



V2 RETAIL LIMITED

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NOTICE

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

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss account for the year ended March 31, 2013 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Sourabh Kumar, who retires by rotation and being eligible offers himself 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 from the conclusion of this AGM until next AGM as an Ordinary Resolution:

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

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

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

Date : 04.09.2013
Place : New Delhi

Notes:

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. All documents referred to in the notice are open for inspection at the registered office of the Company between 11:00 a.m. to 1:00 p.m. on all working days upto the date of Annual General Meeting.
3. The details pertaining to the appointment / reappointment of Directors are furnished in statement of Corporate Governance in the Directors' Report.
4. The register of members and the share transfer books of the Company will be closed from 24th September 2013 to 29th September, 2013 both days inclusive.
5. 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.
6. Members holding shares under more than one folio may use photocopy of Proxy Form for other folios. The company shall provide additional forms on written request only.
7. 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.
8. 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).

9. 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.
10. 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.
11. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
12. Members are requested to address all correspondence including dividend matters to the Registrar and Share Transfer Agent (RTA), Link Intime India Private Limited, 44, Community Centre, 2nd floor, Naraina Industrial Area, Phase-I, PVR Naraina, New Delhi-110028 and also at C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(W), Mumbai -400 018
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / RTA.
14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to RTA, for consolidation into a single folio.
15. Non-Resident Indian Members are requested to inform RTA, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement or.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
16. Details of Director who is proposed to be appointed/re-appointed at the ensuing Annual General Meeting, as required under clause 49 of the Listing Agreement, are as under:

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

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

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

Date : 04.09.2013
Place : New Delhi

DIRECTORS' REPORT

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

Financial Highlights

(Rs. in Million)

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

PERFORMANCE REVIEW

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

OPERATIONS REVIEW

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

INDUSTRIAL RELATIONS

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

MATERIAL CHANGES AFTER BALANCE SHEET DATE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIVIDEND

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

PUBLIC DEPOSIT

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

DIRECTORS

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

SUBSIDIARY COMPANIES

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

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

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

AUDITORS

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

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

Qualification and response to Auditor's Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AUDIT COMMITTEE

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

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

[^] NEID- Non Executive Independent Director

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

That the Directors had prepared the annual accounts for the year ended 31st March 2013 on a 'going concern' basis.

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

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

OTHER INFORMATION

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

REPORT ON CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

By the Order of the Board of Directors

Sd/-
Ram Chandra Agarwal
Chairman
DIN 00491885

Date : 04.09.2013
Place : New Delhi

Annexure – I

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

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

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

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

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

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

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

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

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

KEY GROWTH DRIVERS OF RETAIL INDUSTRY

The growth factors of the retail sector of Indian economy:

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

OPPORTUNITIES & THREATS

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

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

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

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

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

STRENGTHS

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

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

Strong focuses on system & processes.

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

PRODUCT WISE PERFORMANCE

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

Future Outlook and Strategies

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

Risks and Concerns

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

Increase in Competition to Impact Margins

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

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

Higher rentals

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

Internal Control Systems and Their Adequacy

The Company has a devised efficient & adequate system of internal control. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition, and the transactions are authorized, recorded and reported correctly. Effective governance consists of competent management; implementation of standard policies and processes; maintenance of an appropriate audit programmes with internal control environment effective risk monitoring and management information system.

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

These internal control procedures ensure the following:

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

HUMAN RESOURCE MANAGEMENT

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

COMPANY PERFORMANCE REVIEW

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

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

Cost of Goods sold

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

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

Administrative, Selling, Distribution & Other Expenses

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

Personnel Expenses

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

Depreciation

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

Finance Cost

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

Provision for Taxation

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

EPS

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

Balance Sheet Position

Share Capital

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

Reserves & Surpluses

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

Profit and Loss Account

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

Debt

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

Deferred Tax

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

Investments

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

Cash & Bank Balances

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

Inventories

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

Non Current Loans and Advances

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

Current Liabilities & Provisions

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

On behalf of the Board of Directors

Sd/-

Ram Chandra Agarwal

Chairman

Date : 04.09.2013

Place : New Delhi

DIN 00491885

ANNEXURE II

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

Conservation of Energy

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

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

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

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

Foreign Exchange Earnings and outgo

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

On behalf of the Board of Directors

Sd/-

Ram Chandra Agarwal

Chairman

DIN 00491885

Date : 04.09.2013

Place : New Delhi

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

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

| | |
|--|-----|
| Specific areas in which R & D carried out by the company | Nil |
| Benefits derived as a result of the above R & D | NA |
| Expenditure on R& D | |
| Capital | Nil |
| Recurring | Nil |
| Total | Nil |
| Total R & D expenditure as a percentage of total turnover. | Nil |
| Technology absorption, adaptation and innovation : Nil | |
| Technology imported | Nil |
| Year of import | Nil |
| Has technology been fully absorbed? | Nil |

On behalf of the Board of Directors

Sd/-

Ram Chandra Agarwal

Chairman

DIN 00491885

Date : 04.09.2013

Place : New Delhi

Annexure III

CORPORATE GOVERNANCE REPORT

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

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

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

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

BOARD OF DIRECTORS

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

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

INFORMATION SUPPLIED TO THE BOARD

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

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

ATTENDANCE AT BOARD MEETINGS

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

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

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

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

*Resigned from Directorship on 27 August 2012.

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

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

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

BOARD LEVEL COMMITTEES

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

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

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

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

Due to resignation of Independent Directors during the year, the respective committee composition has been reconstituted upon appointment of new independent directors on the Board. All decisions pertaining to the constitution of the Committees, appointment of members of the Committee and fixing of terms of service for committee members are taken by the Board of Directors. Details of the role and composition of these Committees, including the number of meetings held during the financial year and attendance, are provided below:

AUDIT COMMITTEE

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

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

^ NEID – Non Executive Independent Director

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

Audit Committee Meetings & Presence:

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

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

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

Remuneration Committee

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

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

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

^ NEID – Non Executive Independent Director

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

Remuneration Committee Attendance

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

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

Details of remuneration paid to Directors are given below;

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

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

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

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

Shareholders'/Investors' Grievance Committee

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

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

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

^ NEID – Non Executive Independent Director

*Resigned from Directorship on 27 August 2012.

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

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

*Resigned from Directorship on 27 August 2012.

SHARE TRANSFER COMMITTEE

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

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

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

^ NEID – Non Executive Independent Director

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

Compliance Officer

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

Investor Grievance Redressal

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

GENERAL BODY MEETINGS

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

Annual General Meeting

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

Special Resolutions

Annual General Meeting (AGM) (28.09.2012)

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