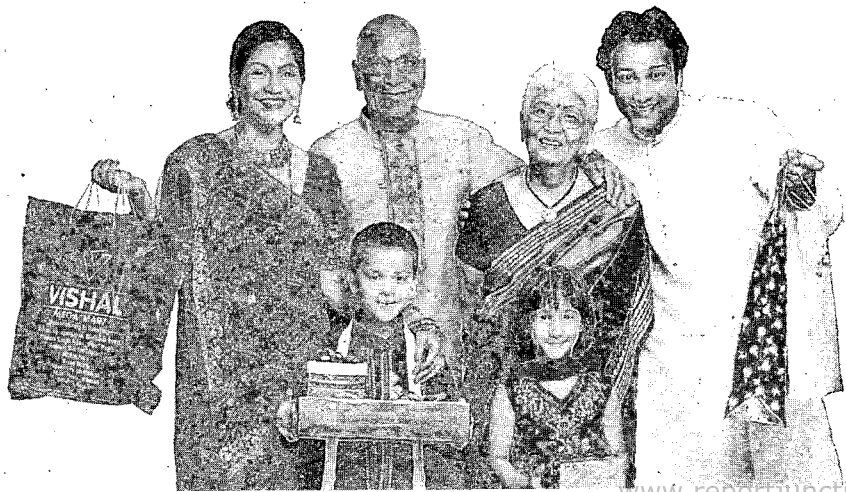
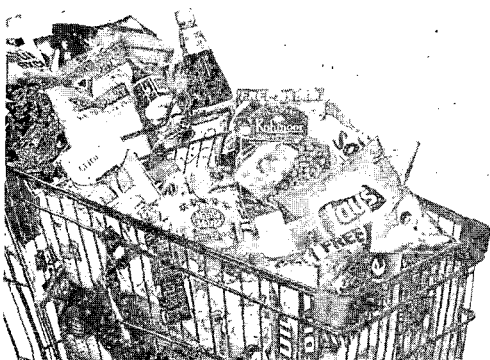




Vishal Retail Ltd.



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

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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

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 **Ram Chandra Agarwal**
Place : New Delhi **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. 2B in duplicate (which will be made available on request).
10. In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
11. The communication address of our Registrar and Share Transfer Agent (RTA) 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 /	Nil
Membership of the Board Committees	

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

Vishal Retail Limited - Annual Report 2009

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 trenches 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 Remuneration	(Rs. in million)			
	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)			
	Basic Salary	Housing & Furnishing	Perk*	Total (p.a)
	3.60	1.80	.60	6.00
	*(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 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.
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Remuneration proposed (with detailed break up)	(Rs. In million)			
	Basic Salary	Housing and Furnishing	Perk*	Total
	2.52	.10	.37	3.69

*(Car Running & Maintenance)

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								

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

(2) Steps taken or proposed to be taken for improvement.

The Company proposes the following steps to improve the financial position in future

- 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.

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.

(3) Expected increase in productivity and profits in measurable terms.

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.

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.

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.

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.