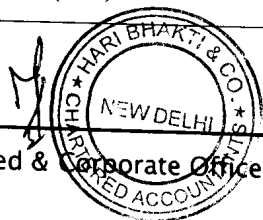




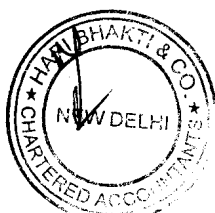
REVIEWED FINANCIAL RESULT FOR THE QUARTER ENDED JUNE 30, 2010

Rs. In Lakhs

S.No.	Particulars	Quarter ending 30th June 2010	Quarter ending 30th June 2009	Previous accounting year ended 31st March 2010
		Reviewed	Unaudited	Audited
1	Income			
a.	Net Sales/Income from Operations	33,463.55	26,537.02	1,10,545.93
b.	Other Operating Income	-	-	-
c.	Total	33,463.55	26,537.02	1,10,545.93
2	Expenditure			
a.	Increase/decrease in stock in trade and work in progress	(2,382.48)	1,618.00	43,082.38
b.	Consumption of raw materials	28,119.14	19,914.69	82,769.57
c.	Purchase of traded goods	-	-	-
d.	Employees cost	2,205.32	2,342.43	8,854.53
e.	Depreciation	896.19	1,160.68	4,654.22
f.	Other expenditure	5,745.93	5,797.37	22,293.82
g.	Total	34,584.08	30,833.17	1,61,654.52
3	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	(1,120.53)	(4,296.15)	(51,108.59)
4	Other Income	277.21	263.78	1,302.76
5	Profit before Interest & Exceptional Items (3+4)	(843.32)	(4,032.37)	(49,805.83)
6	Interest	2,092.19	2,292.35	8,975.79
7	Profit after Interest but before Exceptional Items (5-6)	(2,935.51)	(6,324.72)	(58,781.62)
8	Exceptional Items	-	-	-
9	Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	(2,935.51)	(6,324.72)	(58,781.62)



10	Tax expense	987.72	2,338.19	22,388.90
11	Net Profit (+)/Loss(-) from Ordinary Activities after tax (9-10)	(1,947.79)	(3,986.53)	(36,392.72)
12	Extraordinary Item	-	5,078.98	5,078.98
13	Net Profit ()/Loss(-) for the period (11-12)	(1,947.79)	(9,065.51)	(41,471.70)
14	Paid-up equity share capital	2,239.89	2,239.89	2,239.89
	(Equity Shares of Rs. 10/- each)	10/-	10/-	10/-
15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year			
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)	(8.70)	-40.47	(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)	(8.70)	-40.47	(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)	(8.70)	-40.47	(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)	(8.70)	-40.47	(185.15)
17	Public shareholding			
a.	Number of shares	9585998	8275948	9555988
b.	Percentage of shareholding	42.80%	36.95%	42.66%
18	Promoters and Promoter Group Shareholding **			
a.	Pledged / Encumbered			
-	Number of shares	953770	1070000	953770
-	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	7.44%	7.58%	7.43%
-	Percentage of shares (as a % of the total share capital of the company)	4.26%	4.78%	4.26%
b.	Unencumbered			
-	Number of shares	11859101	13052921	11889111
-	Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	92.55%	92.42%	92.57%
-	Percentage of shares (as a % of the total share capital of the company)	52.94%	58.27%	53.08%



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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 August 14, 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 year ended 30th June 2010; Pending at the beginning NIL, Received during the year NIL, Resolved during the year NIL, Pending at closing NIL.
8. Previous period / year figures have been regrouped / reclassified where ever necessary.
9. Tax Expenses comprise of Wealth Tax Expense & Deferred Tax created during the quarter.
10. As on June 30, 2010 the Company had 149 Stores, covering a total retail space of 23.31 lacs Sqft. (approx).
11. Management comments on auditors observations/qualification for the previous quarter/period are as under:-



1. *The accumulated losses of Rs. 4,26,90,01,402 as at March 31, 2010 exceed the net worth of the company.*
2. *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.

Companies business is very well supported by creditors and vendors and working capital is positive. Further company has become EBITDA positive now. Considering the above, excess of accumulated losses over net worth of the company will have no negative impact on the operations and running of company.

Winding up petitions have been filed by certain lenders, but Honorable Courts have not given any decision which has any negative impact on running of business. Further we are seeking legal opinions to vacate those orders. We are also approaching our 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.

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

The company started the process of identification of inventory which were slow-moving, non-moving, dead, obsolete and damaged during the year. The company has substantially completed this exercise during the financial year. Now the perpetual controls have been put in place to continuously monitor the inventory.

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

The arrangements of display where 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 vendors. The above amounts are not material and significant in size in each arrangement. Though company obtains/ keeps contracts in cases where each arrangement is regular and material in nature.

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

The company made an assessment and has written off deposits/ advances which were not expected to realize in future.



- 6 *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, movement of stock and number of SKU's, current system is not supportive to charge expenses like octroi, mandi tax, entry tax, input VAT etc on specifically identified inventory, hence we have not taken them in account for valuation of inventory but same have been charged to profit and loss account. Further the quantum of amount involved in not too high.

- 7 *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 has valued assets at cost less accumulated depreciation and is following the same policy consistently and due to scattered stores, huge asset base and the nature of assets the company has not accounted for loss on account of impairment.

- 8 *Accounting Standard-22 "Accounting for taxes on income"* The company has recognized Deferred Tax Asset amounting to Rs. 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.

We have seen economic slowdown in past years due to which company operating profit margins went under pressure and there was some financial imbalance. Now, the company has been witnessing growth in sales and EBITDA margins gradually. All required mark down in the value of slow moving, non moving and obsolete stock has already been provide for. From all these indicator we found that there is virtual certainty that company will be able to make sufficient profits and accordingly Deferred Tax Asset has been recognized.

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

We have made full efforts for getting confirmation from unsecured lenders but due to CDR process going on, some of the lenders were unable to given confirmations.



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

The company has taken note of the same and will act upon the same for getting reconciliation/confirmation. The creditors as at 31st March 2010 have been paid in the months of April, May and June in majority and hence major portion is reconciled. As the numbers of suppliers are more and reconciliation is expected to take time, the company will complete the exercise of reconciliation in due course of time.

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

The company has identified certain capital assets under progress which were not to be installed due to closing down of respective projects. The identified assets were written off accordingly from the books of accounts.

Dated: 14th August 2010
Place: New Delhi

