



Investor Update

Q3 FY'09 (Oct 2008 to Dec 2008)

Vishal Retail Limited

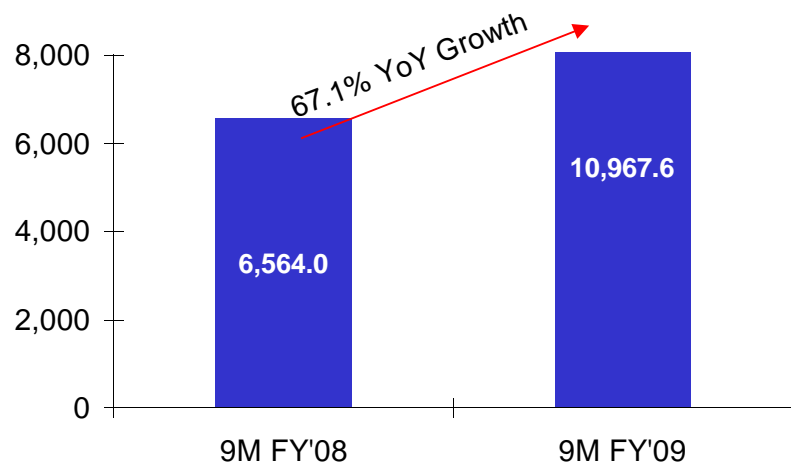


January 21, 2009

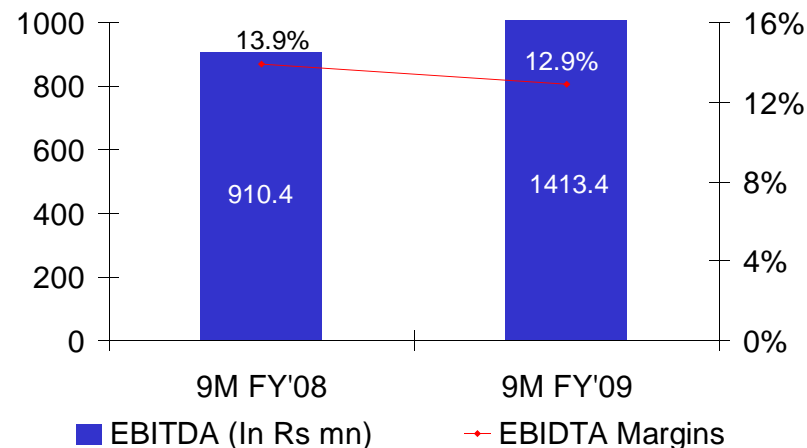
Over 67% YoY growth in Revenues in 9M FY'09



Total Revenues* (Rs mn)



EBITDA (Rs mn) & EBITDA Margin (%)



✓ **Total Revenues up 67.1% from Rs 6,564.0mn to Rs 10,967.6mn driven by addition in retail space**

- Added 99 stores with retail space of 1.02 mn sq. ft. taking the total to 2.88 mn sq. ft.

■ **EBITDA up 55.3% from Rs 910.4mn to Rs 1,413.4mn**

- EBITDA margin fell slightly from 13.9% in 9MFY'08 to 12.9% in 9MFY'09 due to rise in employee cost from 6.6% to 9.1%.

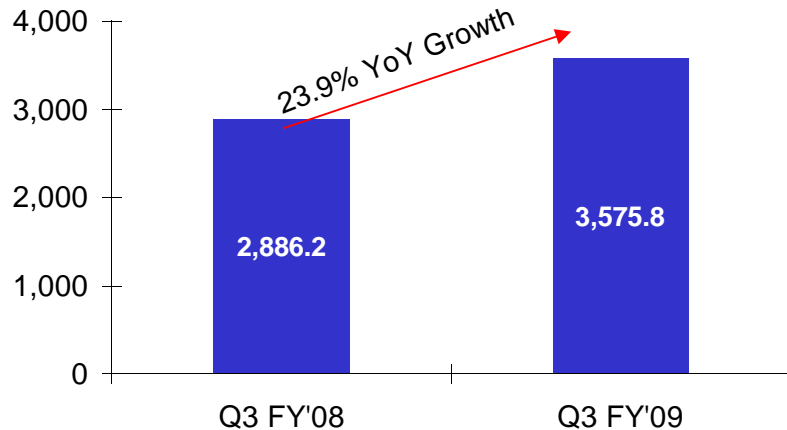
✓ **Net Profits down 33.1% from Rs 302.8mn to Rs 202.4mn**

- Net Profit Margin declined from 4.6% to 1.8% due to high interest costs resulting from debt for expansion

However, Q3 FY'09 revenue growth has slowed down....

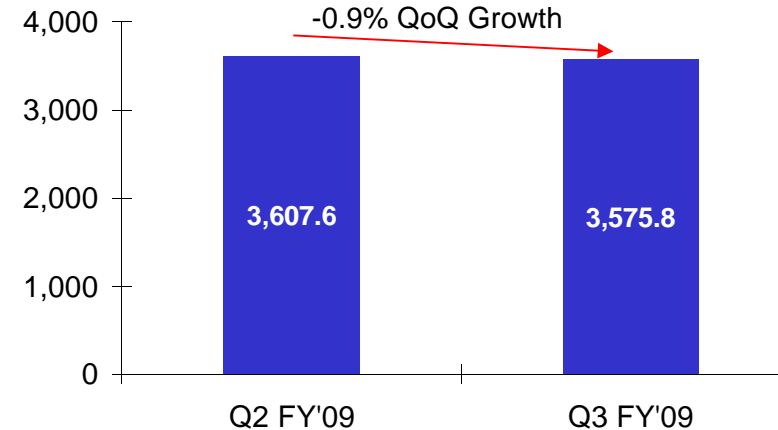


Total Revenues* (Rs mn)



- Total Revenues up 23.9% from Rs 2,886.2mn in Q3 FY'08 to Rs 3,575.8mn in Q3 FY'09
- EBITDA up 5.4% from Rs 435.6mn to Rs 459.2mn
 - EBITDA margin fell from 15.1% in Q3 FY'08 to 12.8% in Q3 FY'09 due to rise in employee cost and other expenditure.
- ✓ Net Profit down by 86.1% from Rs 155.6mn in Q3 FY'08 to Rs 21.5mn in Q3 FY'09

Total Revenues* (Rs mn)



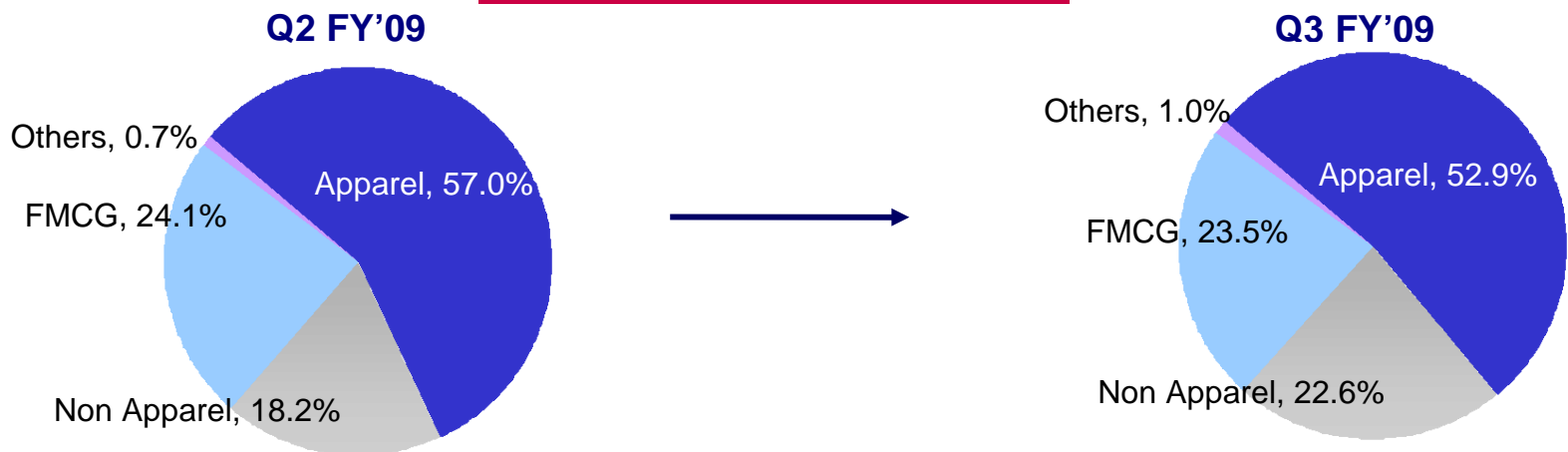
- Total Revenues down 0.9% from Rs 3,607.6mn in Q2 FY'09 to Rs 3,575.8mn in Q3 FY'09
- EBITDA up 3.3% from Rs 444.5mn to Rs 459.2mn
 - EBITDA margin marginally expanded from 12.3% in Q2 FY'09 to 12.8% in Q3 FY'09
- ✓ Net Profit down 47.1% from Rs 40.8mn in Q2 FY'09 to Rs 21.5mn in Q3 FY'09

...due to flat apparel sales during the quarter



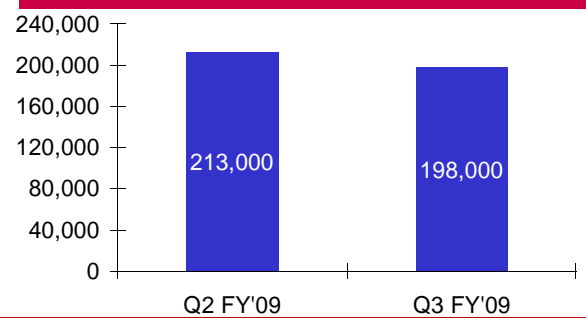
- ✓ **Poor winter season resulted in decline in Apparel sales:**
- ✓ Apparel sales witnessed a decline of 12-15% led by poor winter season in North India; the region comprises approx.50% of garment sales of the company

Revenue Mix



- ✓ **Impact of seasonality coupled with low consumer sentiment owing to economic slowdown reflected across the Industry.** This has resulted in the fall in average footfalls per day for the company as well

Average Footfalls per day

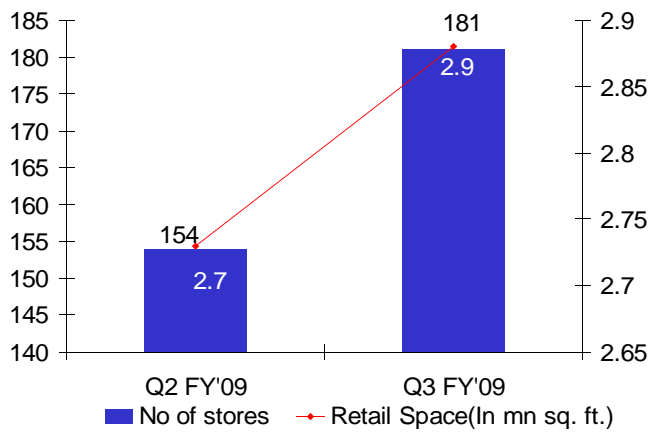


* Others primarily includes Restaurant business, SBI Credit Cards and Display Charges

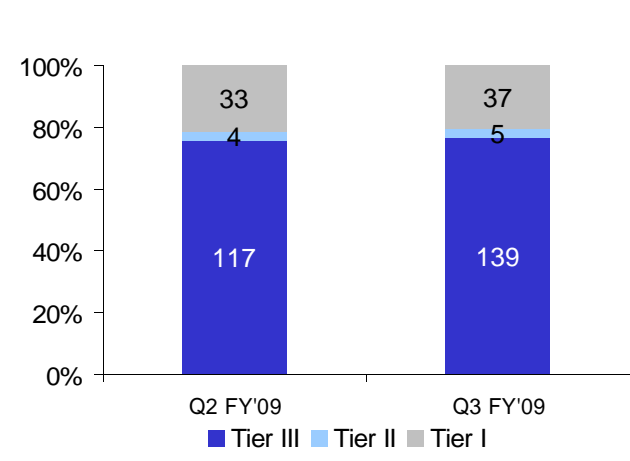
Footprint expansion remains strong



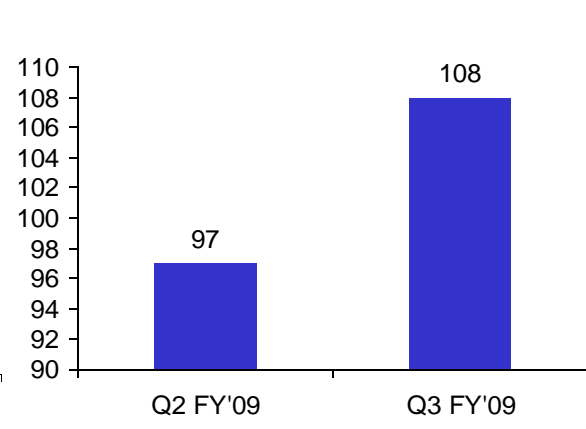
Growing Number of Stores & Retail Space



No of Stores



No of Cities



- ✓ **Added 27 stores and approximately 0.15 mn sq ft of retail space during the quarter** to reach 181 stores with a total space of 2.88 mn sq ft as on Dec 31, 2008 including:
 - ✓ 148 Megamart
 - ✓ 12 Cornermart
 - ✓ 8 Fashionmart
 - ✓ 13 Franchisees
- ✓ **Expanded to 11 new cities to reach 108 cities in 24 states and UT** as on Dec 31, 2008 compared to 97 cities as on Sep 30, 2008
 - ✓ First to reach new markets like Dimarpur (Nagaland), Bhadrak (Orissa), Fatehabad & Panipat (Haryana), Jawali (HP), Sangrur & Sunam (Punjab), Bharatpur (Rajasthan), Mirzapur & Raibareilly (UP) and Kolhapur & Nagpur (Maharashtra) with middle income demographic profile
- ✓ **First Mover Advantage in Tier 2 and Tier 3 Cities:** Over 80% of the total stores in tier 2 and tier 3 locations



Franchisee Model to boost Expansion

- Expansion to be driven by less capital intensive franchisee model to reduce funding requirements for growth
- Already opened 13 franchisee stores across the country (as of Dec 31, 2008)

Shop in Shop

- Renting out excess space in multiple stores to independent vendors
- 200,000 sq. ft. area expected to be leased out at an average realization of Rs 200/sq ft

Increased Focus on Space Selling

- Negotiating with distributors of FMCG products of lesser known brands to sell 'display' space in stores



Rent Reduction

- *Relocate upto 20 unviable stores; 8 already identified.*
- *Reducing area in 12 stores with existing sq ft >25,000.*
- *Optimize warehousing space - Closure of 11 regional warehouses.*

Reorganization of Supply Chain

- *Focus on Reverse Logistics.*
- *Leasing of own vehicles to independent contractors.*

Efficient Packaging Solutions

- *Negotiation for bar coding and unitized packing at vendor's end.*
- *Recycling of cartons.*

Minimize Inventory Levels

- *Targeting to lower inventory levels by aligning future buying and improving internal controls*
- *Aggressive offering of discounts, promotional schemes, customized at store level*
- *Inventory psf reduced from Rs 2,954 as on Sep 30, 2008 to Rs 2,824 as on Dec 31, 2008*

Financial Statements – Income Statement



Particulars	Rs mn							
	Q3 FY'09	Q2 FY'09	Q3 FY'08	QoQ Growth	YoY Growth	9M FY'09	9M FY'08	YoY Growth
Gross Sales	3,732.9	3,781.2	3,017.4	-1.3%	23.7%	11,483.2	6,869.0	67.2%
VAT	178.4	197.8	155.9	-9.8%	14.5%	579.79	362.4	60.0%
Net Income from Operations	3,554.5	3,583.4	2,861.5	-0.8%	24.2%	10,903.4	6,506.6	67.6%
Other Operational Income	21.3	24.2	24.7	-11.9%	-13.8%	64.3	57.4	12.0%
Total Revenues	3,575.8	3,607.6	2,886.2	-0.9%	23.9%	10,967.6	6,564.0	67.1%
Total Expenditure	3,116.6	3,163.1	2,450.6	-1.5%	27.2%	9,554.2	5,653.6	69.0%
COGS	2,068.5	2,058.8	1,683.3	0.5%	22.9%	6,278.3	3,860.1	62.6%
Employee Cost	311.2	349.7	194.0	-11.0%	60.4%	994.4	434.2	129.0%
Other Expenditure	736.9	754.6	573.3	-2.3%	28.5%	2,281.6	1,359.3	67.8%
EBITDA	459.2	444.5	435.6	3.3%	5.4%	1,413.4	910.4	55.3%
Depreciation & Amortization	133.8	113.4	74.5	17.9%	79.6%	344.6	182.7	88.7%
EBIT	325.4	331.0	361.1	-1.7%	-9.9%	1,068.8	727.7	46.9%
Interest	285.7	262.1	120.4	9.0%	137.3%	722.9	254.5	184.0%
PBT	39.7	69.0	240.6	-42.5%	-83.5%	345.9	473.2	-26.9%
Tax	18.1	28.2	85.1	-35.7%	-78.7%	143.5	170.4	-15.8%
Net Profit after Tax	21.5	40.8	155.6	-47.1%	-86.1%	202.4	302.8	-33.1%
Basic & Diluted EPS (Rs.)	1.0	3.1	7.1	-68.8%	-86.5%	9.0	14.4	-37.2%
Paid up Equity Share Capital	224.0	224.0	224.0	-	-	224.0	224.0	-



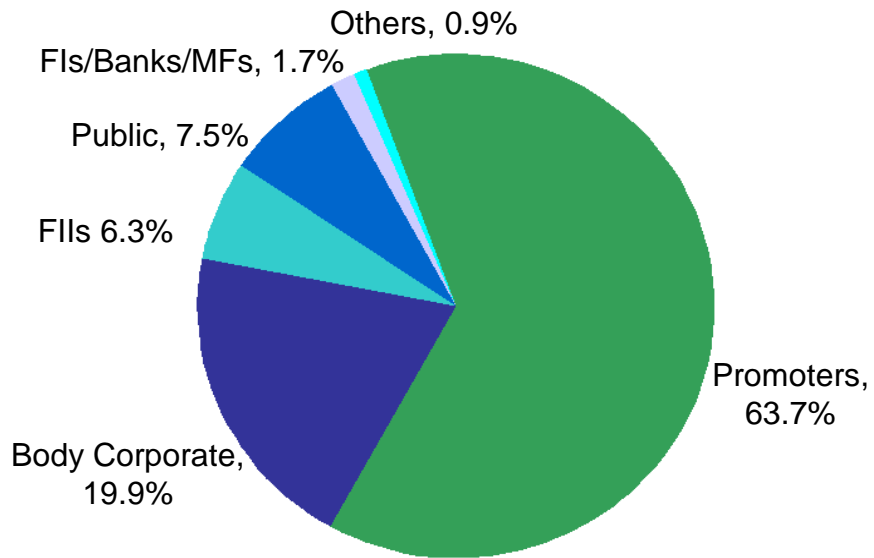
Margins	Q3 FY'09	Q2 FY'09	Q3 FY'08	9M FY'09	9M FY'08
EBITDA Margins (%)	12.8%	12.3%	15.1%	12.9%	13.9%
Net Margins (%)	0.6%	1.1%	5.4%	1.8%	4.6%

Expense Ratios	Q3 FY'09	Q2 FY'09	Q3 FY'08	9M FY'09	9M FY'08
Total Expenditure / Net Income (%)	87.2%	87.7%	84.9%	87.1%	86.1%
Raw material / Net Income (%)	57.8%	57.1%	58.3%	57.2%	58.8%
Staff Cost / Net Income (%)	8.7%	9.7%	6.7%	9.1%	6.6%
Other Expenditure (%)	20.6%	20.9%	19.9%	20.8%	20.7%



As on December 31, 2008

Equity Shares Outstanding- 22,398,869



Key Institutional Investors

% Holding

Bennett Coleman & Co Ltd	9.2%
Mathews India Fund	2.3%
Gaja Advisors (Pvt) Ltd.	2.2%
Nomura Asset Management	1.4%
India Discovery Fund	1.2%
ICICI Prudential Tax Plan	1.1%



About Vishal Retail Limited

Vishal Retail Ltd, a leading player in the Indian retail industry, is a pioneer in discount retailing and is focused on tier II and III cities in the country. It has a strong presence in manufacturing and retailing of readymade garments (apparels); retailing of non-apparels and a large variety of FMCG products. The company has pan-India presence with 182 mid-sized hypermarket format and specialty stores as on Dec 31, 2008 covering about 2.94mn sq ft retail space area. Vishal is supported by strong manufacturing set-up in Gurgaon, Manesar and Dehradun with a capacity of 5,000 garment pieces per day in each unit. It also has 29 warehouses located in 8 key cities in India covering over 1,053,066 sq ft area. For more information please visit www.vishalmegamart.net

Forward Looking Statement

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.



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