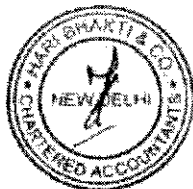


**Limited Review Report**

Review Report to  
Board of Directors,  
Vishal Retail Limited  
New Delhi

1. We have reviewed the accompanying statement of unaudited standalone financial results of VISHAL RETAIL LIMITED for the quarter ended 31<sup>st</sup> December, 2009. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. The financial statements of the VRL Infrastructure Limited, VRL Consumer Goods Limited, VRL Movers Limited, VRL Fashions Limited, VRL Foods Limited, VRL Retail Ventures Limited, VRL Knowledge Process Limited, VRL Retailer Business Solutions Private Limited, the entities, whose financial statements reflect the total revenue (net sales/ income from operations) of Rs. Nil for the quarter ended 31<sup>st</sup> December 2009, as considered in Note no. 3 of Notes to the results have been compiled by the management and have not been subjected to review by independent auditors.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, 'Engagements to Review Financial Statements' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. We further report as under :
  - (a) Net Profit from ordinary activities after tax for the quarter ended on 31<sup>st</sup> December, 2008 is disclosed as Rs. 578.10 lakhs instead of Rs. 215.44 lakhs.



**Branch offices**

Ahmedabad • Alwar • Bangalore • Bhopal • Bhubaneswar • Chandigarh • Chennai • Coimbatore • Dehra Dun • Delhi • Dispur • Gurgaon • Guwahati • Hyderabad • Jaipur • Kolkata • Lucknow • Mumbai • Patna • Ranchi • Raipur • Shimla • Thiruvananthapuram • Varanasi

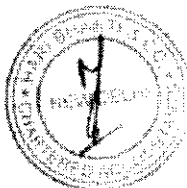
# HARIBHAKTI & CO.

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- (b) Net Profit from ordinary activities after tax for the nine months ending on 31<sup>st</sup> December, 2008 is disclosed as Rs. 4893.20 lakhs instead of Rs. 2024.12 lakhs.
- (c) Loss from ordinary activities before tax for the year ended on 31<sup>st</sup> March, 2009 is disclosed as Rs. (13,482.09) lakhs instead of Rs. (14,036.69) lakhs.
- (d) Loss from ordinary activities after tax for the year ended on 31<sup>st</sup> March, 2009 is disclosed as Rs. (8,893.96) lakhs instead of Rs. (9,448.56) Lakhs.
- (e) Non - Compliance with AS (Accounting Standard) - 2 "Valuation of Inventories" as the 'cost' for valuation of inventories does not include Octroi, mandi tax, entry tax, relevant input vat, inward freight and discount received on the purchases.

Further, During the Quarter, the Company has written off Rs.133.57 Crores on account of shrinkages, slow-moving, non-moving, obsolete, damaged goods, etc. The company has further written off Rs.143 Crores on this account between 1<sup>st</sup> Jan 2010 & till the date of issue of this report. This amount has not been provided for in the result for the quarter / period. The basis of such write-offs has not been explained. Hence, we are unable to comment on the adequacy of the amount written off and/or further provision/write-off required in this regard.

- (f) Non - Compliance of AS (Accounting Standard) - 9 "Revenue Recognition", with regards to recognition of Income from Display Charges and Interest on Fixed Deposits which are not accounted for on accrual basis.
- (g) Non - Compliance with AS (Accounting Standard) - 29 " Provisions, Contingent Liabilities and Contingent Assets", as the company has not provided for the liability that may arise on account of unutilized gift vouchers and loyalty points issued/sold by the company.
- (h) In the absence of confirmation of balances and pending reconciliation, the balances in Sundry Debtors, Sundry Creditors, Deposits, Loans and Advances, are as per books of accounts only and the consequential effect thereof on the result for the quarter / period is not quantifiable. This qualification on the Financial Statements of the Company for the year



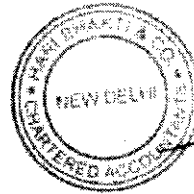
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*2008-09 has also not been disclosed as per requirement of sub clause (IV)(c) of Clause 41 of the Listing Agreement.*

5. Based on our review conducted as above, subject to the effects of our observations given in para 3, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", [notified pursuant to the Companies (Accounting Standards) Rules, 2006] and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Haribhakti & Co.,  
Chartered Accountants



  
Raj Kumar Agarwal  
Partner  
Membership No. 74715

Place: New Delhi  
Date: 3<sup>rd</sup> Mar 2010.