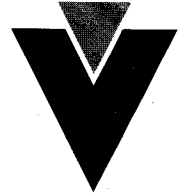




Vishal Retail Ltd.



Annual Report 2008-09



Board of Directors

Shri Ram Chandra Agarwal	- Chairman & MD
Smt Uma Agarwal	- Executive Director
Shri Surendra Kumar Agarwal	- Executive Director
Shri Bharat Jain	- Independent Director
Shri Rakesh Aggarwal	- Independent Director
Smt Seema Kukreja	- Independent Director
Shri Sandeep Kumar	- Independent Director

President, Company Secretary and Manager

Shri Ambeek Khemka	- Group President
Shri Arun Gupta	- Company Secretary
Shri Ajay Bansal	- G.M. (Accounts)

Auditors**Statutory Auditors:**

Haribhakti & Co. Chartered Accountants

42-43, Free Press House, 4th Floor, 215, Nariman Point, Mumbai – 400 021 (Maharashtra)**Registered & Corporate Office**

Plot No. 332, Near TELCO service station, Rangpuri, New Delhi – 110037

Phone: (011) – 32431314-15

Fax: (011) – 26784281

Email: investors@vrpl.in**Registrar and Transfer Agent**

Link Intime India Private Limited

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

Mumbai – 400 018

Phone: (022) – 25963838

Fax: (022) – 25946969

Email: mumbai@linkintime.co.in**Contents****Page No.**

Notice of Annual General Meeting	1 - 8
Director's Report	8 - 11
Management Discussion & Analysis	11 - 19
Corporate Governance Report	19 - 27
Certificate on Corporate Governance	27 - 27
Auditor's Report	32 - 39
Balance Sheet of the Company	40 - 40
Profit & Loss Account	41 - 41
Cash Flow	42 - 42
Schedules & Notes to Accounts	43 - 64
Information of subsidiary companies	65 - 122
Consolidated Auditor's Report	123 - 125
Consolidated Balance Sheet of the Company	126 - 126
Consolidated Profit & Loss Account	127 - 127
Consolidated Cash Flow	128 - 128
Consolidated Schedules & Notes to Accounts.....	129 - 141
Attendance Slip & Proxy Form	142

NOTICE

NOTICE IS HEREBY GIVEN THAT EIGHTH ANNUAL GENERAL MEETING OF THE VISHAL RETAIL LIMITED WILL BE HELD ON 26th DAY OF SEPTEMBER 2009 AT NCUI, SIRI FORT INSTITUTIONAL AREA, AUGUST KRANTI MARG, NEW DELHI-110016 AT 10:30 AM TO TRANSACT THE FOLLOWING BUSINESS

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss account for the year ended March 31, 2009 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Rakesh Aggarwal who retires by rotation and being eligible offers himself for reappointment.
3. To reappoint M/s. Haribhakti & Co., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Mrs. Seema Kukreja, who was appointed as an additional Director at the meeting of the Board of Directors of the Company held on 12th June 2009, and whose term expires at this Annual General Meeting of the company and for appointment of whom the Company has received a notice under section 257 of the Companies Act, 1956 from a member proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. Sandeep Kumar, who was appointed as an additional Director at the meeting of the Board of Directors of the Company held on 12th June 2009, and whose term expires at this Annual General Meeting of the company and for appointment of whom the Company has received a notice under section 257 of the Companies Act 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 81 and 81(1A) and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and relevant provisions of the Memorandum of Association and Articles of Association of the Company, guidelines prescribed by the Securities and Exchange Board of India (SEBI) and subject to such approval(s), consent(s), permission(s) from any other appropriate authorities, institutions or bodies, as may be necessary and subject to such terms and conditions, modifications, alterations as may be prescribed and specified by any of them in granting any such approval, consent, permission or sanction, the consent, authority and approval of the Company be and is hereby accorded to the Board of Directors to offer, issue, and allot, in the course of offerings, in domestic market, any Securities including Equity Shares, Shares convertible into Equity Shares, Preference Shares whether Cumulative/ Redeemable/ Partly convertible/ convertible at the option of the Company and / or at the option of the holders of the Security(s), Securities partly or fully convertible into Equity Shares and / or securities linked to Equity Shares and / or any instruments or securities with or without detachable warrants secured or unsecured or such other types of securities representing either Equity Shares or Convertible Securities (hereinafter referred to as "Securities") to Qualified Institutional Buyers; Stabilizing Agent or such other entities or persons as may be decided by the Board, whether or not such persons/entities/ investors are Members of the Company through Prospectus, and / or through any other mode or on private placement basis as the case may be from time to time in one or more tranches as may be deemed appropriate by the Board, for an amount not exceeding **Rs. 250 Crores (Rupees Two Hundred and Fifty Crores)** on such terms and conditions including but not limited to pricing (whether at market price or at premium), exercising green shoe option, as the Board may in its sole discretion decide."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any term or combination of terms in accordance with normal practice including but not limited to conditions in relation to payment of interest, dividend, premium or redemption or early redemption at the option of the Company and / or to the holder(s) of the securities and other debt service payment whatsoever and all such terms as are provided in offerings of this nature including terms for issue of additional Equity Shares of variation of interest payment and of variation of the price or the period of conversion of securities into Equity Shares or issue of

Vishal Retail Limited - Annual Report 2009

Equity Shares during the duration of the securities or terms pertaining to voting rights or option for early redemption of securities."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of underlying Equity Shares as may be required to be issued and allotted upon conversion of any such securities referred to above or as may be in accordance with the terms of the offering(s) and that the said Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity Shares of the Company."

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

"**RESOLVED THAT** subject to the provisions of section 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act, and Articles of Association of Company and the approval of the Central Government or such other authority as may be required, due to absence or inadequacy of profits for the financial year 2008-09, the remuneration as approved by the shareholders in their meeting held on June 02, 2006 be paid as minimum remuneration to Mr. Ram Chandra Agarwal, Managing Director with effect from April 1, 2008 till March 31, 2011 or completion of his original term of appointment, whichever is earlier.

RESOLVED FURTHER that the terms and conditions of appointment of Mr. Ram Chandra Agarwal, Managing Director, would be the same as approved in the said meeting and reproduced hereunder:-

- a) A Basic Salary of 3,00,000/- per month aggregating to Rs. 36,00,000/- per annum.
- b) Perquisites:
 - House Rent Allowance of Rs. 1,50,000/- per month aggregating to Rs. 18,00,000/- per annum.
 - Conveyance Allowance of Rs. 50,000 per month aggregating to Rs. 6,00,000 per annum.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Ram Chandra Agarwal, Managing Director of the Company, the remuneration as specified above, shall be paid and allowed to him as minimum remuneration for such financial year.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to make an application before the Ministry of Corporate Affairs for their approval for the payment of aforesaid remuneration and to do all such acts, deeds and things as may be required to be undertaken towards obtaining the aforesaid approvals and/or otherwise to give full effect to this resolution including to sign, execute, submit application(s), agreement(s), document(s), letter(s), representation and other writing etc with Ministry of Corporate Affairs, Registrar of Companies or any other authority as may be required in this regard."

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

"**RESOLVED THAT** subject to the provisions of section 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act, and Articles of Association of Company and the approval of the Central Government or such other authority as may be required, due to absence or inadequacy of profits for the financial year 2008-09, the increased remuneration as recommended by the Remuneration Committee held on 29th December 2008 be paid as minimum remuneration to Mr. Surendra Kumar Agarwal, Whole time Director with effect from January 1, 2009 till 31st December 2011.

RESOLVED FURTHER that the terms and conditions of appointment of Mr. Surendra Kumar Agarwal, Whole time Director, would remain unchanged as approved in the said meetings and reproduced hereunder:-

- a) A Basic Salary of Rs. 1,40,940/- per month till 31st December 2008 and Rs. 1,84,615 /- per month from 1st January 2009 till March 31, 2011.
- b) Perquisites:
 - a. House rental Allowance of Rs. 70,470/- per month till 31st December 2008 and Rs. 92,307/- per month from 1st January 2009 till March 31, 2011.
 - b. Conveyance Allowance of Rs. 23,490/- per month till 31st December 2008 and Rs. 30,770/- per month from 1st January 2009 till March 31, 2011.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Surendra Kumar Agarwal, Whole time Director of the Company, the remuneration as specified above, shall be paid and allowed to him as minimum remuneration for such financial year.

Ministry of Corporate Affairs for their approval for the payment of aforesaid remuneration and to do all such acts, deeds and things as may be required to be undertaken towards obtaining the aforesaid approvals and/or otherwise to give full effect to this resolution including to sign, execute, submit application(s), agreement(s), document(s), letter(s), representation and other writing etc with Ministry of Corporate Affairs, Registrar of Companies or any other authority as may be required in this regard.

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

Sd/

Date : 25.08.2009
Place : New Delhi

Ram Chandra Agarwal
Chairman & Managing Director

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. A proxy form is enclosed. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out in the notice is enclosed.
3. All documents referred to in the notice or in the accompanying explanatory statement are open for inspection at the registered office of the Company between 11:00 A.M and 1:00 P.M. on all working days upto the date of Annual General Meeting.
4. The details pertaining to the appointment / reappointment of Directors are furnished in statement of Corporate Governance Report / Explanatory Statement in the notice.
5. The register of members and the share transfer books of the Company will be closed from 22nd September 2009 to 25th September, 2009 both days inclusive.
6. Members/ proxies should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.

7. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The company shall provide additional forms on written request only.
8. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
9. Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No. 28 in duplicate (which will be made available on request).
10. In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
11. The communication address of our Registrar and Share Transfer Agent (RTA) Local Address Link Intime India Private Limited, A-40, 2nd floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below;

Name	: Mr. Rakesh Kumar Aggarwal
Age	: 45 years
Qualifications	: Master's Degree in Commerce
No. of shares held in the Company	: Nil
Expertise	: He is engaged in the business of rotto - moulding industry and possess more than 20 years of experience
Outside Directorship	: Labhkari Fincap Private Limited
Chairmanship / Membership of the Board Committees	: Nil

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

Details of Directors seeking re-appointment in forthcoming Annual General Meeting

ITEM NO. 4

Mrs. Seema Kukreja was appointed as Additional Director of the Company at the Board of Directors Meeting of the Company held on 12th June 2009. Her office expires at the forthcoming Annual General Meeting of the Company. A notice has been received from a member seeking her appointment as a regular director of the Company.

Name of Director : Seema Kukreja
 Date of Birth : 02.04. 1972
 Date of Appointment : 12.06.2009
 Expertise in specific : She is having an expert knowledge in
 Functional Area handling matters connected with the
 Corporate Laws, Intellectual Property
 Rights and other civil litigations.
 Experience & : She possesses the more than 5 years of
 : corporate experience in legal and
 secretarial matters.
 Qualifications B.Com, LLB
 Directorship held in : Nil
 other public
 Companies
 Membership/chairman : Nil
 ship of committee of
 other public
 companies
 Shareholding in the : Nil
 Company

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

None of the Directors is interested in the aforesaid resolution except Mrs. Seema Kukreja.

ITEM NO. 5

Mr. Sandeep Kumar was appointed as Additional Director of the Company at the Board of Directors Meeting of the Company held on 12th June 2009. His office expires at the forthcoming Annual General Meeting of the Company. A notice has been received from a member seeking his appointment as a regular director of the Company.

Name of Director : Sandeep Kumar
 Date of Birth : 25th September 1983
 Date of Appointment : 12.06.2009
 Expertise in specific : Rich experience in Retail Industry
 Functional Area

Experience & : He possesses a rich corporate
 : experience in the field of accounting
 and corporate law.

Qualifications B.Com, Member of Institute of
 Chartered Accountants of India and
 Member of the Institute of Company
 Secretaries of India

Directorship held in other : Nil
 public Companies

Membership/ : Nil
 chairmanship of
 committee of other
 public companies

Shareholding in the : Nil
 Company

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

None of the Directors is interested in the aforesaid resolution except Mr. Sandeep Kumar.

ITEM NO. 6

Pursuant to section 192A read SEBI (DIP) guidelines, 2000 and subject to provisions of Section 81(1A) of the Companies Act, 1956 the company vide a special resolution passed through the postal ballot dated 19th October 2008 have already got the approval of the shareholders of the Company to raise the funds to meet its growth objective and to strength the financial position of the Company.

Since the approval for the raising of the funds, there has been global meltdown in the world economy wherein it was not feasible to raise the funds. Now, taking into account the present recovery and the thin positive outlook of the retail industry in general the Company in particular considered prudent to raise additional funds through an issue of any Securities including Equity Shares, or such other types of securities representing either Equity Shares or Convertible Securities (hereinafter referred to as "Securities") by Domestic Investors, Qualified Institutional Investors, whether or not such persons/entities/ investors are Members of the Company, through Offering Letter, Circular to the general public and/or through any other mode or on private placement (including but not limited to Qualified Institutional placement) basis as the case may be to be subscribed in Indian for an amount not exceeding Rs. 250 (Rupees Two Hundred and Fifty Crores) including green shoe

option on such terms and conditions, including pricing as the Board may in its sole discretion decide including the form and the persons to whom such securities may be issued and all other terms and conditions and matters connected therewith.

The fund so raised by the Company will be utilized for establishing new stores and warehouses, relocating the non-feasible store, synergizing the operations of the Company, capitalizing the opportunities thrown open by the booming Retail Industry, to augment the long term resources of the Company, and at the same time strengthen its financial base & to finance the working capital needs of the Company.

The proposed Issue of securities as above may be made in one or more tranches and the issue price of the securities to be issued in the offerings will be determined by the Board of directors in consultation with the relevant advisors such as merchant bankers, lead managers, advisors, underwriters and other experts depending on the then prevailing market conditions. The Securities may be listed on such stock exchanges as the Board may be advised.

The promoters/directors of the Company are not interested directly/indirectly in the proposed issue of securities except as a shareholder of the Company.

The allotment shall be completed within the stipulated time period as specified by the chapter XIII A of SEBI(DIP) guidelines, 2000 and subject to provisions of Section 81(1A) of the Companies Act, 1956 subject to receipt of all necessary approvals, permissions etc. for the proposed issue.

ITEM NO. 7 & 8

Ram Chandra Agarwal

Brief Resume	: Mr. Ram Chandra Agarwal, Chairman and Managing Director of the Company. He has more than 20 years of experience in the retail industry and has been with the Company since its inception.
	Mr. Agarwal has made efforts development of the value retailing industry in India and is well known for his business acumen.
Educational Qualification	: Graduated in Commerce from Xavier's College Kolkata
Years of Experience	: 20 years

Previous Employers and work undertaken	: Mr. Agarwal started the business under the name of "Vishal Garment" with a small store at 9, Lal Bazaar Street, Kolkata. He then expanded the business and formed the Company which is currently known as Vishal Retail Limited and since then he has been associated with the Company.
--	---

Past	:	(Rs. In million)			
Remuneration		Basic Salary	Housing & Furnishing	Perk*	Total
		3.60	1.80	.60	6.00
		*(Car Running & Maintenance)			

Recognition or awards	: N.A.
-----------------------	--------

Job Profile and his suitability	: Mr. Agarwal being the Chairman and Managing Director of the Company has been responsible for the all administration and management of the business of the Company.
	Mr. Agarwal possesses the acumen and has the requisite of the good skilful businessman. His vision and positive approach towards the business has been the main guiding force towards the Company's growth in the short span of time.

Remuneration proposed (with detailed break up)	:	(Rs. In million)								
		<table><tr><th>Basic Salary</th><th>Housing & Furnishing</th><th>Perk*</th><th>Total (p.a)</th></tr><tr><td>3.60</td><td>1.80</td><td>.60</td><td>6.00</td></tr></table>	Basic Salary	Housing & Furnishing	Perk*	Total (p.a)	3.60	1.80	.60	6.00
Basic Salary	Housing & Furnishing	Perk*	Total (p.a)							
3.60	1.80	.60	6.00							
		<i>*(Car Running & Maintenance)</i>								
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	:	<p>The proposed salary is very well justifiable in view of the rich- experience that Mr. Agarwal possess and keeping in view his role and responsibility in the company.</p> <p>However, also on comparison with the industry standard the proposed salary is at the lower end.</p>								

Vishal Retail Limited - Annual Report 2009

Pecuniary relationship, directly or indirectly, with the Company, or relationship with the managerial personnel, if any	: Mr. Agarwal is the Promoter - Director in the Company. His elder brother, Mr. Surendra Kumar Agarwal, is on the Board of the Company as Executive Director of the Company and his wife, Mrs. Uma Agarwal, is also on the Board of the Company as Executive Director of the Company.
---	---

Surendra Kumar Agarwal

Brief Resume	: Mr. Surendra Kumar Agarwal, Whole Time Director of the Company holds a bachelor's degree in commerce and is an efficient business man. He has vast experience in the field of retail and garment industry, he had been looking after the operations of the company since beginning and has large role to play in the success and growth of companies operations								
Educational Qualification	: Graduated in Commerce								
Years of Experience	: 20 years								
Previous Employers and work undertaken	: Since the inception of the Company he has been associated with the store development and management at various levels with the Company.								
Past Remuneration	<div>(Rs. In million)</div> <table><tr><td>Basic Salary</td><td>Housing & Furnishing</td><td>Perk*</td><td>Total (p.a)</td></tr><tr><td>1.69</td><td>.84</td><td>.28</td><td>2.81</td></tr></table> <div>*(Car Running & Maintenance)</div>	Basic Salary	Housing & Furnishing	Perk*	Total (p.a)	1.69	.84	.28	2.81
Basic Salary	Housing & Furnishing	Perk*	Total (p.a)						
1.69	.84	.28	2.81						
Recognition or awards	: N.A.								
Job Profile and his suitability	: Mr. Agarwal has been associated with the Company, since inception, with store development and management at various locations of the Company. Mr. Agarwal has the grip over the development								

	of all stores locations and is very well - versed with administrative and operational activities of the Company.								
Remuneration proposed (with detailed break up)	: <div>(Rs. In million)</div> <table><tr><th>Basic Salary</th><th>Housing and Furnishing</th><th>Perk*</th><th>Total</th></tr><tr><td>2.52</td><td>.10</td><td>.37</td><td>3.69</td></tr></table>	Basic Salary	Housing and Furnishing	Perk*	Total	2.52	.10	.37	3.69
Basic Salary	Housing and Furnishing	Perk*	Total						
2.52	.10	.37	3.69						

*(Car Running & Maintenance)

Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	: The proposed salary is very well justifiable in view of the rich-experience that Mr. Agarwal possess and keeping in view his role and responsibility in the company. However, also on comparison with the industry standard the proposed salary is at the lower end.
Pecuniary relationship, directly or indirectly, with the Company, or relationship with the managerial personnel, if any	: Mr. Agarwal is the Executive Director in the Company. His younger brother, Mr. Ram Chandra Agarwal, is on the Board of the Company as Chairman and Managing Director of the Company and the wife of Mr. Ram Chandra Agarwal i.e., Mrs. Uma Agarwal, is also on the Board of the Company as Executive Director of the Company.
General Information	
(1) Nature of Industry	: The Company is engaged in the retail trading of goods ranging from apparels, merchandizing to grocery.
Date of Incorporation	: The Company was incorporated on 23 rd July 2001 as "Vishal Retail Private Limited" and subsequently was converted into a public company and a fresh certificate of incorporation was issued by the Registrar of Companies, West Bengal on 20 th February 2006

Financial Performance based on given Indicators	PARTICULARS	Year ended 31.03.09	Year ended 31.03.08
	Income from Operations	13930.31	10053.14
	Less: VAT/Sales Tax	697.97	523.39
	Net Income from Operations	13232.34	9529.75
	Other Income	94.84	77.61
	Total Income	13327.18	9607.36
	Total Expenditure	14703.12	8975.49
	Profit(+) & Loss(-) before prior period adjustment and tax	-1375.94	631.87
	Provision for Taxation	-458.81	225.47
	Net Profit (+) & Loss (-) after tax(7-8)	-944.86	406.40

Export performance and net foreign exchange collaborations.	N.A.
Foreign investments or collaborators, if any. – there is no foreign investment or collaboration with the Company.	N.A.
III. General Information (1) Reasons of loss or inadequate profits.	The financial year witness the global meltdown and crisis of the century. The Company posted a profit of about 14 crores in the first three quarters of the financial year however, due to industry slow down and depression, the Company in the year ended with the overall loss of Rs 140.36 Cr, before tax.

(2) Steps taken or proposed to be taken for improvement.	<p>The Company proposes the following steps to improve the financial position in future</p> <ul style="list-style-type: none"> • Infusion of Liquidity through Preferential Allotment/QIP/ Strategic Alliances. • Reduce the Debt burden of the Company. • Softening the interest rates. • Increasing Private Label contribution to 25% in FY'10E from the current 19.7%. • Expansion of the business of the Company through Franchisee and Revenue Sharing Model. • Increased focus on Shop in Shop Format, Excess space renting Arrangements. • Focus on Core competencies of the Company i.e. retailing. • Consolidation/Closure of non viable business lines/units. • Centralization of Warehousing Facilities.
--	--

(3) Expected increase in productivity and profits in measurable terms.	<p>Mr. Ram Chandra Agarwal, Chairman and managing Director and Mr. Surendra Kumar Agarwal, Executive Director of the Company has been the backbone of the Company.</p> <p>The Company has benefited from the sharp business acumen possessed by them. Both the directors are very well aware of the intricacies and problems faced by the retailer across India. Apart from the ready solution to each and every problem, both the Directors have been driving force behind the enormous growth registered by the Company in short span of time.</p> <p>With the right directions and positive approach shown by the Directors the Company has been able to reach so far with out any major hurdle. Under the regime of both the Directors the Company, the Company started from a store to the tally of 171 stores, and had successfully raised the money through Initial Public Offering.</p> <p>The association of Mr. Ram Chandra Agarwal and Mr. Surendra Kumar Agarwal has been source of inspiration for the Company to strive to reach to the positions what it deserves to reach.</p>
--	--

Vishal Retail Limited - Annual Report 2009

None of Directors except Mr. Ram Chandra Agarwal, Surendra Kumar Agarwal and Mrs. Uma Agarwal, Directors shall deem to be interested in the resolution.

By the Order of the board of directors

For Vishal Retail Limited

Sd/-

Date : 25.08.2009

Ram Chandra Agarwal

Place : New Delhi

Chairman & Managing Director

DIRECTOR'S REPORT

Your Directors have great pleasure in presenting the Eighth Director's Report of the company with the audited statements of accounts for the year ended March 31, 2009.

Financial Highlights

(Rs. in million)

PARTICULARS	Year ended 31.03.2009	Year ended 31.03.2008
Income from Operations	13930.31	10053.14
Less: VAT/Sales Tax	697.97	523.39
Net Income from Operations	13232.34	9529.75
Other Income	94.81	77.61
Total Income	13327.18	9607.36
Total Expenditure	14703.12	8675.49
Profit(+) & Loss(-) before prior period tax	-1375.94	631.87
Provision for Taxation	-458.83	225.47
Net Profit (+) & Loss (-) after tax(7-8)	-944.86	406.40

Brought forward from Previous year	823.02	416.62
Amount available for appropriation	-121.83	823.02
Less: Provision for Preference Dividend	---	---
Less: Provision for Dividend Distribution Tax	---	---
Balance carried to Balance Sheet	-121.83	823.02

PERFORMANCE REVIEW

The financial year 2008-09 is the year which the whole economy would like to erase from its memory, especially the retail industry. The financial year witness the global meltdown and crisis of the century. The Company posted a profit of about 14 crores in the first three quarters of the financial year and ended with the overall loss of Rs 140.36 Cr, (before tax). The Company is making several efforts to minimize its losses and improve profitability and believes that keeping in view the global scenario it is still on a decent position.

- **Total revenues** up [38] % to Rs. 13930.31 Mn driven by addition in retail space, increased footfalls & increased Conversion Ratio.

OPERATIONS REVIEW

- Daily footfalls increased to 2,00,171 from 182,396
- During the year, the Company increased the number of stores to 171 to the Portfolio, and added Approx a One Million. Sq. Ft. of Retail Space during the financial year ended March 31, 2009.
- The share of private label increased from 14.9% to 19.7%.

INDUSTRIAL RELATIONS

The relations between the Company and its employees continued to be cordial and harmonious throughout the year under review. However, due to economy meltdown the several employees left the Company during the financial year.

MATERIAL CHANGES AFTER BALANCE SHEET DATE

There has few material changes / events after the Balance Sheet dates are;

a) Roll-over of the Non-Unsecured Debentures:

The global meltdown and the recession mindset have taken the heavy toll on the retail sector. The retail industry was in the dire situation due to increasing cash-out flow and decreasing cash-in flow. Due to adverse situation, the management decided to roll-over the existing loan pending for payment for another couple of years. The Company in consensus with the Banker roll-over the NCD of Rs. 50 Cr and Rs. 100 for Deutsche Bank and LIC Mutual fund respectively at agreed market rate.

b) Preferential allotment and QIP

In order augment the resources, the promoters of the Company decided to infuse fresh capital into the Company. The shareholders vide its approval dated 27th June 2009 at the Extra-ordinary General Meeting approved the issue of 75,00,000 warrants to the Promoters, namely Mr. Ram Chandra Agarwal.

c) Closure of the Factory;

During the year under purview, the Company shifts its focus from manning all aspects to some restricted area, where the core competencies lies. In this process, the Company closed down its manufacturing units, except the Manesar factory which was also closed on 31st July 2009.

d) Relocation of store

In view of the business viability and for optimum utilization of the resources by way of reduction of rental costs, employee cost and other cost benefits the Company has re-located /closed few of the stores like Karnal, Dhaisar, Kirti Nager, Meera Bagh, Latoosh Road (Lucknow) etc.

e) Fire at warehouse

On 4th June 2009 a fire broke out at one of the warehouse of the Company located at Village Dhanwas, Gurgaon Haryana. The loss from fire, as per the provisional estimates, is Rs. 50.78 Crores.

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. Rakesh Aggarwal, Non-Executive Independent Director of the Company retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Mr. Jai Prakash Shukla resigned from the directorship of the Company on 28th February 2009. Further Mrs. Seema Kukreja and Mr. Sandeep Kumar were appointed as Non Executive Independent directors on 12th June 2009 and their tenure ends at the date of ensuing Annual General meeting.

The company has received letters from members proposing their appointment as a regular director of the Company at ensuing Annual General meeting.

SUSIDIARY COMPANIES

The Company has 7 subsidiary Companies namely, VRL Foods Limited, VRL Movers Limited, VRL Consumer Goods Limited, VRL Fashions Limited, VRL Infrastructure Limited, VRL Retail Ventures Limited and VRL Knowledge Process Limited. None of the companies have commenced business operations during the year

AUDITORS

The existing auditors M/s Haribhakti & Co., Chartered Accountants, retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Auditor's have put certain qualifications to which the management has put forward the following below mentioned replies;

Qualification and response to Auditor's report

Para 5 (a) Inventory lying at 163 stores and warehouses were physically verified by other Chartered Accountants and their certificates have been provided to us. As per Company's records the value of such inventory aggregate Rs. 638.66 Crores. As regards inventory lying at other than such 163 stores, no documentary evidence for its physical verification has been made available to us, though we have been

informed that it was physically verified by the management. We were not invited to observe the process of physical verification of inventory.

Management hereby has taken note of the observations of the Auditors and has decided to appoint internal auditors to verify the inventories at the balance locations.

Para (5) (ii) Cash in Hand – out of cash on hand of Rs.4.51 crores, cash balance aggregating Rs.3.13 crores lying at various stores were verified by the internal auditor / independent Chartered Accountants and we have relied upon certificate issued by them. AS regards remaining cash balances, it is as per cash balance verified and confirmed by the Management.

Does not require any management comments as it is statement / information disclosed by the Auditor.

Para (5) (a) (iii) Display charges – Documents for agreements with parties and calculation of accrued income have not been produced to us for verification.

Management has taken a note of the same and will collate agreements / contacts and documents in the future wherever possible / practical.

Para (5)(b)(i) – AS-2 : "Valuation of Inventories: - The cost of valuation of inventories does not include octroi, mandi tax, entry tax, relevant input vat, inward freight and discount received on the purchase.

The impact of the above items in the valuation is nominal considering the size of operations and the Company has taken note of the auditors' observation for future valuation.

Further, except in respect of certain goods and merchandise, the value of which has been brought down by Rs. 97.26 crores, we are unable to comment upon provision, if any, required to be made for all items which are slow / non-moving / obsolete / damaged / pilfered etc.

Management has brought down the value of stocks of certain categories based on its internal exercise. The exercise is on for rest of the categories and action, if any, required will be initiated accordingly.

AS-28 "Impairment of assets": The Company has not subjected its relevant assets to impairment test and consequential impairment loss, if any, has not been accounted for.

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

AS-29: "Provisions, Contingent Liabilities and Contingent Assets": The Company has not provided for the liability that may arise on account of gift vouchers issued / sold by the Company.

The quantum / value of the same is negligible in comparison to the size of operations of the Company. The company has booked sale of vouchers as liability in the books of accounts. But it is difficult to quantify unutilized vouchers as at the quarter end.

Para 5 (c) Attention is invited to

- (i) **Para No. B-7 to Schedule 19 with regards to confirmation and reconciliation of balances of sundry debtors, sundry creditors, advances and deposits.**

Management has taken a note of the same and will act upon the same for getting reconciliation of all the groups.

- (ii) **Para No. B-11 to Schedule 19 with regards to payment of Managerial Remuneration amounting to Rs. 51.37 lacs without prior approval of the Central Government in contravention to section 198 and 309 of the Companies Act, 1956.**

The Directors of the Company are being paid remuneration as working Directors and approvals, if any required have been proposed.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with

the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (iv) That the Directors had prepared the annual accounts for the year ended 31st March 2009 on a 'going concern' basis.

FOREIGN EXCHANGE EARNING/EXPENDITURE & CONSERVATION OF ENERGY

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

REPORT ON CORPORATE GOVERNANCE

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

OTHER INFORMATION

A statement showing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto as **Annexure IV**, 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 their appreciation for the co-operation and contribution made by the employees at all levels.

On behalf of the Board of
Directors

Date : 25.08.2009 Ram Chandra Agarwal
Place : New Delhi Chairman

Annexure – I
Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian retail market, which is the fifth largest retail destination globally, has been ranked the second most attractive emerging market for investment after Vietnam in the retail sector by AT Kearney's seventh annual Global Retail Development Index (GRDI), in 2008. The share of retail trade in the country's gross domestic product (GDP) was between 8–10 per cent in 2007. It was currently around 12 per cent in 2008, and is likely to reach 22 per cent by 2010.

India continues to be among the most attractive countries for global retailers. At US\$ 511 billion in 2008, its retail market is larger than ever and drawing both global and local retailers. Foreign direct investment (FDI) inflows as on January 2009, in single-brand retail trading, stood at approx. US\$ 25.18 million, according to the Department of Industrial Policy and Promotion (DIPP). (Source : IBEF)

However, the Retail industry was affected over 2008-09 by various factors including slow down in economic growth, increasing job losses, high interest rates and tight liquidity, which together put pressure on consumer discretionary expenditure. The industry was also affected by the high real estate rentals during FY 2009. Amidst these pressures, most retailers have experienced a drop in footfall and demand, reflected in slowing Same Store Sales (SSS) growth and greater time to break even for new stores.

At the same time, slowing sales resulting in lower inventory turnover and increasing working capital requirements to fuel growth have led to liquidity pressures for many domestic retailers. This pressure is expected to continue during FY 2010 as inventory levels are likely to increase, as new stores will generate good footfalls only after 12-15 months and sales will remain slow at the existing stores. Further, the rapid expansion in retail space in recent years was largely debt funded which has resulted in substantially leveraging the balance sheets of the retailers.

A number of retailers has shelved out their expansion plans, closed down unviable stores, relocated stores to improve their performance, effected cost savings from cheaper inputs, backward integration, concentrated on their core competencies to beat the slowdown in the Indian Economy.

Despite the recent slowdown performance, the long term outlook for the sector remains positive. Future growth of the Indian Organized Retail sector is expected to be fuelled by robust economy, changing customer preferences and needs, increase in plastic card usage, favorable consumer demographics, bulging middle class, and relaxation in FDI norms and increase in supply chain efficiencies.

According to new market research report by RNCOS titled, "Booming Retail Sector in India", organized retail market in India is expected to reach US\$ 50 billion by 2011.

- Number of shopping malls is expected to increase at a CAGR of more than 18.9 per cent from 2007 to 2015.
- Rural market is projected to dominate the retail industry landscape in India by 2012 with total market share of above 50 per cent.
- Organised retailing of mobile handset and accessories is expected to reach close to US\$ 990 million by 2010.
- Driven by the expanding retail market, third party logistic market is forecasted to reach US\$ 20 billion by 2011.

The Indian retailing sector is at an inflexion point where the growth of organized retail and growth in the consumption by Indians is going to adopt a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector.

Segmental Analysis: Retail Industry

Organized retail in India has the potential to add over Rs. 2,000 billion (US\$45 billion) business by the Year 2010 generating employment for some 2.5 million people in various retail operations and over 10 million additional work force in retail support activities including contract production & processing, supply chain & logistics, retail real estate development & management etc.

It is estimated that it will cross the \$650 billion mark by 2011, with an already estimated investment of around \$421 billion slated for the next four years.

Organised retail pie	
Segment	% contribution
Textile, apparel and Footwear	38.9
Food and beverages	10.5
Consumer durables	9.0
Home solutions	6.7
Jewellery and watches	6.3
Books, music and gifts	3.2
Pharma	2.1

Others

23.3

Source: IBEF

As noticed in the figure above, the Organized Retail Penetration (ORP) is the highest in Textile, apparel and footwear sector with 38.9 per cent followed by food and beverages. However, it has been estimated that this segment would multiply five times taking the share of the organized market to 30 percent in the coming years.

Segments such as Consumer durables, Food, Clothing, Consumer Durables, Furniture and Books currently have low penetration but are expected to witness robust growth in future.

Your Company is engaged in retail trading of goods viz. Apparel, Non Apparel, FMCG. Your Company is rationalizing its portfolio of products under all categories including Apparel, Non-Apparel (Consumer durables, Home Furnishing, Furniture's etc.) and FMCG.

During the year, your Company has reduced the number of stock-keeping units to 60,000 from 1,03,000. Your Company is focusing more on fast moving Stock Keeping units to maintain sufficient liquidity in the operations instead of hoarding stock and entangling money therein.

As a result of this, revenue contribution from FMCG & Other products increased to 24.22% in FY'09 from 18.6% in FY'08. Other product essentially includes Restaurant business, SBI Credit Cards and display income.

The Segment Wise performance of the Company during the financial year 2008-09 was as follows:-

(Amount in Crores)

Category	FY 2008-09	FY 2007-08
Apparel	779.12	621.06
FMCG & Others	337.46	196.38
Non Apparel	276.44	187.86

Gross margins in Apparel and Non-Apparel segments were around 45% compared to 15% in the FMCG segment. The increased contribution from FMCG has affected the overall margin of the business. Understanding the negative impact of increased FMCG on margins, your Company has increased its focus on the promotion of private labels/brands, which generally carry high margins in comparison to Branded Products. The Contribution from Private Labels was as follows:-

Category

FY 2008-09

FY 2007-08

Apparel	9.7%	8.9%
FMCG & Others	4.8%	3.0%
Non Apparel	5.2%	3.0%
Total	19.7%	14.9%

KEY GROWTH DRIVERS OF RETAIL INDUSTRY

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

- **Falling Realty Rentals:** - Due to the impact of Global Meltdown, Liquidity Crunch, the Realty Rental prices has come down drastically. The cheaper rental would enable company to extend its presence in Tier-I & Tier-II cities.
- **Favorable demographics:** The Median age of the Indian Working Population is 24 (Twenty Four), making it one of the youngest country in India compared with US, Japan and China with Median age of 35, 41 and 30. About 69% of the total Indian population is less than 35 years of age and youngsters have a significantly higher propensity to consume.
- **Changing Consumer Outlook:** The consuming class in India, i.e. population with annual income of Rs 90,000 and more is expected to witness a growth of 9.3% (8-year CAGR). It is expected to grow rapidly from 28% in 2002 to 48% in 2010. When the newly-rich population becomes upwardly mobile, the standard of living goes up and aspirations shoot up. Therefore, besides horizontal expansion, the consumer base also grows vertically (i.e. increasing wealth in all segments), which in turn drives the growth of organized retail.
- **Increase of Women in the Working Population:** There has been an increase of about 45% in women workers from 1991 to 2001, reaching 127mn in 2001 resulting in increase in share of working women in the total workforce from 22% in 1991 to 26% in 2001. The increased women workforce would further provide higher disposable income resulting in higher propensity of consumer to spend.
- **Higher Growth in Urban Population:** According to an estimate by consulting firm Technopak Advisors, 92% of the projected investments in the sector is slated for urban areas with only a measly 8% earmarked for rural India. The growth of Urbanisation will drive income level and accessibility options. The Urbanisation would further lead to increase in development of adjacent cities, thereby providing more opportunities in Tier-II & III cities.

Increased use of Credit Cards and availability of cheap finance:

The use of plastic money (credit and debit cards) has increased significantly in the past few years. The ease of payments due to the use of credit and debit cards has also led to an increase in total spending on shopping and eating out.

- **Mall Boom:** Another key driver of organized retail is the real estate infrastructure currently being created to house retail ventures. The number of malls in India is expected to rise from 158 in 2005 to 600 by 2010. (Source: Ernst & Young)

OPPORTUNITIES

- **Diversifying Revenue Mix:** Your Company has plans in place to offer better portfolio of its products to the customers in all the segments viz. FMCG, Apparel and Non Apparel category. The Company would be focusing more on Non Apparel and FMCG Sector, resultantly contribution from the Apparel segment is expected to decline.

Collective Sales contribution from the FMCG and Non-Apparel segments is targeted at 55%, up from the 43.5% in FY'08-09. Accordingly, revenue contribution from the Apparel segment declined to 56.5% from 61.2% during FY'08.

- **Private Labels to Drive Profitability:** Your Company intends to drive profitability through increasing revenue from Private Labels. Private Labels generally carry 5-6% higher margins. Your Company has plans to increase the contribution of Private Labels from 19.7% currently to 25% in future.
- **Rationalization of Costs:** The Company would be rationalizing/optimizing its operational costs. The Company is already in the process of renegotiation of rentals, rationalizing operational expenses etc. Further, the Company is standardizing the Manpower requirements at each store level and for each process. The Company would be initiating more steps to optimize rational costs in future.
- **Supply Chain Management:** The Company has consolidated and centralized its Warehousing Operations to reduce the Operational costs. Further, the Company has introduced the concept of reverse haulage system to add revenues. Further, the company has introduced 4PL in its Supply Chain Management Operations.

Corporate Sales: The Company would be focusing on Corporate Sales.

The company has entered into direct business to business

- supply arrangements with Hero Honda, IRCTC and other big Corporate Houses. The Company would be adding more clientele to its portfolio.
- **Average Footfalls:** The average footfalls per day have reflected Efforts in growth in average footfalls per day. The average footfall during the financial year ended March 31, 2009 was 2,00,171 footfalls compared to 1,82,396 footfalls per day during previous year ended March 31, 2008.
- **De-risking Business Model:** The expansion has also de-risked your Company from geographical concentration and provided exposure to new geographies. Revenue contribution from North India fell to 57.2% in FY'09 from 59.6% in FY'08 while it increased in the Western and Eastern regions.

STRENGTHS

Regional Merchandising: Your Company has set up a well-experienced merchandise sourcing team that procures in bulk directly from small- and medium-sized vendors in low-cost centers. Your Company follows a policy of centralized purchase planning, which ensures quality control, improved logistics and bargaining power.

Logistics: The Company has introduced the concept of reverse haulage system. The Company has consolidated its regional warehouses and merged them into Central Warehouse. Further, the company has identified professional logistics service providers to bring the benefits of their expertise and reduce the Logistics cost.

Cheaper Rental Model: The Company has the Cheapest Rental in the Industry at an Average Rental of Rs. 22 Per. Sq. Ft. Further, the Company has entered into long term lease agreements with the Landlords to offset the impact of increasing Realty prices, which allows the Company to maintain its Operational costs at lower level.

Information Technology: The Company has strong focus on systems and processes. The Company has set up Strong IT infrastructure and Network. The Company is in the process of Migrating SAP Version from ECC 5.0 to ECC 6.0 to facilitate better decision making, planning, maintaining control etc.

Future Outlook and Strategies

- Infusion of Liquidity through Preferential Allotment/QIP/ Strategic Alliances.

- Reduce the Debt burden of the Company.
- Softening the interest rates.
- Increasing Private Label contribution to 25% in FY'10E from the current 19.7%.
- Expansion of the business of the Company through Franchisee and Revenue Sharing Model.
- Increased focus on Shop in Shop Format, Excess space renting Arrangements.
- Focus on Core competencies of the Company i.e. retailing.
- Consolidation/Closure of non viable business lines/units.
- Centralization of Warehousing Facilities.

Risks and Concerns

Execution Risks

Although the Industry growth potentially appears to be immense, and we having a track record of capturing such opportunities, still we have to significantly to keep up with the pace of Industry growth. We face two types of Execution Risks:

- The pace of New Stores Roll out;
- Managing & Improving the profitability of these stores.

Debt Burden

The Company is in debt of Rs. 7508.07 Mn as on March 31, 2009. The major chunk of the funds is being spent on Interest payments resulting in squeeze of liquidity in the business operations. To overcome these, the company is in talks with the Banks and FI's for rescheduling of interest repayment. Further, the company intends to infuse and principal repayment. Further, the company intends to infuse liquidity into the company through raising funds from Preferential Allotment/QIP route to infuse liquidity into the operations of the company.

Retaining existing talent will present a huge challenge

The Organized Retail Industry is expected to reach USD 511bn by 2011, for which it will be requiring 2.5mn of people. With the entry of new big players into the market, such as Wal-Mart, Reliance and the huge expansion of existing big Retailers, We would be witnessing a huge amount of poaching leading to steady increase in employee cost, impacting margins. Your company has rationalized the staff strength. The results of the same will accrue to the company in near future.

Increased Size of Operations of the Company

With the increase of the size of operation the Company will also have the risk of the execution and management. To contain this risk the Company has defined the responsibilities of each management head/category head and provided sufficient resources with each one of them to achieve their targets. Further periodical reviews of the various operations have been done on regular basis to identify any possible threat and redress the same within time.

Delay in Store delivery

The Company had set up huge expansion plans for FY 2008-09 & 2009-10. But due to adverse market conditions and delay in store delivery for commencement of retail operations, the Capex and operational cost of the Company has increased. To minimize their impact, the Company has cancelled majority of its upcoming showrooms. This would involve further litigation cost on the company.

Increase in competition to impact Margins

With the entry of Reliance, Bharti and foreign players Tesco, Carrefour and Metro expressing their keenness to operate in India, the competition in the retail Industry has become intensified. Resultantly, retailers are opting for Promotional/discount scheme to attract customers, which are exerting pressures on their margins.

Increased Competitive pressure is expected to alter the dynamics of business, further sustaining land and manpower resources.

Retail Landscape

Choice of the right real estate is crucial for the success of modern retail, as there are significant strategic and financial implications involved. This is the key reason for the rush among retailers to get the prominent location in the same catchments or city.

However, in order to reach this target, several initiatives and huge investments would be required on the part of retailers. Further, in view of large expansion plans of Pantaloon, Reliance and Wal Mart making a foray into Indian Retail Industry with Bharti, prominent land space would be a big threat to the industry.

Internal Control Systems and Their Adequacy

We believe that Internal Control is a necessary concomitant to the principle of Governance that freedom of Management should be exercised within a framework of appropriate checks and balances. We

are committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

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

HUMAN RESOURCE MANAGEMENT

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

The Company had set up ambitious plans for FY 2008-09 and 2009-10. The Company had to cancel many of its upcoming projects due to adverse market conditions and delay in delivery of stores by the landlords. We had to rationalize our staff strength during the previous year. The staff strength was reduced from 17,000 to below 10,000(Approx) during the financial year ended March 31, 2009.

The Company is assiduously reviewing its staff strength to use its manpower resources efficiently. Proper training sessions are being held from time to time to enable them to work efficiently.

Due to financial constraints, the Company has closed down its Retail Academy "Institute of Management Excellence" during the previous year.

COMPANY PERFORMANCE REVIEW

This year witnessed lot of activities such as closure of stores, deferment of expansion plans, centralization of warehouses, closure of manufacturing operations, rationalizing of staff strength etc.

We had lined up huge expansion plans. We were planning not only to expand scale of operation but to also venturing into new formats and style of retailing to expand customer base and extend reach across geographies. The huge capex plans have exerted pressure on net margins on account of increased interest costs. Further, the old formats have not matured enough to support their own growth.

- Your Company has reported a loss of Rs. 944.86 Millions during the financial year ended March 31, 2009. The loss was mainly on account of poor performance during the last quarter and huge interest/debt burden which resulted in squeeze of liquidity from the operations of the Company.
- Your Company is generating major chunk of its sales from the Apparel Segment. The Company, in anticipation of increased demand during the festive season, booked stock. But due to poor winter season, the company could not liquidate the stock to achieve the targeted Sales.
- The Company has shelved out its expansion plans and also closed down its non viable business units this year. With a view to save expenditure on the manufacture of goods and to reap the benefits of specialization attained by manufacturers, the company has closed down its all manufacturing plants.
- The Company reported negative EBITDA in the Fourth Quarter. The Company reported an Annual EBITDA of 75.36 MN against previous year EBITDA of Rs. 1286.50 MN.
- The Net Sales from operations of the company during the financial year ended was Rs. 13930.31 MN as compared to Rs. 10053.10 MN during the previous year ended March 31, 2008. The turnover of the company increased by 38.85% from the previous year.
- The Company added approximately 1mn sq ft of retail space and 71 stores to take the total retail space to 2.83mn sq ft and the number of stores to 171 as on March 31, 2009. Your Company has slowed down its expansion plan during the third Quarter. Your Company plans to focus on expansion through franchisee and revenue sharing Model.
- The Company has shifted its focus to its core competency i.e. Retail Trading of goods and has closed down all the factories.
- The Company has entered into Shop in Shop arrangements with the third parties at the store, where it has excess area to utilise the area effectively and provide better portfolio of its products to the customers and at the same time generate revenues for the company without investing in the stock.
- The contribution from private labels has increased during the year from 14.9% in FY'08 to 19.7% in FY'09. Apart from in-house Apparel manufacturing, your Company has increased the Private Labels business significantly in the FMCG and Non-Apparel segments, which contributed 4.8% & 5.2% to the revenues.

With the advent of strong economy sentiments and favorable demographic factors, organized retail is expected to grow at a 4-year CAGR of 64% to \$93.9bn by 2010. Growth will be further fuelled by investments from domestic and foreign firms. The share of organized retail in the total retail industry is expected to increase to 22% from 4% now.

Cost of Goods sold

Cost of goods sold increased by 62.68% to Rs 9136.81mn FY'09 from Rs 5,616.1mn FY'08.

The cost of goods sold as a percentage of total revenue increased to 65.58% in FY'09 from 55.86% in FY'08.

Manufacturing, Administrative & Other Expenses

Manufacturing, Administrative & Other Expenses increased by 53.91% to Rs 2358.82 Mn from Rs. 1,981.6mn in FY'08. As a percentage of gross sales, these expenses declined to 16.94% compared to 19.7% in FY'08.

Personnel Expenses

Personnel expenses increased by 69.28% to Rs 1224.07 Mn in FY 09 from 723.1mn in FY'08. As a percentage of total revenue, these expenses increased to 8.78 in FY' 09 from 7.2% in FY'08. The increase in personnel expenses is mainly on account of addition of manpower due to expansion plans at the starting of the year. The staff strength was later reduced from 17,000 to below 10,000(approx) during the financial year ended March 31, 2009. The Company expects to receive the benefits of rationalization of staff in the coming years.

Depreciation

The Company provided for depreciation of Rs. 488.03 Mn during FY' 09 compared to Rs 276.0mn in FY'08. The increase in depreciation charges is due to the addition of Rs 1101.69 mn in the gross block in FY'09, compared to Rs 1201.2 mn in FY'08. For the year under consideration, cumulative depreciation was 27.39% of gross block, up from 20.35% in the previous year. Your Company uses the Written Down Value (WDV) method to compute depreciation charges.

Key Ratios (% of Total Revenues)	FY'09	FY'08
EBITDA Margin	0.54%	13.40%
Net Profit Margin	-6.78%	4.20%
Total Expenditure	105.16%	86.6%
Employee Cost	8.78%	7.2%

Finance Charges

Interest outgo increased by 154.35% to Rs 963.26 Mn during FY' 09 compared to 378.7mn during FY'08. This was mainly on account of the increase in debt outstanding to Rs 7508.07 Mn from Rs. 5,300.5 mn.

Provision for Taxation

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

EPS

For the first time in the history of the Company, the Company reported a negative EPS of Rs. (42.19) compared to previous year EPS (basis) was Rs 18.95. The Diluted Earnings Per Share (DPS) was Rs (42.19) in FY'09 compared to Rs 18.95 in FY'08.

Balance Sheet Position**Share Capital**

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

Reserves & Surpluses

Your Company has reported a net loss of Rs. 944.86 Mn resultantly reserves and surplus dipped to Rs. 1664.62 Mn as on March 31, 2009 compared to Rs 2,487.6mn as on March 31, 2008.

Profit and Loss Account

Your Company incurred a loss of Rs. 944.86 Mn during the financial year ended March 31, 2009. Resultantly the balance in P&L as on March 31, 2009 was Rs. (121.83) Mn compared to Rs 823.0mn as on March 31, 2008.

Debt

At the starting of the year the company had set up huge expansion plans to establish its PAN India presence. As on March 31, 2009 the loan taken by the company was Rs. 7508.07 Mn compared to Rs. 5307.50 Mn as on March 31, 2008.

The Company had to withhold its proposed QIP Issue during 2008-09 due to adverse Market conditions. Resultantly, the Debt-equity ratio raised to 3.97:1 in FY'09 compared to 1.96: 1 in FY'08. The Company plans to raise funds through QIP/Preferential Issue/Strategic Alliances to bring down the higher debt equity ratio.

Deferred Tax

Deferred tax assets/liabilities represent losses timing differences in the financial and tax books arising from depreciation on assets, provision for sundry debtors and provision for retirement benefits. Your Company incurred a net loss of Rs. 944.86 Mn. The deferred tax asset as on March

31, 2008 was Rs. 447.97 Mn compared to deferred tax liabilities of Rs 22.0mn on March 31, 2008.

Capital Expenditure & Gross Block

Your Company has made net additions of Rs 1106.10 Mn to gross block compared to Rs. 1,293.7mn in the previous financial year. During 2008-09, your Company incurred capital expenditure of Rs 1169 Mn compared to Rs. 1499 Mn in the previous financial year. Capital work-in-progress reduced to Rs 62.56 Mn from Rs. 205.06 mn in the previous financial year. The Company would be extending its presence through low capital intensive Franchisee Models, there would be fewer owned showrooms of the Company.

Investments

During the year under review, your Company converted VRL Consumer Goods Ltd., VRL Foods Ltd., VRL Fashions Ltd., into wholly owned subsidiary companies. Further, Company acquired 25,000 Equity Shares each in VRL Retail Ventures Ltd. and VRL Knowledge Process Limited. The Subsidiaries companies have not commenced their business operations.

The Company has also set up a Joint Venture Company with IVM Intersurer BV to provide back end services to Insurance Sector. The Company holds 5628 Equity shares in this Company. The Company has commenced its operations.

Cash & Bank Balances

As on March 31, 2009, your Company is having a cash balance of Rs. 149.39 Mn compared to Rs 557.28mn as on March 31, 2008.

Inventories

Inventories increased by 123.75% to Rs. 6670.81 Mn during FY'09 from 5,574.7mn during FY'08. The company also brought down value of inventories by Rs. 972.6 Mn in certain categories. The increase in inventories is mainly on account of excessive pile up of inventories during poor winter season.

Loans and Advances

Loans and Advances as on March 31, 2009 was Rs. 1139.92 Mn compared to Rs. 1,208.2mn compared as on March 31, 2008.

Current Liabilities & Provisions

Current liabilities increased by 29.34% to Rs 1473.16 Mn compared to Rs. 1,136.2mn during FY'08. Your Company has made a provision of Rs

Vishal Retail Limited - Annual Report 2009

has made a provision of Rs 458.37 mn during the year under review compared to Rs 447.95 mn in the previous year.

Working Capital Requirements

Sales to working capital ratio increased to 2.30 in 2008-09 compared to 1.74 in 2007-08.

On behalf of the Board of Directors

Sd/-

Date : 25-Aug-09 Ram Chandra Agarwal
Place : New Delhi Chairman

ANNEXURE II

REPORT OF BOARD OF DIRECTORS] RULES, 1988"

Power and fuel Consumption	2008-09	2007-08
Electricity		
Purchased		

• Unit	40302689	525940
• Total Amount	229322303	2356210
• Rate/Unit	5.69	4.48

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

Foreign Exchange Earnings and outgo

Particulars	2008-09	2007-08
Foreign Exchange Outgo		

• Traveling	10,48,122	9,94,420
• Consultancy	Nil	Nil
• Others	Nil	Nil

Imports

• Raw Materials	Nil	Nil
• Finished Goods	33,84,77,717	34,17,37,228

• Capital Goods	4,69,26,421	22,23,92,535
• Others	Nil	Nil
Foreign Exchange Earnings		
• Earnings in foreign exchange	Nil	Nil

On behalf of the Board of Directors

Sd/-

Date : 25.08.2009 Ram Chandra Agarwal
Place : New Delhi Chairman

Disclosure of particulars with respect to technology absorption

Research and Development(R & D)

We are engaged in the Retail Industry. During the financial year the Company has shut down the entire manufacturing operation thereby have closed all the units. All our products are being procured from outside. We have not imported any technology during the financial year 2008-09.

1.	Specific areas in which R & D carried out by the company	Nil
2.	Benefits derived as a result of the above R & D	NA
3.	Expenditure on R & D	
a)	Capital	Nil
b)	Recurring	Nil
c)	Total	Nil
d)	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/-

Date : 25.08.2009

Ram Chandra Agarwal

Place : New Delhi

Chairman

Annexure III CORPORATE GOVERNANCE REPORT

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

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

The Company has always believed in strong transparent relationship with its investors and its strength is the fair disclosure of which the Company has survived this dreaded time.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

Currently, the Board comprises of [07] directors out of which [03] are Executive Non-Independent Directors and [04] Non-Executive Independent Directors. The Composition of Board of Directors is as follows:

Category	DIN	Name of the Director
Executive	00491885	a) Mr. Ram Chandra
Promoter		Agarwal

Director	00495945 00491890	b) Mrs. Uma Agarwal c) Mr. Surendra Kumar Agarwal
Independent Non Executive Director	02670462 00030012 02676537 00404514 00911911	Mrs. Seema Kukreja * Mr Bharat Jain Mr Sandeep Kumar * Mr Rakesh Aggarwal Mr Jay Prakash Shukla®
Nominee Director		NIL

* Mrs. Seema Kukreja and Mr Sandeep Kumar were appointed as Additional Directors on 12th June 2009

@ Mr Jay Prakash Shukla has resigned on 28th February 2009

INFORMATION SUPPLIED TO THE BOARD

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

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

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

ATTENDANCE AT BOARD MEETINGS

During the Financial Year 2008-09, [21] Board Meetings were held till 31st March 2009, as per following details: -

Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1.	09-Apr-08	2.	11-Apr-08
3.	29-Apr-08	4.	08-May-08
5.	04-Jun-08	6.	05-Jun-08
7.	11-Jul-08	8.	30-Jul-08
9.	19-Aug-08	10.	29-Aug-08
11.	10-Sep-08	12.	17-Sep-08
13.	29-Sep-08	14.	01-Oct-08
15.	24-Oct-08	16.	28-Nov-08
17.	27-Dec-08	18.	21-Jan-09
19.	30-Jan-09	20.	27-Feb-09
21.	19-Mar-09		

Composition of Board of Directors and their Attendance in the Board Meetings as on 31st March 2009;

Name of Director	Designation of Director	Attendance	
		Board Meeting	Last AGM
Ram Chandra Agarwal	Managing Director & Executive Promoter	21	Yes
Uma Agarwal	Director	18	Yes

Name of Director	Designation	Attendance	
		Board Meeting	Last AGM
Surendra Kumar Agarwal	Whole Time Director & Promoter	21	Yes
Bharat Jain	Independent Non-Executive	13	No
Jay Prakash Shukla *	Independent Non-Executive	13	No
Rakesh Aggarwal	Independent Non Executive	21	No

* Resigned w.e.f 28th February 2009

Name of Director	No of other Directorships	Committee Membership	
		Committee	Chairmanship
Ram Chandra Agarwal	11	Nil	Nil
Uma Agarwal	11	Nil	Nil
Surendra Kumar Agarwal	02	Nil	Nil
Bharat Jain	08	Nil	Nil
Jay Prakash Shukla *	00	Nil	Nil
Rakesh Aggarwal	01	Nil	Nil

BOARD LEVEL COMMITTEES

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

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

The details of the members of the committees as on March 31, 2009 are as under;

Name of the Director	Audit	Remuneration	Investors Grievances	Share Transfer
Surendra Kumar Agarwal	N.A.	N.A.	Member	Member
Jay Prakash Shukla*	Member	Member	Member	Member
Rakesh Aggarwal	Chairman	Chairman	Chairman	Chairman
Bharat Jain	Member	Member	N.A.	N.A.

* Resigned w.e.f 28th February 2009

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 2009 was as follows:

Name	Designation	Chairman / Member
Rakesh Aggarwal	NEID ^	Chairman
Jay Prakash Shukla @	NEID ^	Member
Bharat Jain	NEID	Member
Arun Gupta	Company Secretary	Secretary

@ Resigned w.e.f. 28th February 2009

^ NEID – Non Executive Independent Director

Audit Committee meetings & presence

The details of Audit Committee meetings & presence of Members till 31st March 2009 are as follows:-

Date of Audit Committee Meetings	Name of the Audit Committee Member		
	Bharat Jain	Jay Prakash Shukla	Rakesh Aggarwal
29-04-08	Yes	Yes	Yes
05-06-08	No	Yes	Yes
30-07-08	Yes	Yes	Yes

29-08-08	Yes	Yes	Yes
10-09-08	Yes	Yes	Yes
24-10-08	Yes	Yes	Yes
29-11-08	Yes	Yes	Yes
21-01-09	Yes	Yes	Yes
27-02-09	Yes	Yes	Yes

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

Remuneration Committee

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

Composition

The details of Members of the Remuneration Committee as on 31st March 2009 are as follows: -

Name	Designation	Chairman / Member
Rakesh Aggarwal	NEID ^	Chairman
Bharat Jain	NEID ^	Member
Jai Prakash Shukla @	NEID ^	Member

@ Resigned w.e.f. 28th February 2009

^ 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 XII 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

Name	Meeting 29.12.2008
Rakesh Aggarwal	Present
Jay Prakash Shukla	Present
Bharat Jain	Present

Details of remuneration paid to Directors are given below;

(IN INR Million.)

Name of the Director	Salary & Perquisites	Sitting fees	Commission	Total
Ram Chandra Agarwal	6.0	Nil	Nil	6.0
Uma Agarwal	0.9	Nil	Nil	0.9
Surendra Kumar Agarwal	2.81	Nil	Nil	2.81
Bharat Jain	Nil	Nil	Nil	Nil
Jay Prakash Shukla	Nil	Nil	Nil	Nil
Rakesh Aggarwal	Nil	Nil	Nil	Nil

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

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

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

Meetings

There was 01 meeting of the Remuneration Committee during the year on 29th December 2008.

Shareholders'/Investors' Grievance Committee

Terms of Reference

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

Composition

The details of Members of the Shareholders'/Investors' Grievance as on 31st March 2009 was as follows: -

Name	Designation	Member
Rakesh Aggarwal	NEID	Chairman
Jay Prakash Shukla @	NEID	Member
Surendra Kumar Agarwal	WTD	Member

@ Resigned w.e.f. 28th February 2009

Compliance Officer

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

Investor Grievance Redressal

During the year the company has received 133 complaints from investors/shareholders and all the complaints are resolved 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 2009.

SHARE TRANSFER COMMITTEE

The details of Members of the Share Transfer Committee are as follows: -

Name	Designation	Member
Rakesh Aggarwal	NEID ^	Chairman *
Jay Prakash Shukla @	NEID ^	Member
Surendra Kumar Agarwal	WTD ^	Member

@ Resigned w.e.f. 28th February 2009
^ NEID - Non Executive Independent Director

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

The shares transfer committee meet 16 times during the year on 4th April 2008, 21st April 2008, 1st May 2008, 6th June 2008, 11th July 2008, 30th July 2008, 29th August 2008, 10th October 2008, 10th November 2008, 10th December 2008, 21st December 2008, 21st January 2009, 3rd

Name	Present
Rakesh Aggarwal	16
Jay Prakash Shukla	15
Surendra Kumar Agarwal	16

GENERAL BODY MEETINGS

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

Annual General Meeting

Financial Year	Venue	Date	Time
2007-08	NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi - 110017	08.09.08	10:00 AM
2006-07	NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi 110017	19.09.07	10:00 AM
2005-06	RZ-A- 95 & 96, Road No. 4, Street No. 9, Mahipalpur Extn., New Delhi -110037	21.09.06	10:30 AM

Special Resolutions

Annual General Meeting (AGM) (08.09.2008)

- Further issue of share capital

Annual General Meeting (AGM) (19.09.2007)

- Employee Stock Option Plan

Annual General Meeting (AGM) (21.09.2006)

- Payment of sitting fees to Non Executive Directors
- Adoption of new set of Articles to ensure compliance with SEBI provisions.

Postal Ballot

During the last financial year ended 31st March 2009 the Company has passed two resolutions through postal ballot. The details of the same are mentioned below;

a) The Company had vide the postal ballot dated 19th September 2008 took the approval of the Shareholders for sale or transfer of undertaking u/s. 293(1)(a) of the Companies Act, 1956

- Number of votes cast in favour of the resolutions was : 1,43,20,223 votes
- Number of votes cast against the resolutions was : 10 votes

b) The Company vide postal ballot dated 15th October 2008 took the approval for further issue of securities of the company for raising funds upto 250 crores

- Number of votes cast in favour of the resolutions was : 1,43,22,921 votes
- Number of votes cast against the resolutions was : 26 votes

On both the occasions, the Company appointed Shri Sanjay Grover, Practicing Company Secretary, as scrutinizer to conduct the postal ballot exercise.

The postal ballot exercise is carried out in the manner prescribed under section 192A of the Companies Act, 1956 read with the Companies (Passing of resolution by postal ballot), Rules 2001. The postal ballot notice and postal ballot form are distributed amongst the shareholders of the Company, whose name appear in the Register of Members/Depositories on a particular record date fixed for the purpose. Shareholders are required to complete the postal ballot forms, following the relevant instructions and send them back at the address printed on postage-paid envelopes, provided by the Company along with the postal forms so as to reach on or before the specified date. The scrutinizer examines the postal ballots received from shareholders to ascertain the votes cast in favour of/against the resolutions set out in the postal ballot notice and results of such voting are announced by the Chairman. Simultaneously they were sent to the stock exchange and displayed on the website of the Company.

DISCLOSURES

Disclosure of Related Party transactions

- A Disclosure of all related party transactions has been made in the notes to the accounts of the Balance Sheet presented in this Annual Report.
- There are no material individual transactions with related parties of business and which are not on an arm length basis.

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

Disclosure of Accounting Treatment in preparation of financial statements

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

Code for Prevention of Insider trading Practices

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

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

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

To,

Members of Vishal Retail Limited

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

I, Ram Chandra Agarwal, Managing Director & CEO of Vishal Retail Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2009

Place: New Delhi
Date: 25.08.2009

Sd/-
Ram Chandra Agarwal
Chairman & Managing Director

Compliances by the Company

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

CEO / CFO Certification

A certificate from the Chairman & Managing Director along with the General Manager (Accounts)* on the financial statements of the Company was placed before the Board.

* Chief Financial Officer of the Company resigned from the post in the month of January 2009 and as on 31st March 2009 the post was vacant.

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

(a) They have reviewed financial statements and the cash flow statement for the year ended 31st March 2009 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.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps They have taken or propose to take to rectify these deficiencies.

(d) They 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 they have become aware and the involvement therein, if any, of the management or an

Sd/-
Ram Chandra Agarwal
Chairman & Managing Director

Sd/-
Ajay Bansal
GM - Accounts

INFORMATION TO SHAREHOLDERS

DATE, TIME AND VENUE OF THE 8TH ANNUAL GENERAL MEETING

The Eighth Annual General Meeting of the Company will be held on 26th September 2009 at NCUI Auditorium, Siri Fort Road, Khelgaon, New Delhi at 10:30 AM.

Financial Year:

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

For the Financial year ended on March 31, 2009 the results were announced on:-

First Quarter ended June 30, 2008	:	July 30, 2008
Second Quarter ended September 30, 2008	:	October 24, 2008
Third Quarter ended December 31, 2008	:	January 21, 2009
Fourth Quarter ended March 31, 2009	:	NA*

* The Company has opted for the audited result within 3 months instead of publishing the quarterly result. However, due to migration from ECC 5.0 to ECC 6.0 and resignation by Mr. Amit Chaturvedi, Head Finance & Accounts, the results were declared on July 22, 2009.

For the Financial year ending on March 31, 2010 the results will be announced tentatively on:-

First Quarter ended June 30, 2009	:	July, 2009 (4th week)
Second Quarter ended September 30, 2009	:	October 2009 (4th week)
Third Quarter ended December 31, 2009	:	January 2010 (4th week)
Fourth Quarter ended March 31, 2010	:	April 2010 (4th week)

Dividend

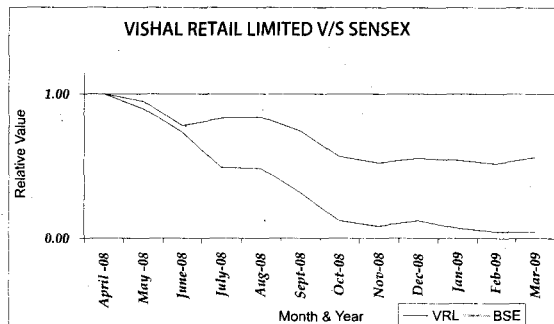
Considering the losses incurred in the financial year ended March 31, 2009, the board of directors does not recommend any dividend for the financial year ending March 31, 2009.

Date of Book Closure

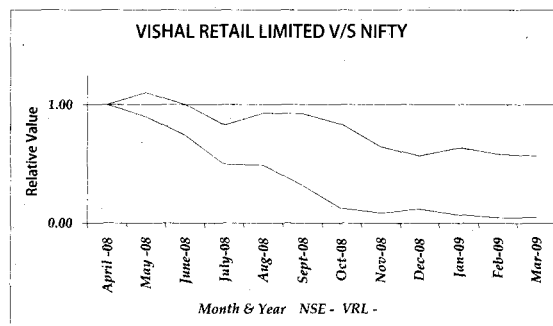
The Date of Book closure will be 22nd September 2009 to 25th September 2009 both days inclusive.

Market Price Data

The shares price of the Company vis a vis the Sensex and Nifty performance during the year ended March 31, 2009 are mentioned below;



S. No.	Month	BSE	
		High	Low
1.	April - 08	880	750
2.	May-08	823	663
3.	June-08	744	580
4.	July - 08	630	375
5.	August - 08	455	373
6.	September - 08	406	242
7.	October - 08	263	98
8.	November - 08	105	56
9.	December - 08	127	70
10.	January - 09	111	47
11.	February - 09	60	36
12.	March - 09	35	25



S. No.	Month	NSE	
		High	Low

Vishal Retail Limited - Annual Report 2009

1.	April - 08	850	752
2.	May-08	810	662
3.	June-08	750	580
4.	July - 08	600	377
5.	August - 08	455	374
6.	September - 08	409	240
7.	October - 08	262	96
8.	November - 08	106	55
9.	December - 08	128	70
10.	January - 09	112	48
11.	February - 09	57	36
12.	March - 09	36	25

Listing on Stock Exchanges

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

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

Stock Exchange Code

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

Listing fees

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

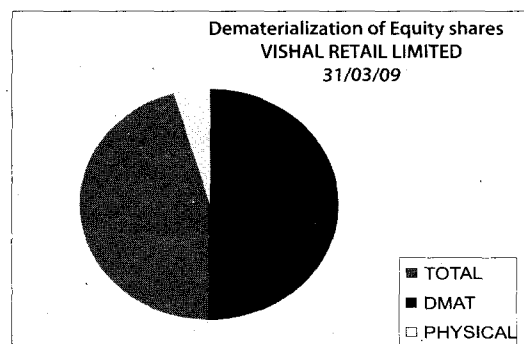
Details of Public Funding obtained in last Three years

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

Dematerialization of Shares

The equity shares of your company are under compulsory dematerialization mode as on March 31, 2009. The ISIN for the Equity Shares of the Company is INE945H01013.

91.38% of shares of the Company have been dematerialized as on March 31, 2009. Trading in Equity shares of the company is permitted only in demat mode.



The Equity shares of your company are frequently traded

	BSE	NSE
No. of Shares	4792681	9064282
Turnover (Amount in Crores)	44.88	101.12

Source: BSE & NSE website

Outstanding GDRs / ADRs/ Warrants or any Convertible Instruments,

Conversion date and likely impact on equity:

Not Applicable

SHARE TRANSFER AGENTS:

Link Intime India Private Limited
(formerly known as Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound, L B S Marg,

Bhandup (West), Mumbai 400 078

Telephone No. : 022-25960320-28

Fax No. : 022-25960329

Email: investors@vrpl.in

Distribution of Shareholding-As on March 31, 2009

Share holding of nominal value (Rs.)	Share Holders Number	Share Amount		
		% to total	Rs.	% to total
(1)	(2)	(3)	(4)	(5)
Upto 2500	14363	90.07	6189470	2.76
2501-5000	728	4.57	2843360	1.27
5001-10000	337	2.11	2703050	1.21
10001-20000	220	1.38	3254920	1.45
20001-30000	83	0.52	2094590	0.94

30001-40000	38	0.24	1332340	0.60
40001-50000	33	0.21	1581280	0.71
50001-100000	60	0.38	4315980	1.93
100001 and above	84	0.53	199673700	89.15
Total	15946	100.00	223988690	100.00

Shareholding Pattern as on March 31, 2009

Category of Shareholders	No. of Shares	% of total shares	Number of shares pledged
Promoters	1,41,70,781	63.27%	10,70,000
Foreign Institutional Investors	3,68,255	1.64%	0
Financial Institutions/ Banks	3,227	0.01%	0
Mutual Funds	00	00.00%	0
Venture Capital	00	00.00%	0
Insurance	00	00.00%	0
Body Corporate	45,95,528	20.52%	0
Individuals	30,41,648	13.58%	0
Others	2,19,430	0.98%	0
Total	22398869	100.00	10,70,000

Plant Location

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

Address for Correspondence

Registered Office & Corporate Office

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

On behalf of the Board of Directors

Sd/-

Date : 25.08.2009
Place : New Delhi

Ram Chandra Agarwal
Chairman

AUDITORS REPORT ON CORPORATE GOVERNANCE

To the shareholders of Vishal Retail Limited

We have examined the compliance of conditions of corporate governance by Vishal Retail Limited for the year ended on March 31, 2009, as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

For Ashish Kapoor & Associates

Company Secretaries

Sd/-

Date : 25.08.2009
Place : New Delhi

Ashish Kapoor
Membership No: 204 79

Particulars of the employees drawing remuneration of more than Rs. 24,00,000/- for the 12 months period from 01.04.2008 to 31.03.2009 or Rs. 2,00,000/- per month as per Section 217(2A) of the Companies Act, 1956.

Name of the employee	Age (Yrs)	Designation	Remuneration Received during the year	Qualification of the Employee	Experience of the employee	Date of Employment	Last Employment	Nature of employment whether contractual or otherwise and duties	The percentage of equity shares held by the employee in the company
Ram Chandra Agarwal	44	Managing Director	60,00,000/-	B.Com	22	23.07.2001	N.A.	Permanent	3.21 %
Surendra Kumar Agarwal	48	Whole Time Director	30,37,176/-	B.Com	16	23.07.2001	N.A.	Permanent	0.89 %
Manmohan Aggarwal	31	Head-SCM & Men's Ethnic Apparel	23,02,599/-	B.Com	11	01.08.2002	N.A.	Permanent	.04%
Manmohan Agarwal	39	CEO-North-Retail	29,00,004/-	B.Com, CA	17	04.10.2007	Onicra Credit Rating Agency of India Ltd.	Permanent	Nil
Shasipal Kataria	50	CEO-West-Retail	2,27,250/-	PGDMSM, MBA	23	11.02.2008	Quality Foods & Beverages Ltd.	Permanent	Nil
Bhupinder Singh Anand	48	Sr. VP-IT	33,55,258/-	IIT Delhi	25	13.02.2008	Genpact India Pvt. Ltd.	Permanent	Nil

Name of the employee	Age (Yrs)	Designation	Remuneration Received during the year	Qualification of the Employee	Experience of the employee	Date of Employment	Last Employment	Nature of employment whether contractual or otherwise and duties	The percentage of equity shares held by the employee in the company
Tapan Roy Choudhary	42	Regional CEO- Maharashtra	8,03,308/-	Diploma Marketing Mgt. & Computer Applications	16	18.03.2008	Pyramid Retail Ltd.	Permanent	Nil
Dipu Gupta	36	President	23,61,219/-	Graduate	N.A.	01.04.2003	N.A.	Permanent	0.13%
Arun Arya	53	CEO	20,32,422/-	B.Com, CA	N.A.	01.04.2008	Must Garment Corporation Limited	Permanent	Nil
Tanmay Vivek Ratnaparkhi	38	Sr. V.P.	26,31,172/-	BE (Mech)	N.A.	07.04.2008	Transweaves Inc. (USA)	Permanent	Nil
Kawaljeet Singh Dhillon	33	EBO- Head	4,17,038/-	PGDM	08	09.04.2008	Reliance Retail Limited	Permanent	Nil
Venugopal Konchada	49	Footwear CEO	25,02,228/-	PDGM	07	23.04.2008	Cantabil	Permanent	Nil
Dharmender Dabral	32	Vice - President	12,08,250/-	Graduate	12	02.05.2008	Rediffmail	Permanent	Nil
Anil Kumar Srivastava	52	CEO- Zonal	11,77,210/-	MBA	27	02.05.2008	Heritage Foods India Limited	Permanent	Nil

Name of the employee	Age (Yrs)	Designation	Remuneration Received during the year	Qualification of the Employee	Experience of the employee	Date of Employment	Last Employment	Nature of employment whether contractual or otherwise and duties	The percentage of equity shares held by the employee in the company
Abhiram Mishra	36	Head - Technomart	14,81,886/-	Tourism Management	14	02.05.2008	RPG Cellucom India Private Limited	Permanent	Nil
Lalit Kumar	45	CEO-Retail	30,00,000/-	CA, CS	20	05.05.2008	Ebony Retail Holding	Permanent	Nil
Vijay Sati	47	N.A.	7,50,000/-	MBA	21	05.07.2008	HCL Technologies Limited	Permanent	Nil
Sharad Khandelwal	43	Head - Operational	8,42,308/-	Graduate	18	15.07.2008	EMA India Limited	Permanent	Nil
Ambeek Khemka	37	Group President	18,00,000/-	N.A.	N.A.	01.07.2008	Entrepreneur	Permanent	Nil
Amit Kumar Chaturvedi	36	Vice President - Accounts & Finance	12,46,152/-	CA	N.A.	01.11.2003	NA	Permanent	Nil
Akash Deep Arora	42	Chief General Manager- CDIT	16,72,152/-	MBA	19	12.08.2008	Tel emart Communication India Limited	Permanent	Nil

Notes:

1. Remuneration comprises Salary, House Rent Allowance and Conveyance Allowance.
2. Sh. Ram Chandra Agarwal was Promoter and first Director of the company.
3. All the employees mentioned above have adequate experience to discharge the duties assigned to them.

On behalf of the Board of Directors

Date : August 25, 2009

Place : New Delhi

Sd/-

Ram Chandra Agarwal

Chairman

AUDITORS' REPORT**TO THE MEMBERS OF VISHAL RETAIL LIMITED**

1. We have audited the attached Balance Sheet of **VISHAL RETAIL LIMITED** ("the Company"), as at 31st March, 2009, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us by the management, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit, *except in respect of:*
 - i) *Inventory- The inventory lying at 163 stores and warehouses were physically verified by other Chartered Accountants and their certificates have been provided to us. As per Company's records, the value of such inventory aggregate Rs.638.66 Crores. As regards inventory lying at other than such 163 stores, no documentary evidence for its physical verification has been made available to us, though we have been informed that it was physically verified by the management. We were not invited to observe the process of physical verification of inventory.*
 - ii) *Cash on Hand- Out of cash on hand of Rs. 4.51 crores, cash balance aggregating Rs. 3.13 crores lying at various stores were verified by internal auditors of the Company/ independent Chartered Accountants and we have relied upon certificates issued by them. As regards remaining cash balances, it is as verified and confirmed by the management.*

- iii) *Display Charges – Relevant documents for arrangement with parties and calculation of accrued income have not been produced to us for verification.*
- (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, the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company, except:
- i. *AS- 2 "Valuation of Inventories": The 'cost' for valuation of inventories does not include octroi, mandi tax, entry tax, relevant input vat, inward freight and discount received on the purchase;*

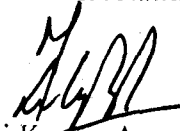
Further, except in respect of certain goods and merchandize, the value of which has been brought down by Rs. 97.26 crores, we are unable to comment upon provision, if any, required to be made for shrinkages, slow-moving, non- moving, obsolete, damaged goods etc.
 - ii. *AS-28 "Impairment of Assets": the Company has not subjected its relevant assets to impairment test and consequent impairment loss, if any, has not been accounted for.*
 - iii. *AS-29 "Provisions, Contingent Liabilities and Contingent Assets": the Company has not provided for the liability that may arise on account of unutilised gift vouchers issued/sold by the Company.*
- (e) On the basis of written representations received from the Directors of the Company as on 31st March, 2009, and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.
- (f) *Attention is invited to :*
- (i) *Para No. B-7 to Schedule 20 with regards to confirmation and reconciliation of balances of sundry debtors, sundry creditors, advances and deposits.*
 - (ii) *Para No. B-11 to Schedule 20 with regards to payment of Managerial Remuneration amounting to Rs.51.37 lacs without obtaining prior approval of Central Government as per provisions of sections 198 and 309 of the Companies Act, 1956.*

- (g) In our opinion and to the best of information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Act in the manner so required,

We are unable to comment upon the consequential effect of our observations in paras 4) (a) (i) to (iii), (4) (d) (i) to (iii) and (4) (f) (i) to (ii) above on the relevant assets, liabilities and loss for the year. Subject to this, the said accounts give a true and fair view:

- i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii) in case of the Profit & Loss Account, of the loss for the year ended on that date; and
- iii) in case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For Haribhakti & Co.,
Chartered Accountants



Raj Kumar Agarwal
Partner

Membership No. 074715

Place: New Delhi

Date: July 22, 2009

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Vishal Retail Limited ('the Company') for the year ended on 31st March 2009. We report that:

- (i) (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a policy for physical verification of its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its business, however during the year under review, fixed assets verification is not as per the policy and the differences if any, have not been adjusted.
- (c) During the year, the Company has not disposed off major part of its fixed assets.
- (ii) (a) As explained to us, the inventory has been physically verified at the retail outlets and warehouse of the Company at year end.
- (b) The procedures of physical verification of inventory followed by the management are not reasonable and adequate in relation to the size of the Company and the nature of its business, more specifically with regard to :
 - 1. The identification of slow moving, non- moving, obsolete and damaged items of inventory and
 - 2. Frequency of physical verification of inventory.
- (c) On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on the physical verification of inventory were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956. At the year end, the outstanding balance of such loans granted aggregated to Rs. 6.21 Lacs and the maximum amount involved during the year was Rs. 30.38 lacs.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
- (c) The Company is regular in receipt of principal amount and interest thereon as per stipulations.
- (d) There are no amounts overdue as at 31st March 2009 in respect of loans granted by the Company.

- (e) The Company has taken during the year interest free unsecured loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. At the year end, the outstanding balance of such loan taken was Rs. 791.05 lacs and the maximum amount involved during the year aggregated to Rs. 1122.05 lacs.
- (f) In our opinion, the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
- (g) The Company is regular in repayment of principal amount as per stipulations.
- (iv) In our opinion and according to the information and explanations given to us, the existing internal control procedures for the purchase of inventory and fixed assets and for the sale of goods and services needs to be strengthened to be commensurate with the size of the Company and the nature of its business.
- (v) (a) The particulars of contracts or arrangements that needed to be entered in the register maintained in pursuance of section 301 the Companies Act, 1956, have been so entered.
- (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the 'public' to which the provisions of section 58A and section 58AA of the Act, and the rules framed there under apply.
- (vii) The internal audit system prevalent in the Company is not commensurate with its size and the nature of its business.
- (viii) Maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 has not been prescribed for the business of the Company.
- (ix) (a) The company is generally regular in depositing the undisputed dues in relation to Service Tax, Excise Duty, Custom duty and Wealth Tax. There have been delays in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Value Added Tax, Professional Tax, Cess, Labour Welfare Fund, Work Contract Tax and other statutory dues, applicable to it. Further, as explained to us, the provisions regarding investor education and protection fund, are presently not applicable to the Company. As informed and explained to us, the company has following arrears of outstanding statutory dues, as at the last day of the financial year for a period of more than six months from the date they become payable and have not been paid till date.

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which it relates
Various Statutes of respective states	Labour Welfare Fund	2,08,686/-	2008-09
Various Statutes of respective	Professional Tax	47,448/-	2006-07

states			
Various Statues of respective states	Professional Tax	15,830/-	2007-08
Various Statues of respective states	Professional Tax	55,231/-	2008-09
Income Tax Act, 1961	Income Tax	56,457/-	2002-03
Income Tax Act, 1961	Income Tax	1,05,475/-	2003-04
Employees State Insurance Corporation	ESIC	3,30,347/-	2007-08
Employees State Insurance Corporation	ESIC	1,94,522/-	2008-09
Employees Provident Fund	Provident Fund	30,029/-	2008-09
Employees Provident Fund	Provident Fund	74,811/-	2007-08

- (b) There are no dues of wealth tax, customs duty, income tax, sales tax and excise duty and cess which have not been deposited on account of any dispute except as under:

Name of the Statute	Nature of the dues and period to which it relates	Amount (Rs.)	Period to Which It Relates	Forum where dispute is pending
Excise Duty Act, 1944	Excise Duty	32,01,968	2007-08	Assistant Commissioner, Central Excise, Agra
Sales Tax Act (West Bengal)	Sales Tax	15,27,586	2002-03	Additional Asst. commissioner of Commercial Tax
Sales Tax Act (Delhi)	Sales Tax	11,49,937	2002-03	Deputy Commissioner of Sales Tax
Sales Tax Act (Guwahati)	Sales Tax	20,09,712	2002-03	Superintendent of Taxes
Income Tax Act, 1961	Income Tax	33,23,879	2005-06	Commissioner of Income Tax (Appeals)

- (x) The accumulated losses of the Company at the end of the financial year are less than fifty percent of its net worth. Further, the Company has incurred cash loss during the financial year ended on that day but no cash loss was incurred in the immediately preceding financial year.
- (xi) The Company has defaulted in repayment of dues to banks, financial institution and debenture holders as under:

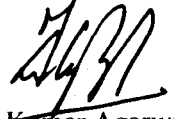
Name of the Bank / Financial Institution	Amount of Default	Nature of Dues	Due Date	Date of ratifying the default
Yes Bank	1,25,00,000	Principal	05.04.2008	09.04.2008
Yes Bank	1,25,00,000	Principal	05.05.2008	06.05.2008
Yes Bank	1,25,00,000	Principal	05.07.2008	11.07.2008

Yes Bank	1,25,00,000	Principal	05.09.2008	08.09.2008
Yes Bank	1,25,00,000	Principal	05.11.2008	06.11.2008
HDFC Bank	1,00,00,000	Principal	30.09.2008	13.10.2008
Bank of India	60,00,00,000	Principal	01.10.2008	06.10.2008
State Bank of India	5,25,514	Interest	31.10.2008	01.11.2008
State Bank of India	4,87,377	Interest	31.07.2008	01.08.2008
State Bank of India	4,96,849	Interest	31.12.2008	01.01.2009
State Bank of India	4,71,575	Interest	31.01.2009	01.02.2009
LIC Mutual Fund	4,83,01,370	Interest on Debentures	30.09.2008	16.10.2008
Deutsche Services P. Limited	4,17,21,918	Interest on Debentures	25.02.2009	21.05.2009
Deutsche Bank	1,05,30,334	Principal	07.02.2009	24.06.2009
Deutsche Bank	63,84,997	Principal	09.02.2009	23.04.2009
Deutsche Bank	2,06,51,018	Principal	10.02.2009	24.04.2009
Deutsche Bank	43,72,136	Principal	11.02.2009	08.07.2009
Deutsche Bank	85,90,968	Principal	12.02.2009	15.07.2009
Deutsche Bank	53,16,789	Principal	13.02.2009	15.07.2009
Deutsche Bank	59,26,198	Principal	18.02.2009	15.07.2009
Deutsche Bank	2,49,13,828	Principal	26.02.2009	Outstanding on the date of Report
Deutsche Bank	65,45,780	Principal	27.02.2009	Outstanding on the date of Report
Deutsche Bank	1,83,23,781	Principal	05.03.2009	Outstanding on the date of Report
Deutsche Bank	1,20,37,954	Principal	06.03.2009	Outstanding on the date of Report
Deutsche Bank	1,60,54,443	Principal	09.03.2009	Outstanding on the date of Report

- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has given guarantee for a loan taken by a Director, the terms and conditions of which are prima facie not prejudicial to the interest of the Company.
- (xvi) The term loans were applied for the purpose for which they were obtained.
- (xvii) On an overall examination of the balance sheet of the Company, we report that the Company has utilized an amount of Rs. 40.78 crores towards long term investment out of the short term funds raised from banks.

- (xviii) The company has not made any preferential allotments of equity shares to the parties listed in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) No fraud on or by the company has been noticed or reported during the course of our audit.

For Haribhakti & Co.,
Chartered Accountants



(Raj Kumar Agarwal)
Partner

Place: New Delhi
Date: July 22, 2009

VISHAL RETAIL LIMITED

Balance Sheet as at 31st March'2009

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March'2009	31st March' 2008
<u>SOURCES OF FUNDS</u>			
<u>Shareholders' Funds</u>			
Share Capital	1	223,988,690	223,988,690
Reserves & Surplus	2	1,664,620,845	2,487,645,388
		1,888,609,535	2,711,634,078
<u>Loan Funds</u>			
Secured Loan	3	3,720,704,762	4,489,038,480
Unsecured Loan	4	3,787,365,263	818,509,462
		7,508,070,025	5,307,547,942
Deferred Tax Liability			21,965,802
Total		9,396,679,560	8,041,147,822
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets</u>			
Gross Block	5	3,725,293,220	2,623,006,801
Less: Accumulated Depreciation & Amortization		1,020,686,487	533,666,371
Net Block		2,704,606,733	2,089,340,430
Capital Work in Progress		62,560,068	205,060,070
		2,767,166,801	2,294,400,500
Investments	6	2,556,280	1,250,000
Deferred Tax Assets		447,970,695	-
<u>Current Assets, Loans & Advances</u>			
Sundry Debtors	7	28,559,388	-
Inventories	8	6,670,812,612	5,574,676,918
Cash & Bank Balances	9	149,389,527	557,280,610
Loans & Advances	10	1,139,924,953	1,200,440,024
		7,988,686,480	7,332,397,552
Less: Current Liabilities & Provisions			
Current Liabilities	11	1,473,166,550	1,138,947,868
Provisions	12	458,366,006	447,952,361
		1,931,532,556	1,586,900,229
Net Current Assets		6,057,153,924	5,745,497,322
Profit & Loss Accounts		121,831,859	-
Total		9,396,679,560	8,041,147,822
Significant Accounting Policies & Notes on Accounts forming integral part of balance sheet	20		

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

For and on behalf of the Board

Vishal Retail Limited

sd/-
Raj Kumar Agarwal
(Partner)
M. No. 074715

sd/-
Ram Chandra Agarwal
Managing Director

sd/-
Uma Agarwal
Director

sd/-
Arun Gupta
Company Secretary

Place : New Delhi
Date: 22nd July 2009

VISHAL RETAIL LIMITED

Profit and Loss Account for the year ended 31st March'2009

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March'2009	31st March' 2008
<u>INCOME</u>			
Gross Sales	13	13,930,312,861	10,053,135,126
Less : VAT		697,969,788	523,387,184
Net Sales		13,232,343,073	9,529,747,942
Other Income	14	94,835,402	77,610,878
Total (A)		13,327,178,475	9,607,358,819
<u>EXPENDITURE</u>			
Cost of goods sold	15	9,136,813,725	5,624,666,214
Manufacturing, Administrative and other expenses	16	2,358,819,266	1,532,526,196
Employee Cost	17	1,224,069,482	723,121,989
Selling & Distribution Expenses	18	532,118,380	440,474,090
Finance Cost	19	963,264,324	378,707,116
Depreciation & Amortization	5	488,032,515	275,993,735
Total (B)		14,703,117,693	8,975,489,340
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(1,375,939,217)	631,869,479
Prior Period Adjustments (Net)		27,729,636	-
PROFIT/(LOSS) BEFORE TAX		(1,403,668,853)	631,869,479
Less: <u>Provision for Tax</u>			
: Income Tax			214,552,392
: Deferred Tax Adjustments		(469,936,497)	3,941,925
: Fringe Benefit Tax		11,055,592	6,893,220
: Wealth Tax		68,454	79,681
PROFIT/(LOSS) AFTER TAX		(944,856,402)	406,402,262
Balance brought forward from last year		823,024,543	416,622,282
BALANCE CARRIED TO BALANCE SHEET		(121,831,859)	823,024,543
Basic Earning Per Share (Rs.)		(42.18)	18.95
Diluted Earning Per Share (Rs.)		(42.18)	18.95
Nominal Value per share		10.00	10.00
(Refer Note B-23 in Schedule 20)			
Significant Accounting Policies & Notes on Accounts forming integral part of profit & loss accounts	20		

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

sd/-

Raj Kumar Agarwal

(Partner)

M. No. 074715

sd/-

Ram Chandra Agarwal

Managing Director

DIN - 00491885

For and on behalf of the Board

Vishal Retail Limited

sd/-

Uma Agarwal

Director

DIN - 00495945

sd/-

Arun Gupta

Company Secretary

Place : New Delhi

Date: 22nd July 2009

VISHAL RETAIL LIMITED

Cash Flow Statement for the year ended 31st March, 2009

PARTICULARS	Amount in Rs.	
	31st MARCH' 2009	31st MARCH' 2008
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(1,375,939,217)	631,869,480
Adjustments For :		
Depreciation/Amortisation	488,032,515	275,993,735
Prior Period Items	(27,729,636)	
Loss on Sale of Fixed Assets	1,120,547	
Interest on MSME (Provision)	3,181,680	
Provision for Bonus	19,274,701	20,245,919
Provision for Gratuity	10,148,341	3,898,541
Provision for Leave Encashment	(10,858,742)	17,789,822
Provision for other Expenses	93,326,632	95,560,713
Interest on Loan	963,264,324	378,707,116
Interest & Dividend received	(16,483,990)	(13,223,857)
Operating Profit before working capital changes	147,337,155	1,410,841,468
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Advances & Receivables	141,676,048	(427,917,328)
(Increase)/Decrease in Inventories	(1,096,135,693)	(3,083,200,457)
Increase/(Decrease) in Trade Payable	435,065,561	319,583,251
Increase/(Decrease) in Other Payable	(209,219,603)	54,376,997
	(728,613,687)	(3,137,157,536)
Cash generated from operations	(581,276,532)	(1,726,316,068)
Direct Taxes Paid	(77,418,504)	(240,899,327)
Cash generated from operations before Extraordinary Items	(658,695,036)	(1,967,215,396)
Net Cash from Operating Activities [A]	(658,695,036)	(1,967,215,396)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,100,831,310)	(1,159,005,371)
Realisation against Sale of Fixed Assets	1,682,800	
Interest received	16,483,990	13,223,857
Net Cash from Investing Activities [B]	(1,082,664,520)	(1,145,781,513)
C. Cash Flow from Financing Activities		
Proceeds from issuance of share capital		1,099,999,980
Proceeds from issuance of Debentures	1,200,000,000	(600,000,000)
IPO Expenses		(62,390,515)
Proceeds/(Repayment) of Bank Borrowings	(768,333,718)	2,934,820,818
Investment In other Co's	(1,306,280)	(1,250,000)
Proceeds/(Repayment) of Unsecured Loan	1,768,855,801	569,890,736
Interest paid on loan	(865,747,329)	(378,707,116)
Net Cash from Financing Activities [C]	1,333,468,474	3,562,363,904
Net Increase/(Decrease) in Cash & Cash Equivalents [A+B+C]	(407,891,082)	449,366,995
Cash & Cash equivalents as at 01.04.2008	557,280,610	107,913,615
Cash & Cash equivalents as at 31.03.2009	149,389,527	557,280,610

Note : Cash & cash equivalent consists of cash in hand, cash in transit - CMS & bank balances

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

For and on behalf of the Board

Vishal Retail Limited

sd/-

Raj Kumar Agarwal

(Partner)

M. No. 074715

sd/-

Ram Chandra Agarwal

Managing Director

sd/-

Uma Agarwal

Director

sd/-

Arun Gupta

Company Secretary

Place : New Delhi

Date: 22nd July 2009

VISHAL RETAIL LIMITED
Schedules attached to Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
1	<u>SHARE CAPITAL</u>		
	Authorised		
	<u>Equity Share Capital</u>	300,000,000	250,000,000
	30,000,000 (25,000,000) Equity Shares of Rs. 10/- each		
	<u>Preference Share Capital</u>	58,400,000	58,400,000
	4,00,000 (4,00,000) Preference Shares of Rs. 146/- each		
		358,400,000	308,400,000
	Issued, Subscribed & Paid up		
	<u>Equity Share Capital</u>	223,988,690	223,988,690
	2,23,98,869 (2,23,98,869) Equity Shares of Rs. 10/- each, fully paid up in cash		
		223,988,690	223,988,690
2	<u>RESERVES & SURPLUS</u>		
	Securities Premium		
	Balance brought forward	1,664,620,845	667,752,120
	Add: Additions during the year		1,059,259,240
		1,664,620,845	1,727,011,360
	Less: IPO-Expenses	-	(62,390,515)
		1,664,620,845	1,664,620,845
	Balance as per Profit & Loss Account	-	823,024,543
		1,664,620,845	2,487,645,388
3	<u>SECURED LOAN</u>		
	<u>Term Loan</u>		
	a).From banks	1,178,774,754	1,951,440,221
	<u>Working Capital Loan from Bank</u>		
	a).From banks	2,320,849,360	2,354,458,917
	<u>Vehicle Loan</u>		
	a).From banks	33,589,333	40,500,730
	b).From others	611,258	-
	(Refer note B-3 in Sechedule no. 20 for the securities given on these loans)		
	<u>Other Loans</u>		
	a).From banks	106,477,347	112,928,280
	b).From others	80,402,710	29,710,332
	(Secured by specific assets & personal guarantee of Managing Director)		
		3,720,704,762	4,489,038,480

VISHAL RETAIL LIMITED
Schedules attached to Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
4	<u>UNSECURED LOAN</u>		
	1). Non Convertible Debentures		
	LIC Mutual Fund 10.25%	1,000,000,000	-
	[Refer Note B-24 of Schedule 20]		
	Deutsche Trustee Services (I) Pvt. Ltd. 9.75%	500,000,000	300,000,000
	[Repayable on 25.08.2009]		
	2). Bill Discounting :		
	a). From banks	493,811,919	381,391,140
	b). From others	86,180,656	109,080,530
	3). Short Term Loans		
	a). From banks	1,626,534,896	-
	b). From others	20,837,792	28,037,792
	4). Loan		
	a). From Directors [Max. Balance Rs. 85,500,000/- PY. Nil]	60,000,000	-
		3,787,365,263	818,509,462
6	<u>INVESTMENTS</u>		
	<u>Long Term Unquoted at Cost</u>		
	<u>In subsidiary companies</u>		
	VRL Infrastructure Limited	250,000	250,000
	(25,000 [P.Y. 25000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Consumer Goods Limited	500,000	250,000
	(50,000 [P.Y. 25000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Movers Limited	250,000	250,000
	(25,000 [P.Y. 25000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Fashions Limited	500,000	250,000
	(50,000 [P.Y. 25000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Foods Limited	500,000	250,000
	(50,000 [P.Y. 25000] equity shares of Rs. 10/- each , fully paid up)		
	VRL Retail Ventures Limited	250,000	-
	(25,000 [P.Y. NIL] equity shares of Rs. 10/- each , fully paid up)		
	VRL Knowledge Process Limited	250,000	-
	(25,000 [P.Y. NIL] equity shares of Rs. 10/- each , fully paid up)		
	<u>In Joint Venture companies</u>		
	VRL Retailer Business Solutions Pvt. Ltd	56,280	-
	(5628 [P.Y. NIL] equity shares of Rs. 10/- each , fully paid up)		
		2,556,280	1,250,000
7	<u>SUNDRY DEBTOR</u>		
	(Unsecured Considered Goods, unless otherwise stated)		
	Outstanding for period exceeding Six months	105,000	-
	Other Debt	28,454,388	-
		28,559,388	-
8	<u>INVENTORIES</u>		
	(as taken, valued & certified by the management)		
	Raw Materials	146,612,871	115,967,279
	Semi Finished Goods	72,236,279	101,188,333
	Stitching Materials & Consumables	65,317,317	40,118,026
	Finished Goods	6,386,646,145	5,317,403,280
		6,670,812,612	5,574,676,918

VISHAL RETAIL LIMITED
Schedules attached to Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
9	<u>CASH & BANK BALANCES</u>		
	Cash in hand (as certified by the management)	45,142,622	43,718,457
	Cash in Transit -CMS	24,887,841	51,680,369
	<u>Balance with Scheduled Banks</u>		
	In Current Accounts	53,558,066	406,308,103
	In Fixed Deposit Accounts	25,800,998	55,573,681
	(Refer Note No. B-5 of Schedule 20)	149,389,527	557,280,610
10	<u>LOANS & ADVANCES</u>		
	<u>(Unsecured & considered good, unless otherwise stated)</u>		
	Income Tax Advances	441,806,968	364,388,464
	Input Vat Receivable	-	6,869,756
	Others Deposits/Advances	410,237,928	350,418,605
	Advances to Subsidiary Companies		
	- VRL Infrastructure Limited (Maximum Balance Rs. 4,38,386/- P.Y. Rs. Nil)	438,386	-
	-VRL Movers Limited (Maximum Balance Rs. 2,600,000/- P.Y. Rs. Nil))	182,586	-
	Advances receivable in cash or in kind or for value to be received	287,259,085	478,763,198
		1,139,924,953	1,200,440,024
11	<u>CURRENT LIABILITIES</u>		
	<u>SUNDRY CREDITORS(Unsecured)</u>		
	-Dues to Micro, Medium & Small Enterprises	28,997,664	-
	-Others	911,040,870	501,791,293
	Other Liabilities	319,479,702	411,696,491
	Due to Directors (Max Balance 7,49,850/- P.Y Rs. Nil)	749,850	-
	Bank Balance (Cheque Overdraft)	115,381,468	225,460,084
	Interest Accrued But Not Due	97,516,996	-
		1,473,166,550	1,138,947,868
12	<u>PROVISIONS</u>		
	Provision for Gratuity	20,152,526	10,004,185
	Provision for Leave Encashment	6,931,080	17,789,822
	Provision for Taxes	431,282,400	420,158,354
		458,366,006	447,952,361

VISHAL RETAIL LIMITED
Schedules attached to Profit & Loss Account

		Amount in Rs.	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
13	<u>SALES</u>		
	Retail Sales	13,232,343,073	9,529,747,942
	VAT	697,969,788	523,387,184
	Gross Sales	13,930,312,861	10,053,135,126
14	<u>OTHER INCOME</u>		
	Interest Recd [T.D.S. Rs. 2174544/- (P.Y. 2931148/-)]	12,174,746	13,223,857
	Misc Income [T.D.S. Rs. 303739/- (P.Y. 1409138/-)]	55,781,797	37,549,275
	Display Charges [T.D.S. 163446/- (P.Y. 563202/-)]	22,569,615	17,746,445
	Dividend Income [T.D.S. NIL (P.Y. NIL)]	4,309,244	9,091,301
		94,835,402	77,610,878
15	<u>COST OF GOODS</u>		
	Cost of Goods Sold	9,136,813,725	5,624,666,214
		9,136,813,725	5,624,666,214
16	<u>MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES</u>		
	Fabrication & Other Manufacturing Expenses	87,369,357	87,360,913
	Power & Fuel Expenses	476,728,829	297,221,875
	Rent Charges	1,005,833,837	606,954,016
	Repairs & Maintenance - Building	42,388,184	44,518,091
	Repairs & Maintenance - Plant & Machinery	4,497,714	5,823,426
	Repairs & Maintenance - Others	210,988,108	155,338,320
	Insurance Charges	12,243,412	8,293,954
	Rates & Taxes	39,503,364	57,931,295
	Bank Charges	20,384,443	11,208,662
	Consultancy & Legal	64,465,140	27,092,640
	Motor Vehicle Expenses	12,287,028	6,532,685
	Printing & Stationery	70,981,455	30,239,233
	Security Service Charges	75,066,314	47,257,956
	Housekeeping Expenses	73,825,555	41,904,840
	Filing Fees	257,500	30,837
	Telephone Expenses	49,683,421	28,959,912
	Travelling & Conveyance	38,115,325	23,626,593
	Other Expenses	38,415,079	28,577,953
	Postage & Couriers Expenses	3,053,009	1,914,664
	Auditor Remuneration	2,120,914	1,750,000
	Loss on Fixed Asset Sales	1,120,547	-
	Credit Cards Charges	29,490,731	19,988,331
		2,358,819,266	1,532,526,196

VISHAL RETAIL LIMITED
Schedules attached to Profit & Loss Account

		Amount in Rs.	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
17	<u>PERSONNEL EXPENSES</u>		
	Gratuity Expenses	10,148,341	3,898,541
	Salary, Wages & Bonus	1,096,374,905	630,835,376
	Contribution to PF & others	65,596,180	47,459,581
	Staff Welfare Expenses	42,012,880	30,818,191
	Directors Remuneration	9,937,176	10,110,300
		1,224,069,482	723,121,989
18	<u>SELLING & DISTRIBUTION EXPENSES</u>		
	Advertisement & Sales Promotion	293,506,916	279,015,448
	Commission Charges	35,632,936	19,396,099
	Transportation Charges	165,448,878	135,842,654
	Packing Materials & Expenses	37,529,650	6,219,889
		532,118,380	440,474,090
19	<u>FINANCE COST</u>		
	Loan Processing Charges	38,239,006	14,656,406
	Interest on Bill Discounting	88,987,421	35,416,126
	Interest on Term Loans	108,549,523	107,981,536
	Interest on Unsecured Loans	14,937,877	11,957,348
	Interest on Vehicle Loans	5,045,393	11,351,517
	Interest on Working Capital Loans	536,292,559	170,044,184
	Interest on Debentures	171,212,545	27,300,000
		963,264,324	378,707,116

VISHAL RETAIL LIMITEDSCHEDULES ATTACHED TO BALANCE SHEET**SCHEDULE : 5 - FIXED ASSETS**

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As at 01.04.08	Addition	Disposal	As at 31.03.2009	As at 01.04.08	Addition	Reversal	As at 31.03.2009	As at 31.03.2009	As at 31.03.08
TANGIBLE ASSETS										
Free Hold Land	107,995,114	-	-	107,995,114	-	-	-	-	107,995,114	107,995,114
Lease Hold Land	69,181,044	-	-	69,181,044	909,778	2,767,242	-	3,677,020	65,504,025	68,271,266
Lease Hold Buildings	49,154,953	-	-	49,154,953	646,421	1,966,198	-	2,612,619	46,542,334	48,508,531
Buildings	145,242,898	83,547,776	-	228,790,673	6,004,589	11,005,499	-	17,010,088	211,780,585	139,238,310
Plant & Machinery	88,918,165	29,128,131	-	118,046,296	16,877,481	12,950,347	-	29,827,828	88,218,469	72,040,684
Lift	18,849,154	875,000	-	19,724,154	5,050,232	1,934,769	-	6,985,001	12,739,153	13,798,922
Generator Set	194,251,609	61,848,980	-	256,100,589	31,133,930	27,812,783	-	58,946,713	197,153,875	163,117,679
Furniture & Fixture	791,344,527	348,052,032	-	1,139,396,559	173,078,485	148,461,310	-	321,539,795	817,856,764	618,266,042
Electrical Equipments & Fittings	225,394,211	128,615,945	-	354,010,156	43,040,806	35,329,046	-	78,369,852	275,640,304	182,353,405
Office Equipments	106,159,344	87,801,003	-	193,960,346	11,266,236	20,741,823	-	32,008,059	161,952,287	94,893,108
Air Conditioner	254,776,804	157,675,152	-	412,451,956	39,060,284	42,625,555	-	81,685,839	330,766,116	215,716,520
Computer	386,593,753	169,081,883	-	555,675,635	152,367,827	128,065,317	-	280,433,145	275,242,491	234,225,926
Video Conference Systems	45,151,245	7,836,061	-	52,987,306	9,188,263	16,850,196	-	26,038,459	26,948,847	35,962,982
Motor Vehicles	102,319,275	27,902,582	3,815,745	126,406,112	31,136,151	23,490,164	1,012,398	53,613,916	72,792,196	71,183,124
INTANGIBLE ASSET										
Computer Softwares	37,674,706	3,737,620	-	41,412,325	13,905,888	14,032,267	-	27,938,155	13,474,173	23,768,818
TOTAL	2,623,006,801	1,106,102,163	3,815,745	3,725,293,218	533,666,371	488,032,515	1,012,398	1,020,686,488	2,704,606,730	2,089,340,431
PREVIOUS YEAR	1,329,272,544	1,293,734,257	-	2,623,006,801	257,672,636	275,993,735	-	533,666,371	2,089,340,430	1,071,599,906

VISHAL RETAIL LIMITED

Schedule -20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.**A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as prescribed in the Companies (Accounting Standard) rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Accounting policies have been consistently applied by the Company except where a newly accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent assets & liabilities as at the date of the financial statements and reported amount of revenue and expenses during the reported period. Actual results could differ from those estimates. Any changes in estimates are adjusted prospectively.

3. Revenue Recognition

- a. Retail sales and revenue are recognized on delivery of the merchandize to the customer, when the property in the goods is transferred for a price and significant risk and rewards have been transferred and no effective ownership controlled is retained. Sales are net off discounts and sales return, sales tax/ value added tax are reduced from turnover.
- b. In respect of gift vouchers sale is recognized when the gift vouchers are redeemed.
- c. Revenue from display are recognized based on the period for which product are displayed.
- d. Dividend income is recognized, when the right to receive the same is established.
- e. Interest is recognized on accrual basis.

4. Inventories

Inventories are valued as follows:

- a) Stores, Packing material : at cost
- b) Raw materials & Stitching materials : at cost
- c) Finished goods: at lower of cost and net realizable value
- d) Work in Progress : at cost

Cost of inventory comprises of cost of purchase .Cost is determined by the weighted moving average cost method.

5. Fixed Assets and Depreciation / Amortization**a)Tangible Assets**

Tangible assets are stated at their cost of acquisition less accumulated depreciation and accumulated impairment losses thereon, if any. Cost includes all cost incurred to bring the assets

to its present location and condition. Fixed assets under construction and cost of assets not put to use before the year end are disclosed as Capital work-in-progress

Depreciation except for the below mentioned assets, is provided on W.D.V. basis, at the rates prescribed by 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 days of addition/put to use or disposal.

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

Lease hold land is amortized over the period of lease.

Building acquired on lease hold land is depreciated over the period of lease.

The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter.

b) Intangible Assets

Intangible Assets (Computer software) are stated at their cost of acquisition, less accumulated amortization and accumulated impairment losses 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.

For computer software, the company has adopted the policy to write it off within a period of three years.

6. Impairment of Assets

An asset is treated as impaired when the carrying value of asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cashflows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. An impairment loss is charged to Profit & Loss Account in the year in which the asset is impaired and the impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of recoverable amount. For the purpose of assessing impairment assets are grouped at lowest level of cash generating units.

7. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency assets and liabilities (except those covered by forward contracts) are translated into Indian Rupees at the exchange rate prevailing at the Balance Sheet date. All exchange differences are dealt with in the profit and loss account.

8. Employee Benefits

(a) Short term employee benefits:

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

- (b) Long term employee benefits:
- (i) Defined contribution plans:
The Contributions for Provident Funds & E.S.I.C. are deposited to the appropriate government authorities and are recognized in the Profit & Loss Account in the financial year to which they relate.
- (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.

Other long term employee benefits:

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

9. Investments

Investments are classified into long term and current investments based on the intent of the management at the time of acquisition. Long-term investments including investments in subsidiaries are stated at cost. Provision for diminution is being made if necessary to recognize a decline, other than temporary in the value thereof. Current Investments are stated at the lower of cost and market/ fair value.

10. Leases

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

11. Taxation

- a) Tax expenses comprises of Current Tax, Deferred Tax, Fringe Benefit Taxes. Current Income Tax and Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.
- b) Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax clause enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future where as in case4s of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if there is virtual certainty of realization backed by convincing evidence. Deffered tax assests are reviwed at each balance sheet date.

realization backed by convincing evidence. deferred tax assets are reviewed at each balance sheet date.

12. Earnings per share

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

13. Provisions & Contingent Liabilities

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

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

B. NOTES TO ACCOUNTS

1. Contingent liabilities not provided for:

	Particulars	31 st March 2009	31 st March 2008
a.	Outstanding Bank Guarantees	6,263,297	7,110,000
b.	Outstanding Letter of Credit	1,317,661	Nil
c.	Guarantees given by the Company for the loan taken by the directors	21,000,000	21,000,000
d..	Disputed Sales Tax Demands - matter under appeal	4,687,235	3,639,813
e.	Disputed Entry Tax Demands- matter under appeal	Nil	6,44,200
f.	Disputed Excise Duty demands – matter under appeal	3,201,968	Nil
g.	Disputed Liability in respect of Income Tax demands - matter under appeal	3,323,879	Nil
h.	Disputed demands with respect of Litigation with the Labour Departments	4,422,744	Nil
i.	Claims against the Company not acknowledged as debts	134,613,270	2,038,674
	Total	178,830,054	34,432,687

2. Capital Commitments:

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

	Particulars	31 st March 2009	31 st March 2008
a.	Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	1,93,67,312	6,34,57,988
b.	Capital Commitments towards fixed assets	Nil	44,128,000

3. Securities against Loans.

Banker /	Facility Type	Securities
State Bank of India	Working Capital, SLC, and Term Loan	<p>i. Primary Security <u>First Charge</u> On all Stocks of Raw Material, Stores, Spares, Stock in Progress, finished goods, Book debts (present & future) and all other current assets of the Company</p> <p>ii. Collateral Security <u>First Charge</u> Equitable Mortgage of commercial property in the name of Vishal Water World Private Limited located at Kouchpukur, P.O. Hatgachia, Dist, 24 Parganas (WB) admeasuring 17 Acres.</p> <p><u>Second Charge:</u></p> <ol style="list-style-type: none"> Equitable Mortgage of part of property located at PJE Plaza, Deg No. 77-78, 81,82 Khasra No. 655-11-5-12, Mauza-Kyenjra, VIP Road, Kolkatta-59 Equitable Mortgage of property bearing Khasra No. 122/43, 122/44 located at Central Hope Town (Selakui), Pargana Pachwa Doon, Tehsil Vikas Nagar, Dist. Dehradun Equitable Mortgage of property located at Krishnapur Village TQ: Hubli District: Dharwad, measuring 26 Acres, 22 Guntas, 02 Annas, comprised in R.S. No. 98/4, 106/2/2A, 106/2B+1A1M, 106A/1A2, 107, 108, 109B/2, area 82830 Sq. Ft. <p>iii. Personal Guarantee Mr. R.C.Agarwal (CMD), Mrs. Uma Agarwal (Director) and Mr. Surendra Kumar Agarwal (Director)</p> <p>iv. Corporate Guarantee Vishal Water World Private Limited</p>

HSBC Limited	Working Capital and Term Loan	<p>i. Primary Security <u>First Charge</u> On all Stocks of Raw Material, Stores, Spares, Stock in Progress, finished goods, Book debts (present & future) and all other current assets of the Company</p> <p>ii. Collateral Security <u>First Charge:</u> Equitable Mortgage of commercial property in the name of Vishal Water World Private Limited located at Kouchpukur, P.O. Hatgachia, Dist, 24 Parganas (WB) admeasuring 17 Acres.</p> <p><u>Second Charge:</u></p> <ol style="list-style-type: none"> 1. Equitable Mortgage of part of property located at PJE Plaza, Deg No. 77-78, 81,82 Khasra No. 655-11-5-12, Mauza-Kyenjra, VIP Road, Kolkatta-59. 2. Equitable Mortgage of property bearing Khasra No. 122/43, 122/44 located at Central Hope Town (Selakui), Pargana Pachwa Doon, Tehsil Vikas Nagar, Dist. Dehradun 3. Equitable Mortgage of property located at Krishnapur Village TQ: Hubli District: Dharwad, measuring 26 Acres, 22 Guntas, 02 Annas, comprised in R.S. No. 98/4, 106/2/2A, 106/2B+1A1M, 106A/1A2, 107, 108, 109B/2, area 82830 Sq. Ft. <p>iii. Personal guarantee of Mr. R.C.Agarwal (CMD), Mrs. Uma Agarwal and Mr. Surendra Kumar Agarwal.</p> <p>iv. Corporate guarantee of Vishal Water World Private Limited.</p>
HDFC Bank Limited	Working Capital, Term Loan	<p>i. Primary Security <u>First Charge</u> On all Stocks of Raw Material, Stores, Spares, Stock in Progress, finished goods, Book debts (present & future) and all other current assets of the Company</p> <p>ii. Collateral Security <u>First Charge:</u> Equitable Mortgage of commercial property in the name of Vishal Water World Private Limited located at Kouchpukur, P.O. Hatgachia, Dist, 24 Parganas (WB) admeasuring 17 Acres.</p> <p><u>Second Charge:</u></p> <ol style="list-style-type: none"> 1. Equitable Mortgage of part of property located at PJE Plaza, Deg No. 77-78, 81,82 Khasra No. 655-11-5-12, Mauza-Kyenjra, VIP Road, Kolkatta-59

		<p>2. Equitable Mortgage of property bearing Khasra No. 122/43, 122/44 located at Central Hope Town (Selakui), Pargana Pachwa Doon, Tehsil Vikas Nagar, Dist. Dehradun.</p> <p>3. Equitable Mortgage of property located at Krishnapur Village TQ: Hubli District: Dharwad, measuring 26 Acres, 22 Guntas, 02 Annas, comprised in R.S. No. 98/4, 106/2/2A, 106/2B+1A1M, 106A/1A2, 107, 108, 109B/2, area 82830 Sq. Ft.</p> <p>iii. Personal guarantee of Mr. R.C. Agarwal (CMD), Mrs. Uma Agarwal and Mr. Surendra Kumar Agarwal.</p> <p>iv. Corporate guarantee of Vishal Water World Private Limited.</p>
Barclays Bank Plc.	Working Capital	Unconditional & irrevocable personal guarantee of Mr. R.C. Agarwal (CMD) and Corporate Guarantee of Vishal Water World Pvt. Ltd.
ING Vysya Bank	Short Term Loan	Unconditional & irrevocable personal guarantee of Mr. R.C. Agarwal (CMD) and Corporate Guarantee of Vishal Water World Pvt. Ltd.
HDFC Bank Ltd.	Loan against Property	First charge on Jabalpur property and Ground Floor of property located at VIP Road Kolkata
Bank of India	Corporate Loan	<u>Collateral security</u> : First charge on specific immovable property of the value of minimum of Rs. 50 Lacs and Equitable mortgage of property located at Central Hope Town (Selaqui) Dehradun, Pledge of 7,70,000 fully paid-up equity shares of Vishal Retail Limited in favour of Bank of India and Unconditional & irrevocable personal guarantee of Mr. R.C. Agarwal (CMD) & Mrs. Uma Agarwal
UCO Bank	Corporate Loan	Unsecured, Personal Guarantee of Directors
Development Credit Bank	Bill Discounting	Personal guarantee of Mr. R.C. Agarwal (CMD), Mrs. Uma Agarwal and Mr. Surendra Kumar Agarwal, Directors of the Company
DBS Bank Ltd.	Bill Discounting	Personal guarantee of Mr. R.C. Agarwal (CMD), Mrs. Uma Agarwal and Mr. Surendra Kumar Agarwal, Directors of the Company
Global Trade Finance Ltd.	Bill Discounting	Personal guarantee of Mr. R.C. Agarwal (CMD), Mrs. Uma Agarwal and Mr. Surendra Kumar Agarwal, Directors of the Company
Deutsche Bank AG	Bill Discounting	Personal guarantee of Mr. R.C. Agarwal (CMD), Mrs. Uma Agarwal and Mr. Surendra Kumar Agarwal, Directors of the Company

IFCI Factors Ltd.	Bill Discounting	Personal guarantee of Mr. R.C. Agarwal (CMD), Mrs. Uma Agarwal and Mr. Surendra Kumar Agarwal, Directors of the Company and Promoters holding of 3,00,000 Equity Shares.
SICOM Ltd.	Bill Discounting	Hundies / Bill of Exchange duly stamped & accepted by Company, Personal guarantee of Mr. R.C. Agarwal (CMD) of the Company and Credit Insurance in favor of SICOM.
ICICI Bank	Vehicle Loans	First Charge on Vehicle under finance and Personal guarantee of Promoters
Kotak Mahindra Bank	Vehicle Loans	Charge on Vehicle under finance and Personal guarantee of Promoters.
Reliance Capital Ltd.	Vehicle Loans	Charge on Vehicle under finance and Personal guarantee of Promoters.
Intec Securities Limited	Equipment Finance	Security deposit-40% of the amount financed, Charge on Equipment under finance and Personal Guarantee of Promoters.
Unitel Credit Pvt. Limited	Equipment Finance	Security deposit-40% of the amount financed, Charge on Equipment under finance and Personal Guarantee of Promoters.
ICICI Bank	Equipment Finance	Charge on Fixed Assets under finance, and partly secured by FDRs & Personal Guarantee of Promoters.

4. Secured Corporate Loan repayable within a year is Rs. 352,357,918/- (Rs. 1,207,993,219/-).
5. There is a lien on Fixed Deposits of Rs. 9,708,297 /- (Rs. 7,713,454/-) towards Bank Guarantee provided by Banks for the company.
6. In the opinion of the Board, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary.
7. Sundry debtors, Sundry Creditors, Advances and Deposits are subject to confirmation & reconciliation.
8. During the year the company has brought down the value of stocks by Rs. 97.26 Crores covering certain categories of stocks on account of slow/ non- moving/ obsolete/ damaged/ pilfered stock. Further the process of identifying slow/ non- moving/ obsolete/ damaged/ pilfered in other categories, if any, has been initiated.

9. On June 4th, 2009, there was a fire in Distribution Centre at Gurgaon, loss of Inventory was limited (Amount unascertained). There was no significant disruption in the flow of distribution. The financial effect of the above event has not been recognized being it does not represent a condition existing at the Balance Sheet date.

10. Investment Sold & Purchased during the year:

Particulars	Face Value	Units	Amount
Opening Balance		-	-
Investment Sold & Purchased during the year			
Mirae Asset Ultra Short Term Bond Fund-Super Investment Dividend Plan Daily Reinvestment	1000	99860.345	10,00,00,000
LIC Income Plus Fund Daily Dividend Plan	10	50000000.00	50,00,00,000
Templeton India Ultra Short Bond Fund Super Institutional Plan Daily Dividend Reinvestment	1000	9981235.278	10,00,00,000
DSP Black Rock Money Manager Fund Institutional Plan-Daily Dividend	1000	649415.526	65,00,00,000
DSP Black Rock Money Manager Fund Institutional Plan-Daily Dividend	1000	199980.002	20,00,00,000
Closing Balance		-	-

11. The details of Managerial Remuneration paid to Directors

(Amount in Rs.)

Name of The Directors	Basic		Exgratia		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Mr. R.C. Agrawal	6,000,000	6,000,000	-	-	6,000,000	6,000,000
Mrs. Uma Agrawal	900,000	900,000	-	-	900,000	900,000
Mr. S.K. Agrawal	3,037,176	2,818,800	-	391,500	3,037,176	3,210,300
Total	9,937,176	97,18,800	-	391,500	9,937,176	10,110,300

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

Based on the profits of last nine months of the year, the company had paid remuneration to the directors as per approval accorded by the shareholders. As the company has incurred losses during the current year; the remuneration paid is in excess of the limits prescribed by the Companies Act, 1956. The Company is in the process of obtaining approval of shareholders and Central Government for such excess payment.

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

(Amount in Rs.)

Particulars	2008-09	2007-08
Statutory Audit	15,00,000	1,500,000
Limited Review	3,75,000	250,000
Other Matters	-	25,000
Out of Pocket Expenses	45,064	110,754

13. The company has provided for interest amounting Rs. 31,81,680/- (Previous Year Rs. Nil) on delayed payments and outstanding balance of MSME Creditors as on 31st March, 2009. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.
14. The Company has only one business & geographical segment namely viz. retail sales of garments, textiles, accessories and FMCG in India, which in the context of AS-17 on "Segment Reporting" issued by ICAI constitute a single reporting segment.
15. During the year, the company has increased its investment in three subsidiary companies from 50% of Share Capital to 100% of Share Capital thereby converting them into its wholly owned subsidiary companies. Accordingly: VRL Consumer Goods Limited, VRL Foods Limited and VRL Fashions Limited are wholly owned subsidiary companies.

During the year, the following companies have become subsidiary of the company:

S.No.	Name of the Subsidiary Company	% of Holding as on 31.03.2009
1.	VRL Retail Ventures Limited	50.00%
2.	VRL Knowledge Process Ltd.	50.00%

16. Details of Interest in Joint Ventures :

During the year, the company has entered into a Joint Venture Agreement with VRL Retailer Business Solutions Private Limited.

Name of the Company	Description of Interest	Country of Incorporation	Percentage Interest as at 31.03.09	Percentage Interest as at 31.03.08
VRL Retailer Business Solutions Pvt. Ltd.	Equity	India	5.00%	Nil

	As at 31.03.2009		For the year ended 31.03.2009	
Name	Assets (Rs.)	Liability (Rs.)	Income (Rs.)	Expenditure (Rs.)
VRL Retailer Business Solutions Pvt. Ltd	23,26,308	1,22,343	1,406	75,437

The above figures are based on latest available unaudited accounts, drawn on the respective dates.

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

(Amount in Rs.)

Loans and Advance in the Nature of Loans given to Subsidiary and Associates	As at 31.03.2009		As at 31.03.2008	
	Outstanding Balance	Maximum Balance	Outstanding Balance	Maximum Balance
Loans to Subsidiaries:	4,38,386	4,38,386	Nil	Nil
1. VRL Infrastructure Limited	1,82,586	26,00,000	Nil	Nil
2. VRL Movers Limited				

18. The company has provided for in respect of amount payable to Labour Welfare fund for the current year; the same was not identified for earlier year & the financial impact of the same cannot be ascertained. However, the Company is of the opinion that the same would not be material.

19. As per Accounting Standard (AS) 22, "Accounting for Taxes" on Income issued by ICAI, the Deferred Tax Asset/Liability comprises the following:

Particulars	As at 31.03.2009	As at 31.03.2008
Deferred Tax Liabilities		
On account of depreciation	35,468,232	35,160,218
Total Deferred Liabilities	35,468,232	35,160,218
Deferred Tax Assets		
Provision for Gratuity	6,849,844	1,325,114
Provision for Leave Encashment	2,355,874	6,046,760
Bonus	6,551,471	6,881,589
Carry Forward of Losses	467,681,738	
Late Payment of TDS	-	(1,059,045)
Total Deferred Assets	483,438,927	13,194,417
Net Deferred Tax (Assets)/ Liabilities	(447,970,695)	21,965,802

20. The Company has adopted Accounting Standard 15(revised 2005) "Employee Benefits". The Company has classified various employee benefits as under:

a) Defined Contribution Plans

i. Provident fund

ii. State Defined Contribution Plans

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

Particulars	2008-09	2007-08
Contribution to Provident Fund	44,218,223	3,17,30,271
Contribution to Employee's State Insurance Scheme	21,256,115	1,56,63,868

b) Defined Benefit Plans

Gratuity: Valuations in respect of Gratuity have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

	Particulars	31.3.2009	31.3.2008
(i) Assumptions			
(i)	Discount Rate (Per annum)	7.00%	8.00%
(ii)	Rate of increase in Compensation levels	10.00%	10.00%
(iii)	Rate of Return on Plan Assets	-	-
(iv)	Expected Avg. remaining working lives of employees in no. of Years	31 Years	31 Years
(ii) Changes in present Value of Obligation			
(a)	Present value of Obligation as at 1 st April 2008	1,00,04,185	61,04,644
(b)	Interest Cost	8,00,335	5,06,685
(c)	Past Service Cost	-	-
(d)	Current Service Cost	82,54,984	46,69,770
(e)	Actuarial(Gains)/Loss	10,93,022	(12,76,914)
(f)	Present value of Obligation as at 31 st March, 2009	2,01,52,526	1,00,04,185
(iii) Changes in Fair value of Plan Assets		-	-
(iv) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets			
(a)	Present value of Funded Obligation as at 31 st March, 2009	-	-
(b)	Fair value of Plan Assets as at 31 st March, 2009	-	-
(c)	Funded (Asset)/Liability recognized in the Balance Sheet	-	-
(d)	Present value of Unfunded Obligation as at 31 st March, 2009	20,152,526	1,00,04,185
(e)	Unrecognized Past Service Cost	-	-
(f)	Unrecognized Actuarial(Gain)/Loss	-	-
(g)	Unfunded Net Liability recognized in the Balance Sheet	20,152,526	1,00,04,185
(v) Amounts recognized in the Balance Sheet			
(i)	Present Value of Obligation as at 31 st March 2009	20,152,526	1,00,04,185
(ii)	Fair value of Plan Assets as at 31 st March 2009	-	-
(iii)	(Asset)/ Liability recognized in the Balance Sheet	20,152,526	1,00,04,185
(vi) Expenses recognized in the Profit and Loss Account			
(a)	Current Service Cost	82,54,984	46,69,770
(b)	Past Service Cost	-	-
(c)	Interest Cost	800,335	5,06,685
(d)	Expected Return on Plan Assets	-	-
(e)	Net Actuarial(Gain)/Loss	1,093,022	(12,76,914)
(f)	Employees' Contribution	-	-
(g)	Total Expenses recognized in the Profit and Loss Account	10,148,341	38,99,541

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

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

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

Description of Financial Transaction with related parties

Particulars	2008-09	2007-08
1. Loans Repaid		
Vishal Water World Pvt Ltd.	-	2,250,000
Ram Chandra Agarwal	3,55,00,000	-
Unicon Marketing Pvt Ltd.	76,00,000	18,835,433
2. Loans Granted		
VRL Movers Limited	26,00,000	-
VRL Infrastructure Limited	4,16,984	
VRL Retailer Business Solutions Pvt. Ltd.	33,600	
3. Loans Accepted		
Unicon Marketing Pvt Ltd.	29,00,000	-
Mr. Ram Chandra Agarwal	955,00,000	-
4. Managerial Remuneration		
Mr. Ram Chandra Agarwal	6,000,000	6,000,000
Mrs. Uma Agarwal	900,000	900,000
Mr. Surendra Kumar Agarwal	3,037,176	3,210,300

5. Investment in Subsidiaries and Joint Ventures		
VRL Infrastructure Limited	-	250,000
VRL Retailer Business Solutions Pvt. Ltd.	56,280	-
VRL Retail Ventures Limited	2,50,000	-
VRL Knowledge Process Limited	2,50,000	-
VRL Consumer Goods Limited	250,000	250,000
VRL Movers Limited	-	250,000
VRL Fashions Limited	250,000	250,000
VRL Foods Limited	250,000	250,000
6. Investment Purchased From Directors		
Mr. Ram Chandra Agarwal	7,49,850	-
7. Interest Received		
VRL Movers Ltd.	82,586	
VRL Infrastructure Limited	21,402	
Outstanding as at the Balance Sheet Date		
7. Amount Receivable		
VRL Infrastructure Limited	4,38,386	-
VRL Movers Limited	1,82,586	-
8. Amount Payable		
Mr. Surendra Kumar Agarwal	5,784	429,076
Mr. Ram Chandra Agarwal	6,08,67,772	-
Mrs. Uma Agarwal	99,997	51,542
Unicon Marketing Pvt Ltd.	19,105,112	23,805,112
Vishal Water World Pvt Ltd.	1,732,680	1,732,680

22. Details of funds raised through IPO and utilization of such funds is given below:

S.No	Particulars	2008-09	2007-08
a)	Funds raised through Initial Public Offering	-	1,099,999,980
b)	Utilization by way of setting up of new retail stores		
	-New Retails Stores	-	1,037,609,465
	-Issue Expenses	-	62,390,515
	Total fund utilized		1,099,999,980

23. The calculation of Earning per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 issued by the ICAI. A statement on calculation of Basic and Diluted EPS is as under

	UNIT	2008-09	2007-08
Profit after Tax (after extraordinary items)	A Rs.	(944,856,404)	406,402,262
Weighted average no. of equity shares	B Nos.	2,23,98,869	21,441,573
Number of equity shares for Dilutive EPS	C Nos.	2,23,98,869	21,441,573
Basic Earning Per Share (A/B)	Rs.	(42.18)	18.95
Diluted Earning Per Share (A/C)	Rs.	(42.18)	18.95

24. Unsecured debentures from LIC mutual fund maturing on 31st March 2009 has been renewed for a period of two years ending on 31st March 2011.
25. Disclosure as per Accounting Standard -29, "Provisions, Contingent Liability and Contingent Assets:" for earned points on Co-branded SBI Credit Cards

(Amounts in Rs.)

Particulars	2008-09	2007-08
Opening	1,00,000	100,000
Provision During the Year	-	NIL
Closing Balance	1,00,000	100,000

26. (a) Lease Policy:

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.

(b) Obligations on long term, non-cancelable operating leases.

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

(Amount in Rs)

Particular	2008-09	2007-08
A). Lease Rentals recognized during the year	1,005,833,837	606,954,016
Obligations		
Within one year of the balance sheet date	32,33,89,396	409,390,911
Due in a period between one year and five years	15,26,44,155	243,944,883
Due after five years (as lease are cancelable by the Company after three to five years)	NIL	NIL

(c) In respect of residential premises taken on lease, relevant agreement had not been executed as per the practice prevalent in that area. The relevant disclosure or unprovided liability, if any, is not ascertainable

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

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

Particulars	2008-09	2007-08
Licensed Capacity	Not applicable	Not applicable
Installed Capacity (own)	6,000,000*	6,000,000*
Actual Production including through job work for the year	2,598,444*	3,243,315*

*as certified by management

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

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

Notes:

- i. The Company is dealing in a large number of products in several locations; the information required in terms of Schedule VI of the Companies Act in respect of value of the products sold has been drawn up in respect of major items, namely, apparels. Other items have been broadly classified as FMCG and Non-Apparels (household goods and other accessories) and the quantitative information's in respect of these groups is not practically possible in view of numerous different units of measurement and the nature of retailing operations of the Company. Items have been regrouped, reclassified during the year hence the figures are not comparable.
- ii. In view of non-uniform units of measurement of various raw materials of the Company, it is not practically possible to provide the quantitative details of raw materials consumption.
- iii. Closing Stock mentioned above doesn't include goods-in-transit

(C) Value of Import on CIF Basis**(Amount in Rs)**

Particulars	2008-09	2007-08
Fixed Assets	46,926,421	222,392,535
Purchase of merchandise	338,477,717	341,737,228

(d) Expenditure in Foreign Currency**(Amount in Rs)**

Particulars	2008-09	2007-08
Traveling Expenses	1,048,122	994,420

28. Figures in bracket indicate previous year figures

29. Comparatives financial information (i.e. the amount and other disclosures of the preceding year) presented above is included as an integral part of the current years financial statements and is to be read in relation to the amounts and the disclosures relating to the current year. Figures of the previous year are regrouped and reclassified wherever necessary to correspond to the figures of the current year.

For and on behalf of the Board
Vishal Retail Limited

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

Sd/-
Uma Agarwal
(Director)
DIN - 00495945

Sd/-
Arun Gupta
(Company Secretary)

VISHAL RETAIL LIMITED

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

Sl. No.	NAME OF THE SUBSIDIARY	VRL Fashions Limited	VRL Consumer Goods Limited	VRL Knowledge Process Limited	VRL Retail Ventures Limited	VRL Foods Limited	VRL Movers Limited	VRL Infrastructure Limited
1.	Financial year of the subsidiary	01.04.08 - 31.03.09	01.04.08 - 31.03.09	10.07.08 - 31.03.09	02.07.08 - 31.03.09	01.04.08 - 31.03.09	01.04.08 - 31.03.09	01.04.08 - 31.03.09
2.	Extent of holding company's interest in the subsidiary	100%	100%	50%	50%	100%	50%	50%
	- No. of shares	50000	50000	25000	25000	50000	25000	25000
	- % holding (equity)	100%	100%	50%	50%	100%	50%	50%
	- % holding (preference)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Net aggregate amount of subsidiary's profit /losses so far as they concern members of the holding company and not dealt with in the holding company's accounts.							
	a) for subsidiary's financial year	NA	NA	NA	NA	NA	NA	NA
	b) for subsidiary's previous financial year since it became subsidiary	NA	NA	NA	NA	NA	NA	NA
4.	Net aggregate amount of subsidiary's profit /losses so far as they concern members of the holding company and dealt with in the holding company's accounts.							
	a) for subsidiary's financial year	NA	NA	NA	NA	NA	NA	NA
	b) for subsidiary's previous financial year since it became subsidiary	NA	NA	NA	NA	NA	NA	NA
5.	Change in the interest of holding company between the end of subsidiary's financial year and the end of holding company's financial year.	NA	NA	NA	NA	NA	NA	NA
6.	Material changes between the end of subsidiary's financial year and the end of holding company's financial year.							
	a) Fixed Assets	NA	NA	NA	NA	NA	NA	NA
	b) Investments disposed off.	NA	NA	NA	NA	NA	NA	NA
	c) Monies lent by subsidiary	NA	NA	NA	NA	NA	NA	NA
	d) Monies borrowed by the subsidiary other than for meeting current liabilities	NA	NA	NA	NA	NA	NA	NA

New Delhi
Date: 25.08.2009

Sd/ -
Ram Chandra Agarwal
Chairman & Managing Director

Sd/ -
Uma Agarwal
Director

DIRECTORS' REPORT - VRL CONSUMER GOODS LIMITED

To

The Members

VRL Consumer Goods Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2009.

Performance

The company did not carry any business activities during the financial year ended March 31, 2009.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2009, the Board of Directors of the company do not recommend any dividend for the financial year ended March 31, 2009.

Public Deposits

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

Auditors

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

Material changes and events

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

Directors

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

Particulars of Employees

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

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

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

Details of Foreign Exchange Earnings and Outgoing are as follows :

Current Year (Rs.)

(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

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

Directors' Responsibility Statement

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

- That in the preparation of annual accounts for the financial year ended 31st March, 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the directors had prepared the annual accounts for the financial year ended 31st March, 2009, on a going concern basis.

Acknowledgement

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

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

Date : 22-July-09
Place : New Delhi

Sd/-
Ram Chandra Agarwal
Chairman

AUDITOR REPORT - VRL Consumer Goods Limited

To

The Members of

VRL Consumer Goods Limited

1. We have audited the attached Balance Sheet of VRL Consumer Goods Ltd. as at 31st March, 2009 of the Company and Cash Flow Statements for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as We considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009; and
- (ii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
(Partner)

Membership No. 062389

Place: New Delhi.

Dated: The 29th day of June, 2009.

VRL CONSUMER GOODS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2009**

	<u>SCHEDULE</u>	<u>31st March, 2009</u>	<u>31st March, 2008</u> Amount (Rs.)
<u>SOURCES OF FUNDS</u>			
Share Capital	A	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
<u>APPLICATION OF FUNDS</u>			
<u>Current Assets, Loans & Advances</u>			
Cash & Bank Balances	B	82,050.00	92,050.00
Loans & Advances	C	192,250.00	249,950.00
		<u>274,300.00</u>	<u>342,000.00</u>
Less: <u>Current Liabilities & Provisions</u>	D	13,484.00	67,700.00
Net Current Asset		260,816.00	274,300.00
<u>Miscellaneous Expenditure</u>			
(to the extent not written off or adjusted)	E	239,184.00	225,700.00
		<u>500,000.00</u>	<u>500,000.00</u>

Significant accounting policies and notes on accounts

In terms of our attched report of even date

For Chhaparia & Associates
Chartered Accountants

Sd/-
(Govind Prasad Basaiwala)
Partner
Membership No : 062389

For and on behalf of the Board
VRL Consumer Goods Limited

Sd/-	Sd/-
Ram Chandra Agarwal	Uma Agarwal
(Director)	(Director)
DIN - 00491885	DIN - 00495945

Place : New Delhi.

Dated : The 29 day of June, 2009.

VRL CONSUMER GOODS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2009**

	Amount in Rs.	
PARTICULARS	31st March, 2009	31st March, 2008
A. Cash Flow from Operating Activities		
<i>Net Cash from / (used in) Operating Activities</i>		
B. Cash Flow from Investing Activities		
<i>Net Cash from/ (used in) Investing Activities</i>		
C. Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	57,700	250,050
Preliminary Expenses	(67,700)	(158,000)
<i>Net Cash from/ (used in) Financing Activities</i>	(10,000)	92,050
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(10,000)	92,050
Cash & Cash Equivalents as at 01.04.2008	92,050	-
Cash & Cash Equivalents as at 31.03.2009	82,050	92,050

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)

Partner

Membership No. 062389

For and on behalf of the Board
VRL Consumer Goods Limited

Sd/-

Ram Chandra Agarwal
 (Director)

DIN - 00491885

Sd/-

Uma Agarwal
 (Director)

DIN - 00495945

Place : New Delhi.

Dated : The 29 day of June, 2009.

VRL CONSUMER GOODS LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET**

	31st March, 2009 Amount (Rs.)	31st March, 2008 Amount (Rs.)
<u>SCHEDULE - A</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
<u>Issued, Subscribed & Paid-up</u>		
50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)	500,000.00	500,000.00
<u>SCHEDULE - B</u>		
<u>CASH & BANK BALANCES</u>		
Cash in hand (as certified by the Management)	82,050.00	92,050.00
	82,050.00	92,050.00
<u>SCHEDULE - C</u>		
<u>LOANS & ADVANCES</u>		
(unsecured, considered good)		
<u>Advances</u>		
(receivable in cash or in kind or for value to be received)	192,250.00	249,950.00
	192,250.00	249,950.00
<u>SCHEDULE - D</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>Current Liabilities</u>		
For Expenses	13,484.00	-
For Other Finance	-	67,700.00
	13,484.00	67,700.00
<u>SCHEDULE - E</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
(to the extent not written off or adjusted)		
Preliminary Expenses	225,700.00	225,700.00
Preoperative Expenses	13,484.00	-
	239,184.00	225,700.00

VRL CONSUMER GOODS LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****SCHEDULE - F****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

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

B NOTES ON ACCOUNTS

- 1 Since the Company has not started its commercial activities, no profit and loss account has been prepared and amount incurred towards expenses has been debited to Pre-Operative Expenses A/c.

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

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

Ram Chandra Agarwal

Director

Uma Agarwal

Director

Sunil Hirawat

Director

Others

Vishal Retail Limited

Holding Company

(b) Transactions with Related Parties

(Amount in Rs.)

<u>Nature of Transactions</u>	<u>Key</u>	
	<u>Management Personnel</u>	<u>Others</u>
Share Allotment	(249,980.00)	(250,000.00)
(c) Balance as on 31.03.2009	192,250.00	-
	(249,950.00)	(-)

- 3 Maximum amount outstanding Rs. 249950/- (Rs. 249950/-) in case of advances to director

- 4 The details of auditors remuneration is as under.

(Amount in Rs.)

Particulars	2008-09	2007-08
Statutory audit	6,742.00	6,742.00

- 5 The Company does not have any Deferred Tax Asset/(Liability). Hence, the same is not reported.

- 6 Misc. Expenditure & Preoperative Expenses as stated in the Balance Sheet has not been written off, as Profit & Loss Account has not been prepared and the same will be completely written off in accordance with Accounting Standard-26 on Intangible Assets in the year of operation.

- 7 Figures in the bracket indicates previous year figures.

- 8 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL CONSUMER GOODS LIMITED**Balance Sheet Abstract and Company's General Business Profile**I. **CIN No. U52399DL2008PLC173419 State Code 55 Balance Sheet Date 31st March, 2009.**II. **Capital raised during the year** (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500

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

Total Liabilities	500	Total Assets	500
Sources of Funds		Application of Funds	
Paid-up Capital	500	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	261
Unsecured Loans	-	Miscellaneous Expenditure	239

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

Turnover	-	Total Expenditure	-
Profit/(Loss) before tax	-	Profit/(Loss) after tax & Provision	-
Earning per Share (Rs.)		Dividend Rate %	

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

Item Code No.	N.A.
Product Description	N.A.

In terms of our attached report of even date

For **Chhaparia & Associates**
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.

Dated : The 29th day of June, 2009.

DIRECTORS' REPORT-VRL FOODS LIMITED

To
The Members
VRL Foods Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2009.

Performance

The company did not carry any business activities during the financial year ended March 31, 2009.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2009, the Board of Directors of the company do not recommend any dividend for the financial year ended March 31, 2009.

Public Deposits

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

Auditors

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

Material changes and events

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

Directors

Mr. Manmohan Agarwal resigned from the directorship of the Company w.e.f. April 15, 2009. Mr. Deepak Sharma was appointed in his place as an additional director of the Company w.e.f. April 15, 2009. The Board recommends his appointment as an Ordinary director of the Company at the ensuing Annual general meeting of the company. Mrs. Uma Agarwal, Executive Director of the Company retires by rotation and being eligible offers herself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

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

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

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

Details of Foreign Exchange Earnings and Outgoing are as follows :

Current Year (Rs.)

(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

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

Directors' Responsibility Statement

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

- That in the preparation of annual accounts for the financial year ended 31st March, 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the directors had prepared the annual accounts for the financial year ended 31st March, 2009, on a going concern basis.

Acknowledgement

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

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

Date : 22-July-09
Place : New Delhi

Sd/-
Ram Chandra Agarwal
Chairman

AUDITORS' REPORT - VRL Foods Limited

To
The Members of
VRL Foods Limited

1. We have audited the attached Balance Sheet of VRL Foods Ltd. as at 31st March, 2009 of the Company and Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as We considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009; and
- (ii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

For Chhaparia & Associates
Chartered Accountants
sd/-
(Govind Prasad Basaiwala)
(Partner)
Membership No. 062389

Place: New Delhi.

Dated: The 29th day of June, 2009.

VRL FOODS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2009**

	<u>SCHEDULE</u>	<u>31st March, 2009</u> <u>Amount (Rs.)</u>	<u>31st March, 2008</u> <u>Amount (Rs.)</u>
<u>SOURCES OF FUNDS</u>			
Share Capital	A	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
<u>APPLICATION OF FUNDS</u>			
<u>Current Assets, Loans & Advances</u>			
Cash & Bank Balances	B	82,050.00	92,050.00
Loans & Advances	C	192,250.00	249,950.00
		<u>274,300.00</u>	<u>342,000.00</u>
Less: <u>Current Liabilities & Provisions</u>	D	<u>13,484.00</u>	<u>67,700.00</u>
Net Current Asset		260,816.00	274,300.00
<u>Miscellaneous Expenditure</u>	E	239,184.00	225,700.00
(to the extent not written off or adjusted)		<u>500,000.00</u>	<u>500,000.00</u>

Significant accounting policies and notes on accounts

In terms of our attched report of even date

For Chhaparia & Associates
Chartered Accountants

Sd/-
(Govind Prasad Basaiwala)
Partner
Membership No : 062389

For and on behalf of the Board
VRL Foods Limited

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

Sd/-
Uma Agarwal
(Director)
DIN - 00495945

Place : New Delhi.

Dated : The 29 day of June, 2009.

VRL FOODS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2009**

PARTICULARS	Amount in Rs.	
	31st March, 2009	31st March, 2008
A. Cash Flow from Operating Activities		
<i>Net Cash from / (used in) Operating Activities</i>	-	-
B. Cash Flow from Investing Activities		
<i>Net Cash from/ (used in) Investing Activities</i>	-	-
C. Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	57,700	250,050
Preliminary Expenses	(67,700)	(158,000)
<i>Net Cash from/ (used in) Financing Activities</i>	(10,000)	92,050
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(10,000)	92,050
Cash & Cash Equivalents as at 01.04.2008	92,050	-
Cash & Cash Equivalents as at 31.03.2009	<u>82,050</u>	<u>92,050</u>

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

Sd/-
(Govind Prasad Basaiwala)
Partner
Membership No. 062389

For and on behalf of the Board
VRL Foods Limited

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

Sd/-
Uma Agarwal
(Director)
DIN - 00495945

Place : New Delhi.

Dated : The 29 day of June, 2009.

VRL FOODS LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET**

	31st March, 2009	31st March, 2008
	Amount (Rs.)	Amount (Rs.)
<u>SCHEDULE - A</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
<u>Issued, Subscribed & Paid-up</u>		
50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)	500,000.00	500,000.00
<u>SCHEDULE - B</u>		
<u>CASH & BANK BALANCES</u>		
Cash in hand (<i>as certified by the Management</i>)	82,050.00	92,050.00
	82,050.00	92,050.00
<u>SCHEDULE - C</u>		
<u>LOANS & ADVANCES</u>		
(<i>unsecured, considered good</i>)		
<u>Advance to Director</u>	192,250.00	249,950.00
	192,250.00	249,950.00
<u>SCHEDULE - D</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>Current Liabilities</u>	13,484.00	-
For Expenses	-	67,700.00
For Other Finance	13,484.00	67,700.00
<u>SCHEDULE - E</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
(<i>to the extent not written off or adjusted</i>)		
Preliminary Expenses	225,700.00	225,700.00
Preoperative Expenses	13,484.00	-
	239,184.00	225,700.00

VRL FOODS LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****SCHEDULE - F****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

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

B NOTES ON ACCOUNTS

- 1 Since the Company has not started its commercial activities, no profit and loss account has been prepared and amount incurred towards expenses has been debited to Pre-Operative Expenses A/c.

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

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

Ram Chandra Agarwal

Director

Uma Agarwal

Director

Sunil Hirawat

Director

Others

Vishal Retail Limited

Holding Company

(b) Transactions with Related Parties

(Amount in Rs.)

	<u>Key</u>	
<u>Nature of Transactions</u>	<u>Management Personnel</u>	<u>Others</u>
Share Allotment	-	-
	(249,980.00)	(250,000.00)
(c) Balance as on 31.03.2009	192,250.00	-
	(249,950.00)	(-)

- 3 Maximum amount outstanding Rs. 249950/- (Rs. 249950/-) in case of advances to director

- 4 The details of auditors remuneration is as under. (Amount in Rs.)

Particulars	2008-09	2007-08
Statutory audit	6,742.00	6,742.00

- 5 The Company does not have any Deferred Tax Asset/(Liability). Hence, the same is not reported.
- 6 Misc. Expenditure & Preoperative Expenses as stated in the Balance Sheet has not been written off, as Profit & Loss Account has not been prepared and the same will be completely written off in accordance with Accounting Standard-26 on Intangible Assets in the year of operation.
- 7 Figures in the bracket indicates previous year figures.
- 8 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL FOODS LIMITED**Balance Sheet Abstract and Company's General Business Profile**I. **CIN No. U74120DL2008PLC173834 State Code 55 Balance Sheet Date 31st March, 2009.**II. **Capital raised during the year** (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500

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

Total Liabilities	500	Total Assets	500
Sources of Funds		Application of Funds	
Paid-up Capital	500	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	261
Unsecured Loans	-	Miscellaneous Expenditure	239

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

Turnover	-	Total Expenditure	-
Profit/(Loss) before tax	-	Profit/(Loss) after tax &	-
Earning per Share (Rs.)		Provision	
		Dividend Rate %	

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

Item Code No.	N.A.
Product Description	N.A.

In terms of our attached report of even date

For **Chhaparia & Associates**
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.

Dated : The 29 day of June, 2009.

DIRECTORS' REPORT - VRL FASHIONS LIMITED

To
The Members
VRL Fashions Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2009.

Performance

The company did not carry any business activities during the financial year ended March 31, 2009.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2009, the Board of Directors of the company do not recommend any dividend for the financial year ended March 31, 2009.

Public Deposits

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

Auditors

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

Material changes and events

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

Directors

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

Particulars of Employees

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

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

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

Details of Foreign Exchange Earnings and Outgoing are as follows :

Current Year (Rs.)

(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

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

Directors' Responsibility Statement

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

- That in the preparation of annual accounts for the financial year ended 31st March, 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the directors had prepared the annual accounts for the financial year ended 31st March, 2009, on a going concern basis.

Acknowledgement

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

On behalf of the Board of Directors
For VRL Fashions Limited

Sd/-

Date : 22-July-09
Place : New Delhi

Ram Chandra Agarwal
Chairman

AUDITORS' REPORT - VRL Fashions Limited

To

The Members of

VRL Fashions Limited

1. We have audited the attached Balance Sheet of VRL Fashions Ltd. as at 31st March, 2009 of the Company and Cash Flow Statements for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as We considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009; and
- (ii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

For Chhaparia & Associates
Chartered Accountants

Sd/-
(Govind Prasad Basaiwala)
(Partner)
Membership No. 062389

Place: New Delhi.

Dated: The 29th day of June, 2009.

VRL FASHIONS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2009**

	<u>SCHEDULE</u>	<u>31st March, 2009</u> Amount (Rs.)	<u>31st March, 2008</u> Amount (Rs.)
<u>SOURCES OF FUNDS</u>			
Share Capital	A	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
<u>APPLICATION OF FUNDS</u>			
<u>Current Assets, Loans & Advances</u>			
Cash & Bank Balances	B	82,050.00	92,050.00
Loans & Advances	C	<u>192,250.00</u>	<u>249,950.00</u>
		274,300.00	342,000.00
Less: <u>Current Liabilities & Provisions</u>	D	<u>13,484.00</u>	<u>67,700.00</u>
Net Current Asset		260,816.00	274,300.00
<u>Miscellaneous Expenditure</u> (to the extent not written off or adjusted)	E	<u>239,184.00</u>	<u>225,700.00</u>
		<u>500,000.00</u>	<u>500,000.00</u>
Significant accounting policies and notes on accounts	F		
In terms of our attached report of even date			
For Chhaparia & Associates Chartered Accountants		For and on behalf of the Board VRL Fashions Limited	
Sd/-		Sd/-	Sd/-
(Govind Prasad Basaiwala)		Ram Chandra Agarwal	Uma Agarwal
Partner		(Director)	(Director)
Membership No : 062389		DIN - 00491885	DIN - 00495945

Place : New Delhi.

Dated : The 29th day of June, 2009.

VRL FASHIONS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2009**

PARTICULARS	Amount in Rs.	
	31st March, 2009	31st March, 2008
A. Cash Flow from Operating Activities		
<i>Net Cash from / (used in) Operating Activities</i>	-	-
B. Cash Flow from Investing Activities		
<i>Net Cash from/ (used in) Investing Activities</i>	-	-
C. Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	57,700	250,050
Preliminary Expenses	(67,700)	(158,000)
<i>Net Cash from/ (used in) Financing Activities</i>	(10,000)	92,050
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(10,000)	92,050
Cash & Cash Equivalents as at 01.04.2008	92,050	-
Cash & Cash Equivalents as at 31.03.2009	<u>82,050</u>	<u>92,050</u>

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

Sd/-
(Govind Prasad Basaiwala)
Partner
Membership No. 062389

For and on behalf of the Board
VRL Fashions Limited

Sd/-	Sd/-
Ram Chandra Agarwal	Uma Agarwal
(Director)	(Director)
DIN - 00491885	DIN - 00495945

Place : New Delhi.

Dated : The 29th day of June, 2009.

VRL FASHIONS LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****SCHEDULE - A****SHARE CAPITAL****Authorised**

1,000,000 Equity Shares of Rs.10/- each

(Previous Year 1,000,000 Equity Shares of Rs.10/- each)

Issued, Subscribed & Paid-up

50,000 Equity Shares of Rs.10/- each fully paid in cash

(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)

SCHEDULE - B**CASH & BANK BALANCES**

Cash in hand (as certified by the Management)

SCHEDULE - C**LOANS & ADVANCES**

(unsecured, considered good)

Advances

(receivable in cash or in kind or for value to be received)

SCHEDULE - D**CURRENT LIABILITIES & PROVISIONS****Current Liabilities**

For Expenses

For Other Finance

SCHEDULE - E**MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Preliminary Expenses

Preoperative Expenses

	31st March, 2009 Amount (Rs.)	31st March, 2008 Amount (Rs.)
	10,000,000.00	10,000,000.00
	500,000.00	500,000.00
	500,000.00	500,000.00
	82,050.00	92,050.00
	82,050.00	92,050.00
	192,250.00	249,950.00
	192,250.00	249,950.00
	13,484.00	-
	-	67,700.00
	13,484.00	67,700.00
	225,700.00	225,700.00
	13,484.00	-
	239,184.00	225,700.00

VRL FASHIONS LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****SCHEDULE - F****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

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

B NOTES ON ACCOUNTS

- 1 Since the Company has not started its commercial activities, no profit and loss account has been prepared and amount incurred towards expenses has been debited to Pre-Operative Expenses A/c.

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

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

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Dipu Gupta	Director
<u>Others</u>	
Vishal Retail Limited	Holding Company

(b) Transactions with Related Parties

(Amount in Rs.)

<u>Nature of Transactions</u>	<u>Key Management Personnel</u>	<u>Others</u>
Share Allotment	(249,980.00)	(250,000.00)
(c) Balance as on 31.03.2009	192,250.00	-
	(249,950.00)	(-)

- 3 Maximum amount outstanding Rs. 249950/- (Rs. 249950/-) in case of advances to director

- 4 The details of auditors remuneration is as under. (Amount in Rs.)

Particulars	2008-09	2007-08
Statutory audit	6,742.00	6,742.00

- 5 The Company does not have any Deferred Tax Asset/(Liability). Hence, the same is not reported.

- 6 Misc. Expenditure & Preoperative Expenses as stated in the Balance Sheet has not been written off, as Profit & Loss Account has not been prepared and the same will be completely written off in accordance with Accounting Standard-26 on Intangible Assets in the year of operation.

- 7 Figures in the bracket indicates previous year figures.

- 8 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL FASHIONS LIMITED**Balance Sheet Abstract and Company's General Business Profile**I. **CIN No. U17291DL2008PLC173446 State Code 55 Balance Sheet Date 31st March, 2009.**II. **Capital raised during the year** (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500

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

Total Liabilities	500	Total Assets	500
Sources of Funds		Application of Funds	
Paid-up Capital	500	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	261
Unsecured Loans	-	Miscellaneous Expenditure	239

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

Turnover	-	Total Expenditure	-
Profit/(Loss) before tax	-	Profit/(Loss) after tax & Provision	-
Earning per Share (Rs.)		Dividend Rate %	

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

Item Code No.	N.A.
Product Description	N.A.

In terms of our attached report of even date

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.

Dated : The 29th day of June, 2009.

Vishal Retail Limited - Annual Report 2009**DIRECTORS' REPORT - VRL RETAIL VENTURES LTD**

To
The Members
VRL Retail Ventures Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2009.

Performance

The company did not carry any business activities during the financial year ended March 31, 2009.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2009, the Board of Directors of the company cannot recommend any dividend for the financial year ended March 31, 2009.

Public Deposits

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

Auditors

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

Material changes and events

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

Directors

Mrs. Uma Agarwal, Executive Director of the Company retires by rotation and being eligible offers herself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

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

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

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

Details of Foreign Exchange Earnings and Outgoing are as follows :

Current Year (Rs.)

(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

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

Directors' Responsibility Statement

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

- That in the preparation of annual accounts for the financial year ended 31st March, 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the directors had prepared the annual accounts for the financial year ended 31st March, 2009, on a going concern basis.

Acknowledgement

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

**On behalf of the Board of Directors
For VRL Retail Ventures Limited**

Sd/-

Date : 22-July-09
Place : New Delhi

Ram Chandra Agarwal
Chairman

AUDITORS' REPORT - VRL Retail Ventures Limited

To
The Members of
VRL Retail Ventures Limited

1. We have audited the attached Balance Sheet of VRL Retail Ventures Ltd. as at 31st March, 2009 of the Company and Cash Flow Statements for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as We considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009; and
- (ii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
(Partner)

Membership No. 062389

Place: New Delhi.

Dated: The 29th day of June, 2009.

VRL RETAIL VENTURES LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2009**

	<u>SCHEDULE</u>	<u>31st March, 2009</u>
		<u>Amount (Rs.)</u>
<u>SOURCES OF FUNDS</u>		
Share Capital	A	500,000.00
		<u>500,000.00</u>
<u>APPLICATION OF FUNDS</u>		
<u>Current Assets, Loans & Advances</u>		
Cash & Bank Balances	B	90,050.00
Other Current Assets	C	249,950.00
		<u>340,000.00</u>
Less: <u>Current Liabilities & Provisions</u>	D	<u>72,442.00</u>
Net Current Asset		267,558.00
<u>Miscellaneous Expenditure</u>	E	232,442.00
<i>(to the extent not written off or adjusted)</i>		<u>500,000.00</u>
		<u>500,000.00</u>
Significant accounting policies and notes on accounts	F	

In terms of our attched report of even date

For **Chhaparia & Associates**
Chartered Accountants

Sd/-
(Govind Prasad Basaiwala)
Partner
Membership No : 062389

For and on behalf of the Board
VRL Retail Ventures Limited

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

Sd/-
Uma Agarwal
(Director)
DIN - 00495945

Place : New Delhi.

Dated : The 29th day of June, 2008.

VRL RETAIL VENTURES LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2009**

Amount in Rs.

PARTICULARS	31st March, 2009
A. <u>Cash Flow from Operating Activities</u>	
Net Cash from / (used in) Operating Activities	-
B. <u>Cash Flow from Investing Activities</u>	
Net Cash from/ (used in) Investing Activities	-
C. <u>Cash Flow from Financing Activities</u>	
Proceeds from issue of equity share capital	250,050
Preliminary Expenses	(160,000)
Net Cash from/ (used in) Financing Activities	90,050
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	90,050
Cash & Cash Equivalents as at 01.04.2008	-
Cash & Cash Equivalents as at 31.03.2009	90,050

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

Sd/-
(Govind Prasad Basaiwala)
Partner
Membership No. 062389

For and on behalf of the Board
VRL Retail Ventures Limited

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

Sd/-
Uma Agarwal
(Director)
DIN - 00495945

Place : New Delhi.

Dated : The 29th day of June, 2008.

VRL RETAIL VENTURES LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****31st March, 2009****Amount (Rs.)****SCHEDULE - A****SHARE CAPITAL**

Authorised

1,000,000 Equity Shares of Rs.10/- each

10,000,000.00

Issued, Subscribed & Paid-up

50,000 Equity Shares of Rs.10/- each fully paid in cash

500,000.00

(Out of above 25000 Shares have been held by Vishal Retail Limited)

500,000.00

SCHEDULE - B**CASH & BANK BALANCES**Cash in hand (*as certified by the Management*)

90,050.00

90,050.00

SCHEDULE - C**LOANS & ADVANCES**

(Unsecured, considered good)

249,950.00

Advance to Director

249,950.00

SCHEDULE - D**CURRENT LIABILITIES & PROVISIONS**Current Liabilities

6,742.00

For Expenses

65,700.00

For Other Finance

72,442.00

SCHEDULE - E**MISCELLANEOUS EXPENDITURE***(to the extent not written off or adjusted)*

Preliminary Expenses

225,700.00

Preoperative Expenses

6,742.00

232,442.00

VRL RETAIL VENTURES LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****SCHEDULE - F****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

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

B NOTES ON ACCOUNTS

- 1 The company was incorporated on 02.07.2008 and the accounts represents transactions from 02.07.2008 to 31.03.2009. Since the Company has not started its commercial activities, no profit and loss account has been prepared and amount incurred towards expenses has been debited to Pre-Operative Expenditure A/c. Being the first year, no previous year figures are reported.

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

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

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Surendra Kumar Agarwal	Director

Others

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

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

<u>Nature of Transactions</u>	<u>Key Management Personnel</u>	<u>Others</u>
	<u>Personnel</u>	
Share Allotment	249,980.00	250,000.00
(c) Balance as on 31.03.2009	249,950.00	

- 3 Maximum amount outstanding Rs. 249950/- in case of advances to director

- 4 The details of auditors remuneration is as under. **(Amount in Rs.)**

Particulars	2008-09
Statutory audit	6,742.00

- 5 The Company does not have any Deferred Tax Asset/(Liability). Hence, the same is not reported.

- 6 Misc. Expenditure & Preoperative Expenses as stated in the Balance Sheet has not been written off, as Profit & Loss Account has not been prepared and the same will be completely written off in accordance with Accounting Standard-26 on Intangible Assets in the year of operation.

- 7 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL RETAIL VENTURES LIMITED**Balance Sheet Abstract and Company's General Business Profile**I. **CIN No.** U74120DL2008PLC180381 **State Code** 55 **Balance Sheet Date** 31st March, 2009.II. **Capital raised during the year** (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500

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

Total Liabilities	500	Total Assets	500
Sources of Funds		Application of Funds	
Paid-up Capital	500	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	268
Unsecured Loans	-	Miscellaneous Expenditure	232

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

Turnover	-	Total Expenditure	-
Profit/(Loss) before tax	-	Profit/(Loss) after tax & Provision	-
Earning per Share (Rs.)		Dividend Rate %	

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

Item Code No.	N.A.
Product Description	N.A.

In terms of our attached report of even date

For **Chhaparia & Associates**
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.

Dated : The 29th day of June, 2009.

DIRECTORS' REPORT - VRL INFRASTRUCTURE LTD

To
The Members
VRL Infrastructure Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2009.

Performance

The company did not carry any business activities during the financial year ended March 31, 2009.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2009, the Board of Directors of the company cannot recommend any dividend for the financial year ended March 31, 2009.

Public Deposits

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

Auditors

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

Material changes and events

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

Directors

That Mr. Amit Chaturvedi resigned from the directorship of the company w.e.f. June 30, 2009. Mrs. Uma Agarwal, Director of the Company retires by rotation and being eligible offers herself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

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

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

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

Details of Foreign Exchange Earnings and Outgoing are as follows :

Current Year (Rs.)

(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

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

Directors' Responsibility Statement

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

- That in the preparation of annual accounts for the financial year ended 31st March, 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the directors had prepared the annual accounts for the financial year ended 31st March, 2009, on a going concern basis.

Acknowledgement

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

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

Sd/-

Date : 22-July-09
Place : New Delhi

**Ram Chandra Agarwal
Chairman**

AUDITORS' REPORT - VRL INFRASTRUCTURE LIMITED

To
The Members of
VRL Infrastructure Limited

1. We have audited the attached Balance Sheet of VRL Infrastructure Ltd. as at 31st March, 2009 of the Company and Cash Flow Statements for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as We considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009; and
- (ii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

For Chhaparia & Associates
Chartered Accountants
Sd/-
(Govind Prasad Basaiwala)
(Partner)
Membership No. 062389

Place: New Delhi.

Dated: The 29 day of June, 2009.

VRL INFRASTRUCTURE LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2009**

	<u>SCHEDULE</u>	<u>31st March, 2009</u>	<u>31st March, 2008</u> <u>Amount (Rs.)</u>
<u>SOURCES OF FUNDS</u>			
Share Capital	A	500,000.00	500,000.00
Unsecured Loans	B	<u>438,386.00</u>	<u>500,000.00</u>
		<u>938,386.00</u>	<u>500,000.00</u>
<u>APPLICATION OF FUNDS</u>			
<u>Current Assets, Loans & Advances</u>			
Cash & Bank Balances	B	429,180.00	42,050.00
Loans & Advances	C	<u>239,750.00</u>	<u>249,950.00</u>
		668,930.00	292,000.00
Less: <u>Current Liabilities & Provisions</u>	D	<u>13,360.00</u>	<u>20,200.00</u>
Net Current Asset		655,570.00	271,800.00
<u>Miscellaneous Expenditure</u>			
(to the extent not written off or adjusted)	E	<u>282,816.00</u>	<u>228,200.00</u>
		<u>938,386.00</u>	<u>500,000.00</u>
Significant accounting policies and notes on accounts	F		
In terms of our attched report of even date			
For Chhaparia & Associates Chartered Accountants Sd/- (Govind Prasad Basaiwala) Partner Membership No : 062389		For and on behalf of the Board VRL Infrastructure Limited Sd/- Ram Chandra Agarwal (Director) DIN - 00491885	
		Sd/- Uma Agarwal (Director) DIN - 00495945	

Place : New Delhi.

Dated : The 29th day of June, 2009.

VRL INFRASTRUCTURE LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET**

	31st March, 2009	31st March, 2008
	Amount (Rs.)	Amount (Rs.)
<u>SCHEDULE - A</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
<u>Issued, Subscribed & Paid-up</u>		
50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)	500,000.00	500,000.00
<u>SCHEDULE - B</u>		
<u>UNSECURED LOANS</u> (including interest accrued thereon)		
From Holding Company	438,386.00	-
	438,386.00	-
<u>SCHEDULE - B</u>		
<u>CASH & BANK BALANCES</u>		
Balance with Scheduled Bank		
On Current a/c	397,130.00	-
Cash in hand (as certified by the Management)	32,050.00	42,050.00
	429,180.00	42,050.00
<u>SCHEDULE - C</u>		
<u>LOANS & ADVANCES</u>		
(unsecured, considered good)		
<u>Advances</u>		
(receivable in cash or in kind or for value to be received)	239,750.00	249,950.00
	239,750.00	249,950.00
<u>SCHEDULE - D</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>Current Liabilities</u>		
For Expenses	13,360.00	-
For Other Finance	-	20,200.00
	13,360.00	20,200.00
<u>SCHEDULE - E</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
(to the extent not written off or adjusted)		
Preliminary Expenses	228,200.00	228,200.00
Preoperative Expenses	54,616.00	-
	282,816.00	228,200.00

VRL INFRASTRUCTURE LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****SCHEDULE - F****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

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

B NOTES ON ACCOUNTS

- 1 Since the Company has not started its commercial activities, no profit and loss account has been prepared and amount incurred towards expenses has been debited to Pre-Operative Expenses A/c.

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

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

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

Others

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

(b) Transactions with Related Parties

(Amount in Rs.)

<u>Nature of Transactions</u>	<u>Key</u>	
	<u>Management</u>	<u>Others</u>
Share Allotment	-	-
	(249,980.00)	(250,000.00)
Loan Received	-	4,416,984.00
	(-)	(-)
Loan Repayment	-	4,000,000.00
	(-)	(-)
Interest Payable	-	21,402.00
	(-)	(-)
(c) Balance as on 31.03.2009	239,750.00	438,386.00 cr
	(249,950.00)	(-)

- 3 The Company does not have any Deferred Tax Asset/(Liability). Hence, the same is not reported.
- 4 Misc. Expenditure & Preoperative Expenses as stated in the Balance Sheet has not been written off, as Profit & Loss Account has not been prepared and the same will be completely written off in accordance with Accounting Standard-26 on Intangible Assets in the year of Operation.
- 5 Figures in the bracket indicates previous year figures.
- 6 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL INFRASTRUCTURE LIMITED**Balance Sheet Abstract and Company's General Business Profile**I. **CIN No. U45500DL2007PLC171213 State Code 55 Balance Sheet Date 31st March, 2009.**II. **Capital raised during the year** (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500

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

Total Liabilities	938	Total Assets	938
Sources of Funds		Application of Funds	
Paid-up Capital	500	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	656
Unsecured Loans	-	Miscellaneous Expenditure	283

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

Turnover	-	Total Expenditure	-
Profit/(Loss) before tax	-	Profit/(Loss) after tax &	-
Earning per Share (Rs.)		Provision	
		Dividend Rate %	

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

Item Code No.	N.A.
Product Description	N.A.

In terms of our attached report of even date

For **Chhaparia & Associates**
Chartered Accountants**Sd/-****(Govind Prasad Basaiwala)****Partner****Membership No : 062389**

Place : New Delhi.

Dated : The 29th day of June, 2009.

VRL INFRASTRUCTURE LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2009**

PARTICULARS	Amount in Rs.	
	31st March, 2009	31st March, 2008
A. Cash Flow from Operating Activities		
<i>Net Cash from / (used in) Operating Activities</i>	-	-
B. Cash Flow from Investing Activities		
<i>Net Cash from/ (used in) Investing Activities</i>	-	-
C. Cash Flow from Financing Activities		
Unsecured Loan Received	4,416,984	
Unsecured Loan Repayment	(4,000,000)	
Proceeds from issue of Equity Share Capital	10,200	250,050
Preliminary/Preoperative Expenses	(40,054)	(208,000)
<i>Net Cash from/ (used in) Financing Activities</i>	387,130	42,050
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	387,130	42,050
Cash & Cash Equivalents as at 01.04.2008	42,050	-
Cash & Cash Equivalents as at 31.03.2009	429,180	42,050

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No. 062389

For and on behalf of the Board
VRL Infrastructure Limited

Sd/-

Ram Chandra Agarwal
(Director)
DIN - 00491885

Sd/-

Uma Agarwal
(Director)
DIN - 00495945

Place : New Delhi.

Dated : The 29th day of June, 2009.

DIRECTORS' REPORT-VRL KNOWLEDGE PROCESS LTD

To
The Members
VRL Knowledge Process Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2009.

Performance

The company did not carry any business activities during the financial year ended March 31, 2009.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2009, the Board of Directors of the company cannot recommend any dividend for the financial year ended March 31, 2009.

Public Deposits

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

Auditors

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

Material changes and events

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

Directors

That Mr. Ritesh Rathi resigned from the directorship of the company w.e.f. June 30, 2009. Mr. Deepak Sharma was appointed as an additional director of the company w.e.f. June 30, 2009. The Board recommends his appointment as an Ordinary director of the Company at the ensuing Annual general meeting of the company. Mrs. Uma Agarwal, Director of the Company retires by rotation and being eligible offers herself for reappointment at the ensuing Annual General Meeting.

Particulars of Employees

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

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

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

Details of Foreign Exchange Earnings and Outgoing are as follows :

Current Year (Rs.)

(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

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

Directors' Responsibility Statement

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

- That in the preparation of annual accounts for the financial year ended 31st March, 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the directors had prepared the annual accounts for the financial year ended 31st March, 2009, on a going concern basis.

Acknowledgement

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

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

Sd/-

Date : 22-July-09
Place : New Delhi

Ram Chandra Agarwal
Chairman

AUDITORS' REPORT - VRL Knowledge Process Limited

To
The Members of
VRL Knowledge Process Limited

1. We have audited the attached Balance Sheet of VRL Knowledge Process Ltd. as at 31st March, 2009 of the Company and Cash Flow Statements for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as We considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009; and
- (ii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
(Partner)

Membership No. 062389

Place: New Delhi.

Dated: The 29th day of June, 2009.

VRL KNOWLEDGE PROCESS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2009**

	<u>SCHEDULE</u>	<u>31st March, 2009</u>
		<u>Amount (Rs.)</u>
<u>SOURCES OF FUNDS</u>		
Share Capital	A	500,000.00
		<u>500,000.00</u>
<u>APPLICATION OF FUNDS</u>		
<u>Current Assets, Loans & Advances</u>		
Cash & Bank Balances	B	90,050.00
Other Current Assets	C	249,950.00
		<u>340,000.00</u>
Less: <u>Current Liabilities & Provisions</u>	D	<u>72,442.00</u>
Net Current Asset		267,558.00
<u>Miscellaneous Expenditure</u>	E	232,442.00
<i>(to the extent not written off or adjusted)</i>		<u>500,000.00</u>
Significant accounting policies and notes on accounts	F	
In terms of our attched report of even date		
For Chhaparia & Associates Chartered Accountants		For and on behalf of the Board VRL Knowledge Process Limited
Sd/-		Sd/-
(Govind Prasad Basaiwala)		Ram Chandra Agarwal
Partner		(Director)
Membership No : 062389		DIN - 00491885
		Uma Agarwal
		(Director)
		DIN - 00495945

Place : New Delhi.

Dated : The 29th day of June, 2009.

VRL KNOWLEDGE PROCESS LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****31st March, 2009****Amount (Rs.)****SCHEDULE - A****SHARE CAPITAL****Authorised**

1,000,000 Equity Shares of Rs.10/- each

10,000,000.00

Issued, Subscribed & Paid-up

50,000 Equity Shares of Rs.10/- each fully paid in cash

500,000.00

(Out of above 25000 Shares have been held by Vishal Retail Limited)

500,000.00

SCHEDULE - B**CASH & BANK BALANCES**

Cash in hand (as certified by the Management)

90,050.00

90,050.00

SCHEDULE - C**LOANS & ADVANCES**

(Unsecured, Considered Goods)

249,950.00

Advance to Director

249,950.00

SCHEDULE - D**CURRENT LIABILITIES & PROVISIONS****Current Liabilities**

6,742.00

For Expenses

65,700.00

For Other Finance

72,442.00

SCHEDULE - E**MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

225,700.00

Preliminary Expenses

6,742.00

Preoperative Expenses

232,442.00

VRL KNOWLEDGE PROCESS LIMITED**SCHEDULES ATTACHED TO BALANCE SHEET****SCHEDULE - F****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

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

B NOTES ON ACCOUNTS

- 1 The company was incorporated on 10.07.2008 and the accounts represents transactions from 10.07.2008 to 31.03.2009. Since the Company has not started its commercial activities, no profit and loss account has been prepared and amount incurred towards expenses has been debited to Pre-Operative Expenditure A/c. Being the first year, no previous year figures are reported.

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

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

Ram Chandra Agarwal	Director
Uma Agarwal	Director
Ritesh Rathi	Director

Others

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

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

<u>Nature of Transactions</u>	<u>Key Management Personnel</u>	<u>Others</u>
	<u>Personnel</u>	
Share Allotment	249,980.00	250,000.00

(c) Balance as on 31.03.2009 249,950.00 -

- 3 Maximum Amount Outstanding Rs. 249950/- in case of Advance to Director.
- 4 Details of Auditors Remuneration is as under: (Amount in Rs.)
- | | |
|-------------|----------|
| Particulars | 2008-09 |
| Statutory | 6,742.00 |
- 5 The Company does not have any Deferred Tax Asset/(Liability). Hence, the same is not reported.
- 6 Misc. Expenditure as stated in the Balance Sheet has not been written off, as Profit & Loss Account has not been prepared and the same will be completely written off in accordance with Accounting Standard-26 on Intangible Assets in the year when the Company starts its commercial activity.
- 7 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

VRL KNOWLEDGE PROCESS LIMITED**Balance Sheet Abstract and Company's General Business Profile**I. **CIN No.** U74120DL2008PLC180693 **State Code** 55 **Balance Sheet Date** 31st March, 2009.II. **Capital raised during the year** (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500

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

Total Liabilities	500	Total Assets	500
Sources of Funds		Application of Funds	
Paid-up Capital	500	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	268
Unsecured Loans	-	Miscellaneous Expenditure	232

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

Turnover	-	Total Expenditure	
Profit/(Loss) before tax	-	Profit/(Loss) after tax &	
Earning per Share (Rs.)		Provision	
		Dividend Rate %	

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

Item Code No.	N.A.
Product Description	N.A.

In terms of our attached report of even date

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.

Dated : The 29th day of June, 2009.

VRL KNOWLEDGE PROCESS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2009**

		Amount in Rs.
PARTICULARS		31st March, 2009
A. <u>Cash Flow from Operating Activities</u>		
<i>Net Cash from / (used in) Operating Activities</i>		-
B. <u>Cash Flow from Investing Activities</u>		
<i>Net Cash from/ (used in) Investing Activities</i>		-
C. <u>Cash Flow from Financing Activities</u>		
<i>Proceeds from issue of equity share capital</i>	250,050	
<i>Preliminary Expenses</i>	<u>(160,000)</u>	
<i>Net Cash from/ (used in) Financing Activities</i>		<u>90,050</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		<u>90,050</u>
(A+B+C)		
Cash & Cash Equivalents as at 01.04.2008		-
Cash & Cash Equivalents as at 31.03.2009		<u><u>90,050</u></u>

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

For and on behalf of the Board
VRL Knowledge Process Limited

Sd/-

Ram Chandra Agarwal
(Director)
DIN - 00491885

Sd/-

Uma Agarwal
(Director)
DIN - 00495945

Place : New Delhi.

Dated : The 29th day of June, 2009.

DIRECTORS' REPORT-VRL MOVERS LTD

To
The Members
VRL Movers Limited

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of the Company for the financial year ended on 31st March, 2009.

Performance

The company did not carry any business activities during the financial year ended March 31, 2009.

Dividend

Since the company has not carried on any business activity during the financial year ended March 31, 2009, the Board of Directors of the company cannot recommend any dividend for the financial year ended March 31, 2009.

Public Deposits

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

Auditors

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

Secretarial Auditors

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

Material changes and events

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

Directors

That Mr. Manmohan Agarwal resigned from the directorship of the company w.e.f. April 15, 2009. Mr. Deepak Sharma was appointed as an additional director of the company w.e.f. April 15, 2009. The Board recommends his appointment as an Ordinary director of the Company at the ensuing Annual general meeting of the company.

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

Particulars of Employees

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

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

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

Details of Foreign Exchange Earnings and Outgoing are as follows :

Current Year (Rs.)

(a) Earnings	Nil
(b) Outgoing	Nil

Auditor's Qualification

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

Directors' Responsibility Statement

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

- That in the preparation of annual accounts for the financial year ended 31st March, 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the directors had prepared the annual accounts for the financial year ended 31st March, 2009, on a going concern basis.

Acknowledgement

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

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

Date : 22-July-09
Place : New Delhi

Sd/-
Ram Chandra Agarwal
Chairman

AUDITORS' REPORT - VRL Movers Limited

To
The Members of
VRL Movers Limited

1. We have audited the attached Balance Sheet of VRL Movers Ltd. as at 31st March, 2009 of the Company and Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as We considered appropriate and according to the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet & Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009; and
- (ii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

For Chhaparia & Associates
Chartered Accountants

Sd/-
(Govind Prasad Basaiwala)
(Partner)
Membership No. 062389

Place: New Delhi.

Dated: 29th day of June 2009

VRL MOVERS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2009**

	<u>SCHEDULE</u>	<u>31st March, 2009</u> Amount (Rs.)	<u>31st March, 2008</u> Amount (Rs.)
<u>SOURCES OF FUNDS</u>			
Share Capital	A	500,000.00	500,000.00
Unsecured Loans	B	<u>182,586.00</u>	<u>500,000.00</u>
		<u>682,586.00</u>	
<u>APPLICATION OF FUNDS</u>			
<u>Current Assets, Loans & Advances</u>			
Cash & Bank Balances	C	164,072.40	92,050.00
Loans & Advances	D	<u>192,250.00</u>	<u>249,950.00</u>
		356,322.40	342,000.00
Less: <u>Current Liabilities & Provisions</u>	E	<u>13,360.00</u>	<u>67,700.00</u>
Net Current Asset		342,962.40	274,300.00
<u>Miscellaneous Expenditure</u> (to the extent not written off or adjusted)	F	<u>339,623.60</u>	<u>225,700.00</u>
		<u>682,586.00</u>	<u>500,000.00</u>
Significant accounting policies and notes on accounts	G		
In terms of our attched report of even date			
For Chhaparia & Associates Chartered Accountants		For and on behalf of the Board VRL Movers Limited	
Sd/-		Sd/-	
(Govind Prasad Basaiwala)		Ram Chandra Agarwal	
Partner		(Director)	
Membership No : 062389		DIN - 00491885	
		Uma Agarwal	
		(Director)	
		DIN - 00495945	

Place : New Delhi.

Dated : The 29th day of June, 2009.

VRL MOVERS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2009**

Amount in Rs.

PARTICULARS	31st March, 2009	31st March, 2008
A. Cash Flow from Operating Activities		
<i>Net Cash from / (used in) Operating Activities</i>	-	-
B. Cash Flow from Investing Activities		
<i>Net Cash from/ (used in) Investing Activities</i>	-	-
C. Cash Flow from Financing Activities		
Unsecured Loan Received	2,600,000	-
Unsecured Loan Repayment	(2,500,000)	-
Proceeds from issue of Equity Share Capital	57,700	250,050
Preliminary Expenses/Preoperative Expenses	(85,678)	(158,000)
<i>Net Cash from/ (used in) Financing Activities</i>	72,022	92,050
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	72,022	92,050
Cash & Cash Equivalents as at 01.04.2008	92,050	-
Cash & Cash Equivalents as at 31.03.2009	<u>164,072</u>	<u>92,050</u>

In terms of our report of even date annexed

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No. 062389

For and on behalf of the Board
VRL Movers Limited

Sd/-

Ram Chandra Agarwal
(Director)
DIN - 00491885

Sd/-

Uma Agarwal
(Director)
DIN - 00495945

Place : New Delhi.

Dated : The 29th day of June, 2009.

VRL Movers Limited**SCHEDULES ATTACHED TO BALANCE SHEET**

	31st March, 2009	31st March, 2008
	Amount (Rs.)	Amount (Rs.)
<u>SCHEDULE - A</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
1,000,000 Equity Shares of Rs.10/- each	10,000,000.00	10,000,000.00
(Previous Year 1,000,000 Equity Shares of Rs.10/- each)		
<u>Issued, Subscribed & Paid-up</u>		
50,000 Equity Shares of Rs.10/- each fully paid in cash	500,000.00	500,000.00
(Previous Year 50,000 Equity Shares of Rs.10/- each fully paid in cash)	500,000.00	500,000.00
<u>SCHEDULE - B</u>		
<u>UNSECURED LOANS</u> (including interest accrued thereon)		
From Holding Company	182,586.00	-
	182,586.00	-
<u>SCHEDULE - C</u>		
<u>CASH & BANK BALANCES</u>		
Balance with Scheduled Bank		
<u>On Current a/c</u>	82,022.40	-
Cash in hand (as certified by the Management)	82,050.00	92,050.00
	164,072.40	92,050.00
<u>SCHEDULE - D</u>		
<u>LOANS & ADVANCES</u>		
(unsecured, considered good)		
<u>Advances</u>		
(receivable in cash or in kind or for value to be received)	192,250.00	249,950.00
	192,250.00	249,950.00
<u>SCHEDULE - E</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>Current Liabilities</u>		
For Expenses	13,360.00	-
For Other Finance	-	67,700.00
	13,360.00	67,700.00
<u>SCHEDULE - F</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
(to the extent not written off or adjusted)		
Preliminary Expenses	225,700.00	225,700.00
Preoperative Expenses	113,923.60	-
	339,623.60	225,700.00

VRL Movers Limited**SCHEDULES ATTACHED TO BALANCE SHEET - VRL MOVERS LIMITED****SCHEDULE - F****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1 GENERAL**

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

B NOTES ON ACCOUNTS

- 1 Since the Company has not started its commercial activities, no profit and loss account has been prepared and amount incurred towards expenses has been debited to Pre-Operative Expenses A/c.

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

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

Ram Chandra Agarwal

Director

Uma Agarwal

Director

Manmohan Agarwal

Director

Others

Vishal Retail Limited

Holding Company

(b) Transactions with Related Parties

(Amount in Rs.)

<u>Nature of Transactions</u>	<u>Key</u>	<u>Others</u>
	<u>Management</u>	
Share Allotment	-	-
	(249,980.00)	(250,000.00)
Loan Received	-	2,600,000.00
	(-)	(-)
Loan Payment	-	2,500,000.00
	(-)	(-)
Interest Payable	-	82,586.00
	(-)	(-)
(c) Balance as on 31.03.2009	192,250.00	182,586.00 cr
	(249,950.00)	(-)

- 3 The Company does not have any Deferred Tax Asset/(Liability). Hence, the same is not reported.
- 4 Misc. Expenditure & Preoperative Expenses as stated in the Balance Sheet has not been written off, as Profit & Loss Account has not been prepared and the same will be completely written off in accordance with Accounting Standard-26 on Intangible Assets in the year of Operation.
- 5 Figures in the bracket indicates previous year figures.
- 6 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business ProfileI. CIN No. U74900DL2008PLC173420 State Code 55 Balance Sheet Date 31st March, 2009.II. **Capital raised during the year** (Amount in Rs. thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	500

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

Total Liabilities	683	Total Assets	683
Sources of Funds		Application of Funds	
Paid-up Capital	500	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	343
Unsecured Loans	183	Miscellaneous Expenditure	340

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

Turnover	-	Total Expenditure	-
Profit/(Loss) before tax	-	Profit/(Loss) after tax &	-
Earning per Share (Rs.)		Provision	
		Dividend Rate %	

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

Item Code No.	N.A.
Product Description	N.A.

In terms of our attached report of even date

For Chhaparia & Associates
Chartered Accountants

Sd/-

(Govind Prasad Basaiwala)
Partner
Membership No : 062389

Place : New Delhi.

Dated : The 29th day of June, 2009.

AUDITORS' REPORT

TO THE MEMBERS OF VISHAL RETAIL LIMITED

1. We have audited the attached Consolidated Balance Sheet of **VISHAL RETAIL LIMITED** (the Company) and its subsidiaries, (collectively referred to as 'the Group') as at 31st March, 2009, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We further report that we did not audit the financial statements of seven subsidiaries, whose financial statements reflect total net assets of Rs. (39.12 lacs) as at 31st March 2009, total net revenues of Rs. NIL and net cash inflows of Rs 65.55 lacs for the year then ended. The financial statements of the Joint Venture are unaudited, and have been consolidated on the basis of certified statements of the management. The Group's share of loss in joint venture is Rs 0.74 lacs for the year ended 31st March 2009. The financial statements and other financial information of subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, and Accounting Standards (AS) 27, Financial Reporting of Interests in Joint Ventures, notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Vishal Retail Limited and other financial information as referred in para 3 above.

5. Further, we report that:

(a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit, *except in respect of the Company as regards to :*

- i) *Inventory- The inventory lying at 163 stores and warehouses were physically verified by other Chartered Accountants and their certificates have been provided to us. As per Company's records, the value of such inventory aggregate Rs.638.66 Crores. As regards inventory lying at other than such 163 stores, no documentary evidence for its physical verification has been made available to us, though we have been informed that it was physically verified by the management. We were not invited to observe the process of physical verification of inventory.*
- ii) *Cash on Hand- Out of cash on hand of Rs. 4.51 Crores, cash balance aggregating Rs. 3.13 Crores lying at various stores were verified by internal auditors of the Company / independent Chartered Accountants, and we have relied upon certificate issued by them. As regards remaining cash balances, it is as per cash balance verified and confirmed by the Management.*
- iii) *Display Charges- Relevant documents for arrangement with parties and calculation of accrued income have not been produced to us for verification.*

(b) In our opinion, Consolidated Balance Sheet, Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement dealt with this by report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company, *except:*

- i. *AS- 2 on "Valuation of Inventories": The 'Cost' for Valuation of inventories does not include octroi, mandi tax, entry tax, relevant input vat, inward freight and discount received on the purchase*

Further, except in respect of certain goods and merchandize, the value of which has been brought down by Rs. 97.26 crores, we are unable to comment upon provision, if any, required to be made for shrinkages, slow- moving, non- moving, obsolete, damaged goods etc.

- ii. *AS-28 "Impairment of Assets": the company has not subjected its relevant assets to impairment test and consequential impairment loss, if any, has not been accounted for.*
- iii. *AS-29 " Provisions, Contingent Liabilities and Contingent": the company has not provided for the liability that may arise on account of unutilized ~~828~~ vouchers issued/sold by the company.*

(c) *Attention is invited to :*

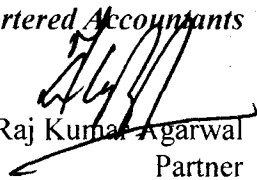
- (i) *Para No. 7 to Schedule 19 B with regards to confirmation and reconciliation of balances of sundry debtors, sundry creditors, advances and deposits.*
- (ii) *Para No. 5 to Schedule 19B with regards to payment of Managerial Remuneration amounting to Rs. 51.37 lacs without obtaining prior approval of Central Government as per provisions of sections 198 and 309 of the Companies Act, 1956.*

- (d) Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give the information required by the Act in the manner so required.

We are unable to comment upon the consequential effect of our observations in Paras (5)(a) (i) to (iii), (5)(b)(i) to (iii) and (5)(c)(i) to (ii) above, on the relevant assets, liabilities and loss for the year. Subject to this the said financial statements, give a true and fair view:

- i) in case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2009;
- ii) in case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- iii) in case of the Consolidated Cash Flow statement, of the cash flows for the year ended on that date.

**For Haribhakti & Co.,
Chartered Accountants**


Raj Kumar Agarwal
Partner

Membership No. 074715

Place: New Delhi

Date : July 22, 2009

VISHAL RETAIL LIMITED

Consolidated Balance Sheet as at 31st March'2009

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March'2009	31st March' 2008
<u>SOURCES OF FUNDS</u>			
<u>Shareholders' Funds</u>			
Share Capital	1	223,988,690	223,988,690
Reserves & Surplus	2	1,668,370,845	2,487,645,388
Capital Reserve on Consolidation of Joint Venture		2,223,060	
		<u>1,894,582,595</u>	<u>2,711,634,078</u>
Minority Interest		2,250,000	1,250,000
<u>Loan Funds</u>			
Secured Loan	3	3,720,704,763	4,489,038,480
Unsecured Loan	4	3,787,365,263	818,509,463
		<u>7,508,070,026</u>	<u>5,307,547,942</u>
Deferred Tax Liability		-	21,965,802
Total		<u>9,404,902,621</u>	<u>8,042,397,822</u>
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets</u>			
Gross Block	5	3,725,293,220	2,623,006,801
Less: Accumulated Depreciation & Amortization		1,020,718,990	533,666,371
Net Block		<u>2,704,574,230</u>	<u>2,089,340,430</u>
Capital Work in Progress		62,560,068	
		<u>2,767,134,298</u>	<u>205,060,070</u>
Share in Joint Venture		839,071	
		<u>2,767,973,369</u>	<u>2,294,400,500</u>
Deferred Tax Assets		447,995,860	
<u>Current Assets, Loans & Advances</u>			
Sundry Debtors	6	28,559,388	
Inventories	7	6,670,812,612	5,574,676,918
Cash & Bank Balances	8	151,892,327	557,690,860
Loans & Advances	9	1,140,849,074	1,201,689,774
		<u>7,992,113,400</u>	<u>7,334,057,552</u>
<u>Less: Current Liabilities & Provisions</u>			
Current Liabilities	10	1,479,728,917	1,139,238,868
Provisions	11	458,366,006	447,952,361
		<u>1,938,094,922</u>	<u>1,587,191,229</u>
Net Current Assets		6,054,018,478	5,746,866,322
Profit & Loss Accounts		121,880,727	
Misc Expenditure		13,032,843	
Share in Joint Venture		1,344	
		<u>13,034,187</u>	<u>1,131,000</u>
Total		<u>9,404,902,621</u>	<u>8,042,397,822</u>
Significant Accounting Policies & Notes on Accounts forming integral part of balance sheet	19		

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

For and on behalf of the Board

Vishal Retail Limited

sd/-

Raj Kumar Agarwal

(Partner)

M. No. 074715

sd/-

Ram Chandra Agarwal

Managing Director

sd/-

Uma Agarwal

Director

sd/-

Arun Gupta

Company Secretary

Place : New Delhi

Date: 22nd July 2009

VISHAL RETAIL LIMITED

Consolidated Profit and Loss Account for the year ended 31st March'2009

		(Amount in Rs.)	
PARTICULARS	SCHEDULE	31st March'2009	31st March' 2008
INCOME			
Gross Sales	12	13,930,312,861	10,053,135,126
Less : VAT		697,969,788	523,387,184
Net Sales		13,232,343,073	9,529,747,942
Other Income	13	94,836,808	77,610,878
Total (A)		13,327,179,882	9,607,358,819
EXPENDITURE			
Cost of goods sold	14	9,136,813,725	5,624,666,214
Manufacturing, Administrative and other expenses	15	2,358,862,205	1,532,526,196
Employee Cost	16	1,224,069,482	723,121,989
Selling & Distribution Expenses	17	532,118,380	440,474,090
Finance Cost	18	963,264,323	378,707,116
Depreciation & Amortization	5	488,032,515	
Share in Joint Venture		32,503	
Total (B)		14,703,193,134	8,975,489,340
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS & TAX (A - B)		(1,376,013,252)	631,869,479
Prior Period Adjustments (Net)		27,729,636	-
PROFIT/(LOSS) BEFORE TAX		(1,403,742,888)	631,869,479
Less: <u>Provision for Tax</u>			
: Income Tax		-	214,552,392
: Deferred Tax Adjustments		(469,961,661)	3,941,925
: Fringe Benefit Tax		11,055,592	6,893,220
: Wealth Tax		68,454	79,681
PROFIT/(LOSS) AFTER TAX		(944,905,272)	406,402,262
Balance brought forward from last year		823,024,545	416,622,282
BALANCE CARRIED TO BALANCE SHEET		(121,880,727)	823,024,543
Basic Earning Per Share (Rs.)		(42.19)	18.95
Diluted Earning Per Share (Rs.)		(42.19)	18.95
Nominal Value per share		10.00	10.00
(Refer Note B-13 in Schedule 19)			
Significant Accounting Policies & Notes on Accounts forming integral part of profit & loss accounts	19		

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

For and on behalf of the Board

Vishal Retail Limited

sd/-

Raj Kumar Agarwal

(Partner)

M. No. 074715

sd/-

Ram Chandra Agarwal

Managing Director

sd/-

Uma Agarwal

Director

sd/-

Arun Gupta

Company Secretary

Place : New Delhi

Date: 22nd July 2009

VISHAL RETAIL LIMITED

Consolidated Cash Flow Statement for the year ended 31st March, 2009

PARTICULARS	Amount in Rs.	
	31st MARCH' 2009	31st MARCH'2008
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	(1,376,013,252)	631,869,480
Adjustments For :		
Depreciation/Amortisation	488,065,018	275,993,735
Prior Period Items	(27,729,636)	
Loss n Sale of Fixed Assets	1,120,547	
Interest on MSME (Provision)	3,181,680	
Provision for Bonus	19,274,701	20,245,919
Provision for Gatuity	10,148,341	3,898,541
Provision for Leave Encashment	(10,858,742)	17,789,822
Provision for other Expenses	93,326,632	95,560,713
Interest on Loan	963,264,323	378,707,116
Interest & Dividend received	(16,483,990)	(13,223,857)
Operating Profit before working capital changes	147,295,623	1,410,841,468
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Advances & Receivables	142,001,679	(429,167,078)
(Increase)/Decrease in Inventories	(1,096,135,693)	(3,083,200,457)
Increase/(Decrease) in Trade Payable	435,065,561	319,874,251
Increase/(Decrease) in Other Payable	(202,948,237)	54,376,997
	(722,016,689)	(3,138,116,286)
Cash generated from operations	(574,721,066)	(1,727,274,818)
Direct Taxes Paid	(77,418,504)	(240,899,327)
Cash generated from operations before Extraordinary Items	(652,139,571)	(1,968,174,146)
Net Cash from Operating Activities [A]	(652,139,571)	(1,968,174,146)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,101,670,383)	(1,159,005,371)
Realisation against Sale of Fixed Assets	1,682,800	
Interest received	16,483,990	13,223,857
Net Cash from Investing Activities [B]	(1,083,503,593)	(1,145,781,513)
C. Cash Flow from Financing Activities		
Proceeds from issuance of share capital		1,099,999,980
Proceeds from issuance of Debentures	1,200,000,000	(600,000,000)
Investment In other Co's	1,000,000	1,250,000
Share Premium	5,973,060	
IPO Expenses		(62,390,515)
Proceeds/(Repayment) of Bank Borrowings	(768,333,717)	2,934,820,818
Miscellaneous Expenditure	(11,903,187)	(1,131,000)
Proceeds/(Repayment) of Unsecured Loan	1,768,855,802	569,890,736
Interest paid on loan	(865,747,328)	(378,707,116)
Net Cash from Financing Activities [C]	1,329,844,630	3,563,732,904
Net Increase/(Decrease) in Cash & Cash Equivalents [A+B+C]	(405,798,534)	449,777,245
Cash & Cash equivalents as at 01.04.2008	557,690,860	107,913,615
Cash & Cash equivalents as at 31.03.2009	151,892,327	557,690,860

Note : cash & cash equivalent consists of cash in hand, cash in transit-CMS & bank balances

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

sd/-

Raj Kumar Agarwal
(Partner)

Place : New Delhi
Date: 22nd July 2009

For and on behalf of the Board

Vishal Retail Limited

sd/-

Ram Chandra Agarwal
Managing Director

sd/-

Uma Agarwal
Director

sd/-

Arun Gupta
Company Secretary

VISHAL RETAIL LIMITED
Schedules attached to Consolidated Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
1	<u>SHARE CAPITAL</u>		
	Authorised		
	<u>Equity Share Capital</u>	300,000,000	250,000,000
	30,000,000 (25,000,000) Equity Shares of Rs. 10/- each		
	<u>Preference Share Capital</u>	58,400,000	58,400,000
	4,00,000 (4,00,000) Preference Shares of Rs. 146/- each		
		358,400,000	308,400,000
	Issued, Subscribed & Paid up		
	<u>Equity Share Capital</u>	223,988,690	223,988,690
	2,23,98,869 (2,23,98,869) Equity Shares of Rs. 10/- each, fully paid up in cash		
		223,988,690	223,988,690
2	<u>RESERVES & SURPLUS</u>		
	Securities Premium		
	Balance brought forward	1,664,620,845	667,752,120
	Add: Additions during the year	3,750,000	1,059,259,240
		1,668,370,845	1,727,011,360
	Less: IPO-Expenses	-	(62,390,515)
		1,668,370,845	1,664,620,845
	Balance as per Profit & Loss Account	-	823,024,543
		1,668,370,845	2,487,645,388
3	<u>SECURED LOAN</u>		
	<u>Term Loan</u>		
	a).From banks	1,178,774,754	1,951,440,221
	<u>Working Capital Loan from Bank</u>		
	a).From banks	2,320,849,360	2,354,458,917
	<u>Vehicle Loan</u>		
	a).From banks	33,589,333	40,500,730
	b).From others	611,258	-
	(Refer note B-3 in Sechedule no. 19 for the securities given on these loans)		
	<u>Other Loans</u>		
	a).From banks	106,477,347	112,928,280
	b).From others	80,402,710	29,710,332
	(Secured by specific assets & personal gaurantee of Managing Director)		
		3,720,704,763	4,489,038,480

VISHAL RETAIL LIMITEDSCHEDULES ATTACHED TO BALANCE SHEET**SCHEDULE : 5 - FIXED ASSETS**

(Amount in Rs.)

Particulars	Gross Block			As at 31.03.2009	Depreciation / Amortization			As at 31.03.2009	Net Block	
	As at 01.04.08	Addition	Disposal		As at 01.04.08	Addition	Reversal		As at 31.03.2009	As at 31.03.08
TANGIBLE ASSETS										
Free Hold Land	107,995,114	-	-	107,995,114	-	-	-	-	107,995,114	107,995,114
Lease Hold Land	69,181,044	-	-	69,181,044	909,778	2,767,242	-	3,677,020	65,504,025	68,271,266
Lease Hold Buildings	49,154,953	-	-	49,154,953	646,421	1,966,198	-	2,612,619	46,542,334	48,508,531
Buildings	145,242,898	83,547,776	-	228,790,673	6,004,589	11,005,499	-	17,010,088	211,780,585	139,238,310
Plant & Machinery	88,918,165	29,128,131	-	118,046,296	16,877,481	12,950,347	-	29,827,828	88,218,469	72,040,684
Lift	18,849,154	875,000	-	19,724,154	5,050,232	1,934,769	-	6,985,001	12,739,153	13,798,922
Generator Set	194,251,609	61,848,980	-	256,100,589	31,133,930	27,812,783	-	58,946,713	197,153,875	163,117,679
Furniture & Fixture	791,344,527	348,052,032	-	1,139,396,559	173,078,485	148,461,310	-	321,539,795	817,856,764	618,266,042
Electrical Equipments & Fittings	225,394,211	128,615,945	-	354,010,156	43,040,806	35,329,046	-	78,369,852	275,640,304	182,353,405
Office Equipments	106,159,344	87,801,003	-	193,960,346	11,266,236	20,741,823	-	32,008,059	161,952,287	94,893,108
Air Conditioner	254,776,804	157,675,152	-	412,451,956	39,060,284	42,625,555	-	81,685,839	330,766,116	215,716,520
Computer	386,593,753	169,081,883	-	555,675,635	152,367,827	128,065,317	-	280,433,145	275,242,491	234,225,926
Video Conference Systems	45,151,245	7,836,061	-	52,987,306	9,188,263	16,850,196	-	26,038,459	26,948,847	35,962,982
Motor Vehicles	102,319,275	27,902,582	3,815,745	126,406,112	31,136,151	23,490,164	1,012,398	53,613,916	72,792,196	71,183,124
INTANGIBLE ASSET										
Computer Softwares	37,674,706	3,737,622	-	41,412,328	13,905,888	14,032,267	-	27,938,155	13,474,173	23,768,818
TOTAL	2,623,006,801	1,106,102,165	3,815,745	3,725,293,221	533,666,371	488,032,515	1,012,398	1,020,686,488	2,704,606,733	2,089,340,431
PREVIOUS YEAR	1,329,272,544	1,293,734,257	-	2,623,006,801	257,672,636	275,993,735	-	533,666,371	2,089,340,430	1,071,599,906

VISHAL RETAIL LIMITED
Schedules attached to Consolidated Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
4	<u>UNSECURED LOAN</u>		
	1). Non Convertible Debentures		
	LIC Mutual Fund 10.25%	1,000,000,000	-
	[Refer Note B-14 of Schedule 19]		
	Deutsche Trustee Services (I) Pvt. Ltd. 9.75%	500,000,000	300,000,000
	[Repayable on 25.08.2009]		
	2). Bill Discounting :		
	a). From banks	493,811,919	381,391,140
	b). From others	86,180,656	109,080,530
	3). Short Term Loans		
	a). From banks	1,626,534,896	-
	b). From others	20,837,792	28,037,792
	4). Loan		
	a). From Directors [Max. Balance Rs. 85,500,000/- P.Y. Nil]	60,000,000	-
		3,787,365,263	818,509,463
6	<u>SUNDRY DEBTOR</u>		
	(Unsecured Considered Goods, unless otherwise stated)		
	Outstanding for period exceeding Six months	105,000	-
	Other Debt	28,454,388	-
		28,559,388	-
7	<u>INVENTORIES</u>		
	(as taken, valued & certified by the management)		
	Raw Materials	146,612,871	115,967,279
	Semi Finished Goods	72,236,279	101,188,333
	Stitching Materials & Consumables	65,317,317	40,118,026
	Finished Goods	6,386,646,145	5,317,403,280
		6,670,812,612	5,574,676,918

VISHAL RETAIL LIMITED
Schedules attached to Consolidated Balance Sheet

		(Amount in Rs.)	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
8	<u>CASH & BANK BALANCES</u>		
	Cash in hand (as certified by the management)	46,162,125	44,128,707
	Cash in Transit -CMS	24,887,841	51,680,369
	<u>Balance with Scheduled Banks</u>		
	In Current Accounts	53,558,066	406,308,103
	In Fixed Deposit Accounts	25,800,998	55,573,681
	(Refer Note No. B-8 of Schedule 19)	150,409,030	557,690,860
	Share in Joint Venture	1,483,297	
		151,892,327	557,690,860
9	<u>LOANS & ADVANCES</u>		
	<u>(Unsecured & considered good, unless otherwise stated)</u>		
	Income Tax Advances	441,806,968	364,388,464
	Input Vat Receivable	-	6,869,756
	Others Deposits/Advances	411,746,578	351,668,355
	Advances receivable in cash or in kind or for value to be received	287,259,085	478,763,198
		1,140,812,631	1,201,689,774
	Share in Joint Venture	36,443	-
		1,140,849,074	1,201,689,774
10	<u>CURRENT LIABILITIES</u>		
	<u>SUNDRY CREDITORS(Unsecured)</u>		
	-Dues to Micro, Medium & Small Enterprises	28,997,664	-
	-Others	911,040,870	501,791,293
	Other Liabilities	325,919,725	411,987,491
	Due to Directors (Max Balance 7,49,850/- P.Y Rs. Nil)	749,850	-
	Bank Balance (Cheque Overdraft)	115,381,468	225,460,084
	Interest Accrued But Not Due	97,516,996	-
		1,479,606,574	1,139,238,868
	Share in Joint Venture	122,343	-
		1,479,728,917	1,139,238,868
11	<u>PROVISIONS</u>		
	Provision for Gratuity	20,152,526	10,004,185
	Provision for Leave Encashment	6,931,080	17,789,822
	Provision for Taxes	431,282,400	420,158,354
		458,366,006	447,952,361

VISHAL RETAIL LIMITED**Schedules attached to Consolidated Profit & Loss Account**

		Amount in Rs.	
SCHEDULE	PARTICULARS	31st March' 2009	31st March' 2008
12	<u>SALES</u>		
	Retail Sales	13,232,343,073	9,529,747,942
	VAT	697,969,788	523,387,184
	Gross Sales	13,930,312,861	10,053,135,126
13	<u>OTHER INCOME</u>		
	Interest Recd [T.D.S. Rs. 2174544/- (P.Y. 2931148/-)]	12,174,746	13,223,857
	Misc Income [T.D.S. Rs. 303739/- (P.Y. 1409138/-)]	55,781,797	37,549,275
	Display Charges [T.D.S. 163446/- (P.Y. 563202/-)]	22,569,615	17,746,445
	Dividend Income [T.D.S. NIL (P.Y. NIL)]	4,309,244	9,091,301
		94,835,402	77,610,878
	Share in Joint Venture	1,406	-
		94,836,808	77,610,878
14	<u>COST OF GOODS</u>		
	Cost of Goods Sold	9,136,813,725	5,624,666,214
		9,136,813,725	5,624,666,214
15	<u>MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES</u>		
	Fabrication & Other Manufacturing Expenses	87,369,363	87,360,913
	Power & Fuel Expenses	476,728,829	297,221,875
	Rent Charges	1,005,833,837	606,954,016
	Repairs & Maintenance - Building	42,388,184	44,518,091
	Repairs & Maintenance - Plant & Machinery	4,497,714	5,823,426
	Repairs & Maintenance - Others	210,988,108	155,338,320
	Insurance Charges	12,243,412	8,293,954
	Rates & Taxes	39,503,364	57,931,295
	Bank Charges	20,384,443	11,208,662
	Consultancy & Legal	64,465,140	27,092,640
	Motor Vehicle Expenses	12,287,028	6,532,685
	Printing & Stationery	70,981,455	30,239,233
	Security Service Charges	75,066,314	47,257,956
	Housekeeping Expenses	73,825,555	41,904,840
	Filing Fees	257,500	30,837
	Telephone Expenses	49,683,421	28,959,912
	Travelling & Conveyance	38,115,325	23,626,593
	Other Expenses	38,415,079	28,577,953
	Postage & Couriers Expenses	3,053,009	1,914,664
	Auditor Remuneration	2,120,914	1,750,000
	Loss on Fixed Asset Sales	1,120,547	-
	Credit Cards Charges	29,490,731	19,988,331
		2,358,819,271	1,532,526,196
	Share in Joint Venture	42,934	-
		2,358,862,205	1,532,526,196

VISHAL RETAIL LIMITED
Schedules attached to Consolidated Profit & Loss Account

SCHEDULE	PARTICULARS	Amount in Rs.	
		31st March' 2009	31st March' 2008
16	<u>PERSONNEL EXPENSES</u>		
	Gratuity Expenses	10,148,341	3,898,541
	Salary, Wages & Bonus	1,096,374,905	630,835,376
	Contribution to PF & others	65,596,180	47,459,581
	Staff Welfare Expenses	42,012,880	30,818,191
	Directors Remuneration	9,937,176	10,110,300
		1,224,069,482	723,121,989
17	<u>SELLING & DISTRIBUTION EXPENSES</u>		
	Advertisement & Sales Promotion	293,506,916	279,015,448
	Commission Charges	35,632,936	19,396,099
	Transportation Charges	165,448,878	135,842,654
	Packing Materials & Expenses	37,529,650	6,219,889
		532,118,380	440,474,090
18	<u>FINANCE COST</u>		
	Loan Processing Charges	38,239,006	14,656,406
	Interest on Bill Discounting	88,987,421	35,416,126
	Interest on Term Loans	108,549,523	107,981,536
	Interest on Unsecured Loans	14,937,877	11,957,348
	Interest on Vehicle Loans	5,045,393	11,351,517
	Interest on Working Capital Loans	536,292,559	170,044,184
	Interest on Debentures	171,212,545	27,300,000
		963,264,323	378,707,116

VISHAL RETAIL LIMITED

Schedule 19 forming part of consolidated accounts.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Accounts

- a) The financial statements of Vishal Retail Limited, "the company", its subsidiary companies, and Joint ventures ("the Group") have been prepared in compliance with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, and relevant provisions of Companies Act 1956.
- b) The Consolidated Financial Statement are based on historical cost convention & and are prepared on accrual basis.

1A Principles of Consolidation

The Companies considered in the Consolidated Financial Statements are :

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

These subsidiaries were incorporated during the previous financial year and have not commenced any commercial activities; accordingly no profit and loss have been prepared.

*These subsidiaries were incorporated during the current financial year and have not commenced any commercial activities; accordingly no profit and loss have been prepared.

The Joint Venture considered in the Consolidated Financial Statements are :

Interests in Joint Ventures: (As required by AS-27 "Financial Reporting of Interest in Joint Venture")

S. No	Name	Description of Interest	Country of Incorporation	Percentage of Interest As at 31.03.2009	Financial year ended on
1	VRL Retailer Business Solutions Pvt Ltd	Equity	India	5%	31.03.2009

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

- A. The consolidated financial statements of the Group have been prepared in accordance with the Accounting Standard 21, "Consolidated Financial Statements", and Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures" issued by Institute of Chartered Accountants of India.

A)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.

B)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.

C)The difference between cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

D)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

E)Investments in Joint Ventures are dealt with in accordance with Accounting Standard (AS-27) "Financial Reporting of Interests in Joint Ventures". The Company's interest in jointly controlled entities are reported using proportionate consolidation method, whereby the Company's share of jointly controlled assets and liabilities and the share of income and expenses of the jointly controlled entities are reported as separate line items. The Company's share of the post acquisition profits or losses is included in the carrying cost of investments.

- 1C. Other significant accounting policies are as set out in standalone financial statement of Vishal Retail Limited to the extent applicable.

B. NOTES TO ACCOUNTS**2. Contingent Liabilities not Provided for :**

	Particulars	31 st March 2009	31 st March 2008
a.	Outstanding Bank Guarantees	6,263,297	7,110,000
b.	Outstanding Letter of Credit	1,317,661	Nil
c.	Guarantees given by the Company for the loan taken by the directors	21,000,000	21,000,000
d.	Disputed Sales Tax Demands-matter under appeal	4,687,235	3,639,813
e.	Disputed Entry Tax Demands- matter under appeal	Nil	6,44,200
f.	Disputed Excise Duty demands – matter under appeal	3,201,968	Nil
g.	Disputed Liability in respect of Income Tax demands - matter under appeal	3,323,879	Nil
h.	Disputed demands with respect of Litigation with the Labour Departments	4,422,744	Nil
i.	Claims against the Company not acknowledged as debts	134,613,270	2,038,674
	Total	178,830,054	34,432,687

3. Capital Commitments :-

Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of accounts

	Particulars	31 st March 2009	31 st March 2008
a.	Capital commitments towards new showrooms for which the agreement/MOU has been entered into with the landlord of the relevant showroom	1,93,67,312	6,34,57,988
b.	Capital Commitments towards fixed assets	Nil	44,128,000

4. Details of funds raised through IPO & utilization of such funds is given below:

S. No	Particulars	2008-09	2007-08
a)	Funds raised through Initial Public Offering	-	1,099,999,980
b)	Utilization by way of setting up of new retail stores		
	-New Retails Stores	-	1,037,609,465

5. The details of Managerial Remuneration paid to Directors

(Amount in Rs.)

Name of The Directors	Basic		Exgratia		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Mr. R.C. Agrawal	6,000,000	6,000,000	-	-	6,000,000	6,000,000
Mrs. Uma Agrawal	900,000	900,000	-	-	900,000	900,000
Mr. S.K. Agrawal	3,037,176	2,818,800	-	391,500	3,037,176	3,210,300
Total	9,937,176	97,18,800	-	391,500	9,937,176	10,110,300

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

Based on the profits of last nine months of the year, the company had paid remuneration to the directors as per approval accorded by the shareholders. As the company has incurred losses during the current year; the remuneration paid is in excess of the limits prescribed by the Companies Act, 1956. The Company is in the process of obtaining approval of shareholders and Central Government for such excess payment.

6. Miscellaneous expenditure as stated in the financial statements of the subsidiaries has not been written off as profit and loss account has not been prepared and the same will be completely written off in accordance with the Accounting Standard- 26, "Intangible Assets" in the next financial year.
7. Sundry debtors, Sundry Creditors, Advances and deposits are subject to confirmation and reconciliation.
8. There is a lien on fixed deposits of Rs. 97,08,297/- (Rs. 77,13,454/-) towards bank guarantee provided by banks for the Company.
9. On 4th June 2009, there was a fire in Distribution centre at Gurgaon, loss of inventory was limited (amount unascertained). There was no significant disruption in the flow of distribution. The financial effect of the above event has not been recognised being it does not represent a condition existing at the Balance Sheet date.
10. During the year, the company has brought down the value of stocks by Rs. 97.26 crores covering certain categories of stock on account of slow / non- moving/ obsolete/ damaged/ pilfered stock. Further, the process of identifying slow/ non- moving/ obsolete/ damaged/ pilfered in other categories if any, has been initiated.
11. The Company has only one business & geographical segment namely viz. retail sales of garments, textiles, accessories and FMCG in India, which in the context of AS-17 on "Segment Reporting" issued by ICAI constitute a single reporting segment.

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

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

Name	Designation	Relationship
Mr. Ram Chandra Agarwal	Director	Key Managerial Personnel
Mr. Surendra Kumar Agarwal	Director	Key Managerial Personnel
Mrs. Uma Agarwal	Director	Key Managerial Personnel
VRL Infrastructure Limited		Subsidiary Company
VRL Consumer Goods Limited		Subsidiary Company
VRL Movers Limited		Subsidiary Company
VRL Fashions Limited		Subsidiary Company
VRL Retailer Business Solutions		Joint Venture Company
VRL Retailer Ventures		Subsidiary Company
VRL Knowledge Process		Subsidiary Company
VRL Foods Limited		Subsidiary Company
Unicon Marketing Pvt. Ltd.		Two Directors of Vishal Retail Ltd are Directors in the Company

Ricon Commodities Pvt. Ltd.	Two Directors of Vishal Retail Ltd are Directors in the Company
Vishal Water World Private Ltd.	Two Directors of Vishal Retail Ltd are Directors in the Company

Description of Financial Transaction with related parties

Particulars	2008-09	2007-08
1. Loans Repaid		
Vishal Water World Pvt Ltd.	-	2,250,000
Ram Chandra Agarwal	3,55,00,000	-
Unicon Marketing Pvt Ltd.	76,00,000	18,835,433
2. Loans Granted		
VRL Movers Limited	26,00,000	-
VRL Infrastructure Limited	4,16,984	
VRL Retailer Business Solutions Pvt. Ltd.	33,600	
3. Loans Accepted		
Unicon Marketing Pvt Ltd.	29,00,000	-
Mr. Ram Chandra Agarwal	955,00,000	-
4. Managerial Remuneration		
Mr. Ram Chandra Agarwal	6,00,000	6,00,000
Mrs. Uma Agarwal	900,000	900,000
Mr. Surendra Kumar Agarwal	3,037,176	3,210,300
5. Investment in Subsidiaries and Joint Ventures		
VRL Infrastructure Limited	-	250,000
VRL Retailer Business Solutions Pvt. Ltd.	56,280	-
VRL Retail Ventures Limited	2,50,000	-
VRL Knowledge Process Limited	2,50,000	-
VRL Consumer Goods Limited	250,000	250,000
VRL Movers Limited	-	250,000
VRL Fashions Limited	250,000	250,000
VRL Foods Limited	250,000	250,000
6. Investment Purchased From Directors		
Mr. Ram Chandra Agarwal	7,49,850	-
7. Interest Received		
VRL Movers Ltd.	82,586	
VRL Infrastructure Limited	21,402	
Outstanding as at the Balance Sheet Date		
7. Amount Receivable		
VRL Infrastructure Limited	4,38,386	-
VRL Movers Limited	1,82,586	-
8. Amount Payable		
Mr. Surendra Kumar Agarwal	5,784	429,076
Mr. Ram Chandra Agarwal	6,08,67,772	-
Mrs. Uma Agarwal	99,997	51,542
Unicon Marketing Pvt Ltd.	19,105,112	23,805,112
Vishal Water World Pvt Ltd.	1,732,680	1,732,680

13. The calculation of Earning per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 issued by the ICAI. A statement on calculation of Basic and Diluted EPS is as under.

		UNIT	2008-09	2007-08
Profit after Tax (after extraordinary items)	A	Rs.	(944,905,272)	406,402,262
Weighted average no. of equity shares	B	Nos.	2,23,98,869	21,441,573
Number of equity shares for Dilutive EPS	C	Nos.	2,23,98,869	21,441,573
Basic Earning Per Share (A/B)		Rs.	(42.19)	18.95
Diluted Earning Per Share (A/C)		Rs.	(42.19)	18.95

14. Unsecured debentures from LIC mutual fund maturing on 31st March 2009 has been renewed for a period of two years ending on 31st March 2011.

15. Lease policy

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.

16. As per Accounting Standard (AS) 22, "Accounting for Taxes" on Income issued by ICAI, the Deferred Tax Asset/Liability comprises the following:

Particulars	As at 31.03.2009	As at 31.03.2008
Deferred Tax Liabilities		
On account of depreciation	35,468,233	35,160,218
Total Deferred Liabilities	35,468,233	35,160,218
Deferred Tax Assets		
Provision for Gratuity	6,849,844	1,325,114
Provision for Leave Encashment	2,355,874	6,046,760
Bonus	6,551,470	6,881,589
Carry Forward of Losses	467,706,905	
Late Payment of TDS	-	(1,059,045)
Total Deferred Assets	483,464,093	13,194,417
Net Deferred Tax (Assets)/ Liabilities	(447,995,860)	21,965,802

17. **Obligations on long term, non-cancelable operating leases.**

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

(Amount in Rs.)

Particular	2008-09	2007-08
A). Lease Rentals recognized during the year	1,005,833,837	606,954,016
Obligations		
Within one year of the balance sheet date	32,33,89,396	409,390,911
Due in a period between one year and five years	15,26,44,155	243,944,883
Due after five years (as lease are cancelable by the Company after three to five years)	NIL	NIL

- (b) In respect of residential premises taken on lease, relevant agreement had not been executed as per the practice prevalent in that area. The relevant disclosure or unprovided liability, if any, is not ascertainable

18. Comparatives financial information (i.e. the amount and other disclosures of the preceding year) presented above is included as an integral part of the current years financial statements and is to be read in relation to the amounts and the disclosures relating to the current year. Figures of the previous year are regrouped and reclassified wherever necessary to correspond to the figures of the current year.

Signature to schedules 1 to 19
For and on behalf of the Board

Vishal Retail Limited

Sd/-

Ram Chandra Agarwal
Managing Director

Sd/-

Uma Agarwal
Director

Sd/-

Arun Gupta
Company Secretary

Place : New Delhi

Date : 22nd July, 2009

**Vishal Retail Limited**

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

ATTENDANCE SLIP

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

LF. No. : _____

No. of Shares held : _____

DP. Id* : _____

Client ID : _____

Name(s) in full

Address as Regd. With the Company

1. _____
2. _____
3. _____

I/We hereby record my/our presence at the 8th Annual General Meeting of the Company being held on 26th September 2009 at 10: 30 A.M. at NCUI Auditorium, Sirifort Road, Khelgaon, New Delhi

Signature of the Shareholder(s)/proxy**

1. _____
2. _____
3. _____

*Applicable for investors holding shares in electronic form

**Strike out whichever is not applicable

Note : Attendance in original should be complete in all respects

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

**Vishal Retail Limited**

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

PROXY

LF. No. : _____

No. of Shares held : _____

DP. Id* : _____

Client ID : _____

I/We

Name(s) in full

Father's/Husband's
Name

Address as Regd. With the Company

1. _____
2. _____
3. _____

Being a member/members of Vishal Retail Limited hereby appointor failing him/her.....ofas my/our proxy to vote for me/us and on my/our behalf at the 8th Annual General Meeting of the Company being held on 26th September 2009 at 10:30 A.M. at NCUI Auditorium, Sirifort Road, Khelgaon, New Delhi.

Signature of the Shareholder(s)/proxy**

Signature of Proxy(s)

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

Date :

D	D

M	M

Y	Y

*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.

