

Vishal Retail Pvt. Ltd.

THIRD ANNUAL REPORT 2003-04

Vishal Retail Pvt. Ltd.

Reg. Office: Mouza- Kuch Pukur, P.S. Bhangore, 24 Paragnas (South), West Bengal

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Third Report of the company with the audited statements of accounts for the year ended March 31, 2004.

FINANCIAL RESULTS

Description	(Rs. In Millions) 2003-04
Sales	881.03
Other Income	1.04
Profit before taxation	13.49
Provision for Taxation (Current and deferred)	9.56
Profit after Taxation	3.93
Balance Brought forward from previous year	8.13
Balance carried to Balance Sheet	12.07

DIVIDEND

Your directors opine that funds are needed to be augmented for the growth initiatives of the Company. Hence, no dividend has declared for this year.

PUBLIC DEPOSIT

During the year, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956.

DIRECTORS

There was no appointment/resignation of Directors during the period.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimated that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts for the year ended 31st March 2004 on a 'going concerns' basis.

AUDITORS

The existing auditors M/s Chhaparia & Associates, Chartered Accountants, retires at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

ADEQUACY OF INTERNAL CONTROLS

Your company has installed adequate internal control systems in combination with delegation of powers.

FOREIGN EXCHANGE EARNING/EXPENDITURE & CONSERVATION OF ENERGY

Rules with respect to Conservation of energy and Foreign exchange expenditures/outgo are not applicable.


OTHER INFORMATION

A statement showing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto as Annexure I an integral part of this report.

ACKNOWLEDGEMENT

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Central Government, the State Governments, the Company's Bankers, the Shareholders, the dealers, vendors of the company. The Directors also wish to place on record their appreciation for the co-operation and contribution made by the employees at all levels.

On behalf of the Board of Directors


(Ram Chandra Agarwal)
Chairman

Place: New Delhi
Date: 11.08.2004

ANNEXURE – I TO DIRECTORS' REPORT

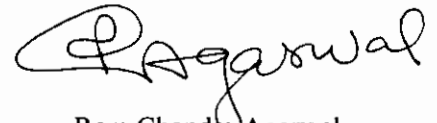
Particulars of the employees drawing remuneration of more than Rs. 24,00,000/- for the 12 months period from 01.04.2003 to 31.03.2004 or Rs. 2,00,000/- per month as per Section 217(2A) of the Companies Act, 1956.

Name	Age (Yrs)	Designation	Remuneration (Yearly in Rs.)	Qualification	Experience (Years)	Date Of Employment	Last Employment
Ram Chandra Agarwal	39	Director	60,00,000/-	B. Com	18	23.07.2001	-

Notes:

1. Remuneration comprises Salary, House Rent Allowance and Conveyance Allowance.
2. Sh. Ram Chandra Agarwal was Promoter and first Director of the company.

On behalf of the Board of Directors



Ram Chandra Agarwal
Chairman

Place: New Delhi
Date: 11.08.2004

AUDITORS' REPORT

To
The Members of
VISHAL RETAIL PRIVATE LIMITED

1. We have audited the attached Balance Sheet of Vishal Retail Private Limited as at 31st March, 2004 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3, above:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



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CHHAPARIA & ASSOCIATES

Chartered Accountants

SHANTINIKETAN BUILDING
8, CAMAC STREET
6TH FLOOR, SUITE-6
KOLKATA-700 017
PH. : 2282-4241, 4213 & 6444
FAX : (033) 2282-4566

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f) In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

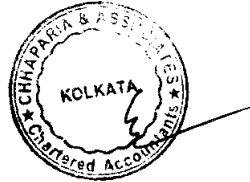
(i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2004; and

(ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

(iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Chhaparia & Associates**
Chartered Accountants


(Krishna Kr. Chhaparia)
Partner



Dated : The 11th day of August, '2004.

Place : Delhi.

VISHAL RETAIL PRIVATE LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

- i. (a) The Company is maintaining proper records showing particulars including quantitative details and situation of fixed assets.

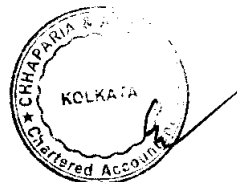
(b) The fixed assets were physically verified during the year. We have been informed that no material discrepancies were noticed on such physical verification.

(c) No substantial part of fixed assets has not been disposed off during the year.
- ii. (a) As informed to us, the physical verification have been conducted at regular intervals by the management in respect of finished goods, raw materials, stitching materials, stores and spares. In our opinion, the frequency of the verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of records of inventory, and as informed to us, in view of the nature of the business and scattered locations of the showrooms, it is not practically possible to compare physical stock with book records.
- iii. The Company has not taken/granted any loan, secured or unsecured, from / to companies, firms or other parties covered in the register maintained under section 301 of the Act. As such Clause 4(iii) of the aforesaid order is not applicable on the Company for the period under review.
- iv. In our opinion and according to the information and explanations given to us, the internal control procedure of the Company relating to purchase of stores, raw materials, including components, plant and machinery, equipments and other assets and relating to sale of goods are commensurate with the size and nature of business of the Company. In our opinion there is no continuing failure to correct major weaknesses in internal control.
- v. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained u/s 301 of the Companies Act, have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the



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CHHAPARIA & ASSOCIATES

Chartered Accountants

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register maintained under section 301 of the Act, and exceeding the value of five lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prices prevailing at the relevant time.

- vi. The Company has not accepted any deposits from the public within the meaning of the provisions of section 58A and 58AA of the companies Act, 1956 and rules made there under. Hence clause 4(vi) of the Order is not applicable.
- vii. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii. As per information and explanations given to us, the Central Government has not prescribed maintenance of cost records for any of the products of the Company u/s 209(1)(d) of the Companies Act, 1956.
- ix. (a) According to the information and explanations given to us and according to the books and records produced to us and examined, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Excise Duty, Cess and any other statutory dues as applicable to it with the appropriate authorities.

(b) According to the records of the company and information and explanations given to us, the following are the particulars of disputed statutory demands;

Department	Amount Rupees	Period to which the amount relates	Forum where pending
Sales Tax (Bhubaneshwar)	4238566/-	2001-02	Assistant Commissioner, Sales Tax
Entry Tax (Bhubneshwar)	2030032/-	2001-02	Assistant Commissioner, Sales Tax
Sales Tax (Varanasi)	931655/-	2002-03	Assistant Commissioner-Sales tax
Sales Tax (Delhi) *	1149937/-	2002-03	Appeal to be filed

*In the name of erstwhile M/s. Vishal Apparels, taken over by the company.



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CHHAPARIA & ASSOCIATES

Chartered Accountants

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- x. The Company has neither accumulated losses nor has incurred any cash losses during the financial year covered by our Audit or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- xii. The Company has not granted any loans and advances on the basis of security by way to pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund, nidhi or mutual benefit fund /society and hence provisions of clause 4(xiii) of the said Order are not applicable.
- xiv. The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the said order are not applicable to the company.
- xv. The Company has not given any guarantee for loans taken by others.
- xvi. In our opinion and according to the information and explanations given to us, the Company has not availed any term loan.
- xvii. Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
- xviii. The Company has raised share capital during the year in its normal course, which inter- alia includes parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956. In our opinion, the said allotment is not prejudicial to the interests of the Company.
- xix. No debentures have been issued by the company and hence, the question of creating securities in respect thereof does not arise.
- xx. The company has not raised any money by public issue.



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CHHAPARIA & ASSOCIATES

Chartered Accountants

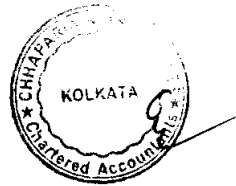
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- xxi. On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the company, has been noticed or reported during the year.

For **Chhaparia & Associates**
Chartered Accountants


(Krishna Kr. Chhaparia)
Partner



Dated : The 11th day of August, 2004.

Place : Delhi

VISHAL RETAIL PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2004

PARTICULARS	SCHEDULE	31st March, 2004		31st March, 2003	
		Amount(Rs.)	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)
SOURCES OF FUNDS					
Share Capital	1		199,955,000.00		85,750,000.00
Reserves & Surplus	2		12,066,454.38		8,133,465.33
Secured Loan	3		7,047,169.64		18,208,810.31
Unsecured Loan	4		71,344,124.00		59,782,264.00
Deferred Tax Liability			6,827,039.00		884,284.00
			297,239,787.02		172,758,823.64
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	123,119,672.57		60,278,251.57	
Less: Depreciation		25,200,150.94		10,460,121.94	
Net Block			97,919,521.63		49,818,129.63
Investments					
	6		9,810,360.10		
Current Assets, Loans & Advances					
Inventories	7	202,736,110.00		128,435,688.55	
Cash & Bank Balance	8	20,443,418.82		25,813,813.03	
Loans & Advances	9	32,198,741.00		15,537,178.00	
		255,378,269.82		169,786,679.58	
Less: Current Liabilities & Provisions	10	66,263,910.53		47,098,930.57	
Net Current Assets			189,114,359.29		122,687,749.01
Miscellaneous Expenditure					
(to the extent not written off or adjusted)	11		395,546.00		252,945.00
			297,239,787.02		172,758,823.64
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS					
	15				

IN TERMS OF OUR REPORT OF EVEN DATE ATTACHED

For CHHAPARIA & ASSOCIATES
Chartered Accountants

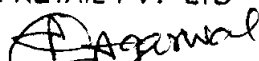

(Krishna Kumar Chhaparia)
Partner



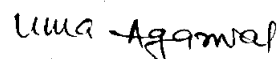
Date : The 11th day of August, '2004

Place : Delhi.

For: VISHAL RETAIL PVT LTD


Director

For: VISHAL RETAIL PVT LTD


Director

VISHAL RETAIL PRIVATE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH '2004

PARTICULARS	SCHEDULE	31st March, 2004	31st March, 2004
		Amount (Rs.)	Amount (Rs.)
<u>INCOME</u>			
Sales	12	881,037,800.50	499,591,895.00
Other Income	13	1,049,988.12	35,635,904.99
Closing Stock		202,736,110.00	128,435,688.55
Total (A)		1,084,823,898.62	663,663,488.54
<u>EXPENDITURE</u>			
Opening Stock		128,435,688.55	67,910,424.19
Acquired on Takeover		-	25,996,467.55
Purchases & Manufacturing Expenses		732,753,629.19	418,070,915.60
Operative, administrative & Other Expenses	14	193,341,820.93	134,446,943.82
Loss on sale of Fixed Assets		1,802,430.00	-
Provision for dimunition in value of Investments		189,639.90	-
Depreciation		14,740,029.00	9,002,778.00
Preliminary/Pre-operative Expenses Written off		75,380.00	75,380.00
Total (B)		1,071,338,617.57	655,502,909.16
PROFIT/(LOSS) BEFORE TAX	(A - B)	13,485,281.05	8,160,579.38
Less: Provision for Tax			
: Current		3,600,000.00	1,760,432.00
: Deferred		5,942,755.00	884,284.00
: Earlier years		9,537.00	-
PROFIT/(LOSS) AFTER TAX		3,932,989.05	5,515,863.38
Balance Carried to Balance Sheet		8,133,465.33	2,617,601.95
BALANCE CARRIED TO BALANCE SHEET		12,066,454.38	8,133,465.33
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	15		

IN TERMS OF OUR REPORT OF EVEN DATE ATTACHED

For CHHAPARIA & ASSOCIATES
Chartered Accountants


(Krishna Kumar Chhaparia)
Partner

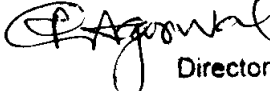


Date : The 11th day of August, '2004.

Place : Delhi.

For VISHAL RETAIL PVT LTD

Director


Director

For VISHAL RETAIL PVT LTD

Director


Director

Director

VISHAL RETAIL PRIVATE LIMITED

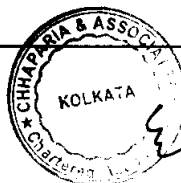
SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

PARTICULARS	31st March,2004 Amount(Rs.)	31st March,2003 Amount(Rs.)
SCHEDULE : 1		
SHARE CAPITAL		
Authorised		
2,00,00,000 Equity Shares of Rs. 10/- each (Previous year 50,00,000 Equity Shares of Rs.10/- each)	200,000,000.00	50,000,000.00
Issued, Subscribed & Paid up		
1,20,00,000 Equity Shares of Rs. 10/- each, fully paid up in cash (Previous year 46,80,000 Equity Shares of Rs.10/- each)	120,000,000.00	46,800,000.00
Share Application Money (Pending Allotment)	79,955,000.00	38,950,000.00
	199,955,000.00	85,750,000.00
SCHEDULE : 2		
RESERVES & SURPLUS		
Balance as per Profit & Loss Account annexed	12,066,454.38	8,133,465.33
	12,066,454.38	8,133,465.33
SCHEDULE : 3		
SECURED LOAN		
A) Cash Credit Limit		
a) From Punjab & Sind Bank, Kolkata, secured against:	7,047,169.64	8,794,255.71
i) Hypothecation of Stock lying at Siliguri & Ranchi Branch		
ii) Equitable mortgage of "Land & Building " owned by Vishal Water World Pvt Ltd.		
iii) Corporate Guarantee of Vishal Water World Pvt Ltd		
iv) Personal guarantee of the Directors of the Company.		
b) From Bank of Baroda, Kolkata, Secured against:	-	9,414,554.60
i) Hypothecation of Stock lying at 31, Chowringhee Road, Kolkata & Western Market Building, Shop No. 07, Bhubaneshwar, Orissa		
ii) Pledge of Fixed Deposits & Shares standing in the name of the Company & one of the director of the Company.		
iii) Personal guarantee of the Directors of the Company		
	7,047,169.64	18,208,810.31
SCHEDULE : 4		
UNSECURED LOAN (including interest accrued thereon)		
From Body Corporates	26,278,390.00	16,007,735.00
From Shareholders	715,734.00	1,024,529.00
From Directors	-	500,000.00
Trade Deposits	44,350,000.00	42,250,000.00
	71,344,124.00	59,782,264.00
SCHEDULE : 6		
INVESTMENTS (Current)		
Investments in Mutual Funds		
ICICI Prudential Mutual Fund (Units: 345580.714, Cost Rs.50,00,000.00)	4,979,390.70	-
Kotak Mahindra Mutual Fund (Units: 367457.926, Cost Rs. 50,00,000.00)	4,830,969.40	-
	9,810,360.10	-

For: VISHAL RETAIL PVT LTD

Director

P. Aggarwal
Director



For: VISHAL RETAIL PVT LTD

Uma Aggarwal
Director

Director

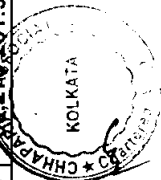
VISHAL RETAIL PRIVATE LIMITED
SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

SCHEDULE : 5
FIXED ASSETS

Particulars	Gross Block		Depreciation			Net Block			
	As at 01.04.03 (Rs)	Addition during the year (Rs)	Acquired on takeover (Rs.)	As on 31.03.04 (Rs)	Upto 01.04.03 (Rs)	For the year (Rs)	As at 31.03.04 (Rs)	As at 31.03.03 (Rs)	
Air Conditioner	8,551,045.00	5,817,290.00	-	14,368,335.00	1,040,475.94	1,490,104.00	2,530,579.94	11,837,755.06	7,510,569.06
Aquaguard	56,992.00	-	-	56,992.00	9,275.00	6,656.00	15,931.00	41,061.00	47,717.00
Computer	10,377,713.00	6,956,023.00	-	17,333,736.00	4,134,173.00	3,605,113.00	7,739,286.00	9,594,450.00	6,243,540.00
Electrical Equipments & Fittings	8,930,751.65	6,479,090.00	-	15,409,841.65	1,123,366.00	1,495,332.00	2,618,698.00	12,791,143.65	7,807,385.65
Fire Extinguisher	148,347.00	316,581.00	-	464,928.00	19,852.00	40,753.00	60,605.00	404,323.00	128,495.00
Furniture & Fixture	20,501,179.11	17,982,118.00	-	38,483,297.11	2,790,052.00	4,400,523.00	7,190,575.00	31,292,722.11	17,711,127.11
Generator Set	4,806,975.00	6,276,080.00	-	11,083,055.00	511,607.00	1,027,808.00	1,539,415.00	9,543,640.00	4,295,368.00
Motor Vehicles	2,363,846.00	4,343,328.00	-	6,707,174.00	608,302.00	1,074,812.00	1,683,114.00	5,024,060.00	1,755,544.00
Motor Cycle	573,450.81	427,713.00	-	1,001,163.81	139,929.00	13,358.00	153,287.00	847,876.81	433,521.81
Cycle	5,220.00	3,000.00	-	8,220.00	1,295.00	3,629.00	4,924.00	3,296.00	3,925.00
Office Equipments	284,085.00	113,357.00	-	397,442.00	41,405.00	38,881.00	80,286.00	317,156.00	242,680.00
Telephone Equipments	-	137,150.00	-	137,150.00	-	5,902.00	5,902.00	131,248.00	-
Cash counting machine	402,480.00	96,250.00	-	498,730.00	35,588.00	56,090.00	91,678.00	407,052.00	366,892.00
Lift	277,500.00	1,033,400.00	-	1,310,900.00	4,802.00	124,425.00	129,227.00	1,181,673.00	272,698.00
Cleaning Machine	-	38,176.00	-	38,176.00	-	1,565.00	1,565.00	36,611.00	-
Plant & Machinery	2,998,667.00	12,821,865.00	-	15,820,532.00	-	1,355,078.00	1,355,078.00	14,465,454.00	2,998,667.00
	60,278,251.57	62,841,421.00	-	123,119,672.57	10,460,121.94	14,740,029.00	25,200,150.94	97,919,521.63	49,818,129.63
	23,059,594.82	29,298,601.75	7,920,055.00	38,278,251.57	1,457,343.94	9,002,778.00	10,460,121.94	49,818,129.63	-

For: VISHAL RETAIL PVT LTD

P. Rajan
 Director



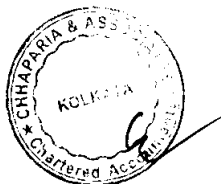
For: VISHAL RETAIL PVT LTD

Uma Approval
 Director

VISHAL RETAIL PRIVATE LIMITED

SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

PARTICULARS	31st March, 2004 Amount(Rs.)	31st March, 2003 Amount(Rs.)
SCHEDULE : 7		
INVENTORIES		
(as taken, valued & certified by the management)		
Raw Materials	9,000,865.00	15,092,838.29
Work in Progress	24,678,531.00	13,684,459.02
Accessories & Packing Materials	2,481,204.00	2,240,378.00
Finished Goods	166,575,510.00	97,418,013.24
	202,736,110.00	128,435,688.55
SCHEDULE : 8		
CASH & BANK BALANCES		
Balance with Scheduled Bank		
On Current Accounts	12,178,132.82	18,986,257.98
On Fixed Deposit Accounts (including interest accrued thereon)	1,100,661.00	3,195,716.00
Cash in hand (as certified by the management)	7,164,625.00	3,631,839.05
	20,443,418.82	25,813,813.03
SCHEDULE : 9		
LOANS & ADVANCES (Unsecured, considered good)		
(Advances receivable in cash or kind or for value to be received)		
Credit Card Receivable	228,875.00	477,085.00
Security Deposit towards Premises	13,127,321.00	7,374,566.50
Other Deposits	5,912,792.00	3,649,477.00
Advance to suppliers	962,864.00	-
Advance for Fixed Assets	1,472,721.00	240,000.00
Other Advances	10,494,168.00	3,796,049.50
	32,198,741.00	15,537,178.00
SCHEDULE : 10		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Liabilities for Goods & Asscessories	37,622,832.08	35,033,079.42
Liabilities for Expenses	8,412,257.00	6,781,030.10
Liabilities for Fixed Assets	2,072,337.00	-
Liabilities for Other Finance	12,796,052.45	3,307,389.05
Provision		
Provision for Income Tax (Asst. Year 2002-03)	-	217,000.00
Provision for Income Tax (Asst. Year 2003-04)	1,760,432.00	1,760,432.00
Provision for Income Tax (Asst. Year 2005-05)	3,600,000.00	-
	66,263,910.53	47,098,930.57
SCHEDULE : 11		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary Expenditure	170,760.00	246,140.00
H.P. Interest Suspense	224,786.00	6,805.00
	395,546.00	252,945.00
SCHEDULE : 12		
SALES		
Sales	894,522,059.50	499,591,895.00
Less : Excise Duty	13,484,259.00	-
	881,037,800.50	499,591,895.00



For: VISHAL RETAIL PVT LTD

Director

Director

For: VISHAL RETAIL PVT LTD

Director

Director

VISHAL RETAIL PRIVATE LIMITED

SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

PARTICULARS	31st March, 2004 Amount(Rs.)	31st March, 2003 Amount(Rs.)
SCHEDULE : 13		
OTHER INCOME		
Consignment Commission[T.D.S. Rs. NIL (Previous Year Rs, 1827504/-)]	-	34,809,583.00
Interest Received [T.D.S. Rs.52011/-(Previous Year Rs. 29116/-)]	309,295.00	186,693.00
Dividend Income	355,453.12	37,403.99
Miscellaneous Income	260,507.00	369,783.20
Commission Received [T.D.S. Rs. 913/- (Previous Year Rs. NIL)]	73,601.00	-
Sundry Balances written off	51,132.00	232,441.80
	1,049,988.12	35,635,904.99
SCHEDULE : 14		
OPERATIVE, ADMINISTRATIVE & OTHER EXPENSES		
Advertisement & Sales Promotion	11,239,152.00	4,180,825.60
Bank Charges	1,525,865.66	837,649.52
Commission Charges	23,210,319.00	20,756,644.00
Consultancy & Legal Charges	1,729,393.00	963,675.00
Electricity Charges	15,681,244.00	9,205,982.93
Entry Tax	2,736,802.00	3,759,045.00
Freight Charges	6,867,414.00	4,864,069.00
Generator Charges	4,617,181.00	2,642,345.56
Motor Car Expenses	1,051,476.00	391,804.96
Packing Materials & Exp	10,333,918.00	4,064,889.46
Personnel Cost	30,210,876.00	31,960,014.20
Printing & Stationery	1,060,406.00	799,249.35
Rates & Taxes	582,353.00	67,813.00
Rent	35,900,686.00	14,153,972.00
Repairs & Maintenance	13,715,083.00	11,329,509.22
Sales Tax	18,194,140.00	10,239,026.00
Security Service Charges	1,469,812.00	1,099,344.00
Staff Welfare	2,221,218.00	2,984,796.45
Telephone Expenses	1,505,552.00	1,225,935.38
Travelling & Conveyance	1,303,558.00	1,153,421.51
Filing Fees	357,100.00	3,000.00
Miscellaneous Expenses	2,080,424.33	2,087,507.78
Insurance Charges	892,116.74	751,254.00
Postage	111,074.20	305,748.43
Auditor Remuneration	401,000.00	276,800.00
Bank Interest	789,079.00	2,485,697.00
Other Interest	1,301,207.00	856,924.47
Purchase Tax	693,371.00	-
Director Remuneration	1,560,000.00	1,000,000.00
	193,341,820.93	134,446,943.82

For: VISHAL RETAIL PVT LTD

Director

P. Agarwal

Director



For: VISHAL RETAIL PVT LTD

Uma Agarwal

Director

Director

VISHAL RETAIL PRIVATE LIMITED

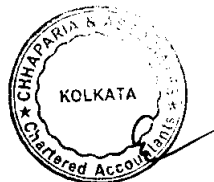
SCHEDULE - 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

A. Significant Accounting Policies

1. Basis of Accounting
The Financial Statements are prepared on the historical cost convention and on the principle of going concern. The same has been prepared in accordance with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and generally accepted accounting principles.
2. Revenue Recognition
Income and Expenditure are recognized and accounted for on accrual basis. Sales comprise sales value of goods, excise duty, sales tax, net of discount and returns. However, in the Profit and loss account, sales are shown net of excise duty in compliance with AS-9 issued by I.C.A.I.
3. Fixed Assets and Depreciation
Fixed assets include such assets on which the Company has ownership right. All fixed assets are stated at their cost of acquisition less accumulated depreciation. Depreciation is provided on W.D.V. basis at the rates prescribed by Schedule XIV of the Companies Act, 1956. In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis with reference to the days of addition/disposal.
4. Investments
Investments being current investments have been valued at lower of cost and fair value.
5. Inventories
Stock of raw materials, stores, accessories and packing materials has been valued at cost. Stock of work-in-progress has been valued at estimated cost. Stock of finished goods have been valued at lower of cost and net realizable value.
6. Employee Benefits
Contributions to Provident Funds/E.S.I. have been accounted for on accrual basis.
7. Preliminary Expenses
Preliminary Expenses have been amortized in equal installments over a period of five years.
8. Taxation
 - a) Direct Taxes are accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date.

Contd.....2



For: VISHAL RETAIL PVT LTD

P. Aggarwal
Director

Uma Aggarwal
Director

- b) Deferred tax is recognized subject to consideration of prudence on timing differences, being difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

B. Notes on Accounts

1. Contingent liabilities not provided for:
 - a) Outstanding bank guarantee Rs.1,022,100/- (P.Y. Rs. 700,000/-)
 - b) Disputed sales tax demands Rs. 8,350,190/- (P.Y. Rs. 931,655/-) , against which appeal proceedings are pending.
2. The balances of Sundry Creditors, Advances and Deposits are subject to confirmation.
3. Unsecured loan includes trade deposits of Rs.44350000/- (P.Y. 42250000/-). Being in the nature of long-term deposits, the same has been included under this head.
4. In view of nature of business and scattered location of showrooms, it is not possible to furnish quantitative details.
5. The details of Auditor remuneration is as under:

For Statutory Audit	1, 62,000.00
For Tax Audit	27,000.00
For Branch Audits	1, 62,000.00
For Income tax and Company law matters	<u>50,000.00</u>
	4, 01,000.00
	=====

6. The break up of Net Deferred Tax Liabilities are as under:

<u>Particulars</u>	<u>As at</u> <u>01/04/03</u> <u>Rs.</u>	<u>For the Year</u> <u>Rs.</u>	<u>As at</u> <u>31/03/04</u> <u>Rs.</u>
<u>Deferred tax Liabilities</u>			
Difference between book & tax depreciation	884,284.00	5,942,755.00	6,827,039.00
	884,284.00	5,942,755.00	6,827,039.00



Contd.....3

For: VISHAL RETAIL PVT LTD
 Director
 Director

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7. No provision has been made towards gratuity, since the Company has been formed for a period of less than five years.
8. During the year, the Company has received Excise Credit of Rs. 1,024,357/- on stock in hand of M/s Vishal Apparels taken over by the Company with effect from 31.03.2003, which has been deducted from purchase account.
9. Managerial Remuneration paid to directors during the year is Rs. 1,560,000/- (P.Y. Rs. 1,000,000/-)
10. Related Party disclosures:
Disclosure as required by the Accounting Standard 18 "Related Party Disclosure" are given below:

a) List of related parties

Key Management Personnel	Mr. Ram Chandra Agarwal (Director) and Ms. Uma Agarwal (Director)
Associate Companies	Unicon Marketing Private Limited
Others	Sunita Fashions Private Limited

b) Transactions with related parties

Nature of transactions	Key management Personnel	Associate Companies	Others
Managerial Remuneration	1,560,000/-	Nil	
Expenditure on services	Nil	570,929/-	1465956/-
Balance as on 31.03.04	Nil	59,932/-	125838/-

11. Segment Reporting:

The Company deals in wide variety of readymade garments, textiles and accessories and none of its products can be reported as a business segment. The showrooms of the Company are scattered in various parts of the Country and there cannot be any reportable geographical segment.

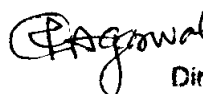
12. The Company does not possess information as to which of its suppliers are Ancillary Industrial Undertakings/Small Scale Industrial Undertaking holding permanent registration certificate issued by the Directorate of Industries of a State or Union Territory

a) The liability, if any, of interest which would be payable under the Interest on delayed payments to Small Scale & Ancillary Industrial Undertaking Act, 1933 cannot be ascertained. However, the Company has not received any claim in respect of interest.

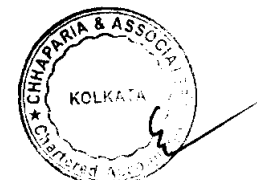
b) The total outstanding to Small Scale Industrial Undertaking cannot be ascertained.

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For: VISHAL RETAIL PVT LTD


Director

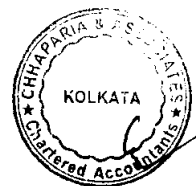

Director



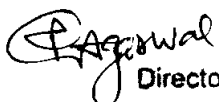

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- c) The names of Small Scale Industrial Undertaking to whom the Company owes a sum exceeding Rs.100000/- which is outstanding for more than 30 days cannot be ascertained.
13. There is nothing to report on Additional information in pursuance of the provisions of the Paragraph 3,4C,4D, Part II of the Companies Act, 1956 for the period under review.
14. Figures in bracket indicate previous year figures.
15. Previous year figures have been re-worked, re-grouped and re-classified, wherever considered necessary.
16. Additional Information as required under Part – IV to the Companies Act, 1956 and the Cash Flow Statement for the year-ended 31.03.2004 is annexed.

Contd.....5



For: VISHAL RETAIL PVT LTD

 
Director Director

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Balance Sheet Abstract and Company's General Business Profile

I. **Registration No. 93501 State Code 21 Balance Sheet Date 31st March, 2004**

II. **Capital raised during the year** (Amount in Rs. `000)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	73200

III. **Position of Mobilisation and Deployment of Funds** (Amount in Rs. `000)

Total Liabilities	290413	Total Assets	290413
<u>Sources of Funds :</u>		<u>Application of Funds :</u>	
Paid – up Capital	199955	Net Fixed Asset	97920
Reserve & Surplus	12067	Investments	9810
Secured Loans	7047	Net Current Assets *	182287
Unsecured Loans	71344	Miscellaneous Expenditure	396

IV. **Performance of Company** (Amount in Rs. `000)

Turnover	882088	Total Expenditure	868602
Profit/(Loss) before Tax	13486	Profit/(Loss) after Tax & Provision	3933
Earnings per Share (Rs.)	0.84	Dividend Rate %	-----

V. **Generic Names of principal products, services of the company**

Item Code No.	N.A.
Product Description	Readymade Garments & Textiles

* Net current assets is net off Deferred Tax Liability of Rs.6827 thousands

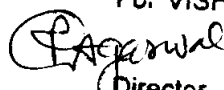
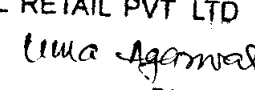
In terms of our report of even date attached

For **CHHAPARIA & ASSOCIATES**
Chartered Accountants


(Krishna Kr. Chhaparia)
Partner



Date : The 11th day of August, '2004.
Place : Delhi

For VISHAL RETAIL PVT LTD
 Director
 Director

VISHAL RETAIL PVT. LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2004

	31.03.2004 Amount (Rs.)	31.03.2003 Amount (Rs.)
A. Cash Flow from Operating Activities		
Profit Before Tax & Extra Ordinary Items	13,485,280	8160579
<u>Adjustments For:</u>		
Depreciation	14,740,029	9,002,778
Preliminary exp./ Hire Purchase charges	(142,601)	(31,425)
Notional Loss on Investments	189,640	-
Interest on Loan	2,090,286	3,342,921
Interest received	(309,295)	(186,693)
Income from mutual funds	(355,453)	(37,404)
Operating profit before working capital changes	29,697,886	20,250,756
<u>Adjustments for:</u>		
Inventories	(74,300,422)	(60,525,264)
Payable for Expenses	1,631,227	3,826,591
Payable for Goods	2,589,753	14,883,613
Payable for other Finances	11,561,000	(2,993,288)
Advances & Receivables	(13,125,639)	1,640,862
Cash generated from operations	(41,946,196)	(22,916,730)
Direct Taxes	(3,762,461)	(1,856,620)
Cash flow before extraordinary items	(45,708,657)	(24,773,350)
Loss on transfer of Maneshar Property	1,802,430	-
Net Cash used in Operating Activities	(43,906,227)	(24,773,350)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(62,841,421)	(37,218,657)
Purchase of Investments	(37,500,000)	(14,000,000)
Sale of Investments	27,500,000	14,000,000
Acquisition and additions to Maneshar Property	(3,052,430)	-
Sale Proceeds from Maneshar Property	1,250,000	-
Interest received	309,295	186,693
Dividend Received	355,453	37,404
Net Cash used in Investing Activities	(73,979,103)	(36,994,560)
C. Cash Flow from Financing Activities		
Proceeds from issuance of share capital	114,205,000	26,755,000
Loan repaid (Secured)	(11,161,640)	84,041
Loan raised (Unsecured)	11,561,860	55,257,396
Interest paid on loan	(2,090,286)	(3,342,921)
Net Cash used in Financing Activities	112,514,934	78,753,516
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	(5,370,395)	16,985,606
Cash & Cash equivalents as at 01.04.2003	25,813,813	8,828,207
Cash & cash equivalents as at 31.03.2004	20,443,418	25,813,813

IN TERMS OF OUR REPORT OF EVEN DATE ATTACHED

For CHHAPARIA & ASSOCIATES

Chartered Accountants

Chhaparia
(Krishna Kr. Chhaparia)
Partner



Date : The 11th day of August, 2004.

Place : Delhi