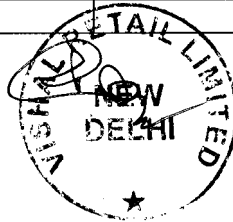


**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/ENDED
DECEMBER 31, 2010**

							₹ in Lacs
S.No.	Particulars	Quarter ended 31st December 2010	Quarter ended 31st December 2009	Year to date 31st December 2010	Year to date 31st December 2009	Year ended 31st March 2010	
		Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Income						
a.	Net Sales/Income from Operations	30,270.63	30,078.83	90,676.41	85,082.34	110,545.93	
b.	Other Operating Income	-	-	-	-	-	
c.	Total	30,270.63	30,078.83	90,676.41	85,082.34	110,545.93	
2	Expenditure						
a.	(Increase)/decrease in stock in trade and work in progress	(903.91)	15,851.57	2,027.01	29,698.29	43,082.38	
b.	Consumption of raw materials	23,139.97	22,160.23	66,844.29	61,255.33	82,769.57	
c.	Purchase of traded goods	-	-	-	-	-	
d.	Employees cost	2,150.23	2,047.80	6,598.40	6,703.88	8,854.53	
e.	Depreciation	911.39	1,200.43	2,714.15	3,512.10	4,654.22	
f.	Other expenditure	5,831.84	5,121.49	16,924.56	16,277.42	22,001.00	
g.	Total	31,129.52	46,381.52	95,108.41	117,447.02	161,361.70	
3	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	(858.89)	(16,302.69)	(4,432.00)	(32,364.68)	(50,815.77)	
4	Other Income	259.81	333.33	872.99	824.08	1,302.76	
5	Profit before Interest & Exceptional Items (3+4)	(599.08)	(15,969.36)	(3,559.01)	(31,540.60)	(49,513.01)	
6	Interest	2,270.17	2,208.00	6,667.91	6,757.13	8,975.79	
7	Profit after Interest but before Exceptional Items (5-6)	(2,869.25)	(18,177.36)	(10,226.92)	(38,297.73)	(58,488.80)	
8	Exceptional Items	(40.15)	(98.31)	(183.81)	(5,197.67)	(292.82)	
9	Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	(2,909.40)	(18,275.67)	(10,410.73)	(43,495.41)	(58,781.62)	
10	Tax expense	972.19	6,184.04	14,916.64	14,916.64	22,389.11	



11	Net Profit (+)/Loss(-) from Ordinary Activities after tax (9+10)		(1,937.21)	(12,091.63)	(6,956.65)	(28,578.77)	(36,392.51)
12	Extraordinary Item		-	-	-	-	5,078.98
13	Net Profit (+)/Loss(-) for the period (11-12)		(1,937.21)	(12,091.63)	(6,956.65)	(28,578.77)	(41,471.49)
14	Paid-up equity share capital		2,239.89	2,239.89	2,239.89	2,239.89	2,239.89
	(Equity Shares of Rs. 10/- each)		10/-	10/-	10/-	10/-	10/-
15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						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)	(8.65)	(53.98)	(31.06)	(127.59)	(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)	(8.65)	(53.98)	(31.06)	(127.59)	(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)	(8.65)	(53.98)	(31.06)	(127.59)	(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)	(8.65)	(53.98)	(31.06)	(127.59)	(185.15)
17	Public shareholding						
	a.	Number of shares	9585998	8909183	9585998	8909183	9555988
	b.	Percentage of shareholding	42.80%	39.78%	42.80%	39.78%	42.66%
18	Promoters and Promoter Group Shareholding **						
	a.	Pledged / Encumbered					
	-	Number of shares	953770	1553770	953770	1553770	953770
	-	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	7.44%	11.52%	7.44%	11.52%	7.44%
	-	Percentage of shares (as a % of the total share capital of the company)	4.26%	6.94%	4.26%	6.94%	4.26%
	b.	Unencumbered					
	-	Number of shares	11859101	11935916	11859101	11935916	11889111
	-	Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	92.56%	88.48%	92.56%	88.48%	92.56%
	-	Percentage of shares (as a % of the total share capital of the company)	52.94%	53.29%	52.94%	53.29%	53.08%



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 February 11, 2011.
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 ended 31st December 2010; Pending at the beginning NIL, Received during the quarter NIL, Resolved during the quarter NIL, Pending at closing NIL.
8. Exceptional items includes prior period items amounting ₹40.15 lacs for the quarter ended 31st Dec 2010, ₹98.31 for the quarter ended 31st Dec 2009, ₹183.81 lacs for the year to date 31st Dec 2010, ₹5197.67 lacs for the year to date 31st Dec 2009 and ₹292.82 lacs for the year ended 31st Mar 2010.
9. As on December 31, 2010 the Company had 138 Stores, covering a total retail space of 21.74 lacs sft. (approx.)
10. There was a fire in Gurgaon store on 2nd September, 2010, loss for the same has not been provided in books of accounts during the quarter ended 31st December 2010 as it has not been ascertained but this will booked in the current financial year. The ascertainment of loss is under process.
11. 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

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12. In Compliance of terms of Letter of Approval as approved by CDR cell on 30th March 2010, the Company has executed Master Restructuring agreement on 11th Nov 2010 with TPG Wholesale Pvt. Ltd., Airplaza Retails Holding Pvt. Ltd., State Bank of India and other CDR lenders.

Management comments on auditor's observations/qualification for the previous 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. *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.

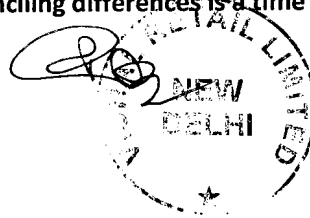
16. *The balances of unsecured loans amounting to ₹ 1,60,45,87,755 from various banks and financial institutions are subject to confirmation and reconciliation.*

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.

17. *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

Y



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.

18. 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.

19. We have not been provided adequate or appropriate documentary evidence, for display charges included in "Other Income" amounting ₹ 230.23 Lacs and recognized in the Profit & loss Account.

The arrangements of display, the company allow vendors/ companies to display their products which 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.

20. Non-compliance with 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.

21. Non-compliance with Accounting Standard 28-"Impairment of Assets": whereby no assessment for impairment of assets if any was carried out during the period by the management.

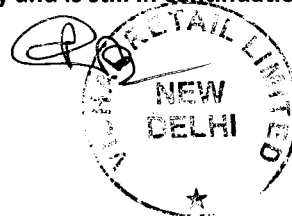
The company values assets at cost less accumulated depreciation and is following the same policy consistently. Due to scattered stores, huge asset base and the nature of assets the company has not carried out exercise of assess impairment of assets if any.

22. Non-compliance with Accounting Standard-22 "Accounting for taxes on income" The company has recognized Deferred Tax Asset amounting to ₹ 28,747.13 lacs as at 30th September 2010 even though the company has incurred operating losses in the current Period and in earlier years and there is no convincing evidence as to virtual certainty of future income that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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.

23. The Company has not been made any provision for shrinkages, pilferages, slow moving, non-moving, obsolete and damaged goods

During last financial year 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 that financial year but as the process is an ongoing activity and is still in continuation so the identified



amount will be booked in the current financial year. The Company has put in place adequate controls for monitoring of inventory at reasonable intervals.

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

25. Previous quarter / year figures have been regrouped / reclassified where ever necessary.

Dated: 11th February 2011
Place: New Delhi

For Vishal Retail Limited


Ram Chandra Agarwal
Chairman & Managing Director





Limited Review Report

Review Report to
The Board of Directors
Vishal Retail Limited

1. We have reviewed the accompanying statement of unaudited financial results of Vishal Retail Limited ('the Company') for the quarter ended 31st December, 2010 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. 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. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We further report that:
 - a. We have not been provided adequate or appropriate documentary evidence, for Display Charges included in 'Other Income' amounting Rs. 102.20 Lakhs and recognized in the Profit & Loss Account for the quarter.
 - b. Non-Compliance with Accounting Standard 2 "Valuation of Inventories": The cost for 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 deviation from AS 2 is currently unascertainable.
 - c. Non-Compliance with Accounting Standard 22 "Accounting for Taxes on Income": The Company has recognized Deferred Tax Assets amounting Rs. 29,719.45 Lakhs as at December 31, 2010 even though the Company has incurred losses in the current period and in the earlier years and there is no convincing evidence as to virtual certainty of future income that sufficient future taxable income will be available against which such deferred tax assets can be realized.
 - d. Non-Compliance with Accounting Standard 28 "Impairment of Assets": whereby no assessment for impairment of assets, if any, was carried out during the period by the management;
 - e. The Company has not made any provision for shrinkages, pilferage, slow moving, non-moving, obsolete and damaged goods.
 - f. Our audit report on the financial statements for the year ended March 31, 2010 was qualified in respect of the matters stated in paragraphs 3(a) to (e) above.

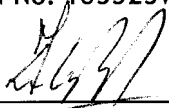


Haribhakti & Co

Chartered Accountants
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Okhla Industrial Estate
New Delhi – 110 020

4. Based on our review conducted as above and *subject to our observations in paragraph 3 above, the consequential effect of which on relevant assets, liabilities and loss for the period is not quantifiable*, 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
FRN No. 103523W



Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: New Delhi
Date: February 11, 2011