

FORM B

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

1. Name of the Company: V2 Retail Limited
2. Annual financial statements for the year ended 31.03.2014
3. Type of Audit qualification Qualified/~~Subject to~~/~~Except~~
4. Frequency of qualification First Time & Repetitive Both
5. Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:
 - a) Attention is invited to note 4 of these financial statements, included in capital reserve amounting to Rs.6,05,23,24,263/-, is Rs. 4,29,42,24,263/- arising out of transfer of asset and liabilities to the acquiring companies in earlier years for which necessary reconciliation/information to the tune of Rs 3,72,24,324/- is not available with the company. Accordingly in the absence of the same, we are unable to comment on the appropriateness of capital reserve including consequential impact, if any, arising out of the same on these financial statements (Repetitive Since 31.03.2011)

Management Response:

The Company had restructured its business during the 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. While in relation to reconciliation necessary reconciliation to the tune of Rs. 3,72,24,324/-, company is in process to reconcile the same.



b) Attention is invited to note 5 and 10 of these financial statements the Company has outstanding short-term borrowings at the year-end due to a lender including overdue principal and interest for which necessary supporting documents for balance confirmation at the year end and relevant information with relation to rate of interest is not available with the Company. In the absence of the same, we are unable to comment on the same. **(Repetitive Since 31.03.2011)**

Management Response:

The interest expense has been recognised in the Books of Account on the basis of the figure provided by the concern lender in May 2012, in relation to balances as on 31st March 2012 which is disputed by the Company, as interest rate has been charged in excess of the prescribed rate 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.

c) Attention is invited to note 14 of these financial statements the company has recognized Rs. 2,71,11,06,418/- as deferred tax assets at the year-end for which it does not have virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized in accordance with principles of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Had the company not recognized deferred tax, impact on profit and loss account would have been increase in loss during the year by Rs. 16,70,481/- and decrease in Reserves and Surplus by Rs. 2,71,11,06,418/-.

Management Response:

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 16 new stores, and one warehouse. Considering the above, management do not see any event which may lead to a reason wherein company should not be considered as Profitable. Further the company has earned increase in turnover in year 2013-14 of Rs 1,23,22,11,031/- in comparison to financial year 2012-13 and further we made profit in first quarter of financial year 2014-2015. The Board is confident that because of such positive signs and growth in the business and industry there is virtual certainty that company will be able to make sufficient profits and accordingly deferred tax assets will be recognized.



d) Attention is invited to note 38 of these financial statements, the Company has disclosed contingent liabilities on account of appeals with various statutory authorities at different levels amounting to Rs. 1,69,57,11,396/- for which necessary information is not available with the Company to reliably ascertain estimated amount of such liabilities and consequential impact thereof on these financial statements in accordance with Accounting Standard-29 issued by the Institute of Chartered Accountants of India. Hence, we are unable to comment on the same. **(Repetitive Since 31.03.2012)**

Management Response:

The Contingent Liabilities to the tune of Rs. 1,69,57,11,396/- 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 as according to past trends of assessments under sales tax 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) **Matter of Empasis:** Attention is invited to note 4 of of these financial statements, wherein the Company has accumulated losses amounting to Rs. 5,36,63,49,094/- at the year end and has incurred loss of Rs. 4,50,76,168/- during the year which raises concern regarding going concern status of the Company. However, having regard to improvement in the business conditions, increase in revenue from operations, cost rationalization measures adopted and opening of new stores by the Company, these consolidated financial statements have been prepared on a going concern basis and that no adjustments are required to the carrying value of assets and liabilities. **(second Time)**

Management Response:

The Company has started its new retail venture under the brand & style "V2". The Company is successfully running 16 new stores, and two warehouses. 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 2014-2015 and expecting same in the financial year 2014-15. 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.



f) The Company has maintained proper records showing full particulars, and situation of fixed assets except quantitative details **(Repetitive Since 31.03.2011)**

Management Response:

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

g) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the sale of goods and services and for the purchase of fixed assets. However, the internal control system for purchases of inventory is inadequate since the inventory items are entered into incorrect item codes at the time of recording in the system. **(Repetitive Since 31.03.2012)**

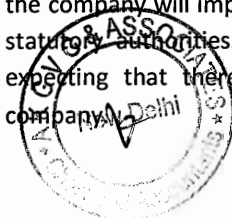
Management Response:

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

h) 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 have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious. **(Repetitive Since 31.03.2012)**

Management Response:

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



i) According to the records of the company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute which, are as Rs. 1,509,287,158.

Management Response:

The total due of Rs. 1,509,287,158 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.

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

Management Response:

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

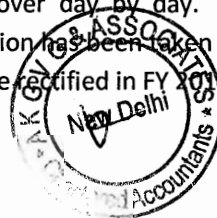
k) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has defaulted in repayment of dues to a financial institution. (Repetitive Since 31.03.2009)

Management Response:

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

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

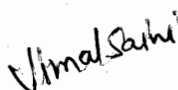
The Company is still under the CDR and the performance of the Company is improving over day by day. The effective steps for the removal of this qualification has been taken and it is expected that most of the qualification will be rectified in FY 2014-15.





7. To be signed by-


(MANAGING DIRECTOR)


(CHIEF FINANCIAL OFFICER)


(AUDITOR OF THE COMPANY)




(AUDIT COMMITTEE CHAIRMAN)

Date : 25th August 2014

Place: New Delhi



V2 RETAIL LIMITED

Annual Report 2013-14

BOARD OF DIRECTORS

Mr. Ram Chandra Agarwal	Chairman & Managing Director
Mrs. Uma Agarwal	Executive Director
Mr. Sourabh Kumar	Independent Director
Mr. Rohit Singh Rautela	Independent Director
Mr. Ravinder Kumar Sharma	Independent Director

CHIEF FINANCIAL OFFICER

Mr. Varun Kumar Singh	Chief Financial Officer
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COMPANY SECRETARY

Mr. Yatish Bhardwaj	Company Secretary
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STATUTORY AUDITORS**M/s. AKGVG & Associates, Chartered Accountants**

307, Pearl Corporate, Mangalam Place,
Sector – 3, Rohini,
Delhi - 110085

REGISTERED & CORPORATE OFFICE

**Plot No. 8, Pocket-2, Block-A, Khasra No. 335-336,
Rangpuri Extensions, NH-8, New Delhi 110 037**

Website: www.v2retail.com,

E-mail: customercare@vrl.net.in

CIN NO. : L74999DL2001PLC147724

Phone(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 THIRTEEN ANNUAL GENERAL MEETING OF THE V2 RETAIL LIMITED WILL BE HELD ON MONDAY, SEPTEMBER 29, 2014 AT KHASRA NO. 1138, SHANI BAZAR CHOWK, RAJOKARI, NEW DELHI 110038 at 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To consider and adopt the audited Financial Statement along with audited consolidated Financial Statement of the company for the financial year ended March 31, 2014 and the Reports of the Board of Directors' and the Auditor thereon.
2. To appoint a director in place of Mrs. Uma Agarwal (DIN00495945), who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint the Auditor of the company and in this regard 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 139 and other applicable provisions, if any, of the Companies Act, 2013 and the companies (Audit and Auditors) Rules, 2014, including and including any statutory modification(s) or re-enactment thereof for the time being in force, M/s AKGVG & Associates, Chartered Accountants Delhi (Firm Registration No. 018598N), be and are hereby appointed as the statutory auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company (subject to ratification of appointment by the members at every AGM held after this AGM) at such remuneration and reimbursement of out of pocket expenses, if any, as shall be fixed by the Audit Committee of the Board of Directors of the Company."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and clause 49 of the listing agreement, Mr. Rohit Singh Rautela (holding DIN 05118387), a non executive director of the company, who was appointed as an Additional Director pursuant to provisions of section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years commencing from September 29, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and clause 49 of the listing agreement, Mr. Ravinder Kumar Sharma (holding DIN 06865804), who was appointed as an additional Director pursuant to provisions of section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five

consecutive years commencing from September 29, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (incorporation) Rules 2014 and other approvals as may be required from time to time, the draft regulations contained in the Articles of the association submitted to this meeting be and are hereby approved and adopted in substitution /alteration and to the entire exclusion, of the regulations contained in the existing Articles of Association of the company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things including take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

Date : 25.08.2014
Place : New Delhi
Sd/-
Ram Chandra Agarwal
Chairman & Managing Director
DIN 00491885

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies etc. must be supported by an appropriate resolution/authority, as applicable.
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. In terms of the Articles of Association of the Company read with Section 152 of the Companies Act, 2013, Mrs. Uma Agarwal, Director, retires by rotation at the ensuing Meeting and being eligible, offers herself for re-appointment. The Board of Directors of the Company commends her re-appointment.

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
Date of Birth	15/11/1975
Date of Appointment	23/07/2001
Expertise in Specific Functional Area	She holds more than Twelve years of Experience in Retail Industry
Qualifications	Bachelor's Degree in Arts
Directorship in Other Public Companies	VRL Infrastructure Limited VRL Movers Limited VRL Retail Ventures Limited
Membership/Chairmanship of Other Public Companies	None
Shareholding in the Company	344000 (Three Lacs Forty Four Thousand) Equity Shares as on March 31, 2014

4. Brief resume of Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
5. The Register of Members and Share Transfer Books of the Company Shall remain closed from September 23, 2014 to September 29, 2014 (both days inclusive).
6. 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.
7. Shareholders, who are holding shares in identical order of name in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holding in one folio.
8. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
9. The members intending to seek any information on Annual Accounts at the meeting are requested to kindly inform the Company at least 7 days before the date of the meeting.
10. For convenience of the members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
11. In terms of SEBI notification, the shares of the Company are subject to compulsory trading only in dematerialized form on the stock exchange hence members are requested to convert their physical share certificates into electronic form.
12. In terms of Section 109A of the Companies Act, 2013, the shareholders of the Company may nominate a person to whom the shares held by him shall vest in the event of his death.
13. Non-Resident Indian Members are requested to inform RTA, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement and.
 - (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.
14. 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 / 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.
15. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a request letter in this respect to the Company / Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only.
16. The Notice of AGM and Attendance Slip is being sent in electronic mode to members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM and Attendance Slip is being sent to those members who have not registered their e-mail IDs with the Company or Depository Participant(s).

17. VOTING THROUGH ELECTRONIC MEANS

Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management & Administration) Rules, 2014, the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- i. Log on to the e-voting website www.evotingindia.com.
- ii. Click on "Shareholders" tab to cast your votes.
- iii. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DPID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi) If you are a first time user follow the steps given below:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/ NSDL client id. For example: in case of name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the EVSN for the relevant "V2 RETAIL LIMITED" on which you choose to vote.
- xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.