



A K G V G & ASSOCIATES

Chartered Accountants

Auditors' Report on financial results of V2 Retail Limited pursuant to Clause-41 of Listing Agreement

TO THE BOARD OF DIRECTORS OF V2 RETAIL LIMITED.

1. We have audited the accompanying statement "Audited Consolidated Financial Results for the year ended 31 March 2013" ("The Statement") of **V2 Retail Limited** ("the company, its subsidiaries and joint venture constitute "the Group") for the year ended March 31st 2013, being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges. This statement has been prepared on the basis of related annual consolidated financial statements, which are the responsibility of the Company's management and has been approved by Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related annual consolidated financial statements, which have been prepared in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to Note 4 of the Statement regarding the figures for the quarter ended March 31st, 2013 being balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
4. With qualifying our opinion, we hereby report following :
 - a) *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, we observed however that management is in process of improvising the Internal Control.*



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- b) *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.*
- c) *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.*
- d) We have not been provided the basis of accounting for Capital reserves amounting to Rs. 60,523.24/- Lacs created during the F/y 2010-11 on account of restructuring of Business of the company.
- e) No documentary evidence has been provided for rate of interest, impacting interest expenses amounting in aggregate of Rs.5,99,80,407/- included in finance cost, balances and such interest are subject to confirmation.

5. Without qualifying our opinion, we report that,

- a) The Company has Contingent Liabilities to the tune of Rs. 6413.54 Lacs. All other Contingent Liabilities are under appeal with different authorities at different levels. At the moment Company is not able to reliably ascertain estimated amount of such liability so the provision as required in accordance to the Accounting Standard-29 has not been made in books of accounts.
- b) The Company has incurred substantial losses in upto year 2011-12 and its net worth has been eroded. However, having regard to improvement in the economic sentiment, rationalization measures adopted by the Company, Opening of new stores and the implementation of the debt recast package with the lenders and promoters, 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 accumulates losses 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.
- c) Sundry Creditors balances are subject to confirmations for which Balance Confirmations have been circulated, and further the Management has not provided the segregation of creditors into creditors into dues to MEME (Micro, Small & Medium Enterprise) and others. So we are unable to comment on provision for interest due to MEME. However as explained by the management, they are in process of recognition and segregation of creditors in to dues to MSME.



- d) Other Non Current Assets, amount paid under protest to PF department amounting to Rs. 1,56,38,239/- and to Service department Rs. 75,00,000 have been shown, as according to management the case is under protest and appeals have lodged.
6. The Statement reflects the Group's share of Revenues of Rs. Nil and Profit (Loss) after Tax (net) of Rs. (33,886)/- Relating to 3 Subsidiary, whose results have been audited by other auditors and whose results have been considered by us in submitting the report. The Statement also reflects the Group's Share of Revenue of Rs. Nil and Profit (Loss) after tax (Net) of Rs. (1,01,360)/- relating to share in One Joint controlled entity whose results have been audited by other auditors and whose results have been considered by us in submitting the report.
7. Read with para 4, 5 and 6 above, in our opinion and to the best of our information and according to the explanations given to us, the Statement:
- Is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges and
 - Gives a true and fair view of the net profit and other financial information of the Group for the year ended March 31st, 2013
8. Further we also report that we have traced, the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding, pledged/ encumbered shares and non-encumbered shares of the promoter and promoter group shareholders, in terms of Clause 35 of the Listing Agreements from the details furnished by the Management and the particulars relating to the undisputed investor complaints from the details furnished by the Registrars.

For A K G V G & Associates.

Chartered Accountants

ERN No.018598N



Place: New Delhi

Date: 30th May, 2013