



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/HALF YEAR ENDED SEPTEMBER 30, 2010

| | | In ₹ Lacs | | | | |
|-----------|---|--|--|--|--|----------------------------------|
| S.No. | Particulars | Quarter Ended 30th September 2010 | Quarter Ended 30th September 2009 | Half Year Ended 30th September 2010 | Half Year Ended 30th September 2009 | Year Ended 31st March 2010 |
| | | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 1 | Income | | | | | |
| a. | Net Sales/Income from Operations | 26,942.23 | 28,403.29 | 60,405.78 | 55,003.51 | 1,10,545.93 |
| b. | Other Operating Income | - | - | - | - | - |
| c. | Total | 26,942.23 | 28,403.29 | 60,405.78 | 55,003.51 | 1,10,545.93 |
| 2 | Expenditure | | | | | |
| a. | Increase/decrease in stock in trade and work in progress | (548.44) | 7,759.43 | (2,930.92) | 9,377.43 | 43,082.38 |
| b. | Consumption of raw materials | 21,447.03 | 23,673.41 | 49,566.16 | 43,564.38 | 82,769.57 |
| c. | Purchase of traded goods | - | - | - | - | - |
| d. | Employees cost | 2,242.86 | 2,273.99 | 4,448.17 | 4,656.08 | 8,854.53 |
| e. | Depreciation | 906.56 | 1,168.89 | 1,802.75 | 2,311.67 | 4,654.22 |
| f. | Other expenditure | 5,490.45 | 5,432.78 | 11,236.39 | 11,147.79 | 22,001.00 |
| g. | Total | 29,538.46 | 40,308.50 | 64,122.55 | 71,057.35 | 1,61,361.70 |
| 3 | Profit from Operations before Other Income, Interest & Exceptional Items (1-2) | (2,596.24) | (11,905.21) | (3,716.77) | (16,053.84) | (50,815.77) |
| 4 | Other Income | 335.96 | 209.18 | 613.17 | 489.92 | 1,302.76 |
| 5 | Profit before Interest & Exceptional Items (3+4) | (2,260.28) | (11,696.03) | (3,103.60) | (15,563.92) | (49,513.01) |
| 6 | Interest | 2,305.55 | 2,259.43 | 4,397.74 | 4,554.31 | 8,975.79 |
| 7 | Profit after Interest but before Exceptional Items (5-6) | (4,565.83) | (13,955.46) | (7,501.34) | (20,118.23) | (58,488.80) |
| 8 | Exceptional Items | - | (20.38) | - | (5,099.36) | 292.82 |
| 9 | Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8) | (4,565.83) | (13,975.84) | (7,501.34) | (25,217.59) | (58,781.62) |
| 10 | Tax expense | 1,494.41 | 4,414.32 | 2,482.37 | 8,730.23 | 22,389.11 |
| 11 | Net Profit (+)/Loss(-) from Ordinary Activities after tax (9-10) | (3,071.42) | (9,561.52) | (5,018.97) | (16,487.36) | (36,392.51) |
| 12 | Extraordinary Item | - | - | - | - | 5,078.98 |
| 13 | Net Profit ()/Loss(-) for the period (11-12) | (3,071.42) | (9,561.52) | (5,018.97) | (16,487.36) | (41,471.49) |
| 14 | Paid-up equity share capital (Equity Shares of Rs. 10/- each) | 2,239.89 | 2,239.89 | 2,239.89 | 2,239.89 | 2,239.89 |
| 15 | Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year | 10/- | 10/- | 10/- | 10/- | 17,134.96 |

| | | | | | | | |
|-------|--|--|----------|----------|----------|----------|----------|
| 16 | Earnings Per Share (EPS) | | | | | | |
| a. | Basic EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized) | | (13.71) | (42.69) | (22.41) | (73.61) | (162.47) |
| a(i). | Diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized) | | (13.71) | (42.69) | (22.41) | (73.61) | (162.47) |
| b. | Basic EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized) | | (13.71) | (42.69) | (22.41) | (73.61) | (185.15) |
| b(i). | Diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized) | | (13.71) | (42.69) | (22.41) | (73.61) | (185.15) |
| 17 | Public shareholding | | | | | | |
| a. | Number of shares | | 9585998 | 8445173 | 9585998 | 8445173 | 9555988 |
| b. | Percentage of shareholding | | 42.80% | 37.70% | 42.80% | 37.70% | 42.66% |
| 18 | Promoters and Promoter Group Shareholding ** | | | | | | |
| a. | Pledged / Encumbered | | | | | | |
| - | Number of shares | | 953770 | 2003770 | 953770 | 2003770 | 953770 |
| - | Percentage of shares (as a % of the total shareholding of promoter and promoter group) | | 7.44% | 14.36% | 7.44% | 14.36% | 7.43% |
| - | Percentage of shares (as a % of the total share capital of the company) | | 4.26% | 8.95% | 4.26% | 8.95% | 4.26% |
| b. | Non-encumbered | | | | | | |
| - | Number of shares | | 11859101 | 11949926 | 11859101 | 11949926 | 11889111 |
| - | Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group) | | 92.55% | 85.64% | 92.55% | 85.64% | 92.57% |
| - | Percentage of shares (as a % of the total share capital of the company) | | 52.94% | 53.35% | 52.94% | 53.35% | 53.08% |

Statement of Assets and Liabilities

In ₹ Lacs

| Particulars | As at | |
|---|-------------------|---------------|
| | September 30,2010 | March 31,2010 |
| Shareholders' Funds | | |
| a. Share Capital | 2,240 | 2,240 |
| b. Share Warrants | 98 | 98 |
| c. Reserves & Surplus | 17,135 | 17,135 |
| Loan Fund | 80,354 | 76,623 |
| Total | 99,827 | 96,096 |
| Fixed Assets | 20,539 | 22,151 |
| Investments | 38 | 38 |
| Deferred Tax Assets (Net) | 28,747 | 26,265 |
| Current Assets, Loans & Advances | | |
| a. Sundry Debtors | 291 | 292 |
| b. Inventories | 24,574 | 21,996 |
| c. Cash & Bank Balances | 1,143 | 1,098 |
| d. Loans & Advances | 7,236 | 5,969 |
| Less: Current Liabilities & Provisions | | |
| a. Current Liabilities | 29,974 | 23,987 |
| b. Provisions | 478 | 416 |
| Net Current Assets | 2,794 | 4,952 |
| Profit & Loss Account | 47,709 | 42,690 |
| Total | 99,827 | 96,096 |

Notes:-

1. The above Quarterly Financial Results have been reviewed by the Audit Committee and taken note by the Board of Directors at their respective meetings held on November 13, 2010.
2. The Company has opted to publish Standalone Results in Financial Year 2010-11 instead of Consolidated Results.
3. The performance of subsidiaries is as given below:

| Name of the Subsidiary | %age of Holding | Turnover | Profit / (Loss) for the Period |
|-------------------------------|-----------------|----------|--------------------------------|
| VRL Fashion Limited | 100% | NIL | NIL |
| VRL Foods Limited | 100% | NIL | NIL |
| VRL Movers Limited | 50% | NIL | NIL |
| VRL Consumer Goods Limited | 100% | NIL | NIL |
| VRL Infrastructure Limited | 50% | NIL | NIL |
| VRL Knowledge Process Limited | 50% | NIL | NIL |
| VRL Retail Ventures Limited | 50% | NIL | NIL |

4. The Company has only one business and geographical segment viz retail sales of garments, textile & accessories in India. In view of this no further disclosure is required to be made as per Accounting Standard-17 on Segment Reporting.
5. The weighted average number of Equity Shares outstanding during the period has been considered for calculating the Earning per Share in terms of Accounting Standard-20.
6. The amount of raw material under Para 2(b) of financial results includes the amount of traded goods.
7. Details of number of Investor Complaints/Queries for the quarter year ended 30th September 2010; Pending at the beginning NIL, Received during the quarter year One, Resolved during the quarter year One, Pending at closing NIL.
8. Previous period / year figures have been regrouped / reclassified where ever necessary.
9. As on September 30, 2010 the Company had 146 Stores, covering a total retail space of 23.3 lacs sft. (approx.)
10. There was a fire in Gurgaon store on 2nd October, 2010 and the loss assessed by the company is ` 2.20 crores (this includes loss on account of inventory & fixed assets). This loss has not been provided for in the books of accounts as on 30th September, 2010.
11. Company's application for Corporate Debt Restructuring (CDR) has been approved by the CDR cell and as per CDR order majority of assets and liabilities will be transferred on a slump sale basis.
12. The Board of Directors in its meeting dated September 10, 2010 approved a detailed formal plan for transfer of its Wholesale & Retail Undertaking on slump sale basis. The Company's shareholders passed a resolution on October 25, 2010 by way of postal ballot whereby such formal plan was approved. The outcome of the postal ballot being 99.33% in favor of the resolution. However, The Honorable Delhi High Court has restrained the company from disposing off its assets. The above transaction is subject to decision of the Honorable Delhi High Court in this matter. Accordingly disclosures if any required by Accounting Standard 24 Discontinuing Operations have not been given.



Jay Bajaj

Management comments on auditor's observations/qualification for the previous quarter/period are as under:-

13. (a) *The accumulated losses of ₹4,26,90,01,402 as at March 31, 2010 exceed the net worth of the company.*
(b) *Certain lenders have filed winding up petition against the company in the high court.*

However, the accounts have been drawn on going concern assumption as the company has made a proposal under corporate debt restructuring scheme to CDR cell for restructuring of its secured as well as unsecured debts and expects turnaround.

The company has got approval from CDR cell for restructuring of its debts and expects to derive benefits post implementation of CDR approval.

Winding up petitions have been filed by certain lenders, but Honourable Courts have not given any decision. The Company is in the process of approaching lenders for amicable solution.

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.

14. *Basis and supporting for write off of inventory amounting to ₹ 3,41,71,59,919 on account of pilferage, shrinkage, slow moving, non-moving, obsolete and damaged goods.*

During the year ended March 31, 2010 the Company started the process of identification of inventory which were slow-moving, non-moving, dead, obsolete and damaged. The company has substantially completed the exercise during the financial year ended March 31, 2010 and accordingly inventory aggregating ₹ 3,41,71,59,919 was written off during the year. The Company has put in place adequate controls for monitoring of inventory at reasonable intervals.

15. *Adequate documentary evidence for display charges included in 'other Income' amounting to ₹ 2,86,02,715 recognized in the Profit & loss Account.*

The arrangements of display the company allows vendors/ companies to display their products are seasonal and not regular in nature, though we have adequate control on the collections from all the parties. The above amounts are generally not material in any arrangement. However company obtains/keeps contracts in cases where any arrangement is regular and/or material in nature.

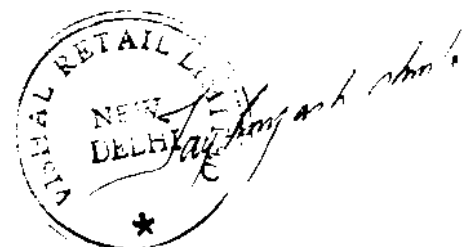
16. *Basis for write off of sundry balances amounting to ₹1,40,33,201 included in other expenses in schedule 16.*

The company made an assessment of various sundry balances and has written off deposits/ advances which in the opinion of management were not expected to be realizable.

17. *Accounting Standard 2-"Valuation of Inventories" The cost of valuation of inventories does not include Octroi, mandi tax, entry tax, input VAT, freight inwards and discount received on the purchase. The impact of such valuation from AS2 is currently unascertainable.*

Considering the complexity of transaction as these charges vary across states & products, movement of stock and number of SKU's, current ERP system does not support charges & expenses like octroi, mandi tax, entry tax, input VAT etc on specifically identified inventory, hence these have not been taken in account for valuation of inventory but have been charged to profit and loss account. In the opinion of the management such amounts are not likely to be material.

18. *Accounting Standard 28-"Impairment of Assets": whereby no assessment for impairment of assets if any was carried out during the year by the management.*



The company values assets at cost less accumulated depreciation and is following the same policy consistently. Due to scattered stores, huge asset base and the nature of assets the company has not carried out exercise of assess impairment of assets if any.

19. Accounting Standard-22 "Accounting for taxes on income" The company has recognized Deferred Tax Asset amounting to ₹ 2,62,64,99,840 as at 31st March 2010 even though the company has incurred operating losses in the current year and in earlier years and there is no convincing evidence as to virtual certainty of future income.

Due to economic slowdown & recession in past few years the company incurred losses. Further in the 2009-10 the company assessed all old/slow moving/damaged inventories and recoded the write off in 2009-10. The company does not expect any further write-off in subsequent years. There is a growth in sales in EBITDA margins gradually. In view of this the management is of the view that there will be sufficient profits in future years against which deferred taxes assets can be realized.

20. The balances of unsecured loans amounting to ₹ 1,60,45,87,755 from various banks and financial institutions are subject to confirmation and reconciliation.

The company made its best efforts to obtain confirmation from unsecured lenders. However in view of the company's application for debt restructuring pending before CDR cell, some of such lenders expressed inability to provide balance confirmations.

21. The balance of sundry debtors ₹ 2,91,57,235 and Sundry creditors ₹ 1,23,51,04,887 are subject to confirmation and reconciliation.

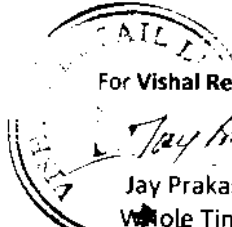
The company has taken note of the auditors observations and will initiate a process to obtain balance confirmation and reconcile any difference arising out of such confirmation in view of large number of suppliers, the process of obtaining confirmation and reconciling differences is a time consuming process. The company will however complete the process in due course of time. Further the company has made payments to a majority of its creditors in the month of April, May and June 2010.

22. Adequate documentary evidence to support write off of capital work in progress amounting to ₹ 78, 69,388 included in prior period expenses.

The company identified certain capital assets under progress which were not to be installed due to abandonment of respective projects. Accordingly such assets were written off from the books of accounts.

23. The review report of the auditors for the Quarter ended 30th June 2010 had similar observations/qualifications.

Dated: 13th November 2010
Place: New Delhi


For Vishal Retail Limited
Jay Prakash Shukla
Jay Prakash Shukla
Whole Time Director

