits		
Provision for Gratuity	2,732	24,620
Provision for Leave Encashment	3,44,850	1,77,239
Other provisions		
Provision for litigations	37,84,085	-
Provision for Interest on J&K VAT	38,097	301,855
Total	4,169,764	503,714

9. Trade Payables

Particulars	Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Trade payables (including acceptances) (refer note 37 for details of dues to micro and small enterprises)	24,67,33,088	7,57,34,341
Total	24,67,33,088	7,57,34,341

10. Other Current Liabilities

Particulars	Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Current maturities of long-term liabilities (Note 5)	388,731,270	398,750,863
Salary & Bonus Payable	7,126,108	4,994,172
Other Statutory Liabilities	2,537,721	10,033,363
Others	1,390,826	538,807
Total	399,785,925	414,317,205

11. Tangible Assets

Particulars	Lease Hold Land	Lease Hold Buildings	Plant & Machinery	Generator Set	Furniture & Fixture	Electrical Equipments & Fittings	Office Equipments	Air Conditioner	Computer	Motor Vehicles	Total
Cost or valuation											
At 1 April 2011	69,181,044	49,154,953	-	-	-	-	-	-	152,373	389,238	118,877,608
Additions	-	5,858,443	1,095,561	6,198,787	33,904,414	11,096,991	913,198	10,049,378	6,430,652	2,206,600	77,754,024
Disposals / Regrouping	69,181,044	50,971,964	-	-	3,302,088	219,635	-	37,193	-	-	123,711,924
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-	-	-	-
Borrowing Cost	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2012	-	4,041,432	1,095,561	6,198,787	30,602,326	10,877,356	913,198	10,012,185	6,583,025	2,595,838	72,919,708
Additions	-	-	391,199	1,711,500	17,755,498	6,020,741	208,076	2,141,699	4,792,505	-	33,021,218
Disposals / Regrouping	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	7,237	907,295	180,370	731,607	658,890	149,829	-	152,373	389,238	3,176,839
At 31 March 2013	-	4,034,195	2,394,055	7,729,917	47,626,217	16,239,207	1,271,103	12,153,884	12,100,237	2,206,600	105,755,415
Depreciation											
At 1 April 2011	11,362,800	6,664,969	-	-	-	-	-	-	152,373	389,238	18,569,380
Charge for the year	2,982,000	2,063,475	107,096	637,453	4,518,795	1,119,358	93,238	992,212	1,889,695	558,329	14,961,651
Disposals / Regrouping	14,344,800	8,396,678	-	-	442,788	13,727	-	3,444	-	-	23,201,437
At 31 March 2012	-	331,766	107,096	637,453	4,076,007	1,105,631	93,238	988,768	2,042,068	947,567	10,329,594
Charge for the year	-	344,714	259,006	752,243	5,260,843	1,440,240	146,297	1,369,325	2,524,275	426,737	12,523,680
Disposals / Regrouping	-	-	-	-	-	-	-	-	152,373	-	152,373
Other adjustments	-	3,211	90,765	14,366	65,044	73,020	20,458	-	145,359	389,238	-
At 31 March 2013	-	679,691	456,867	1,375,330	9,271,806	2,472,851	259,993	2,358,093	4,559,329	985,066	22,419,026
Net Block											
At 31 March 2012	-	3,709,666	988,465	5,561,334	26,526,319	9,771,725	819,960	9,023,417	4,540,957	1,648,271	62,590,114
At 31 March 2013	-	3,354,504	1,937,188	6,354,587	38,354,411	13,766,356	1,011,110	9,795,791.00	7,540,908	1,221,534	83,336,388

12. Intangible Assets

Particulars	Computer Softwares	Total
Gross Block		
At 31 March 2011	3,590,265	3,590,265
Additions \ purchases during the year	670,832	670,832
At 31 March 2012	4,261,097	4,261,097
Additions \ purchases during the year	932,683	932,683
Internal development	-	-
Adjustments/Sold during the year	356,100	356,100
At 31 March 2013	4,837,680	4,837,680
Amortization		
At 31 March 2011	-	-
Charge for the year	1,427,743	1,427,743
At 31 March 2012	1,427,743	1,427,743
Charge for the year	1,085,056	1,085,056
Adjustments/Sold during the year	107,362	107,362
At 31 March 2013	2,405,437	2,405,437
Net block		
At 31 March 2012	2,833,354	2,833,354
At 31 March 2013	2,432,243	2,432,243

13. Non Current Investments

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Investment property (at cost less accumulated depreciation)		
Investments in Land & Building which are not used for the operations of Company	33,67,85,788	33,67,85,787
Less: Accumulated depreciation	5,58,71,281	4,67,70,260
Net Block of investment property	28,09,14,507	29,00,15,527
Long Term Non trade Investment (valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
There are no restrictions on the right of ownership, reliasability of investments or the remittance of income and proceeds of disposal.		
The Company earned an interest @ 0.50% P.A. on Compulsory Convertible Debentures		
Investment in subsidiaries		
VRL Infrastructure Limited (25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up)	2,50,000	2,50,000
VRL Movers Limited 1,50,000 [P.Y. 1,50,000] equity shares of Rs. 10/- each , fully paid up	15,00,000	15,00,000
VRL Retail Ventures Limited 25,000 [P.Y. 25,000] equity shares of Rs. 10/- each , fully paid up	2,50,000	2,50,000
Investment in joint venture companies		
VRL Retailer Business Solutions Private Limited 5,628[P.Y. 5,628] equity shares of Rs. 10/- each , fully paid up	56,280	56,280
Investment in Debentures		
Compulsory Convertible Debentures (CCD) of TPG Wholesale Pvt. Ltd at a coupon rate of .5% per annum, all CCD shall be mandatorily convertible into equity shares of TPG immediately prior to TPG IPO or upon completion of 10 years from issuance of CCD whichever is earlier	3,96,00,000	3,96,00,000
	4,16,56,280	4,16,56,280
	32,25,70,787	33,16,71,807

Investment property given as security

Invetment property with a carrying amount of Rs. 28,09,14,507 (P.Y. Rs. 29,00,15,527) are subject to first charge to secure the companies term loan taken from bankers and financial institutions as detailed in securities furnished in respect of loans taken by the company

14. Deferred tax assets

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of Rs. 1,88,43,986 For the current year has been recognized in the profit & loss account. The tax effect of significant timing differences as at 31st March, 2012 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2013

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Increase in deferred tax liabilities		
On account of depreciation	14,08,743	18,47,290
Provision for gratuity	-	41,453
Loss on sale of fixed assets	-	1,56,987
Carry forward of losses	-	3,09,47,418
Misc . exp. written off	-	6,60,540
Impact of change in rate of tax on B/F Losses	-	12,19,26,388
Total increase in deferred tax liabilities	14,08,743	15,55,80,076
Increase in deferred tax assets		
On account of depreciation	-	-
Provision for gratuity	1,38,230	1,03,976
Provision for leave encashment	1,44,011	1,64,037
Bonus	1,56,100	-
Loss for the current period	1,98,14,388	-
Total Increase in deferred tax assets	2,02,52,729	2,68,013
Net deferred tax assets / (liabilities) for the Year	1,88,43,986	(15,53,12,063)
Opening deferred tax assets/ (liabilities)	2,69,05,91,952	2,84,59,04,015
Closing deferred tax assets/ (liabilities)	2,70,94,35,938	2,69,05,91,952

15. Long term Loans & Advances

Particulars	Non Current	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Unsecured Advances, considered good		
Security Deposit towards premises taken on Lease and others	16,530,088	10,025,675
Total	16,530,088	10,025,675

16. Other Non Current Assets

Particulars	Non Current	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
A) Secured, considered good		
Fixed deposit with banks (held as Margin Money with Banks towards Bank Guarantees & Letter of Credits	7,057,305	7,446,948
B) Secured, considered good		
Balances with statutory / government authorities	23,138,239	22,545,358
Total	30,195,544	29,992,306

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Traded goods	448,261,844	160,436,041
Total	448,261,844	160,436,041

18. Trade Receivables

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
(Considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables		
Unsecured	65,776	1,788
Total	65,776	1,788

19. Cash & Cash Equivalents

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	8,148,137	97,674,187
Credit Card Receivables	1,109,671	255,598
Cash on hand (as certified by the management)	8,695,207	4,212,642
Total	17,953,016	102,142,427

20. Short term Loans & Advances

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Unsecured Advances, considered good		
Advances recoverable in cash or in kind or for value to be received	14,309,250	4,007,947
Advance income-tax (net of provision for taxation)	4,086,268	2,177,960
Value added tax recoverable	12,597,550	22,888,112
Total	30,993,068	29,074,019

21. Other Current Assets

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Interest accrued on investment in Compulsory Convertible Debentures of TPG Wholesale Pvt. Ltd.	166,150	-
Total	166,150	-

22. Revenue from Operations

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Revenue from operations (net of VAT)		
Sale of Products		
Traded Goods	1,097,674,643	420,965,678
Sale of Services		
Other operating revenue		
Scrap Sales	2,215,122	1,026,747
Others		
Revenue from operations (gross)	1,099,889,765	421,992,425
Less Sales Tax / VAT	(43,177,623)	(20,352,306)
Revenue from operations (Net)	1,056,712,142	401,640,119

23. Other Incomes

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Bank Deposits	603,828	1,223,268
Others*	193,469	-
Display income	825,389	164,269
Net gain on sale of non current investments	-	10,881,585
Insurance claim received	-	5,937,430
Rental Income	19,370,000	19,200,000
Total	20,992,686	37,406,552

24. Details of purchase of Traded Goods

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Cost of traded goods sold and raw material consumed	789,827,953	310,606,958
Increase / Decrease in Inventory	287,825,803	160,436,041
Total	1,077,653,755	4,71,042,999

25. Increase / Decrease in Inventory

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Inventories at the end of the year		
Traded Goods	448,261,844	160,436,041
	448,261,844	160,436,041
Inventories at the beginning of the year		
Traded Goods	160,436,041	-
	160,436,041	-
Net (Increase) / Decrease in Inventory of Traded Goods	(287,825,803)	(160,436,041)

Details of Traded Goods Purchased

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Apparels	823,593,727	366,557,624
Non Apparels	228,706,956	5,769,835
Fast-moving consumer goods	25,353,072	98,715,541
Total	1,077,653,755	471,042,999

Details of inventory at the end of the year

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Apparels	375,029,663	121,044,643
Non Apparels	73,033,663	37,145,944
Fast-moving consumer goods	198,518	2,245,454
Total	448,261,844	160,436,041

26. Employee Benefit Scheme

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Salary, wages & bonus	75,941,603	48,352,618
Gratuity expenses (refer note 31)	426,045	(127,763)
Contribution to PF & others	3,823,548	2,372,632
Staff welfare expenses	2,480,571	1,209,896
Total	82,671,767	51,807,383

27. Other Expenses

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
A. Administrative & Other Expenses		
Power & fuel Expenses	17,379,519	10,480,401
Rent	68,361,418	51,412,451
Repairs & maintenance-		
- Building	1,263,961	1,404,112
- Plant & machinery	657,651	1,056,575
- Others	6,677,412	4,862,218
Insurance charges	292,615	190,693
Rates & taxes	6,447,206	890,357
Bank charges	2,985,097	1,762,319
Cash pick-up charges-CMS	726,295	-
Legal & professional fess	1,834,624	6,583,341
Vehicle Maintenance Expenses	416,438	498,825
Printing & stationery	2,842,847	1,992,975
Security service charges	3,267,631	2,204,705
Housekeeping expenses	1,516,468	1,213,865
Telephone expenses	5,618,432	1,472,696
Travelling & conveyance	1,491,527	3,392,602
VAT clearing expenses	6,528,151	-
Other Expenses	221,502	1,817,938
Postage & couriers expenses	325,423	305,570
Payment to auditors (refer details below)	561,800	1,064,954
Directors' sitting fee	219,777	256,000
Loss on fixed assets discarded	-	1,141,086
Loss on sale of fixed asset	-	(483,855)
Investment in Subsidiaries Written Off	-	1,750,000
Total (A)	129,635,795	95,269,829
B. Selling & Distribution Expenses		
Advertisement & Sales Promotion	13,673,109	15,896,508
Credit Cards Charges	1,698,505	888,816
Commission Charges	31,519	410,990
Transportation Charges	14,641,124	5,655,055
Packing Materials & Expenses	17,177,833	3,819,671
Total (B)	47,222,090	26,671,040
Total of Other Expenses (A) + (B)	176,857,885	121,940,868

Payment to auditors

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Audit fee	561,800	441,200
Other matters	-	558,810
Out of pocket expenses	-	64,944
Total	561,800	1,064,954

28. Depreciation and Amortization Expenses

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Depreciation of tangible assets	21,624,701	24,569,305
Amortization of Intangible assets	1,085,056	1,427,743
Total	22,709,757	25,997,048

29. Finance Cost

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Interest on Term Loans	59,980,407	78,182,858
Interest on Unsecured Loans	4,709,441	2,734,728
Interest on Working Capital Loans	521,290	583,644
Total	65,211,138	81,501,229

30. Earnings Per Share

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Total Operations for the year		
Profit/(loss) after tax	(52,748,791)	(347,805,404)
Net Profit/(loss) for calculation of the basic EPS	(52,748,791)	(347,805,404)
Net Profit/(loss)	(52,748,791)	(347,805,404)
Net Profit/(loss) before Extra-ordinary items	(40,729,685)	(308,118,879)
Weighted average number of equity shares in calculating EPS	22,398,869	22,398,869
Basic EPS after Extra-ordinary Items	(2.35)	(15.53)
Basic EPS before Extra-ordinary Items	(1.82)	(13.76)
Diluted EPS after Extra-ordinary Items	(2.35)	(15.53)
Diluted EPS before Extra-ordinary Items	(1.82)	(13.76)

31. Gratuity and other post-employment benefits plans

ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2013 UNDER GRATUITY PLAN

The figures given here in below are in Indian Rupees

Assumptions:

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

(ii) Financial Assumptions:-

	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Discount Rate:	8.10%	8.60%
Rate of increase in Compensation levels:	10.00%	10.00%
Rate of Return on Plan Assets:	-	-
I. Table showing changes in present value of obligations during the period		
Present Value of Obligation as at the beginning of the period	2,82,977	4,10,740
Acquisition adjustment	-	-
Interest Cost	24,336	32,448
Past Service Cost	-	-
Current Service Cost	4,91,463	2,15,535
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	NIL	(3,42,907)
Actuarial (gain)/ loss on obligations	(89,754)	(32,839)
Present Value of Obligation as at the end of the period	7,09,022	2,82,977
II. Table showing changes in the fair value of plan assets during the period		
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain /(loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-
III. Table showing fair value of plan assets		
Fair value of plan asset at the beginning of period	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of period	-	-
Funded Status	(7,09,022)	(2,82,977)
Excess of actual over estimated return on plan assets	-	-
IV. Actuarial gain/loss recognized for the period		
Actuarial gain/(loss) for the period – Obligation	89,754	32,839
Actuarial (gain)/loss for the period - Plan Assets	-	-
Total (gain) / loss for the period	(89,754)	(32,839)
Actuarial (gain) / loss recognized in the period	(89,754)	(32,839)
Unrecognized actuarial (gains) / losses at the end of period	-	-

	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
V. The amounts to be recognized in balance sheet and statement of profit and loss		
Present Value of Obligation as at the end of the period	7,09,022	2,82,977
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	(7,09,022)	(2,82,977)
Unrecognized Actuarial (gains) / losses	-	-
Unrecognized Past Service Cost (Non Vested Benefits)	-	-
Net Liability Recognized in Balance Sheet	7,09,022	2,82,977
VI. Expense recognised in the statement of profit and loss for the period		
Current Service Cost	4,91,463	2,15,535
Past Service Cost	-	-
Interest Cost	24,336	32,448
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(89,754)	(32,839)
Expenses Recognized in the statement of Profit & Loss	4,26,045	2,15,144
VII. Amount for the current period		
Present Value of Obligation	7,09,022	2,82,977
Plan Assets	-	-
Surplus (Deficit)	(7,09,022)	(2,82,977)
Experience adjustments on plan liabilities - (Loss)/Gain	1,09,974	22,104
Experience adjustments on plan assets - (Loss)/Gain	-	-
VIII. Reconciliation statement of expense in the statement of profit and loss		
Present value of obligation as at the end of period	7,09,022	2,82,977
Present value of obligation as at the beginning of the period	(2,82,977)	(4,10,740)
Benefits paid:		
(i) Directly paid by the enterprise	NIL	3,42,907
(ii) Payment made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognized in the statement of profit & losses	4,26,045	2,15,144
IX. MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening Net Liability	2,82,977	4,10,740
Expenses as above	4,26,045	2,15,144
Benefits paid directly by the enterprise	NIL	(3,42,907)
Contributions Paid into the Fund	-	-
Closing Net Liability	7,09,022	2,82,977
X. MAJOR CATEGORIES OF PLAN ASSETS (as percentage of total plan assets)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Bank Balance	-	-
Fixed Deposit	-	-
Other Assets	-	-
Total	-	-

ANNEXURE TO AND FORMING PART OF AS 15 (REVISED 2005) REPORT AS ON 31.03.2013 UNDER LEAVE ENCASHMENT PLAN

The figures given here in below are in Indian Rupees

Assumptions:

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

(ii) Financial Assumptions:-

Discount Rate:

Rate of increase in Compensation levels:

Rate of Return on Plan Assets:

	As on 31st March, 2013	As on 31st March, 2012
	8.10%	8.60%
	10.00%	10.00%
	-	-
I. TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS DURING THE PERIOD		
Present Value of Obligation as at the beginning of the period	4,62,170	1,51,995
Acquisition adjustment	-	-
Interest Cost	39,747	12,008
Past Service Cost	-	-
Current Service Cost	5,96,775	4,57,602
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(52,109)	(47,044)
Actuarial (gain)/ loss on obligations	(1,40,550)	(1,12,391)
Present Value of Obligation as at the end of the period	9,06,033	4,62,170
II. TABLE SHOWING CHANGES IN THE FAIR VALUE OF PLAN ASSETS DURING THE PERIOD		
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain /(loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-
III. TABLE SHOWING FAIR VALUE OF PLAN ASSETS		
Fair value of plan asset at the beginning of period	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of period	-	-
Funded Status	(9,06,033)	(4,62,170)
Excess of actual over expected return on plan assets	-	-
IV. ACTUARIAL GAIN / LOSS RECOGNIZED FOR THE PERIOD		
Actuarial gain/(loss) for the period – Obligation	1,40,550	1,12,391
Actuarial (gain)/loss for the period - Plan Assets	-	-
Total (gain) / loss for the period	(1,40,550)	(1,12,391)
Actuarial (gain) / loss recognized in the period	(1,40,550)	(1,12,391)
Unrecognized actuarial (gains) / losses at the end of period	-	-
V. THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS		
Present Value of Obligation as at the end of the period	9,06,033	4,62,170
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	(9,06,033)	(4,62,170)
Unrecognized Actuarial (gains) / losses	-	-
Net Liability Recognized in Balance Sheet	9,06,033	4,62,170

	As on 31st March, 2013	As on 31st March, 2012
VI. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD		
Current Service Cost	5,96,775	4,57,602
Past Service Cost	-	-
Interest Cost	39,747	12,008
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(1,40,550)	(1,12,391)
Expenses Recognized in the statement of Profit & Loss	4,95,972	3,57,219
VII. AMOUNT FOR THE CURRENT PERIOD		
Present Value of Obligation	9,06,033	4,62,170
Plan Assets	-	-
Surplus (Deficit)	(9,06,033)	(4,62,170)
Experience adjustments on plan liabilities - (Loss)/Gain	1,49,356	1,06,011
Experience adjustments on plan assets - (Loss)/Gain	-	-
VIII. RECONCILIATION STATEMENT OF EXPENSE IN THE STATEMENT OF PROFIT AND LOSS		
Present value of obligation as at the end of period	9,06,033	4,62,170
Present value of obligation as at the beginning of the period	(4,62,170)	(1,51,995)
Benefits paid:		
(i) Directly paid by the enterprise	52,109	47,044
(ii) Payment made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognized in the statement of profit & losses	4,95,972	3,57,219
IX. MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening Net Liability	4,62,170	1,51,995
Expenses as above	4,95,972	3,57,219
Benefits paid directly by the enterprise	(52,109)	(47,044)
Contributions Paid into the Fund	-	-
Closing Net Liability	9,06,033	4,62,170
X. MAJOR CATEGORIES OF PLAN ASSETS (as percentage of total plan assets)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Bank Balance	-	-
Fixed Deposit	-	-
Other Assets	-	-
Total	-	-

32. Leases

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

Obligations on long term, non-cancellable operating leases.

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

Particular	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
A). Lease Rentals recognized during the year in Profit & Loss Account*	6,83,61,418	5,14,12,451
Obligations	-	-
Within one year of the balance sheet date	9,64,37,945	4,93,75,524
Due in a period between one year and five years	50,42,41,544	3,59,62,549
Due after five years (as lease are cancellable by the Company after three to five years)	-	-

33. Related Party Disclosures:

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

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

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

Particulars	Subsidiary companies		Enterprises in directors of the company are directors		Key managerial personnel		Relative of key managerial personnel	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
1. Loans Repaid/ (Refunded)								
Ram Chandra Agarwal	-	-	-	-	58,00,000	60,00,000	-	-
Mrs. Uma Agarwal	-	-	-	-	5,00,000	-	-	-
Vishal Water World Pvt Ltd.	-	-	15,00,000	-	-	-	-	-
V2 Conglomerate Ltd.	-	-	8,52,00,000	-	-	-	-	-
VRL Retail Ventures Ltd.	(6,50,000)	-	-	-	-	-	-	-
2. Loans Accepted								
Mr. Ram Chandra Agarwal	-	-	-	-	9,30,000	20,17,872	-	-
Mrs. Uma Agarwal	-	-	-	-	5,00,000	10,87,576	-	-
Ricon Commodities Pvt. Ltd.	-	-	-	63,874	-	-	-	-
VRL Movers Limited	-	6,43,882	-	-	-	-	-	-
Vishal Water World Pvt Ltd.	-	-	10,00,00,000	-	-	-	-	-
VRL Infrastructure Ltd.	-	51,835	-	-	-	-	-	-
V2 Conglomerate Ltd.	-	-	11,23,654	1,02,000,000	-	-	-	-
3. Remuneration								
Mr. Akash Agarwal	-	-	-	-	-	-	2,61,145	-
4. Purchases during the year								
V2 Conglomerate Ltd.	-	-	4,52,16,828	-	-	-	-	-
5. Interest Payable during the year								
V2 Conglomerate Ltd.	-	-	13,89,479	-	-	-	-	-
6. Interest Paid								
V2 Conglomerate Ltd.	-	-	1,38,948	-	-	-	-	-
7. Payment made								
V2 Conglomerate Ltd.	-	-	4,49,10,545	-	-	-	-	-
8. Amount Payable								
Mr. Ram Chandra Agarwal	-	-	-	-	4,40,72,507	4,89,42,507	-	-
Mrs. Uma Agarwal	-	-	-	-	10,87,576	10,87,576	-	-
Vishal Water World Pvt Ltd.	-	-	10,02,32,680	17,32,680	-	-	-	-
V2 Conglomerate Ltd. (Loan A/c)	-	-	1,91,74,185	1,02,000,000	-	-	-	-
Ricon Commodities Pvt. Ltd.	-	-	63,874	63,874	-	-	-	-
VRL Infrastructure Ltd.	51,385	51,835	-	-	-	-	-	-
VRL Movers Limited	6,43,882	6,43,882	-	-	-	-	-	-
V2 Conglomerate Ltd.	-	-	3,06,283	-	-	-	-	-
9. Amount Receivable								
VRL Retail Ventures Ltd.	12,80,000	19,30,000	-	-	-	-	-	-

34. Expenditure in Foreign Currency (on accrual basis)

Particulars	As at 31-Mar-2013 (Rs.)	As at 31-Mar-2012 (Rs.)
Traveling Expenses	62,783	456,562
Total	62,783	456,562

35. Prior period expense

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Purchases	69,00,000	-
Electricity charges	-	32,62,310
Housekeeping charges	25,980	48,204
Rent	-	57,23,907
Marketing expenses	1,22,000	-
Professional charges	4,12,381	25,49,154
Repair to Gen-set	11,349	-
Salary and bonus	-	13,63,715
Property tax	-	2,20,55,393
Finance cost	-	52,64,347
Misc. balances written off	-	57,480
Sale tax demand	2,34,621	-
Transportation charges	1,38,050	-
Video conference expenses	43,51,167	-
Other expenses	-	2,14,614
Total of expenses (A)	1,21,95,548	4,05,39,124
Income		
Bank charges	14,332	-
Misc. income	-	3,55,457
Insurance claim	-	4,97,143
INTEREST ON INVESTMENT	1,62,110	-
Total of incomes (B)	1,76,442	8,52,600
Net Prior Period Expenses / (Incomes) (A-B)	1,20,19,106	3,96,86,524

36. Capital Commitments:

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	9,152,053	82,000

For commitments relating to lease arrangements, please refer note 32

37. Details of dues to MICRO and small enterprise as defined under the MSMED Act, 2006

In terms of notification no. G.S.R. 719(E) dated November 16, 2007 issued by the Central Government of India, the disclosure of payments due to any supplier as at March 31, 2013 are as follows:

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Balance of Sundry Creditors		
- Principal amount due to Micro, Small and Medium Enterprises	-	-
- Principal amount due to Others	-	-
Total	-	-
Interest accrued and due at the end of the year		
- Interest on payments due to Micro, Small and Medium Enterprises	-	-
- Interest on payments due to others	-	-
- Interest due and payable on amounts paid during the year to Micro, Small and Medium Enterprises beyond the appointed date	-	-
Total	-	-
Paid during the year		
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
- Principal amount	-	-
- Interest thereon	-	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
Others		
- Interest accrued in the prior year and paid during the year	-	-
- Interest accrued during the year and paid during the year	-	-

Note: - The Company has already initiated the process of identification of Micro, Small & Medium Enterprises suppliers and service providers, In view of large number of suppliers and non receipt of critical inputs, responses from several such potential parties, the liability of interest, if any cannot be reliably estimated. Hence the required disclosure has not been made.

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

38. Contingent Liabilities

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
a. Outstanding Bank Guarantees	4,652,797	5,997,535
b. Disputed Sales Tax Demands - matter under appeal	291,007,117	298,551,617
e. Claims against the Company not acknowledged as debts	201,556,700	198,177,295
f. Claims by Provident Fund Department	113,929,006	113,929,006
g. Claims by Service Tax Department	30,208,391	30,208,391
Total	641,354,011	646,863,844

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

39. Details of Interest in Joint Ventures :

The Company Share of Assets, Liabilities, Income & Expenses of Jointly controlled entity are as follows:

Name of the Company	Description of Interest	Country of Incorporation	Percentage Interest as at 31.03.13	Percentage Interest as at 31.03.12
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%

	As at 31st March, 2013		As at 31st March, 2012	
Name of the Company	Assets (Rs.)	Liability (Rs.)	Assets (Rs.)	Liability (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	25,027	1,124	25,027	-
	For the year ended 31.03.2013		For the year ended 31.03.2012	
Name of the Company	Income (Rs.)	Expenditure (Rs.)	Income (Rs.)	Expenditure (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	1,01,360	-	-	5,780

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

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

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

Vimal Kumar Saini
Partner
Membership No: 515915

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

Ram Chandra Agarwal Uma Agarwal Dheeraj Mishra
Managing Director Director Company Secretary
DIN 00491885 DIN 00495945

Place : Delhi
Date : 30th May, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**Aggregation of Relevant Details of Subsidiaries as at March 31, 2013**

Sr. No.	Particulars	VRL Movers Limited	VRL Infrastructure Limited	VRL Retail Ventures Limited	TOTAL
1	Share Capital	3,000,000	500,000	500,000	4,000,000
2	Reserve and Surplus	(7,848,169)	(442,622)	(511,908)	(8,802,699)
3	Total Assets	1,383,962	61,790	1,268,092	2,713,844
4	Total Liabilities	6,232,131	4,412	1,280,000	7,516,543
5	Detail of Investment (Except in Subsidiaries)	Nil	Nil	Nil	Nil
6	Turnover	Nil	Nil	Nil	Nil
7	Profit/ (Loss) before Tax	(4,412)	(4,412)	(58,948)	(67,772)
8	Provision for Taxation	Nil	Nil	Nil	Nil
9	Profit/ (Loss) after Tax	(4,412)	(4,412)	(58,948)	(67,772)
10	Proposed Dividend	Nil	Nil	Nil	Nil

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

AUDITOR'S REPORT**INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To the Members of V2 Retail Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of V2 Retail Limited (herein referred as "the company") and its Subsidiaries and Joint Ventures (collectively referred to as the Group), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Statement of Consolidated Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, Consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

- a) *Attention is invited to note 4 of consolidated financial statements explaining the reserves and surplus in the head capital reserve amounting to Rs. 60,523.24/-Lacs., necessary supporting documents and relevant information is not available with the Group and provided to us, so In the absence of the same, we are unable to comment on the appropriateness of the same including consequential impact, if any, arising out of the same on these financial statements. This was also the subject matter of qualification by us in previous year as well.*
- b) *Attention is invited to note 4 of financial statements explaining the reserves and surplus, company has accumulated losses more than 50% of its net worth. However, having regard to improvement in the economic sentiment, rationalization measures adopted by the Company, opening of new stores, these financial statements have been prepared on the basis that the company is a going concern and that no adjustments are required to the carrying value of assets and liabilities. The accumulates losses of group is Rs. 5,33,02,21,700 (Rupees Five hundred Thirty three crores two lacs twenty one thousand seven hundred only) as at 31st March, 2013 which exceed the net worth of the company.*
- c) *As stated in Note 29 to the consolidated financial statement, the Group has debited Rs 5,99,80,407/- on account of interest expense in the consolidated statement of Profit and Loss, however, necessary supporting documents and relevant information in relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment whether such charge to the statement of consolidated profit and loss is appropriate in accordance with Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India*
- d) *As stated in Note 38 to the consolidated financial statement, the Company has contingent liability on account of appeal with different authorities at different levels amounting to Rs. 641,354,011/-, however, At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Accounting Standard-29 has not been made in books of accounts.*

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph*, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements / financial information of subsidiaries and joint ventures, whose financial statements / financial information reflect the Group's share of Revenues of Rs. Nil and Profit (Loss) after Tax (net) of Rs. (33,886)/- relating to 3 Subsidiary. The Statement also reflects the Group's Share of Revenue of Rs. Nil and Profit (Loss) after tax (Net) of Rs. (1,01,360)/- relating to share in One Joint controlled entity. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **AKGVG & Associates**
Chartered Accountants
ICAI Firm Registration Number: 018598N

Vimal Kumar Saini
Partner
Membership Number: 515915

Place: Delhi
Date: May 30th 2013

Consolidated Balance Sheet as at March 31, 2013

Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	223,988,690	223,988,690
(b) Reserves and Surplus	4	2,469,072,387	2,521,236,754
Capital Reserve on Consolidation of Joint Venture		2,091,805	2,091,806
		2,695,152,883	2,747,317,249
(2) Non-Current Liabilities			
(a) Long-term borrowings	5	315,600,746	170,013,021
(b) Other Long term liabilities	6	4,860,000	4,902,483
(c) Long term provisions	7	1,267,473	543,288
		321,728,219	175,458,792
(3) Current Liabilities			
(a) Short-term borrowings		1,280,000	3,430,000
(b) Trade payables	9	246,733,088	78,039,310
(c) Other current liabilities	10	406,023,592	420,553,748
(d) Short-term provisions	8	4,169,764	503,714
		658,206,444	502,526,772
Total		3,675,087,545	3,425,302,813
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	83,336,389	62,590,113
(ii) Intangible assets	12	2,432,243	2,833,354
(iii) Capital work-in-progress		12,486,005	738,000
Share in Joint Venture		-	-
(b) Non Current Investment	13	320,514,507	329,615,528
(c) Deferred tax assets (net)	14	2,709,414,045	2,690,591,951
(d) Long term loans and advances	15	16,555,104	10,050,691
(e) Other non-current assets	16	31,767,761	31,564,523
		3,176,506,054	3,127,984,160
(2) Current assets			
(a) Inventories	17	448,261,844	160,436,041
(b) Trade receivables	18	1,016,241	5,249,384
(c) Cash and cash equivalents	19	18,144,188	102,559,210
(d) Short-term loans and advances	20	30,993,068	29,074,019
(e) Other current assets	21	166,150	-
		498,581,491	297,318,653
Total		3,675,087,545	3,425,302,813

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements

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

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

Vimal Kumar Saini
Partner
Membership No: 515915

Ram Chandra Agarwal
Managing Director
DIN 00491885

Uma Agarwal
Director
DIN 00495945

Dheeraj Mishra
Company Secretary

Place : Delhi
Date : 30th May, 2013

Consolidated Statement of Profit and Loss for the Year ended 31st March 2013

Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012
Income			
Revenue from operations (Gross)	22	1,099,889,765	424,616,223
Less Sales Tax / VAT		43,177,623	20,352,306
Revenue from operations (Net)		1,056,712,142	404,263,917
Other Income	23	21,002,538	37,424,881
Total revenue (I)		1,077,714,680	441,688,798
Expenses:			
Cost of materials consumed			
Purchase of Traded Goods	24	1,077,653,755	473,773,139
Changes in inventories of traded finished goods	25	(287,825,803)	(160,436,041)
Employee benefit expense	26	82,671,767	51,807,383
Other expenses	27	176,901,623	121,113,092
Total (II)		1,049,401,342	486,257,573
Earnings before interest, tax, depreciation and amortization (EBITDA)	(I) - (II)	28,313,338	(44,568,775)
Depreciation and amortization expense	28	22,709,757	25,997,048
Share in Joint Venture		101,360	-
Finance Cost	29	65,211,138	81,501,229
Profit/(Loss) before tax		(59,506,198)	(152,067,052)
Tax expense			
- Current tax			
- Deferred tax		(18,822,095)	155,827,784
Total tax expense		(18,822,095)	155,827,784
Profit (Loss) after tax and before Extra Ordinary Items		(40,684,103)	(307,894,836)
- Prior Period expenses		12,019,106	39,686,524
Profit/(Loss) for the year		(52,703,209)	(347,581,361)
Loss attributable to Minority		(33,886)	(596,167)
		(52,737,095)	(348,177,528)
Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)] before Extra Ordinary Items	30		
- Basic		(1.82)	(13.77)
- Diluted		(1.82)	(13.77)
Earnings per equity share [nominal value of share Rs. 10 (P.Y. Rs. 10)] after Extra Ordinary Items	30		
- Basic		(2.35)	(15.54)
- Diluted		(2.35)	(15.54)

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements

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

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

Vimal Kumar Saini
Partner
Membership No: 515915

Ram Chandra Agarwal
Managing Director
DIN 00491885

Uma Agarwal
Director
DIN 00495945

Dheeraj Mishra
Company Secretary

Place : Delhi
Date : 30th May, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax but after prior period items	(71,559,190)	(192,349,744)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	22,709,757	25,997,048
Interest Reversed & Liabilities written off	-	-
Profit on sale of Non Current Investments	-	(10,881,585)
Write off/other adjustments of Non Current Investments	-	875,527
Profit on sale of fixed assets	-	(483,855)
Write off/other adjustments of fixed assets	-	1,141,086
Interest income	(603,828)	(1,223,268)
Finance charges	64,689,848	80,917,586
Operating profit before working capital changes	15,236,587	(96,007,204)
Movements in working capital :		
Increase/(decrease) in trade payables	168,693,777	70,662,430
Increase/(decrease) in long-term provisions	724,185	141,512
Increase/(decrease) in short-term provisions	3,666,050	342,755
Increase/(decrease) in other current liabilities	(14,530,155)	(180,816,409)
Increase/(decrease) in other long-term liabilities	(42,483)	4,902,483
Decrease/(Increase) in trade receivables	4,233,143	(4,413,255)
decrease/(Increase) in inventories	(287,825,803)	(160,436,041)
decrease/(Increase) in long-term loans and advances	(6,504,413)	(5,713,585)
decrease/(Increase) in short-term loans and advances	(1,919,050)	(10,765,578)
decrease/(Increase) in other current assets	(166,150)	-
decrease/(Increase) in other non-current assets	(592,881)	(1,392,928)
Cash generated from operations	(119,027,192)	(383,495,820)
Direct Taxes paid	-	-
Net cash flow from operating activities (A)	(119,027,192)	(383,495,820)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets, CWIP and capital advances	(45,701,906)	(77,977,095)
Proceeds from sale of fixed assets	-	110,734,841
Interest received	603,828	1,223,268
Decrease/(Increase) in Investments	-	(40,475,527)
Decrease/(Increase) in pledged fixed deposits	389,643	(942,609)
Net cash flow used in investing activities (B)	(44,708,435)	(7,437,122)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (net of expenses on issue of shares)	-	(9,775,000)
Change in Capital Reserve	(0)	(127,956)
Change in Capital Reserve due to slump sale in previous year	572,729	32,901,250
Repayment of long term borrowings	145,587,725	114,605,853
Proceeds from short term borrowings (net of repayments)	(2,150,000)	3,430,000
Finance charges	(64,689,848)	(80,917,586)
Net cash flow from/(used in) financing activities (C)	79,320,606	60,116,561
Net decrease in cash and cash equivalents (A+B+C)	(84,415,021)	(330,816,380)
Cash and cash equivalents at the beginning of the year	102,559,210	433,375,590
Cash and cash equivalents at the end of the year (refer note - 1)	18,144,188	102,559,210

Notes :

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

Cash and cash equivalents

	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Cash in hand	8,859,993	4,390,746
Balance with		
On current accounts	8,174,524	97,912,866
Deposits with original maturity of less than 3 months		
Balances with credit card banks	1,109,671	255,598
	18,144,188	102,559,210

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

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

Vimal Kumar Saini
Partner
Membership No: 515915

Ram Chandra Agarwal
Managing Director
DIN 00491885

Uma Agarwal
Director
DIN 00495945

Dheeraj Mishra
Company Secretary

Place : Delhi
Date : 30th May, 2013

Notes to the financial Statements for the year ended 31st March 2013

1. Basis of Preparation of Consolidated Financial Statements

The financial statements of V2 Retail Limited, "the company", its subsidiary companies, and Joint ventures ("the Group") have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

2.1 Principles of Consolidation

The Companies considered in the Consolidated Financial Statements are :

Name of the Subsidiaries	Country of Incorporation	Ownership Interest	Financial Year ends on
VRL Infrastructure Limited *	India	50%	31st March, 2013
VRL Movers Limited *	India	50%	31st March, 2013
VRL Retail Ventures Limited*	India	50%	31st March, 2013

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

The Joint Venture considered in the Consolidated Financial Statements are :

Name of the Company	Description of Interest	Country of Incorporation	Percentage Interest as at 31.03.13	Percentage Interest as at 31.03.12
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%

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

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

2.2 Summary of significant accounting policies are as set out as under:

a) Use of Estimates

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

b) Tangible Assets

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

c) Depreciation on Tangible Assets

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

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

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

d) Intangible Assets

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

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

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

Particulars	Rates (WDV)
Computer software	40%

e) Leases

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

Where the company is the lessee

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

Where Company is the Lessor

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

f) Borrowing Costs

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

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

h) Investments

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

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

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

Investment property

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

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

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

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

i) Inventories

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

j) Revenue Recognition

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

Sale of goods

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

Interest

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

Income from services

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

k) Foreign Currency Transactions

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

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

l) Retirement and other employee Benefits

(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.

m) Income Taxes

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

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

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

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

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

n) Segment Reporting

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

o) Earnings per share

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

p) Provisions

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

q) Contingent Liabilities

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

r) Cash and cash equivalents

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

s) Measurement of EBITDA

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

For and on behalf of the Board
V2 Retail Limited

Ram Chandra Agarwal
Managing Director
DIN 00491885

Uma Agarwal
Director
DIN 00495945

Dheeraj Mishra
Company Secretary

Place : Delhi
Date : 30th May, 2013

3. Share Capital

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Authorised shares capital		
Equity share capital		
30,000,000 (Previous Year : 30,000,000) equity shares of Rs. 10/- each	300,000,000	300,000,000
Preference Share Capital		
400,000 (Previous Year : 400,000) preference shares of Rs. 146/- each	58,400,000	58,400,000
	358,400,000	358,400,000
Issued, subscribed & fully paid up capital		
22,398,869 (Previous Year : 22,398,869) Equity Shares of Rs. 10/- each	223,988,690	223,988,690
fully paid up		
Total	223,988,690	223,988,690

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

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Numbers	Amount (Rs.)	Numbers	Amount (Rs.)
At the beginning of the period	22,398,869	223,988,690	22,398,869	223,988,690
Outstanding at the end of period	22,398,869	223,988,690	22,398,869	223,988,690

b. Terms / rights attached to equity shares / warrants

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

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

Since the company is not subsidiary to any company, this disclosure is not applicable to the company

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

Equity Shares of Rs. 10 each fully paid	As at 31st March, 2013		As at 31st March, 2012	
	Numbers	% holding in the class	Numbers	% holding in the class
Unicon Marketing Private Limited	5,444,710	24.3097	5,444,710	24.3097
Ricon Commodities Private Limited	4,940,000	22.0547	4,940,000	22.0547

4. Reserves & Surplus

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Securities Premium		
Balance as per last financial	1,71,34,95,845	1,71,34,95,845
Add: Addition during the year	-	-
Closing Balance	1,71,34,95,845	1,71,34,95,845
Capital Reserve		
Opening Balance	6,08,52,25,514	6,05,23,24,263
Add: Addition during the year	5,72,729	3,29,01,250
Closing Balance	6,08,57,98,243	6,08,52,25,514
Surplus/(deficit) in the statement of profit & loss		
Balance as per last financial statement	(5,277,484,605)	(4,929,307,077)
Add: Loss for the period	(52,737,095)	(348,177,528)
Closing Balance	(5,330,221,700)	(5,277,484,605)
Total	2,469,072,387	2,521,236,754

5. Long Term Borrowings

Particulars	Non Current Portion		Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Term loans				
From financial institutions	-	-	38,87,31,270	39,87,50,863
Deposits (Unsecured)				
Inter-corporate deposits repayable on demand	27,04,40,663	11,94,40,436	-	-
From Directors	4,51,60,083	5,05,72,585	-	-
Total	31,56,00,746	17,00,13,021	38,87,31,270	39,87,50,863
The above amount includes				
Secured borrowings	-	-	38,87,31,270	39,87,50,863
Unsecured borrowings	31,56,00,746	17,00,13,021		
Amount disclosed under the head "other current liabilities" (note 10)				
Total	31,56,00,746	17,00,13,021	38,87,31,270	39,87,50,863

Securities furnished in respect of long term borrowings taken by the Company
A. State Bank of India & Pegasus Assets Reconstruction Pvt. Ltd.

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

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

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

First pari passu charge by way of equitable mortgage of property in the name of Vishal Water World Pvt. Ltd. situated at Kouchapukur, PO Hatgachia ,dist 24 Parganas (West Bengal)

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

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

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

Corporate Guarantee of Vishal Water World Pvt. Limited

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

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

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

Exclusive charge with Bank of India of property at industrial land Khata no.329, Khasra No. 122/43 Mouza Central Hope town, (Saelakui), Paragna Pachwodopon, Tehsil Vikas Nagar, District Dehradun (Note: this is a small piece of land measuring 0.57 acres distinct from the other property at Dehradun over which SBI and Pegasus have a charge)

Subservient charge on Current Assets

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

Pledge of 953,770 shares of VRL.

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

Post dated Cheques for Principal Amount + FITL

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

6. Other Long Term Liabilities

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Security deposits	4,860,000	4,800,000
Share in Joint Ventures	-	102,483
	4,860,000	4,902,483

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

7. Long Term Provisions

Particulars	Non – Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Provision for employee benefits		
Provision for Gratuity	706,290	258,357
Provision for Leave Encashment	561,183	284,931
Total	12,67,473	5,43,288

8. Short Term Provisions

Particulars	Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Provision for employee benefits		
Provision for Gratuity	2,732	24,620
Provision for Leave Encashment	3,44,850	1,77,239
Other provisions		
Provision for litigations	37,84,085	-
Provision for Interest on J&K VAT	38,097	301,855
Total	4,169,764	503,714

9. Trade Payables

Particulars	Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Trade payables (including acceptances) (refer note 37 for details of dues to micro and small enterprises)	24,67,33,088	7,80,39,310
Total	24,67,33,088	7,80,39,310

10. Other Current Liabilities

Particulars	Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Current maturities of long-term liabilities (Note 5)	388,731,270	398,750,863
Salary & Bonus Payable	7,126,108	4,994,172
Other Statutory Liabilities	2,537,721	10,033,363
Others	7,627,369	6,775,350
Share in Joint Venture	1,124	-
Total	406,023,592	420,553,748

11 Tangible Assets

Particulars	Lease Hold Land	Lease Hold Buildings	Buildings	Plant & Machinery	Generator Set	Furniture & Fixture	Electrical Equipments & Fittings	Office Equipments	Air Conditioner	Computer	Motor Vehicles	Total
Cost or valuation												
At 1 April 2011	69,181,044	49,154,953	228,790,673	-	-	-	-	-	-	152,373	389,238	118,877,608
Additions	-	5,858,443	-	1,095,561	6,198,787	33,904,414	11,096,991	913,198	10,049,378	6,430,652	2,206,600	77,754,024
Disposals / Regrouping	69,181,044	50,971,964	-	-	-	3,302,088	219,635	-	37,193	-	-	123,711,924
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2012	-	4,041,432	228,790,673	1,095,561	6,198,787	30,602,326	10,877,356	913,198	10,012,185	6,583,025	2,595,838	72,919,708
Additions	-	-	-	391,199	1,711,500	17,755,498	6,020,741	208,076	2,141,699	4,792,505	-	33,021,218
Disposals / Regrouping	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	7,237	-	907,295	180,370	731,607	658,890	149,829	-	152,373	389,238	3,176,839
										877,080		
At 31 March 2013	-	4,034,195	228,790,673	2,394,055	7,729,917	47,626,217	16,239,207	1,271,103	12,153,884	12,100,237	2,206,600	105,755,415
Depreciation												
At 1 April 2011	11,362,800	6,664,969	37,162,607	-	-	-	-	-	-	152,373	389,238	18,569,380
Charge for the year	2,982,000	2,063,475	9,607,654	107,096	637,453	4,518,795	1,119,358	93,238	992,212	1,889,695	558,329	14,961,651
Disposals / Regrouping	14,344,800	8,396,678	-	-	-	442,788	13,727	-	3,444	-	-	23,201,437
At 31 March 2012	-	331,766	46,770,261	107,096	637,453	4,076,007	1,105,631	93,238	988,768	2,042,068	947,567	10,329,594
Charge for the year	-	344,714	9,101,020	259,006	752,243	5,260,843	1,440,240	146,297	1,369,325	2,524,275	426,737	12,523,680
Disposals / Regrouping	-	-	-	-	-	-	-	-	-	152,373	-	152,373
Other adjustments	-	3,211	-	90,765	14,366	65,044	73,020	20,457	-	145,359	389,238	-
At 31 March 2013	-	679,691	55,871,281	456,867	1,375,330	9,271,806	2,472,851	259,992	2,358,093	4,559,329	985,066	22,419,025
Net Block												
At 31 March 2012	-	3,709,666	182,020,412	988,465	5,561,334	26,526,319	9,771,725	819,960	9,023,417	4,540,957	1,648,271	62,590,114
At 31 March 2013	-	3,354,504	172,919,392	1,937,188	6,354,587	38,354,411	13,766,356	1,011,110.90	9,795,791.00	7,540,908	1,221,534	83,336,389.40

12. Intangible Assets

Particulars	Computer Softwares	Total
Gross Block		
At 31 March 2011	3,590,265	3,590,265
Additions \ purchases during the year	670,832	670,832
At 31 March 2012	4,261,097	4,261,097
Additions \ purchases during the year	932,683	932,683
Internal development	-	-
Adjustments/Sold during the year	356,100	356,100
At 31 March 2013	4,837,680	4,837,680
Amortization		
At 31 March 2011	-	-
Charge for the year	1,427,743	1,427,743
At 31 March 2012	1,427,743	1,427,743
Charge for the year	1,085,056	1,085,056
Adjustments/Sold during the year	107,362	107,362
At 31 March 2013	2,405,437	2,405,437
Net block		
At 31 March 2012	2,833,354	2,833,354
At 31 March 2013	2,432,243	2,432,243

13. Non Current Investments

Particulars	As at 31st March, 2013	As at 31st March, 2012
Investment property (at cost less accumulated depreciation)		
Investments in Land & Building which are not used for the operations of Company	33,67,85,788	33,67,85,788
Less: Accumulated depreciation	5,58,71,281	4,67,70,260
Net Block of investment property	280,914,507	290,015,528

Long Term Non trade Investment (valued at cost unless stated otherwise)

Unquoted Equity Instruments

There are no restrictions on the right of ownership, reliability of investments or the remittance of income and proceeds of disposal.

The Company earned an interest @ 0.50% P.A. on Compulsory Convertible Debentures

Investment in subsidiaries
Investment in Debentures

39,600,000

39,600,000

Compulsory Convertible Debentures (CCD) of TPG Wholesale Pvt. Ltd at a coupon rate of .5% per annum, all CCD shall be mandatorily convertible into equity shares of TPG immediately prior to TPG IPO or upon completion of 10 years from issuance of CCD whichever is earlier

39,600,000

39,600,000

Investment property given as security

Investment property with a carrying amount of Rs. 28,09,14,507 (P.Y. Rs. 29,00,15,527) are subject to first charge to secure the companies term loan taken from bankers and financial institutions as detailed in securities furnished in respect of loans taken by the company

14. Deferred Tax Assets

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of Rs. 1,88,43,986 For the current year has been recognized in the profit & loss account. The tax effect of significant timing differences as at 31st March, 2011 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2013

Particulars	As at 31st March, 2013	As at 31st March, 2012
Increase in Deferred Tax Liabilities		
On Account of Depreciation	11,04,912	18,47,290
Provision for Gratuity	-	41,453
Loss on Sale of Fixed Assets	-	1,56,987
Carry Forward of Losses	-	3,09,47,418
Misc . Exp. Written Off	-	6,60,540
Impact of change in rate of Tax on B/F Losses	-	12,19,26,388
Total Increase in Deferred Tax Liabilities	11,04,912	15,55,80,076
Increase in Deferred Tax Assets		
On Account of Depreciation	-	-
Provision for Gratuity	1,38,230	1,03,976
Provision for Leave Encashment	1,44,011	1,64,037
Bonus	1,56,100	-
Loss for the Current Period	1,94,88,664	-
Total Increase in Deferred Tax Assets	1,99,27,006	2,68,013
Net Deferred Tax Assets / (Liabilities) for the Year	1,88,22,094	(15,53,12,063)
Opening Deferred Tax Assets/ (Liabilities)	2,69,05,91,951	2,84,59,04,015
Closing Deferred Tax Assets/ (Liabilities)	2,70,94,14,045	2,69,05,91,951

15. Long term Loans & Advances

Particulars	Non- Current Portion	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Unsecured Advances, considered good		
Security Deposit towards premises taken on Lease and others	16,530,088	10,025,675
Sharer in Joint Venture	25,016	25,016
Total	16,555,104	10,050,691

16. Other Non Current Assets

Particulars	Non Current	
	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
A) Secured, considered good		
Fixed deposit with banks (held as Margin Money with Banks towards Bank Guarantees & Letter of Credits)	7,057,305	7,446,948
B) Secured, considered good		
Balances with statutory / government authorities	23,138,239	22,545,358
Others	1,572,217	1,572,217
Total	31,767,761	31,564,523

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Traded goods	448,261,844	160,436,041
Total	448,261,844	160,436,041

18. Trade Receivables

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
(Considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payment	950,465	5,247,596
Other receivables		
Unsecured	65,776	1,788
Total	1,016,241	5,249,384

19. Cash & Cash Equivalents

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	8,174,524	97,912,866
Credit Card Receivables	1,109,671	255,598
Cash on hand (as certified by the management)	8,859,982	4,390,734
Share in Joint Venture	11	11
Total	18,144,188	102,559,210

20. Short term Loans & Advances

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Unsecured Advances, considered good		
Advances recoverable in cash or in kind or for value to be received	14,309,250	4,007,947
Advance income-tax (net of provision for taxation)	4,086,268	2,177,960
Value added tax recoverable	12,597,550	22,888,112
Total	30,993,068	29,074,019

21. Other Current Assets

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Interest accrued on investment in Compulsory Convertible Debentures of TPG Wholesale Pvt. Ltd.	166,150	-
Total	166,150	-

22. Revenue from Operations

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Revenue from operations (net of VAT)		
Sale of Products		
Traded Goods	1,097,674,643	423,589,476
Sale of Services	-	-
Other operating revenue	-	-
Scrap Sales	2,215,122	1,026,747
Others		
Revenue from operations (gross)	1,099,889,765	424,616,223
Less Sales Tax / VAT	(43,177,623)	(20,352,306)
Revenue from operations (Net)	1,056,712,142	404,263,917

23. Other Incomes

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Bank Deposits	603,828	1,223,268
Others*	193,469	-
Display income	825,389	164,269
Net gain on sale of non current investments	-	10,881,585
Insurance claim received	-	5,937,430
Rental Income	19,370,000	19,200,000
Share in Joint Ventures	9,852	18,329
Total	21,002,538	37,424,881

24. Details of purchase of Traded Goods

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Cost of traded goods sold / raw material consumed	789,827,953	313,337,098
Increase / (Decrease) in Inventory	287,825,803	160,436,041
Total	1,077,653,755	4,73,773,139

25. Increase / Decrease in Inventory

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Inventories at the end of the year		
Traded Goods	448,261,844	160,436,041
	448,261,844	160,436,041
Inventories at the beginning of the year		
Traded Goods	160,436,041	-
	160,436,041	-
Net (Increase) / Decrease in Inventory of Traded Goods	(287,825,803)	(160,436,041)

Details of Traded Goods Purchased

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Apparels	823,593,727	366,557,624
Non Apparels	228,706,956	5,769,835
Fast-moving consumer goods	25,353,072	98,715,541
Fabric	-	2,730,139
Total	1,077,653,755	473,773,138

Details of inventory at the end of the year

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Apparels	375,029,663	121,044,643
Non Apparels	73,033,663	37,145,944
Fast-moving consumer goods	198,518	2,245,454
Total	448,261,844	160,436,041

26. Employee Benefit Scheme

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Salary, wages & bonus	75,941,603	48,352,618
Gratuity expenses (refer note 31)	426,045	(127,763)
Contribution to PF & others	3,823,548	2,372,632
Staff welfare expenses	2,480,571	1,209,896
Total	82,671,767	51,807,383

27. Other Expenses

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
A. Administrative & Other Expenses		
Fabric & Other Manufacturing Expenses	-	14,900
Power & fuel Expenses	17,379,519	10,480,401
Rent	68,361,418	51,412,451
Repairs & maintenance-		
- Building	1,263,961	1,404,112
- Plant & machinery	657,651	1,056,575
- Others	6,677,412	4,862,218
Insurance charges	292,615	190,693
Rates & taxes	6,447,206	890,357
Bank charges	3,022,176	1,781,677
Cash pick-up charges-CMS	726,295	-
Legal & professional fess	1,834,624	6,583,341
Vehicle Maintenance Expenses	416,438	498,825
Printing & stationery	2,842,847	1,992,975
Security service charges	3,267,631	2,204,705
Housekeeping expenses	1,516,468	1,213,865
Telephone expenses	5,618,432	1,472,696
Travelling & conveyance	1,491,527	3,392,602
VAT clearing expenses	6,528,151	-
Other Expenses	221,502	1,817,938
Postage & couriers expenses	325,423	305,570
Payment to auditors (refer details below)	568,459	1,071,613
Directors' sitting fee	219,777	256,000
Loss on fixed assets discarded	-	1,141,086
Loss on sale of fixed asset	-	(483,855)
Investment in Subsidiaries Written Off	-	875,527
Share in Joint Venture	-	5,780
Total (A)	129,679,533	94,442,053
B. Selling & Distribution Expenses		
Advertisement & Sales Promotion	13,673,109	15,896,508
Credit Cards Charges	1,698,505	888,816
Commission Charges	31,519	410,990
Transportation Charges	14,641,124	5,655,055
Packing Materials & Expenses	17,177,833	3,819,671
Total (B)	47,222,090	26,671,040
Total of Other Expenses (A) + (B)	176,901,623	121,113,092

Payment to auditors

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Audit fee	568,459	447,859
Other matters	-	558,810
Out of pocket expenses	-	64,944
Total	568,459	1,071,613

28. Depreciation and Amortization Expenses

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Depreciation of tangible assets	21,624,701	24,569,305
Amortization of Intangible assets	1,085,056	1,427,743
Total	22,709,757	25,997,048

29. Finance Cost

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Interest on Term Loans	59,980,407	78,182,858
Interest on Unsecured Loans	4,709,441	2,734,728
Interest on Working Capital Loans	521,290	583,644
Total	65,211,138	81,501,229

30. Earnings Per Share

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Total Operations for the year		
Profit/(loss) after tax	(52,737,095)	(348,177,528)
Net Profit/(loss) for calculation of the basic EPS	(52,737,095)	(348,177,528)
Net Profit/(loss)	(52,737,095)	(348,177,528)
Net Profit/(loss) before Extra-ordinary items	(40,717,989)	(308,491,003)
Weighted average number of equity shares in calculating EPS	22,398,869	22,398,869
Basic EPS after Extra-ordinary Items	(2.35)	(15.53)
Basic EPS before Extra-ordinary Items	(1.82)	(13.77)
Diluted EPS after Extra-ordinary Items	(2.35)	(15.54)
Diluted EPS before Extra-ordinary Items	(1.82)	(13.77)

31. Gratuity and other post-employment benefits plans

Annexure to and forming part of AS 15 (Revised 2005) Report as on 31.03.2013 under gratuity plan

The figures given here in below are in Indian Rupees

Assumptions:

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

(ii) Financial Assumptions:-

Discount Rate:

Rate of increase in Compensation levels:

Rate of Return on Plan Assets:

I. Table showing changes in present value of obligations during the period

Present Value of Obligation as at the beginning of the period

Acquisition adjustment

Interest Cost

Past Service Cost

Current Service Cost

Curtailement Cost / (Credit)

Settlement Cost / (Credit)

Benefit Paid

Actuarial (gain)/ loss on obligations

Present Value of Obligation as at the end of the period

II. Table showing changes in the fair value of plan assets during the period

Fair Value of Plan Assets at the beginning of the period

Acquisition Adjustments

Expected Return on Plan Assets

Contributions

Benefits Paid

Actuarial Gain / (loss) on Plan Assets

Fair Value of Plan Assets at the end of the period

	As on 31st March, 2013	As on 31st March, 2012
Discount Rate:	8.10%	8.60%
Rate of increase in Compensation levels:	10.00%	10.00%
Rate of Return on Plan Assets:	-	-
Present Value of Obligation as at the beginning of the period	2,82,977	4,10,740
Acquisition adjustment	-	-
Interest Cost	24,336	32,448
Past Service Cost	-	-
Current Service Cost	4,91,463	2,15,535
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	NIL	(3,42,907)
Actuarial (gain)/ loss on obligations	(89,754)	(32,839)
Present Value of Obligation as at the end of the period	7,09,022	2,82,977
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain / (loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-

	As on 31st March, 2013	As on 31st March, 2012
III. Table showing fair value of plan assets		
Fair value of plan asset at the beginning of period	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of period	-	-
Funded Status	(7,09,022)	(2,82,977)
Excess of actual over estimated return on plan assets	-	-
IV. Actuarial gain/loss recognized for the period		
Actuarial gain/(loss) for the period – Obligation	89,754	32,839
Actuarial (gain)/loss for the period - Plan Assets	-	-
Total (gain) / loss for the period	(89,754)	(32,839)
Actuarial (gain) / loss recognized in the period	(89,754)	(32,839)
Unrecognized actuarial (gains) / losses at the end of period	-	-
V. The amounts to be recognized in balance sheet and statement of profit and loss		
Present Value of Obligation as at the end of the period	7,09,022	2,82,977
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	(7,09,022)	(2,82,977)
Unrecognized Actuarial (gains) / losses	-	-
Unrecognized Past Service Cost (Non Vested Benefits)	-	-
Net Liability Recognized in Balance Sheet	7,09,022	2,82,977
VI. Expense recognised in the statement of profit and loss for the period		
Current Service Cost	4,91,463	2,15,535
Past Service Cost	-	-
Interest Cost	24,336	32,448
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(89,754)	(32,839)
Expenses Recognized in the statement of Profit & Loss	4,26,045	2,15,144
VII. Amount for the current period		
Present Value of Obligation	7,09,022	2,82,977
Plan Assets	-	-
Surplus (Deficit)	(7,09,022)	(2,82,977)
Experience adjustments on plan liabilities - (Loss)/Gain	1,09,974	22,104
Experience adjustments on plan assets - (Loss)/Gain	-	-
VIII. Reconciliation statement of expense in the statement of profit and loss		
Present value of obligation as at the end of period	7,09,022	2,82,977
Present value of obligation as at the beginning of the period	(2,82,977)	(4,10,740)
Benefits paid:		
(i) Directly paid by the enterprise	NIL	3,42,907
(ii) Payment made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognized in the statement of profit & losses	4,26,045	2,15,144
IX. MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening Net Liability	2,82,977	4,10,740
Expenses as above	4,26,045	2,15,144
Benefits paid directly by the enterprise	NIL	(3,42,907)
Contributions Paid into the Fund	-	-
Closing Net Liability	7,09,022	2,82,977
X. MAJOR CATEGORIES OF PLAN ASSETS (as percentage of total plan assets)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Bank Balance	-	-
Fixed Deposit	-	-
Other Assets	-	-
Total	-	-

Annexure to and forming part of AS 15 (Revised 2005) Report as on 31.03.2013 Under leave encashment plan

The figures given here in below are in Indian Rupees

Assumptions:

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

(ii) Financial Assumptions:-

Discount Rate:

Rate of increase in Compensation levels:

Rate of Return on Plan Assets:

	As on 31st March, 2013	As on 31st March, 2012
	8.10%	8.60%
	10.00%	10.00%
	-	-
I. TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS DURING THE PERIOD		
Present Value of Obligation as at the beginning of the period	4,62,170	1,51,995
Acquisition adjustment	-	-
Interest Cost	39,747	12,008
Past Service Cost	-	-
Current Service Cost	5,96,775	4,57,602
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(52,109)	(47,044)
Actuarial (gain)/ loss on obligations	(1,40,550)	(1,12,391)
Present Value of Obligation as at the end of the period	9,06,033	4,62,170
II. TABLE SHOWING CHANGES IN THE FAIR VALUE OF PLAN ASSETS DURING THE PERIOD		
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain / (loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-
III. TABLE SHOWING FAIR VALUE OF PLAN ASSETS		
Fair value of plan asset at the beginning of period	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of period	-	-
Funded Status	(9,06,033)	(4,62,170)
Excess of actual over expected return on plan assets	-	-
IV. ACTUARIAL GAIN / LOSS RECOGNIZED FOR THE PERIOD		
Actuarial gain/(loss) for the period – Obligation	1,40,550	1,12,391
Actuarial (gain)/loss for the period - Plan Assets	-	-
Total (gain) / loss for the period	(1,40,550)	(1,12,391)
Actuarial (gain) / loss recognized in the period	(1,40,550)	(1,12,391)
Unrecognized actuarial (gains) / losses at the end of period	-	-
V. THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS		
Present Value of Obligation as at the end of the period	9,06,033	4,62,170
Fair Value of Plan Assets as at the end of the period	-	-
Funded Status	(9,06,033)	(4,62,170)
Unrecognized Actuarial (gains) / losses	-	-
Net Liability Recognized in Balance Sheet	9,06,033	4,62,170
VI. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD		
Current Service Cost	5,96,775	4,57,602
Past Service Cost	-	-
Interest Cost	39,747	12,008
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(1,40,550)	(1,12,391)
Expenses Recognized in the statement of Profit & Loss	4,95,972	3,57,219
VII. AMOUNT FOR THE CURRENT PERIOD		
Present Value of Obligation	9,06,033	4,62,170
Plan Assets	-	-
Surplus (Deficit)	(9,06,033)	(4,62,170)
Experience adjustments on plan liabilities - (Loss)/Gain	1,49,356	1,06,011
Experience adjustments on plan assets - (Loss)/Gain	-	-

	As on 31st March, 2013	As on 31st March, 2012
VIII. RECONCILIATION STATEMENT OF EXPENSE IN THE STATEMENT OF PROFIT AND LOSS		
Present value of obligation as at the end of period	9,06,033	4,62,170
Present value of obligation as at the beginning of the period	(4,62,170)	(1,51,995)
Benefits paid:		
(i) Directly paid by the enterprise	52,109	47,044
(ii) Payment made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognized in the statement of profit & losses	4,95,972	3,57,219
IX. MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening Net Liability	4,62,170	1,51,995
Expenses as above	4,95,972	3,57,219
Benefits paid directly by the enterprise	(52,109)	(47,044)
Contributions Paid into the Fund	-	-
Closing Net Liability	9,06,033	4,62,170
X. MAJOR CATEGORIES OF PLAN ASSETS (as percentage of total plan assets)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Bank Balance	-	-
Fixed Deposit	-	-
Other Assets	-	-
Total	-	-

32. Leases

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

Obligations on long term, non-cancellable operating leases.

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
A). Lease Rentals recognized during the year in Profit & Loss Account*	6,83,61,418	5,14,12,451
Obligations		
Within one year of the balance sheet date	9,64,37,945	4,93,75,524
Due in a period between one year and five years	50,42,41,544	3,59,62,549
Due after five years (as lease are cancelable by the Company after three to five years)	-	-

33. Related Party Disclosures:	
The Disclosures are required by the Accounting Standard - 18(Related Party Disclosure) are given below:	
1. Names of related parties and related party relationship with whom transaction have	
Subsidiary companies	VRL Infrastructure Limited
	VRL Movers Limited
	VRL Retail Ventures Ltd.
Enterprises in directors of the company are directors	Unicon Marketing P. Ltd.
	Ricon Commodities P. Ltd.
	Vishal Water World P. Ltd.
	V2 Conglomerate Ltd.
Key managerial personnel	Mr. Ram Chandra Agarwal (Director)
	Mrs. Uma Agarwal (Director)
Relative of key managerial personnel	Mr. Akash Agarwal (Son of Director)

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Particulars	Subsidiary companies		Enterprises in directors of the company are directors		Key managerial personnel		Relative of key managerial personnel	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
1. Loans Repaid/ (Refunded)								
Ram Chandra Agarwal	-	-	-	-	58,00,000	60,00,000	-	-
Mrs. Uma Agarwal	-	-	-	-	5,00,000	-	-	-
Vishal Water World Pvt Ltd.	-	-	15,00,000	-	-	-	-	-
V2 Conglomerate Ltd.	-	-	8,52,00,000	-	-	-	-	-
VRL Retail Ventures Ltd.	(6,50,000)	-	-	-	-	-	-	-
2. Loans Accepted								
Mr. Ram Chandra Agarwal	-	-	-	-	9,30,000	20,17,872	-	-
Mrs. Uma Agarwal	-	-	-	-	5,00,000	10,87,576	-	-
Ricon Commodities Pvt. Ltd.	-	-	-	63,874	-	-	-	-
VRL Movers Limited	-	6,43,882	-	-	-	-	-	-
Vishal Water World Pvt Ltd.	-	-	10,00,00,000	-	-	-	-	-
VRL Infrastructure Ltd.	-	51,835	-	-	-	-	-	-
V2 Conglomerate Ltd.	-	-	11,23,654	1,02,000,000	-	-	-	-
3. Remuneration								
Akash Agarwal	-	-	-	-	-	-	2,61,145	-
4. Purchases during the year								
V2 Conglomerate Ltd.	-	-	4,52,16,828	-	-	-	-	-
5. Interest Payable during the year								
V2 Conglomerate Ltd.	-	-	13,89,479	-	-	-	-	-
6. Interest Paid								
V2 Conglomerate Ltd.	-	-	1,38,948	-	-	-	-	-
7. Payment made								
V2 Conglomerate Ltd.	-	-	4,49,10,545	-	-	-	-	-
8. Amount Payable								
Mr. Ram Chandra Agarwal	-	-	-	-	4,40,72,507	4,89,42,507	-	-
Mrs. Uma Agarwal	-	-	-	-	10,87,576	10,87,576	-	-
Vishal Water World Pvt Ltd.	-	-	10,02,32,680	17,32,680	-	-	-	-
V2 Conglomerate Ltd. (Loan A/c)	-	-	1,91,74,185	1,02,000,000	-	-	-	-
Ricon Commodities Pvt. Ltd.	-	-	63,874	63,874	-	-	-	-
VRL Infrastructure Ltd.	51,385	51,835	-	-	-	-	-	-
VRL Movers Limited	6,43,882	6,43,882	-	-	-	-	-	-
V2 Conglomerate Ltd.	-	-	3,06,283	-	-	-	-	-
9. Amount Receivable								
VRL Retail Ventures Ltd.	12,80,000	19,30,000	-	-	-	-	-	-

34. Expenditure in Foreign Currency (on accrual basis)

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Traveling Expenses	62,783	456,562
Total	62,783	456,562

35. Prior period expense

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Expenses		
COST OF GOODS SOLD	6,900,000	-
ELECTRICITY CHARGES	-	3262310
HOUSE KEEPING CHARGES	25,980	48204
RENT	-	5723907
MARKETING	122,000	-
PROFESSIONAL CHARGES	412,381	2549154
SALARY & BONUS	-	1363715
PROPERTY TAX	-	22055393
FINANCE COST	-	5264347
MISC. BALANCES WRITTEN OFF	-	57480
REPAIR TO GENSET	11,349	-
SALE TAX DEMAND	234,621	-
TRANSPORTATION CHARGES	138,050	-
VIDEO CONFERENCE SYS	4,351,167	-
OTHER EXPENSES	-	214614
Total Expenses (A)	12,195,548	40,539,124
Income		
BANK CHARGES	14,332	-
MISC. INCOMES	-	355457
INSURANCE	-	497143
INTEREST ON INVESTMENT	162,110	-
Total Incomes (B)	176,442	852,600
Net Prior Period Expenses / (Incomes) (A-B)	12,019,106	39,686,524

36. Capital Commitments:

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

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	9,152,053	82,000

For commitments relating to lease arrangements, please refer note 32

37. Details of dues to MICRO and small enterprise as defined under the MSMED Act, 2006

In terms of notification no. G.S.R. 719(E) dated November 16, 2007 issued by the Central Government of India, the disclosure of payments due to any supplier as at March 31, 2013 are as follows:

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
Balance of Sundry Creditors		
- Principal amount due to Micro, Small and Medium Enterprises	-	-
- Principal amount due to Others	-	-
Total	-	-
Interest accrued and due at the end of the year		
- Interest on payments due to Micro, Small and Medium Enterprises	-	-
- Interest on payments due to others	-	-
- Interest due and payable on amounts paid during the year to Micro, Small and Medium Enterprises beyond the appointed date	-	-
Total	-	-
Paid during the year		
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
- Principal amount	-	-
- Interest thereon	-	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
Others		
- Interest accrued in the prior year and paid during the year	-	-
- Interest accrued during the year and paid during the year	-	-

Note: - The Company has already initiated the process of identification of Micro, Small & Medium Enterprises suppliers and service providers, In view of large number of suppliers and non receipt of critical inputs, responses from several such potential parties, the liability of interest, if any cannot be reliably estimated. Hence the required disclosure has not been made.

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

38. Contingent Liabilities

Particulars	As at 31st March, 2013 (Rs.)	As at 31st March, 2012 (Rs.)
a. Outstanding Bank Guarantees	4,652,797	5,997,535
b. Disputed Sales Tax Demands - matter under appeal	291,007,117	298,551,617
e. Claims against the Company not acknowledged as debts	201,556,700	198,177,295
f. Claims by Provident Fund Department	113,929,006	113,929,006
g. Claims by Service Tax Department	30,208,391	30,208,391
Total	641,354,011	646,863,844

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

39. Details of Interest in Joint Ventures :

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

Name of the Company	Description of Interest	Country of Incorporation	Percentage Interest as at 31st March, 2013	Percentage Interest as at 31st March, 2012
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	5.00%

	As at 31st March, 2013		As at 31st March, 2012	
Name of the Company	Assets (Rs.)	Liability (Rs.)	Assets (Rs.)	Liability (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	25,027	1124	25,027	-
	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
Name of the Company	Income (Rs.)	Expenditure (Rs.)	Income (Rs.)	Expenditure (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	1,01,360		-	5,780

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

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

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

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

Vimal Kumar Saini
Partner
Membership No: 515915

Ram Chandra Agarwal
Managing Director
DIN 00491885

Uma Agarwal
Director
DIN 00495945

Dheeraj Mishra
Company Secretary

Place : Delhi
Date : 30th May, 2013



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 12th Annual General Meeting of the Company being held on Monday the 30th Day of September 2013 at Khasra No.1138, Shani Bazar Chowk, Rajokari, New Delhi - 110038 at 10.30 A.M.

Signature of the Shareholder(s)/proxy**

1. _____ 2. _____ 3. _____

*Applicable for investors holding shares in electronic form.

**Strike out whichever is not applicable.

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

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



V2 Retail Limited

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

PROXY

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

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

Being a member/members of V2 Retail Limited hereby appointor failing him/her.....ofmy/our proxy to vote for me/us and on my/our behalf at the 12th Annual General Meeting of the Company being held on Monday the 30th Day of September 2013 at Khasra No.1138, Shani Bazar Chowk, Rajokari, New Delhi - 110038 at 10.30 A.M.

Signature of the Shareholder(s)/proxy**

Signature of Proxy(s)

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

Date : DD MM YY

*Applicable for investors holding shares in electronic form.

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



BOOK - POST

If undelivered, please return to:

V2 RETAIL LIMITED

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

FORM B

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

1. Name of the Company: V2 Retail Limited
2. Annual financial statements for the year ended 31.03.2013
3. Type of Audit qualification ~~Qualified/Subject to/Except~~
4. Frequency of qualification First Time & Repetitive Both
5. Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:
 - a) Attention is invited to note 4 of financial statements explaining the reserves and surplus in the head capital reserve amounting to Rs. 60,523.24/-Lacs., necessary supporting documents and relevant information is not available with the Company and provided to us, so in the absence of the same, we are unable to comment on the appropriateness of the same including consequential impact, if any, arising out of the same on these financial statements. This was also the subject matter of qualification by us in previous year as well. (Repetitive Since 31.03.2011)

Management Response:

The Company has restructured its business during Financial Year 2010-11 by way of sale of its Wholesale and Retail Business to TPG Wholesale Private Limited and Airplaza Retail Holdings Private Limited (referred to as Acquiring Companies) respectively. The Master Restructuring Agreement and other settlement agreements were entered into the Company with Acquiring Companies and its Lenders to effect the said restructuring and CDR proposal of the Company. The Company had trifurcated its Assets and Liabilities as on appointed date between the Acquiring Companies and selling Company as per agreement entered into between them and the difference between Assets and Liabilities transferred has been shown as Capital Reserve. As a result of the said agreement the liabilities to the extent of Rs. 823.20 Crores and assets of Rs. 393.78 Crores were taken over by the Acquiring Companies against a consideration of Rs. 70 Crores. This transaction resulted in a Capital Reserve of Rs. 499.42 Crores. As a part of the said restructuring process some unsecured lenders of the company also waived off their claims to the extent of Rs. 105.81 Crores which has also been transferred to Capital Reserve Account.

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b) Attention is invited to note 4 of financial statements explaining the reserves and surplus, company has accumulated losses more than 50% of its net worth. However, having regard to improvement in the economic sentiment, rationalization measures adopted by the Company, opening of new stores, these financial statements have been prepared on the basis that the company is a going concern and that no adjustments are required to the carrying value of assets and liabilities. The accumulated losses is Rs. 5,32,12,72,927 (Rupees Five hundred Thirty two Crores twelve lacs seventy two thousand nine hundred twenty seven only) as at 31st March, 2013 which exceed the net worth of the company. (Repetitive Since 31.03.2011)

Management Response:

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 15 new stores, and one warehouse. From the above, management do not see any event which may lead to a reason wherein company should not be considered as going concern. Based on the same assessment, accounts have been drawn on going concern assumption. Further the company has earned huge increase in turnover in first quarter of financial year 2013-2014. The Board is confident that because of such positive signs and growth in the business and industry, the company will improve its performance and net worth will not be eroded further.

c) As stated in Note 29 to the financial statement, the Company has debited Rs 5,99,80,407/- on account of interest expense in the statement of Profit and Loss , however, necessary supporting documents and relevant information in relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment whether such charge to the statement of profit and loss is appropriate in accordance with Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India. (Repetitive Since 31.03.2012)

Management Response:

The interested expense of Rs. 5,99,80,407/- has been recognised in the Books of Account on the basis of the figure provided by the concern lender, which is disputed by the Company, as interest rate has been charged in excess of the prescribed under Master Restructuring Agreement dated 11.11.2010. The company is in the process of obtaining relevant documents and information from lender for basis of such charge and trying to resolve the dispute.

d) As stated in Note 38 to the financial statement, the Company has contingent liability on account of appeal with different authorities at different levels amounting to Rs. 64,13,54,011/- , however, At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Accounting Standard-29 has not been made in books of accounts. (Repetitive Since 31.03.2012)

Management Response:

The Contingent Liabilities to the tune of Rs. 64,13,54,011/- are under appeal with different authorities at different levels. The provision of these liabilities could not be made due to various reasons such as no possible obligation on the Company, outflow for the Company is very remote and the estimate for the contingent liabilities could not be ascertained. In such position, the company is not in a position to provide for certain fixed amount as liabilities in the books of accounts, which will be done as and when the management will be in a position to estimate the same. The company has made provision in the books of account in the current year with respect to amount payable to labour welfare fund. The liability on account of same was not provided for in the earlier year as the same cannot be ascertained.

e) The company has maintained proper records showing full particulars, including situation of fixed Assets except quantitative details. (FIRST TIME)

Management Response:

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

f) Fixed assets have not been physically verified by the management during the year. As explained by the management company has a policy of physical verification once in a period of three year, in our opinion, is unreasonable having regard to the size of the company and the nature of its assets. . (Repetitive Since 31.03.2011)

Management Response:

The Company has policy for physical verification of its Fixed Assets over a period of Three years. All fixed assets except Land, Building and Computer Software are acquired during the year and its previous year. The verification is in process and all assets will be verified in FY 2013-14.

The Management is also considering to review the policy of physical verification of fixed assets from once in 3 years to every year, which will be implemented very soon.

g) In our opinion and according to the information and explanations given to us, there is inadequate internal control system commensurate with the size of the company and the nature of its business, for the recording of accounting transactions of purchase of inventory and expenses, which need to be strengthen. During the course of our audit, however we observed that management is in process of improvising the Internal Control. (Repetitive Since 31.03.2012)

Management Response:

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

h) In our opinion and according to the information and explanations given to us, the company does not have internal audit system commensurate with its size and nature of business. (Repetitive Since 31.03.2012)

Management Response:

After restructuring of the Business, the turnover of the Company falls substantially. Therefore in order to save the cost, internal audit system is performed by the employees independent of Finance & Accounts Department. The management is committed to bring strong internal audit system in the company with the increase in operations for the benefit of all stakeholders. The management is also considering appointing independent firm of professionals to carry on the internal audit work in the company.

i) The company is irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, however such dues have been paid with interest and penalties as applicable. (Repetitive Since 31.03.2012)

Management Response:

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

j) According to the records of the company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute which are Rs. 43,51,44,514.

Management Response:

The total due of Rs. 43,51,44,514 (Rupees Forty Three Crore Fifty One Lacs Forty Four Thousand Five Hundred Fourteen) is under dispute at various forums, the final due will be settled on account of final decision by the respective authorities. The Board has initiated appropriate representations before such forums to settle the dues and issue the final orders.

k) The company has accumulated losses at the end of the financial year which exceed fifty percent of its net worth. Further, company incurred cash losses in the current and immediately preceding financial year. (Repetitive Since 31.03.2009)

Management Response:

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

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

Management Response:

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

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

The Company is still under the CDR and the performance of the Company is improving over day by day. The effective steps for the removal of these qualification has been taken and it is expected that most of the qualification will be rectified in FY 2013-14.

7. To be signed by-

(Managing Director)




(AUDITOR OF THE COMPANY)




(AUDIT COMMITTEE CHAIRMAN)



Date : 04/09/2013

Place: New Delhi