

Vishal Retail Pvt. Ltd.

FORTH ANNUAL REPORT 2004-05

Vishal Retail Private Limited

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fourth Report of the company with the audited statements of accounts for the year ended March 31, 2005.

FINANCIAL RESULTS

(Rs. In Millions)

Description	2004-05	2003-04
Sales	1463.12	881.03
Other Income	1.43	.86
Profit before taxation	49.71	13.49
Provision for Taxation (Current and deferred)	19.65	9.56
Profit after Taxation	30.07	3.93
Balance Brought forward from previous year	12.07	8.13
Balance carried to Balance Sheet	42.13	12.07

Continuing the positive trend, your company has further improved its performance during the year and the profit after tax has risen from Rs. 3.93 millions to Rs. 30.70 millions this year. The turnover including other income was Rs. 1464.55 millions compared to Rs. 881.89 millions in the previous period of 12 months, a 66 % increase on annualized basis.

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 2005 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.

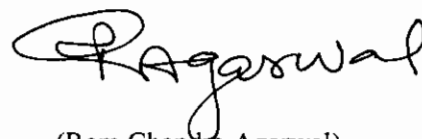
OTHER INFORMATION

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: 08.06.2005

ANNEXURE – I TO DIRECTORS' REPORT


Particulars of the employees drawing remuneration of more than Rs. 24,00,000/- for the 12 months period from 01.04.2004 to 31.03.2005 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	40	Director	60,00,000/-	B. Com	19	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: 08.06.2005

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, 2005 and also the Profit and Loss Account and Cash Flow Statement 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us 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, the Profit and Loss Account and the Cash Flow Statement 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, 2005 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
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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 2005; 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.

In terms of our report of even date attached

For **CHHAPARIA & ASSOCIATES**
Chartered Accountants


(Krishna Kr. Chhaparia)
Partner
Membership No. 056125



Date: The 8th day of June' 2005.
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 by the management. We have been informed that no material discrepancies were noticed on such physical verification.
- (c) No substantial part of fixed assets has 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 (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The company has taken unsecured loans from a party listed in the register maintained u/s 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan is Rs. 8,446,928/-and Rs. 5,150,000/- respectively.
- (c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima-facie prejudicial interests of the Company.
- (d) In our opinion and according to the explanations given to us, the Company is generally regular in repaying the principal amounts as stipulated and also in payment of interest, where applicable.
- 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.

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CHHAPARIA & ASSOCIATES

Chartered Accountants

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- 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 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 regards 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 regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service 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 unpaid disputed statutory demands;

Department	Amount Rupees	Period to which amount relates	Forum where pending
Entry Tax (Orissa)	2,030,032/-	2001-02	High Court, Orissa
Sales Tax (Orissa)	8,132,061/-	2001-02 & 2002-03	High Court, Orissa
Sales tax (Delhi)(Note 1)	1,149,937/-	2002-03	Assistant Commissioner, Delhi



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CHHAPARIA & ASSOCIATES

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Sales Tax (Varanasi)	931,655/-	2002-03	Asst. Commissioner Sales Tax
Sales Tax (West Bengal) (Note 2)	315,988/-	2000-01 2001-02	Asst. Commissioner, Sales Tax, West Bengal
Sales Tax (West Bengal) (Note 3)	453,430/-	2000-01 2001-02	Asst. Commissioner, Sales Tax, West Bengal
Sales Tax, West Bengal	811,844/-	2001-02	West Bengal Tribunal

Note

1. In the name of erstwhile M/s Vishal Apparels taken over by the Company.
2. In the name of erstwhile Ms. Vishal Garments taken over by the Company
3. In the name of erstwhile Ms. The Vishal Garments taken over by the Company

- 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. There are no dues payable to debenture holders.
- XII The Company has not granted 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, no funds raised on a short-term basis have been used for long-term investments.
- 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.



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CHHAPARIA & ASSOCIATES

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- 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.
- 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
Membership No. 056125



Date: The 31st day of June' 2005.
Place: Delhi.

VISHAL RETAIL PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH,2005

PARTICULARS	SCHEDULE	31st March,2005		31st March,2004	
		Amount(Rs.)	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)
SOURCES OF FUNDS					
Share Capital	1		148,200,000.00		120,000,000.00
Reserves & Surplus	2		154,934,756.11		12,066,454.38
Secured Loan	3		191,490,057.54		7,047,169.64
Unsecured Loan	4		31,025,000.00		71,344,124.00
Deferred Tax Liability			11,215,277.00		6,827,039.00
			536,865,090.65		217,284,787.02
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	240,080,708.01		123,119,672.57	
Less: Depreciation		54,235,267.94		25,200,150.94	
Net Block			185,845,440.07		97,919,521.63
Investments	6		-		9,810,360.10
Current Assets, Loans & Advances					
Inventories	7	374,036,538.00		202,736,110.00	
Cash & Bank Balances	8	22,017,503.21		20,443,418.82	
Loans & Advances	9	61,164,329.00		32,198,741.00	
			457,218,370.21		255,378,269.82
Less: Current Liabilities & Provisions	10	106,649,493.63		146,218,910.53	
Net Current Assets			350,568,876.58		109,159,359.29
Miscellaneous Expenditure					
(to the extent not written off or adjusted)	11		450,774.00		395,546.00
			536,865,090.65		217,284,787.02
Significant Accounting Policies & Notes on Accounts	15				
The Schedules referred to above form an integral part of Balance Sheet					

In terms of our report of even date annexed herewith

For CHHAPARIA & ASSOCIATES
Chartered Accountants

Chhaparia
(Krishna Kumar Chhaparia)
Partner
Membership No. : 056125



For VISHAL RETAIL PVT LTD

P Aggarwal Director
Uma Aggarwal Director

Date : The 8th day of June, '2005

Place : Delhi

VISHAL RETAIL PRIVATE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH'2005

PARTICULARS	SCHEDULE	31ST MARCH,2005 Amount (Rs.)	31ST MARCH,2004 Amount (Rs.)
INCOME			
Sales	12	1,463,115,919.50	881,037,800.50
Other Income	13	1,428,722.81	860,348.22
Total (A)		1,464,544,642.31	881,898,148.72
EXPENDITURE			
Cost of goods sold & consumed		995,793,829.55	658,453,207.74
Administrative & Other Expenses	14	319,613,282.81	162,843,088.93
Personnel Cost		60,354,191.90	30,210,876.00
Finance Cost		9,831,003.32	2,090,286.00
Depreciation		29,164,493.00	14,740,029.00
Preliminary/Pre-operative Expenses Written off		75,380.00	75,380.00
		1,414,832,180.58	868,412,867.67
PROFIT/(LOSS) BEFORE TAX (A - B)		49,712,461.73	13,485,281.05
Less: Provision for Tax			
: Current		15,200,000.00	3,600,000.00
: Deferred		4,388,238.00	5,942,755.00
: Earlier Years		55,922.00	9,537.00
PROFIT/(LOSS) AFTER TAX		30,068,301.73	3,932,989.05
Balance brought forward from last year		12,066,454.38	8,133,465.33
BALANCE CARRIED TO BALANCE SHEET		42,134,756.11	12,066,454.38
Basic & Diluted earnings per share (in Rs.)		2.27	0.84
Nominal Value per share		10.00	10.00
(Refer Note B-13 in Schedule 15)			
Significant Accounting Policies & Notes on Accounts	15		
The Schedules referred to above form an integral part of Profit & Loss A/c			



In terms of our report of even date annexed herewith

For **CHHAPARIA & ASSOCIATES**
Chartered Accountants


(Krishna Kumar Chhaparia)
Partner
Membership No. : 056125



For **VISHAL RETAIL PVT LTD**

 
Director Director

Date : The 3rd day of June, '2005

Place : Delhi

VISHAL RETAIL PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	31st March'2005		31st March'2004	
	Amount (Rs.)		Amount (Rs.)	
A. Cash Flow from Operating Activities				
Profit Before Tax & Extra Ordinary Items	49,712,462		13,485,281	
Adjustments For:				
Depreciation & Amortisation	29,164,493		14,740,029	
Provision for gratuity	518,000			
Preliminary Exp/Non Cash Charges	(55,228)		(142,601)	
Interest on Loan	9,831,003		2,090,286	
Interest received	(186,447)		(309,295)	
Loss on Sale of Fixed Assets	208,351		1,802,430	
Income from Mutual funds	(383,736)		(165,813)	
Operating profit before working capital changes	88,808,898		31,500,317	
Adjustments For Increase/Decrease in:				
Inventories	(171,300,428)		(74,300,422)	
Payable for Expenses	19,134,852		1,631,227	
Payable for Goods	8,184,610		2,589,753	
Payable for other Fiances	1,803,553		11,561,000	
Advances & Receivables	(19,762,457)		(13,125,639)	
Cash generated from operations	(73,130,972)		(40,143,764)	
Payment of Direct Taxes	(14,619,485)	(87,750,457)	(3,762,461)	(43,906,225)
Net Cash used in Operating Activities				
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(117,361,036)		(65,893,851)	
Purchase of Investments	(30,000,000)		(37,500,000)	
Sale of Investments	40,194,096		27,500,000	
Sale of Fixed Assets	62,273		1,250,000	
Interest received	186,447		309,295	
Dividend Received	-		355,453	
Net Cash used in Investing Activities		(106,918,220)		(73,979,103)
C. Cash Flow from Financing Activities				
Proceeds from issuance of share capital	61,950,000		114,205,000	
Increase/(Decrease) in Bank Borrowings	184,442,888		(11,161,640)	
Increase/(Decrease) in Unsecured Loans	(40,319,124)		11,561,860	
Interest paid on loan	(9,831,003)		(2,090,286)	
Net Cash received from Financing Activities		196,242,761		112,514,934
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)		1,574,084		(5,370,394)
Cash & Cash equivalents as at 01.04.2004		20,443,419		25,813,813
Cash & Cash equivalents as at 31.03.2005		22,017,503		20,443,419



In terms of our report of even date annexed herewith

For CHHAPARIA & ASSOCIATES
Chartered Accountants


(Krishna Kumar Chhaparia)
Partner
Membership No. : 056125



For VISHAL RETAIL PVT LTD

 
Director Director

Date : The 8th day of June, '2005
Place : Delhi

VISHAL RETAIL PRIVATE LIMITED

SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

	<u>31ST MARCH,2005</u> Amount(Rs.)	<u>31ST MARCH,2004</u> Amount(Rs.)
<u>SCHEDULE : 1</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
2,00,00,000 Equity Shares of Rs. 10/- each	200,000,000.00	200,000,000.00
(Previous year 2,00,00,000 Equity Shares of Rs.10/- each)		
<u>Issued, Subscribed & Paid up</u>		
1,48,20,000 Equity Shares of Rs. 10/- each, fully paid up in cash	148,200,000.00	120,000,000.00
(Previous year 1,20,00,000 Equity Shares of Rs.10/- each)		
	148,200,000.00	120,000,000.00
<u>SCHEDULE : 2</u>		
<u>RESERVES & SURPLUS</u>		
<u>Securities Premium</u>		
Balance b/f	-	-
Add: Additions during the year	112,800,000.00	-
	112,800,000.00	-
Balance as per Profit & Loss Account annexed	42,134,756.11	12,066,454.38
	154,934,756.11	12,066,454.38
<u>SCHEDULE : 3</u>		
<u>SECURED LOAN</u>		
Working Capital Loan from a Scheduled Bank	141,490,057.54	7,047,169.64
Corporate Loan from a Scheduled Bank	50,000,000.00	-
(See Note B-2 in Schedule 15)		
	191,490,057.54	7,047,169.64
<u>SCHEDULE : 4</u>		
<u>UNSECURED LOAN</u>		
From Body Corporates	21,050,000.00	26,278,390.00
From Shareholders	-	715,734.00
Trade Deposits	9,975,000.00	44,350,000.00
	31,025,000.00	71,344,124.00
<u>SCHEDULE : 6</u>		
<u>INVESTMENTS</u>		
<u>Investments in Mutual Funds</u>		
ICICI Prudential Mutual Fund (Units: 345580.714)	-	4,979,390.70
Kotak Mahindra Mutual Fund (Units: 367457.926)	-	4,830,969.40
	-	9,810,360.10
<u>SCHEDULE : 7</u>		
<u>INVENTORIES</u>		
(as taken, valued & certified by the management)		
Raw Materials	18,486,531.00	9,000,865.00
Work in Progress	57,200,610.00	24,678,531.00
Accessories & Packing Materials	10,592,502.00	2,481,204.00
Finished Goods	287,756,895.00	166,575,510.00
	374,036,538.00	202,736,110.00
<u>SCHEDULE : 8</u>		
<u>CASH & BANK BALANCES</u>		
<u>Balance with Scheduled Bank</u>		
On Current Account	13,494,902.82	12,178,132.82
On Fixed Deposit Account	1,900,787.00	1,100,661.00
Cash in hand (as certified by the management)	6,621,813.39	7,164,625.00
	22,017,503.21	20,443,418.82

For VISHAL RETAIL PVT LTD

[Signature]
Director

[Signature]
Director

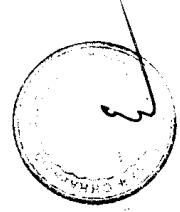



VISHAL RETAIL PRIVATE LIMITED

SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

SCHEDULE : 5
FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 01.04.04 (Rs)	Addition during the year (Rs)	Disposal during the year (Rs)	As on 31.03.05 (Rs)	Upto 01.04.04 (Rs)	For the year (Rs)	Deduction during the year (Rs)	As at 31.03.05 (Rs)	As at 31.03.04 (Rs)
Air Conditioner	14,368,335.00	10,971,348.00	-	25,339,683.00	2,530,579.94	2,382,197.00	-	20,426,906.06	11,837,755.06
Aquaguard	56,992.00	-	-	56,992.00	15,931.00	5,712.00	-	35,349.00	41,061.00
Computer	17,333,736.00	16,453,216.00	-	33,786,952.00	7,739,286.00	6,988,192.00	-	19,059,474.00	9,594,450.00
Electrical Equipments & Fittings	15,409,841.65	13,171,541.44	-	28,581,383.09	2,618,698.00	2,657,644.00	-	23,305,041.09	12,791,143.65
Fire Extinguisher	464,928.00	866,584.00	-	1,331,512.00	60,605.00	94,595.00	-	1,176,312.00	404,323.00
Furniture & Fixture	38,483,297.11	35,318,042.00	-	73,801,339.11	7,190,575.00	8,163,234.00	-	58,447,530.11	31,292,722.11
Generator Set	11,083,055.00	12,002,717.00	400,000.00	22,685,772.00	1,539,415.00	2,072,352.00	129,376.00	19,203,381.00	9,543,640.00
Motor Vehicles	7,716,557.81	6,517,048.00	-	14,233,605.81	1,841,325.00	2,715,650.00	-	9,676,630.81	5,875,232.81
Office Equipments	934,348.00	2,114,704.00	-	3,049,052.00	173,529.00	206,427.00	-	2,669,096.00	760,819.00
Lift	1,310,900.00	7,364,963.00	-	8,675,863.00	129,227.00	584,075.00	-	7,962,561.00	1,181,673.00
Telephone Equipment	137,150.00	254,282.00	-	391,432.00	5,902.00	67,583.00	-	317,947.00	131,248.00
Video Conference Systems	-	1,587,380.00	-	1,587,380.00	-	58,991.00	-	1,528,389.00	-
Plant & Machinery	15,820,532.00	10,739,210.00	-	26,559,742.00	1,355,078.00	3,167,841.00	-	22,036,823.00	14,465,454.00
TOTAL	123,119,672.57	117,361,035.44	400,000.00	240,080,708.01	25,200,150.94	29,164,493.00	129,376.00	185,845,440.07	97,919,521.63
Previous year	23,059,594.82	37,278,656.75	-	60,338,251.57	1,457,343.94	9,002,778.00	-	49,878,129.63	-



For VISHAL RETAIL PVT LTD

 Uma Aggarwal
 Director

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

	<u>31ST MARCH,2005</u>	<u>31ST MARCH,2004</u>
	<u>Amount(Rs.)</u>	<u>Amount(Rs.)</u>
SCHEDULE : 9		
LOANS & ADVANCES (Unsecured, considered good)		
(Advances receivable in cash or kind or for value to be received)		
Credit Card Receivable	379,412.00	228,875.00
Security Deposit towards Premises	23,236,146.00	13,127,321.00
Other Deposits	9,587,936.00	5,912,792.00
Advance to suppliers	2,747,281.00	962,864.00
Advance for Fixed Assets	4,943,590.00	1,472,721.00
Other Advances	20,269,964.00	10,494,168.00
	61,164,329.00	32,198,741.00

SCHEDULE : 10
CURRENT LIABILITIES & PROVISIONS

Current Liabilities		
Liabilities for Goods & Accessories	45,807,442.39	37,622,832.08
Liabilities for Expenses	27,547,108.50	8,412,257.00
Liabilities for Fixed Assets	1,812,336.00	2,072,337.00
Liabilities for Other Finance	14,569,896.24	12,796,052.45
Advance Received	289,710.50	-
Share Application Money	905,000.00	79,955,000.00
Provision		
Provision for Gratuity	518,000.00	-
Provision for Tax	15,200,000.00	5,360,432.00
	106,649,493.63	146,218,910.53

SCHEDULE : 11
MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)		
Preliminary Expenditure	95,380.00	170,760.00
H.P. Interest Suspense	355,394.00	224,786.00
	450,774.00	395,546.00

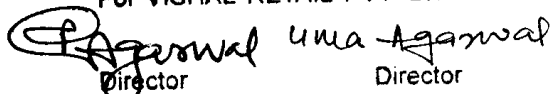
SCHEDULE : 12
SALES

Sales	1,469,723,694.50	894,522,059.50
Less: Excise Duty	6,607,775.00	13,484,259.00
	1,463,115,919.50	881,037,800.50

SCHEDULE : 13
OTHER INCOME

Interest Received [T.D.S. Rs.36345/- (Previous Year Rs.52011/-)]	186,447.00	309,295.00
Dividend Income	-	355,453.12
Miscellaneous Income	291,022.68	260,507.00
Commission Received [T.D.S. Rs.14618 /- (Previous Year Rs.913/-)]	567,517.00	73,601.00
Income/(Notional) Loss from Mutual funds	383,736.13	(189,639.90)
Sundry Balances written off	-	51,132.00
	1,428,722.81	860,348.22



For VISHAL RETAIL PVT LTD

 Director

VISHAL RETAIL PRIVATE LIMITED

SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

	<u>31ST MARCH,2005</u>	<u>31ST MARCH,2004</u>
	<u>Amount(Rs.)</u>	<u>Amount(Rs.)</u>
SCHEDULE : 14		
<u>ADMINISTRATIVE & OTHER EXPENSES</u>		
Advertisement & Sales Promotion	23,363,748.50	11,239,152.00
Bank Charges	4,628,728.40	1,525,865.66
Commission Charges	17,706,656.00	23,210,319.00
Consultancy & Legal Charges	2,638,965.00	1,729,393.00
Power & Fuel charges	54,345,717.47	20,298,425.00
Freight Charges	9,976,519.00	6,867,414.00
Motor Vehicles Expenses	1,570,751.00	1,051,476.00
Packing Materials & Exp	19,461,050.00	10,333,918.00
Printing & Stationery	2,771,391.50	1,060,406.00
Rates & Taxes	3,960,722.00	4,012,526.00
Rent	85,452,009.00	35,900,686.00
Repairs & Maintenance	25,720,312.02	13,715,083.00
Sales Tax	35,398,168.00	18,194,140.00
Security Service Charges	4,615,016.00	1,469,812.00
Staff Welfare	3,828,321.11	2,221,218.00
Telephone Expenses	9,934,612.00	1,505,552.00
Travelling & Conveyance	2,587,464.00	1,303,558.00
Filing Fees	400,000.00	357,100.00
Miscellaneous Expenses	2,077,792.31	2,080,424.33
Insurance Charges	1,188,568.00	892,116.74
Postage	179,420.50	111,074.20
Auditor remuneration	489,000.00	401,000.00
Director Remuneration	7,110,000.00	1,560,000.00
Loss on sale of Fixed Assets	208,351.00	1,802,430.00
	319,613,282.81	162,843,088.93



For VISHAL RETAIL PVT LTD

Uma Agarwal
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. Inventories

Stock of raw materials, stores, spare parts and packing materials has been valued at cost. Stock of finished goods has been valued at lower of cost and net realizable value.

5. Employee Benefits

- a) Contributions to Provident Funds/E.S.I. have been accounted for on accrual basis.
- b) Gratuity liability is accounted as per actuarial valuation.

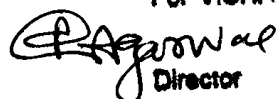

6. Preliminary Expenses

Preliminary Expenses have been amortized in equal installments over a period of five years.

7. 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.
- 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.

Contd.....2

For VISHAL RETAIL PVT LTD
 Director  Director



B. **Notes on Accounts**

1. Contingent liabilities not provided for:
 - a) Outstanding Bank Guarantee Rs. 3,556,600/- (P.Y Rs. 1,022,100/-)
 - b) Disputed Sales tax demands Rs.13,226,052/-(PY Rs. 8,350,190/-), against which the Company has filed appeal.
 - c) Disputed Entry Tax Demands Rs 2,030,032/- (PY Rs. 2,030,032/-), against which the Company has filed appeal.
2. **Securities against Loans.**
 - a) **Cash Credit Limit:** The cash credit limit from State Bank of India is secured by:
 - i) Hypothecation of stock of raw material, work in process, finished goods (present & future) and all other current assets of the Company.
 - ii) First charge and equitable mortgage of property in the name of Vishal Water Worlds Pvt Ltd., situated at Kouchpukur, P.O. Hatgachia, Dist, 24 Parganas (West Bengal)
 - iii) Extension of charge on the fixed assets of the company.
 - iv) Personal guarantee of Shri Ram Chandra Agarwal, Smt. Uma Agarwal, Shri Surender Kumar Agarwal, Director of the Company.
 - v) Corporate guarantee of Vishal Water World Pvt Ltd.
 - b) **Corporate Loan:** The Corporate Loan from State Bank of India is secured by first charge on the fixed assets of the Company.
3. Unsecured loan includes trade deposits of Rs. 9,975,000/- (P.Y. 44,350,000/-). Being in the nature of long-term deposits, the same has been included under this head.
4. Closing stock includes goods in transit and work in progress includes stock lying with job workers.
5. In view of nature of business and scattered location of showrooms, it is not possible to furnish quantitative details.
6. The balances of Sundry Creditors, Advances and Deposits are subject to confirmation.
7. The details of Auditor remuneration is as under:

	Rs.
For Statutory Audit	192,850/-
For Tax Audit	38,570/-
For Branch Audits	207,580/-
For Company law & other matters	50,000/-



For VISHAL RETAIL PVT LTD
R Agarwal Director
Uma Agarwal Director

Contd.....3

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

Particulars	As on 31.03.2005		As on 31.03.2004	
	Deferred Tax Liabilities (Rs)	Deferred Tax Assets (Rs.)	Deferred Tax Liabilities (Rs)	Deferred Tax Assets (Rs.)
Difference between book & tax depreciation	11389636/-	-	6827039/-	-
Provision for gratuity	-	174359/-	-	-

9. Managerial Remuneration paid to Directors during the year is Rs. 71,10,000/- (PY Rs. 15,60,000/-)

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), Sri Surendra Kumar Agarwal (Director) and Ms. Uma Agarwal (Director)
Associate Companies	Unicon Marketing Private Limited Vishal Waterworld Private Limited
Others	Sunita Fashions Private Limited

- b) Transactions with related parties

Nature of transactions	Key management Personnel	Associate Companies (Rs.)	Others (Rs.)
Managerial Remuneration	71,10,000/-	Nil	
Expenditure on services	Nil	54,00,000/-	22,92,342/-
Balance as on 31.03.05	7,39,100/- (Cr)	Nil	1,39,278/(Cr)

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.

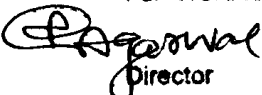
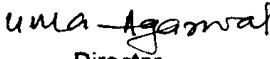
12. During the year, the Company allotted 2820000 equity shares of Rs. 10/- each at the premium of Rs. 40/- per share.

13. Earning Per Share

	31 st March 2005	31 st March 2004
PAT	30068302/-	3932989/-
Weighted Average No. Of Equity Shares	13225000	4680000
Nominal value of each equity share (Rs)	10/-	10/-
EPS (Basic & Diluted)	2.27	0.84

Contd.....4



For VISHAL RETAIL PVT LTD
 
 Director Director

14. Secured Corporate Loan repayable within a year is Rs. 16,668,000/- (P.Y. Nil).
15. 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.
- 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.

16. Foreign Exchange Earnings and Expenditures:

Expenditure	Amounts (Rs.)
On Accounts of Purchase of Fixed Assets	12431461/-
On Accounts of Traveling Expenses	386600/-
Earnings	Nil

17. 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.
18. Figures in bracket indicate previous year figures.
19. Previous year figures have been re-worked, re-grouped and re-classified, wherever considered necessary.
20. Additional Information as required under Part – IV to the Companies Act, 1956 is annexed.



For VISHAL RETAIL PVT LTD:
Agrowal Director *Uma Agrowal* Director

Balance Sheet Abstract and Company's General Business Profile

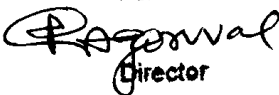

I	Registration No	93501		
	State Code	21		
	Balance Sheet Date	<u>31st March, 2005</u>		
II	<u>Capital raised during the year</u> (Amount in Rs. `000)			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	28,200
III	<u>Position of Mobilisation and Deployment of Funds</u> (Amount in Rs. `000)			
	Total Liabilities	525650	Total Assets	525650
	Sources of Funds		Application of Funds	
	Paid – up Capital	148200	Net Fixed Asset	185845
	Reserve & Surplus	154935	Investments	---
	Secured Loans	191490	Net Current Assets	339354
	Unsecured Loans	31025	Miscellaneous Expenditure	451
IV	<u>Performance of Company</u> (Amount in Rs. `000)			
	Turnover	1464545	Total Expenditure	1414833
	Profit/(Loss) before Tax	49712	Profit/(Loss) after Tax & Provision	30068
	Earnings per Share (Rs.)	2.27	Dividend Rate %	-----
V	<u>Generic Names of principal products, services of the company</u>			
	Item Code No.	N.A.		
	Product Description	Garments & Accessories		

* Net current assets is net off Deferred Tax Liability of Rs.11215 thousands

In terms of our report of even date attached

For **CHHAPARIA & ASSOCIATES**
Chartered Accountants


(Krishna Kr. Chhaparia)
Partner
Membership No. : 056125

For **VISHAL RETAIL PVT LTD**
 
Director Director

Date: The 27th day of June' 2005.
Place: Delhi.

