



V2 RETAIL LIMITED

Annual Report 2011-12

BOARD OF DIRECTORS

Shri Ram Chandra Agarwal	<i>Chairman & Managing Director</i>
Smt. Uma Agarwal	<i>Executive Director</i>
Shri Yatish Bhardwaj	<i>Additional Director</i>
Shri Sourabh Kumar	<i>Additional Director</i>

COMPANY SECRETARY

Shri Dheeraj Mishra	<i>Company Secretary</i>
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STATUTORY AUDITORS

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

REGISTERED & CORPORATE OFFICE

Plot No. 8, Pocket-2, Block-A,
Khasra No. 335-336, Rangpuri Extensions, NH-8,
Delhi 110 037
Phone(011) -32431314-15
Fax: (011) -32316262

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(W)
Mumbai -400 018
Phone: (022) -25963838
Fax: (022)-25946969
Email: delhi@linkintime.co.in

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NOTICE

NOTICE IS HEREBY GIVEN THAT ELEVENTH ANNUAL GENERAL MEETING OF THE V2 RETAIL LIMITED WILL BE HELD ON FRIDAY THE 28TH DAY OF SEPTEMBER 2012 AT RANGOLI GARDEN, CHHAWLA BIJWASAN ROAD, NEAR ZATIKRA MORE, NAJAFGARH, NEW DELHI - 110043 AT 10.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss account for the year ended March 31, 2012 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 Mrs. Uma Agarwal, who retires by rotation and being eligible offers herself for reappointment.
3. To consider and if thought fit, to pass with or without modification (s), the following resolution for appointment and fixation of the remuneration for the Statutory Auditors for the Financial Year 2012-2013 as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 224 of the Companies Act, 1956 and any other law for the time being in force, M/s AKGVG & Associates, Chartered Accountants, be and is hereby appointed as the statutory auditors of the company for the Financial Year 2012 - 2013 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by Board of Directors."

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Sourabh Kumar, appointed as an Additional Director by the Board of Directors on 1st October, 2011 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Sourabh Kumar as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation."

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

"RESOLVED THAT Mr. Yatish Bhardwaj, appointed as an Additional Director by the Board of Directors on 27th August, 2012 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Yatish Bhardwaj, as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company whose period of office as a director is liable to determination by retirement of directors by rotation."

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

"RESOLVED THAT pursuant to the provision of Section 81(1A) of Companies Act 1956, as amended (the "Act"), and all other applicable provisions, if any, of the Act and the guidelines issued or prescribed by the Securities and Exchange Board of India ("SEBI") including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI (ICDR) Regulations"), and in accordance with the rules, regulation, guidelines, notification, circulars and clarifications issued thereon from time to time by the Government of India ("GOI"), the Reserve Bank of India ("RBI"), Ministry of Finance, SEBI, and/or any other competent authorities and the enabling provisions of the Act, the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's Shares are listed and subject to necessary approvals, permissions, consents and sanctions of concern statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board", which term shall include any committee thereof) consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches on Preferential Allotment basis. Convertible Warrants (hereinafter referred to as the "Warrants") not exceeding 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) warrants to be convertible at the option of Warrant holders in one or more tranches, to the Promoter and/or Promoter Group with each warrant carrying an option/entitlement to subscribe to one equity share of the face

value of Rs. [10]/- each in exchange of each such Warrant within a period of 18 months from the date of issue of Warrants, in one or more tranches, in such manner and on such terms and Conditions as may be prevailing at the time; provided that the minimum price of the Warrants so issued shall not be less than the price arrived at in accordance with Provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, on such terms and conditions and in such manner as the Board may think fit.

"RESOLVED FURTHER THAT the relevant date for the preferential issue of Warrants, as per the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, for the determination of the applicable price for the issue of the above mentioned Warrants is 30 days prior to the date of this Annual General Meeting [i.e. August 29, 2012] (the "Relevant Date").

"RESOLVED FURTHER THAT:

- a) the Warrants to be so offered, issued and allotted shall be subject to the provisions of the Act and SEBI (Issue of Capital and Disclosure Requirements) Regulations;
- b) the Equity shares allotted on conversion of Warrants in terms of this resolution shall rank pari passu in all respects including as to dividend, with the then existing fully paid up equity shares of face value of Rs. [10]/- each of the Company, subject to the relevant provisions contained in the Act;
- c) on allotment of the Warrants, the allottee shall be liable to either pay amount equivalent to 25% of the price fixed for the Shares or adjust the same with the Loan Outstanding in their name with the Company, arising out of and/or exchanged with such Warrants. The amount so collected shall be adjusted subsequently against the price payable for subscribing to the equity shares by exercising the option;
- d) subject to applicable provisions of law, such Warrants may, at the option of the holder, be convertible into equity shares of the Company, within 18 Months from the date of their allotment, in one or more tranches and on such terms and the conditions, in such form and manner as the Board and the holder of the Warrants may, in their absolute discretion, think fit;
- e) the Warrants, being allotted to Promoter and/or Promoter Group shall be locked in for a period of 3 years from the date of allotment of Warrants and the Equity Shares allotted pursuant to the conversion of the Warrants will be put under fresh lock in for a period of 3 years respectively from the date of conversion or as may be required under SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 except to the extent and in the manner permitted there under.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to delegate all or any of the power herein conferred to any Committee of the Board or any Director (s) of the Company and to generally do all such acts, deeds, matters and the things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue or allotment of the Warrants and listing of the equity shares on conversion with Stock Exchanges as appropriate and to clarify, resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said Warrant (s), the utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly under the authority of this resolution."

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

"RESOLVED THAT pursuant to provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company and subject to the approval of Central Government or such other approvals, as may be required, consent of the Company be and is hereby accorded to the reappointment of Sh. Ram Chandra Agarwal as the Managing Director of the Company for a period of five years from 2nd June 2011 to 1st June 2016 at a remuneration of Rs. Nil.

"RESOLVED FURTHER THAT the consent of the members in respect of the remuneration of Sh. Ram Chandra Agarwal be and is hereby accorded for a period of three year which is subject to the revision of the authority authorized herewith to fix the remuneration of the appointee, within the limits specified under Schedule XIII of the Companies Act, 1956.

"**RESOLVED FURTHER THAT** the Board of Directors or any person authorized by it be and is hereby authorized to fix the remuneration and/or perquisites of Sh. Ram Chandra Agarwal and revise such remuneration and/or perquisite from time to time within the maximum limits specified above and/or under the provisions of law and further authorized to vary / modify / amend any of the aforesaid terms and conditions provided such variation / modification / amendment is in conformity with the applicable provisions of the Act, as amended from time to time and is subject to the limits set out under Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII thereof.

"**RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Sh. Ram Chandra Agarwal as minimum remuneration with the approval of the Central Government, if required.

"**FURTHER RESOLVED** that for the purpose of giving effect to this resolution, any Director of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

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

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

Date: 27.08.2012
Place : New Delhi

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out in the notice is enclosed.
- All documents referred to in the notice or in the accompanying explanatory statement are open for inspection at the registered office of the Company between 11:00 a.m. to 1:00 p.m. on all working days upto the date of Annual General Meeting.
- The details pertaining to the appointment / reappointment of Directors are furnished in statement of Corporate Governance in the Directors' Report/ in the Explanatory Statement in the notice.
- The register of members and the share transfer books of the Company will be closed from 24th September 2012 to 27th September, 2012 both days inclusive.
- Members/ proxies should bring their copy of the Annual Report for reference at the meeting and also the duly filled attendance slip for attending the meeting.
- Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The company shall provide additional forms on written request only.
- Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
- Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request).
- In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
- Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (D.P) ID number on all correspondences with the Company.
- The communication address of our Registrar and Share Transfer Agent (RTA) Link Intime India Private Limited, A-40, 2nd floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028.

Details of Director who is proposed to be appointed/re-appointed at the

ensuing Annual General Meeting, as required under clause 49 of the Listing Agreement, are as under:

Name of Director	Mrs. Uma Agarwal	Mr. Ram Chandra Agarwal
Date of Birth	15-Nov-75	15-Feb-65
Date of Appointment	23-Jul-01	23-Jul-01
Expertise in Specific Functional Area	She holds more than Ten years of Experience in Retail Industry	He holds more than Twenty Five years of Experience in Retail Industry
Qualifications	Bachelor's Degree in Arts	Bachelor's degree in commerce
Directorship in Other Public Companies	VRL Infrastructure Limited VRL Movers Limited VRL Retail Ventures Limited	VRL Infrastructure Limited VRL Movers Limited VRL Retail Ventures Limited
Membership/ Chairmanship of Other Public Companies	None	None
Shareholding in the Company	344000 (Three Lacs Forty Four Thousand) Equity Shares as on March 31, 2012	719161 (Seven Lacs Nineteen Thousand One Hundred Sixty One) as on March 31, 2012

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

ITEM NO. 4

Mr. Sourabh Kumar, was appointed as an Additional Director of the Company with effect from 1st October 2011 by the Board of Directors of the Company.

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

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

Name of Director	: Mr. Sourabh Kumar
Date of Birth	: 04/02/1985.
Date of Appointment	: 01/10/2011
Expertise in specific Functional Area	: Finance and Accounts
Qualifications	: M.Com
Directorship held in other public Companies	: None
Membership/ chairmanship of other public companies	: None
Shareholding in the Company	: Nil

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

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

ITEM NO. 5

Mr. Yatish Bhardwaj, was appointed as an Additional Director of the Company with effect from 27th August, 2012 by the Board of Directors of the Company.

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

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

Name of Director	: Mr. Yatish Bhardwaj
Date of Birth	: 05/06/1984
Date of Appointment	: 27/08/2012
Expertise in specific	
Functional Area	: Finance and Corporate Law
Qualifications	: M.Com, Company Secretary
Directorship held in other public Companies	: None
Membership/chairmanship of other public companies	: None
Shareholding in the Company	: Nil

The Board recommends the members of the Company to appoint Mr. Yatish Bhardwaj, and pass the necessary resolutions as detailed in the Notice. Brief profile of Mr. Yatish Bhardwaj, is mentioned for the reference of the members.

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

ITEM NO. 6

With a view to augment the long term resources of the company, and at the same time strengthen its financial base, it is proposed to offer, issue and allot, in one or more tranches, on Preferential Allotment basis. Convertible Warrants (hereinafter referred to as the "Warrants") not exceeding 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) warrants on a preferential basis to the Promoters and/or Promoter group of the Company, entitling the holder of each Warrant, from time to time, to apply for and obtain allotment of One equity share of the face value of Rs. [10]/- each against such Warrant (hereinafter referred to as the "Warrant"), in one or more tranches, in such manner and on such price, terms and conditions as may be prevailing at the time; provided that the minimum price of the Warrants so issued shall not be less than the price arrived at in accordance with Provision of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, as amended ("SEBI (ICDR) Regulations"), on such terms and conditions and in such manner as the Board of Directors of The Company ("Board") may think fit and in accordance with the rules, regulations, guidelines, notifications, circulars, and clarifications issued thereon from time to time by the Government of India ("GOI"), the Reserve bank of India ("RBI"), Ministry of Finance, Securities and Exchange Board of India ("SEBI"), and/or any other competent authorities and the enabling provisions of the Companies Act, 1956, the Listing Agreements entered into by the Company with the Stock Exchanges on which Company's shares are listed and subject to necessary approvals, Permissions, consents and sanctions of Concerned Statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board.

The Details of the issue and other particulars as required in terms of SEBI (issue of Capital and Disclosure Requirements) Regulations in relation to the resolution proposed under Item No.6 are given as under:

i) Object of the issue:

The proceeds of the Preferential issue are proposed to be used to meet capital expenditure for Company's existing as well as new growth business, repayments/reduction of borrowings, general corporate purposes and maintain adequate liquidity for the future requirements in line with our growth strategy.

ii) The Intention of the promoters/Directors/ Key Management Persons to subscribe to the offer:

The preferential issue is being made to the promoters and/or promoter group of the Company. As Such this resolution is being sought to approve subscription to the Warrants by the Promoter and/or Promoter Group that are being offered through this resolution.

iii) Re-computation of the Price

As the company is listed at the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for a period of more than 6 months, therefore the company needs not to re-compute the price of the equity shares in terms of Regulation 76(3) of the SEBI (ICDR) Regulations, 2009.

iv) Securities to be issued:

The resolution set out at Item No. 6 of the accompanying Notice authorise the Board to issue to the Promoter and/or Promoter Group 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) Warrants entitling the holder of each Warrant to apply for and obtain allotment of one equity share of face value of Rs. 10/- each against each Warrant in such manner and on such price, terms and conditions as may

be determined by the Board in accordance with the Provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations.

v) Relevant Date and pricing:

The Relevant Date for the purpose of determining the price of shares arising out of Warrants in accordance with Chapter VII (Issue Capital and Disclosure Requirements) Regulations, 2009 is [August 29, 2012]. The Price of the Share is determined in accordance with Regulation 76 (1) of SEBI (ICDR) Regulations, 2009. The Historical price of the shares is taken from National Stock Exchange of India Limited

vi) Terms of Issue of Warrants to Promoters:

1. The proposed allottees of Warrants shall, on the date of allotment, pay an amount equivalent to at least 25% of the price fixed per Warrant in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations. The allottee may use their loan outstanding for payment of price of warrant.
2. The holders of each Warrant will be entitled to apply for and obtain allotment of one equity share of face value of Rs. [10]/- each of the Company against each Warrant at any time after the date of allotment but on or before the expiry of 18 Months from the date of allotment, in one or more tranches. At the time of conversion of Warrants, the Warrant holders shall pay the balance of the consideration towards the subscription to each equity share. The amount so paid will be adjusted/setoff against the issue price of the resultant equity shares.
3. If the entitlement against the Warrants to apply for the Equity shares is not exercised within the aforesaid period, the entitlement of Warrant holders to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such convertible Warrants shall stand forfeited.
4. Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot one equity share per Warrant by appropriating Rs. 10/- towards equity share capital and the balance amount paid against each Warrant, towards the securities premium.
5. Subject to applicable provision of law, in the event of any corporate restructuring such as future Bonus/Right Issue(s) of equity shares or other securities convertible into equity shares by the Company prior to conversion of the Warrants, the Warrant holders shall be entitled to such pro-rata rights, in the same proportion and manner as any other shareholder of the Company.
6. The Warrant holder shall be entitled to dividend as permissible under the Companies Act, 1956.
7. The Warrant (s) by itself until converted into equity shares, does not give to the holder(s) thereof any right with respect to that of a shareholder of the Company except as specified above.
8. The equity shares issued as above shall rank pari-passu in all respect to dividend, with the then fully paid up equity share of the Company, subject however to the provisions of the Companies Act, 1956.

vii) Lock-In:

Fully Convertible Warrants being allotted to promoter(s) shall be locked in for a period of 3 years from the date of allotment of warrants and the equity shares allotted pursuant to the conversion of these warrants will be put under fresh lock in for a period of 3 years respectively from the date of conversion or as may be required under SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 except to the extent and in the manner permitted there under.

viii) Particulars of subscriber to Warrants:

The promoters and/or Promoter Group Companies intend to subscribe to 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) Warrants in aggregate under this preferential issue.

ix) Under subscription, if any:

Any of the Warrants issued as above, that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any person/ entity / investor controlled by the Promoters and/or Promoter Group, on the same terms and conditions.

x) Information about the Proposed Allottee:

The proposed allottees are the promoter and Director of the Company. Mr. Ram Chandra Agarwal is the Chairman and Managing Director of the Company. Mrs. Uma Agarwal is the Whole Time Director of the Company.

xi) Shareholding Pattern pre and post preferential issue:

The shareholding pattern giving the present position as also considering

full allotment of Warrants to Promoters and/or promoter Group and equity shares arising out of the conversion thereof, as per Resolution 6 of the Notice are given below:

Shareholder Category	Shareholding before the proposed preferential allotment		No. of Shares Proposed for Preferential allotment	Shareholding before the proposed preferential allotment	
	No. of Shares	% Share holding		No. of Shares	% Share holding
Promoter Holding:					
Promoters (Individual /HUF)	12,20,161	5.44 %	68,29,589	80,49,750	27.54 %
Promoter (Body Corporate)	1,15,92,710	51.76 %		1,15,92,710	39.66 %
Sub- total	1,28,12,871	57.20 %	68,29,589	1,96,42,460	67.20 %
Non Promoter Holding:					
Mutual Funds	-	-	-	-	-
FI's/Banks	-	-	-	-	-
Central Govt./ State Govt.	-	-	-	-	-
Insurance Co's	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-
FII's	-	-	-	-	-
Other Body Corporate	-	-	-	-	-
Individuals/ HUF	-	-	-	-	-
Sub- total	95,85,998	42.80 %	-	95,85,998	32.80 %
Total	2,23,98,869	100 %	68,29,589	2,92,28,458	100 %

NOTE:-

The above shareholding has been prepared on the basis of shareholding as on June 30, 2012.

Post Allotment holding is determined on the assumption that Promoters shall apply for conversion of 68,29,589 (Sixty Eight Lacs Twenty Nine Thousand Five Hundred Eighty Nine only) Warrants into Equity Shares.

The percentage of Post preferential issue Capital that may be held by the proposed allottee(s) is as follows:

Name of the Proposed allottee	Pre-allotment holding		Proposed allotment (Convertible warrants)	Post allotment holding (after exercise of warrants)	
	Total No. of Shares	% of total Voting rights	Total No. of Shares	Total No. of Shares	% of Total voting Rights
Ram Chandra Agarwal	7,19,161	3.21 %	65,87,172	73,06,333	24.99%
Uma Agarwal	3,44,000	1.53 %	2,42,417	5,86,417	2.00 %

There will be no change in control of Company consequent to the preferential issue.

xii) Proposed time within the allotment shall be completed:

As required under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, the Company shall complete the allotment(s) of Warrant as aforesaid on or before the Expiry of 15 days from the date of passing of this resolution by the shareholders granting consent for preferential issue or in the event allotment of the Warrants would require any approval (s) from any regulatory authority of the Central Government, within 15 (fifteen) days from the date of Such approval (s), as the case may be.

xiii) Change in Control:

The issue of the Warrants and their conversion into equal number of equity shares will not result in any change in the management or control of the Company.

xiv) Others:

The certificate of the statutory Auditors to the effect that the present preferential issue is being made in accordance with the requirements contained in Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations shall be placed before the shareholders at the meeting and will be open for inspection at the Registered Office of the Company between 11.00 AM to 01.00 PM on any working day except Public Holidays.

As it is proposed to issue Warrants on preferential basis, special resolution is required to be approved by members pursuant to the provisions of Section 81(1A) of Companies Act, 1956 and Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations.

The Board therefore recommends the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the above referred resolution except Mr. Ram Chandra Agarwal and Mrs. Uma Agarwal, being associated with the Promoter and/or Promoter Group Companies.

ITEM NO. 7

In view of the contributions made by Sh. Ram Chandra Agarwal and his extensive knowledge of Company's operations and rich experience and expertise in managing the affairs of the Company, the Board of Directors of the Company, on the recommendation by the Remuneration Committee, in its meeting held on May 14, 2011, re-appointed Sh. Ram Chandra Agarwal, as the Managing Director of the Company for a further period of five years commencing from June 02, 2011 on the terms and conditions as set out in the resolution. Such re-appointment is subject to the approval of Members of the Company by way of Special Resolution and Central Government, if necessary.

In the event of loss or inadequacy of profits in any financial year(s), during the currency of tenure of Sh. Ram Chandra Agarwal as Managing Director of the Company, the remuneration as mentioned in the resolution, shall be paid to Sh. Ram Chandra Agarwal, as minimum remuneration, subject to the approval of Central Government, if necessary.

The re-appointment of Sh. Ram Chandra Agarwal as Managing Director of the Company and payment of remuneration to him is subject to the approval by the Company in a General Meeting and the Central Government, if necessary, in accordance with the relevant provisions of the Companies Act, 1956 read with Schedule XIII to the said Act. The resolution set out in the notice is intended for this purpose.

The particulars required to be disclosed in the Explanatory statement in accordance with provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956, are enclosed in a separate statement and form a part of this notice.

None of the Directors of the Company, except Sh. Ram Chandra Agarwal, is in any way concerned or interested in this resolution.

The Board recommends the special resolution set forth at Item No 7 of the Notice for the approval of the members.

STATEMENT, PURSUANT TO THE PROVISIONS OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 WITH RESPECT TO ITEM NO. 7, OF THE NOTICE:

I. General Information:

- (1) Nature of Industry: Retail
- (2) Date of commencement of commercial Operation: July 23, 2001
- (3) Financial performance based on given indicators:

	FY ended 31.03.2012	Quarter Ended 30.06.2012
Total Sales (Amount In Crore Rs.)	40.16	21.52
Net Profit / (Loss) (Amount In Crore Rs.)	(34.78)	(1.35)
EPS (Amount In Rs.)	(15.53)	(0.61)

- (4) Export performance and net foreign exchange collaborations: For the period ended March 31, 2012, the Company had no export and has no foreign collaboration
- (5) Foreign investments or collaborators, if any: For the period ended March 31, 2012, the Company has no any Foreign Investment or collaborator.

II. INFORMATION ABOUT THE APPOINTEE:

- (1) Background Details: Sh. Ram Chandra Agarwal, Aged 46 years, is a commerce graduate having about more than two decades of experience exclusively in readymade garments including manufacturing, retailing and marketing. He is dynamic, self- made first generation successful entrepreneur and has a vision. He is the Chairman and founder of V2 Retail Limited (Formerly known as Vishal Retail Limited).
- (2) Past Remuneration The Shareholders in their meeting held on June 2, 2006 has approved following remuneration for Mr. Ram Chandra Agarwal:

Basic Salary	: Rs. 3, 00,000/-
House Rent Allowance	: Rs. 1, 50,000/-
Conveyance Allowance	: Rs. 50,000/-

However no remuneration was paid to Mr. Ram Chandra Agarwal during FY 2009-10, 2010-11 and 2011-12.

- (3) **Recognition or award(s):** Mr. Ram Chandra Agarwal has been conferred with the several awards at different forums such as Ernst & Young Entrepreneur of the year award on November 26, 2008.

4th Meri Dilli award in year 2006

4Ps Power Brand Award in year 2007

- (4) **Job profile and suitability**

He shall be responsible for substantial management of the Company subject to the superintendence, control and direction of the Board of Directors. The Board of Directors of the Company is of the view that Mr. Ram Chandra Agarwal is a suitable candidate for the proposed position

- (5) **Remuneration proposed**

As provided in the resolution.

- (6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person**

As per information available for the year ended March 31, 2012 the salary range for the Managing Director of most of the Retail Companies are in the range of Rs. 3 to 6 Crore.

Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr. Ram Chandra Agarwal is the shareholder of the Company since inception and he also holds substantial stake in the Promoter Companies of V2 Retail Limited. Mrs. Uma Agarwal is wife of Mr. Ram Chandra Agarwal and she is shareholder of the Company since inception and she also holds substantial stake in the Promoter Companies of V2 Retail Limited.

III. Other Information:

- Reasons for loss or inadequate profits: The Company is in revival phase and need capital for expansion and incurred losses due to starting afresh the Business.
- Steps taken or proposed to be taken for improvement: The opening of new showroom shows positive sign and the turnover of the Company is growing consistently over the months and it is expected that the Company will be able to establish itself to the new high very soon.
- Expected increase in productivity and profits in measurable terms: It is expected that the turnover of the Company will grow by more than 100 % of its Turnover from last year and the pace will be continued for upcoming Three Financial Year, thereafter the growth will be in the range of 30 -40 % of the preceding turnover.

IV) Disclosures:

- The information in respect of Remuneration including performance criteria, service contract, notice period, stock options details, if any, have been given in the Corporate Governance Report.
- The terms of appointment of Mr. Ram Chandra Agarwal, as stated in this notice, may be treated as the abstract under Section 302 of the Companies Act, 1956.

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

Sd/-

**Date : 27.08.2012
Place : New Delhi**

**Ram Chandra Agarwal
Chairman & Managing Director
DIN 00491885**

DIRECTORS' REPORT

Your Directors have great pleasure in presenting the Eleventh Directors' Report of the company with the audited statements of accounts for the year ended March 31, 2012.

Financial Highlights

(Rs. in million)

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
Income from Operations	401.64	10646.46
Other Income	37.40	104.05
Total Income	439.04	10750.51
Total Expenditure except interest cost	550.03	11520.17
Interest	81.50	101.35
Profit(+) & Loss(-) before tax (3)-(4+5)	(192.49)	(871.01)
Provision for Taxation	Nil	Nil
Tax Adjustments	(155.31)	219.30
Net Profit (+) & Loss (-) after tax(6-(7+8))	(347.80)	(651.71)
Brought forward from Previous year	(4920.72)	(4269.00)
Extra Ordinary Item & Prior Period Adjustment	(39.69)	992.51
Amount available for appropriation	Nil	Nil
Less: Provision for Preference Dividend	Nil	Nil
Less: Provision for Dividend Distribution Tax	Nil	Nil
Balance carried to Balance Sheet	(5268.52)	(4920.72)
EPS(In Rs for Equity Shares of par value of Rs.10/- each)		
Basic (before extraordinary items)	(15.53)	(72.37)
Basic (after extraordinary items)	(15.53)	(29.10)
Diluted (before extraordinary items)	(15.53)	(72.37)
Diluted (after extraordinary items)	(15.53)	(29.10)

CHANGE OF NAME OF THE COMPANY

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

PERFORMANCE REVIEW

The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. The industry is moving towards a modern concept of retailing. India's retail market is expected to grow at 7 per cent over the next 10 years, reaching a size of US\$ 850 billion by 2020. Traditional retail is expected to grow at 5 per cent and reach a size of US\$ 650 billion (about 76 per cent), while organised retail is expected to grow at 25 per cent and reach a size of US\$ 200 billion by 2020. With the re-start under brand of V2 Retail we feel that a significant business opportunity lies ahead for the retailers. The overall retail market continues to grow and consumer aspiration for a better service environment still remains intact. Your company continues to endeavor to reinstate its growth pattern in the retail industry with a chain of stores under the 'V2' brand in the Retail Industry.

OPERATIONS REVIEW

- After the sale of its wholesale, franchise, institutional sales and retail undertakings to TPG Wholesale Pvt. Ltd and Airplaza Retail Holdings Pvt. Ltd, the Company has re—started its operation with a contemporary approach
- During the year, the Company is in the process to overhaul its business taking the advantage of its Brand value it has created in the market till yet.
- During the year, Company opened in its new stores under the brand "V2" at:

S.No	Location	Area (sq. ft.)
1	Mahipalpur	9300
2	Karol Bagh	12600
3	Faridabad	6400
4	Jamshedpur	10292
5	Krishna Nagar	15052
6	Rajouri Garden	4455
7	Ludhiana	12900

- The Company also opened a warehouse at Kapashera (DC) with 28850 sq. ft. area on 25.04.2011.
- The Stores at Krishna Nagar, Rajauri Garden and Ludhiana were closed due to lower footfall, poor sales and nonprofit making.
- Post 31.03.2012, the Company opened new store at Patna admeasuring 22200 sq. ft. on 02.04.2012:

S.No	Location	Area (sq. ft.)	Date
1	Patna	22200	02.04.2012

- Factors like negotiating rentals, store opening and rationalization, working capital management, regionalization, cost optimization and manpower planning are some of the key issues for the Company in the current context of re establishment.

INDUSTRIAL RELATIONS

The Company has developed a climate of cooperation, & confidence for its employees.

Our relation with employees is based on mutual trust & respect and we continue to maintain the same spirit at all times.

MATERIAL CHANGES AFTER BALANCE SHEET DATE

- Notice of Strike off under section 560 (5) of the Companies Act, 1956 for the following Subsidiary Companies under Fast Track Exit Scheme was issued by Registrar of Companies, NCT of Delhi and Haryana.
 - VRL Consumer Goods Limited
 - VRL Fashions Limited
 - VRL Knowledge Process Limited
 - VRL Foods Limited
- Mr. Abhishek Mishra, Non Executive Additional Independent Director has resigned on 27.08.2012.
- Mr. Yatish Bhardwaj has joined as Non Executive Additional Independent Director on 27.08.2012.
- Post 31.03.2012, the Company opened new store at Patna measuring 22200 Sq. ft.

S.No	Location	Area (sq. ft.)	Date
1	Patna	22200	02.04.2012

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. Abhishek Mishra who has joined the Company as Additional Director on 01.10.2011 has resigned on 27.08.2012.

The Board of Directors appointed Mr. Sourabh Kumar and Mr. Yatish Bhardwaj as Independent Directors at its board meeting held on October 01st, 2011 and August 27th, 2012 respectively. They hold office until the ensuing Annual General Meeting. Notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing their names for appointment as directors of the Company liable to retire by rotation.

Ms. Uma Agarwal, Director of the company liable to retire by rotation, and being eligible, offers herself for re-appointment as Whole -time director.

APPOINTMENT OF COMPANY SECRETARY

During the year under review, Mr. Saurabh Misra, Company Secretary has resigned on September 13th, 2011 and Mr. Siddarth Malhotra has joined the Company on September 13th, 2011 who also resigned on November 5th, 2011.

As required under section 383A of the Companies Act, 1956 read with the provisions of the listing agreement with stock exchanges, Mr. Dheeraj Kumar Mishra an associate member of the Institute of Company Secretaries of India, New Delhi, has been appointed as the Company Secretary on November 19th, 2011 pursuant to the resignation of Mr. Siddarth Malhotra.

SUBSIDIARY COMPANIES

The Company has 3 subsidiary Companies as on date namely, VRL Movers Limited, VRL Infrastructure Limited, VRL Retail Ventures Limited. The other 4 companies VRL Knowledge Process Limited, VRL Consumer Goods Limited, VRL Fashions Limited and VRL Foods Limited who was subsidiary of the

Company have been issued notice for strike off under section 560(5) of the Companies Act, 1956 by the Registrar of Companies.

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

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

AUDITORS

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

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

Qualification and response to Auditor's Report

- The accumulated losses 526,85,24,136 (Rupees Five Hundred Twenty Six Cores Eighty Five Lacs Twenty Four Thousand One Hundred Thirty Six) as at 31st March 2012 which exceed the network of the Company.

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 7 new stores, and one warehouse. From the above, management do not see any event which may lead to a reason wherein company should not be considered as going concern. Based on the same assessment, accounts have been drawn on going concern assumption.

- Sundry balance written off amounting to Rs. 12,28,036/- (Rupees Twelve Lacs Twenty Eight Thousand and Thirty Six) has been included in other expenses. Basis for the same is not provided.

The Company had been deposited amount of Rs. 11,11,000/- (Rupees Eleven Lacs Eleven Thousand) as Security Deposit to Krishna Nagar, Delhi showroom, which was forfeited due to early closure of showroom. The decision of shutting down the showroom was due to various reasons including non-profit making. The Company made an assessment and decided to write off the balance amount of Rs. 1,17,036/- (Rupees One Lac Seventeen Thousand Thirty Six) which relates to various small vendors and deposits. Moreover it is insignificant in view of size and volume of the business.

- Insurance claim received amounting to Rs. 59,37,430/- (Rupees Fifty Nine Lacs Thirty Seven Thousand Four Hundred Thirty) has been recognized as Miscellaneous Income in Profit & Loss A/c. No documentary evidence has been provided in support of receipt of the said transaction.

The said insurance claim was lodged against the loss occurred in Gurgaon Showroom due to fire. This claim was lodged before the Slump sale transaction took place, so some of the documents relating to this claim were left in the custody of the acquiring Companies. However now we have arranged all the documents pertaining to said claim.

- We have not been provided the basis of accounting for capital reserves amounting to Rs. 60,523.24 Lacs created during the F/y 2010-11 on account of restructuring of business of the Company.

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

The Company had trifurcated its Assets and Liabilities as on appointed date between the Acquiring Companies and selling Company as per agreement entered into between them and the difference between Assets and Liabilities transferred has been shown as Capital Reserve. As a

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

- e) No documentary evidence has been provided for interest expense amounting in aggregate of Rs. 255,34,549 (Rupees Two Crore Fifty Five Lacs Thirty Four Thousand Five Hundred Forty Nine) out of which Rs. 1,09,81,430 (Rupees One Crore Nine Lacs Eighty One Thousand Four hundred Thirty) included in finance cost and Rs. 1,45,53,119 (Rupees One Crore Forty Five Lacs Fifty Three Thousand One Hundred Nineteen) is included in prior period expenses.

The Company made provision for interest payable majorly as per terms mentioned in CDR proposal and sometimes at the rate at which the loan was originally sanctioned but at the time of full and final settlement with bankers, they charge interest with different rates like HDFC charged at 7.50% and for some period at 12%. Pegasus is charging at the rate of interest which is linked with BPLR. So at the time of settlement of term loan with HDFC & Pegasus, Company found that a sum of Rs. 1.45 Crores which is on account of interest, relates to Financial Year 2010-11 and a sum of Rs. 1.10 Crores relates to the year under audit.

- f) Non compliance of Accounting Standard 2 "Valuation of Inventories" The cost for valuation of inventories does not include Octroi, Freight Inward & Discount received on purchases. The impact of such deviation from AS-2 is currently unascertainable.

The Company is dealing in very huge number of articles and sometimes it receive discount or reduction in purchase prices on account of various reasons like volume buying or quality inspection etc. so it becomes very intricate to bifurcate that discount article wise and upload the same in system.

The company purchases various articles from a single vendor and pay freight on total purchases from a vendor so it becomes very complex to bifurcate and upload the same article wise. Moreover the quantum of discount received and freight inward to be charged on closing inventory is insignificant in view of size and volume of the business.

- g) Deferred Tax Assets amounting to Rs. 269,05,91,951 (Rupees Two Hundred Sixty Nine Crores Five Lacs Ninety One Thousand Nine Hundred Fifty One only) has been recognized in the Balance Sheet, though the Company has incurred operating losses in the current year and previous years and there exists no convincing evidence as to virtual certainty of future income to recover the deferred tax asset as required by Accounting Standard 22 "Accounting for taxes on income".

During the year the Company has started its new retail venture under the brand & style "V2". The Company entered into various MOU with landlords and has already started operations in seven number of stores, which are doing fairly well.

The company has repaid most of their debts outstanding and is in the process of releasing its securities mortgaged with the secured lenders. Thus, the company is in the process becoming debt free. Thus, reduction in the interest cost together with the contribution in the profits from the new stores, we found that there is virtual certainty that the company will be able to make sufficient profits and accordingly deferred tax assets has been recognized.

- h) The Company has Contingent Liabilities to the tune of Rs. 6468.83 Lacs which includes Rs. 59.98 Lacs relating to Bank Guarantee. All Contingent Liabilities except Bank Guarantee are under appeal with different authorities at different levels. At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Accounting Standard-29 has not been made in books of accounts.

The Contingent Liabilities to the tune of Rs. 6468.83 Lacs except Bank Guarantee are under appeal with different authorities at different levels. The provision of these liabilities could not be made due to various reasons such as no possible obligation on the Company, outflow for the Company is very remote and the estimate for the contingent liabilities could not be ascertained.

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

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

- j) Fixed Assets have not been physically verified by the management during

the year. Also there is no regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

The Company has policy for physical verification of its Fixed Assets over a period of Three years. All fixed assets except Land, Building and Computer Software are acquired during the year. The Computer Software is installed in the machines. The Land and Building are in continuing supervision of the Company.

- k) There is inadequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed asset and recording of accounting transactions. It has been observed that the major weakness or continuing failure to correct such major weakness in the Internal Control systems of the Company in respect of these areas.

After restructuring of the Business, the turnover of the Company falls by more than 96 % from year 2010-11 and accordingly Purchase and Inventory also go down substantially. Any purchase involving substantial amount is directly supervised by the Management and accordingly accounting transactions are made.

- l) The Company does not have internal audit system commensurate with its size and nature of Business.

After restructuring of the Business, the turnover of the Company falls by more than 96 % from year 2010-11. Therefore in order to save the cost, internal audit system is performed by the employees independent of Finance & Accounts Department.

- m) The Company is irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. An amount of Rs. 3,01,854 on account of Sales Tax for year 2007-08 is outstanding.

The Company is regularly depositing the applicable statutory dues with the appropriate authorities, however due to high attrition rate; sometimes it is not deposited on time but has been paid with the Interest and Penalty as applicable. There is no due of any statutory liability for the period of March 31, 2012 except Rs. 3,01,854, which is the interest amount.

- n) The Company has outstanding dues of Rs. 44,26,89,014 (Forty Four Crore Twenty Six Lakh, Eighty Nine Thousand and Fourteen) against income tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess on account of dispute.

The total due of Rs. 44,26,89,014 (Forty Four Crore Twenty Six Lakh, Eighty Nine Thousand and Fourteen) is under dispute at various forums, the final due will be settled on account of final decision by the respective authorities.

- o) The Company has accumulated losses at the end of Financial Year which exceeds fifty percent of its networth. Further Company incurred cash losses in the current and immediate preceding Financial Year.

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

- p) The Company has defaulted in repayment of dues to Financial Institution/ Bank.

Pursuant to Master Restructuring Agreement, the payment to the Financial Institution was to be made by sale of Land and Building. The Financial Institution did not take effective steps to sell the Land and Building of the Company, therefore the payment could not be made.

AUDIT COMMITTEE

The Constitution of the Audit Committee as on 31st March 2012 was as follows:

Name of the Director	Designation	Chairman / Member
Mr. Abhishek Mishra [^]	NEID	Chairman
Mr. Ram Chandra Agarwal	Promoter Director	Member
Mr. Saurabh Kumar	NEID	Member

[^] Due to Resignation of Mr. Abhishek Mishra, the Committee has been reconstituted on August 27, 2012 and Mr. Yatish Bhardwaj has been nominated as Chairman in place of Mr. Abhishek Mishra.

DIRECTORS' RESPONSIBILITY STATEMENT

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

Subject to and except to the extent of the Auditor's qualification in the Auditor's Report which have been adequately responded to above, in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

That the Directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period under review;

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

That the Directors had prepared the annual accounts for the year ended 31st March 2012 on a 'going concern' basis.

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

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

OTHER INFORMATION

None of the Director or Employee of the Company was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act 1956. The details as required under Companies (Particulars of Employees) Rules 1975 is enclosed as Annexure -III.

REPORT ON CORPORATE GOVERNANCE

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

IMPORTANT INTIMATION TO THE MEMBERS

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors
sd/-

Date : 27.08.2012
Place : New Delhi

Ram Chandra Agarwal
Chairman
Din:-00491885

Annexure – I

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

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

Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organised retailing formats. The industry is moving towards a modern concept of retailing. India's retail market is expected to grow at 7 per cent over the next 10 years, reaching a size of US\$ 850 billion by 2020. Traditional retail is expected to grow at 5 per cent and reach a size of US\$ 650 billion (about 76 per cent), while organised retail is expected to grow at 25 per cent and reach a size of US\$ 200 billion by 2020.

India has one of the largest numbers of retail outlets in the world. The sector is

witnessing exponential growth, with retail development taking place not only in major cities and metros, but also in Tier-II and Tier-III cities.

The organised Indian retail industry has also begun witnessing an increased level of activity in the private label space, which is expected to grow further in the near future.

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

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

The Online mode of retail business has high potential for growth in the near future. India's e-retail industry is likely to touch Rs 7,000 crore (US\$ 1.26 billion) by 2015, up from Rs 2,000 crore (US\$ 359.97 million) currently, as per an industry body report

To remain untouched with the growth the foreign players are also ardently looking towards Indian Retail Segment. For foreign players India has emerged as the fifth most favourable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia, according to A T Kearney's Global Retail Development Index (GRDI) 2012. "India remains a high potential market with accelerated retail growth of 15-20% expected over the next five years," highlighted the report by AT Kearney.

The foreign direct investment (FDI) inflows in single-brand retail trading during April 2000 to March 2012 stood at US\$ 44.45 million, according to the latest data released by Department of Industrial Policy and Promotion (DIPP). The data is further expected to amplify pursuant to 100% permissible FDI in Single Retail Branding.

KEY GROWTH DRIVERS OF RETAIL INDUSTRY

The growth factors of the retail sector of Indian economy:

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

OPPORTUNITIES

The Growth trend of the Indian Retail Market is an opportunity for Indian retailers. The Indian Retail Sector has grown at a CAGR of 14.6% for the period FY07-12(P). Ratings agency Fitch has assigned a stable outlook to the retail sector for 2012 as factors such as expected sales growth-driven expansion and efficient working capital management are likely to benefit retail companies. Commenting on allowing more FDI into the sector, Fitch said: "If and when foreign direct investment [FDI] is allowed, it would benefit Indian retailers over the next two to three years."

The size of India's retail sector is currently estimated at around \$450 billion and organised retail accounts for around 5% of the total market.

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

STRENGTHS

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

- Improvement in infrastructure and logistics to reach out to untapped market.
- Developing and setting up an agile and adaptive supply chain.
- To retain the existing customers and to promote the brand name of V2 Retail Limited.