

Vishal Retail Pvt. Ltd.

SECOND ANNUAL REPORT 2002-03

VISHAL RETAIL PRIVATE LIMITED

DIRECTORS' REPORT

To
The Shareholders

Your directors have pleasure in presenting herewith their second Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2003

Financial Results

Your directors have pleasure to present financial figures as below :

	<u>Amount (Rs.)</u>
Profit before depreciation	1,71,63,357.38
Less : Depreciation	<u>90,02,778.00</u>
	81,60,579.38
Less : Provision for Tax	<u>22,65,841.00</u>
Profit After Tax	<u>58,94,738.37</u>

The directors, however keeping in mind the future expansion programmes of the Company, express their inability to declare any dividend for the period.

Year in Retrospect

During the period, the Company took over the manufacturing unit of Vishal Fashions Private Limited & M/s Vishal Apparels [Prop : Ram Chandra Agarwal (HUF)] as a going concern. Since, the takeover was affected at the close of the business on 31st March, 2003, full impact on sales & profitability will be reflected in the accounts in the forthcoming years.

New Development

Post Balance Sheet date; the Company has opened one mega stores at New Delhi and finalized the deal for two more stores. All the stores of the Company are running very well and barring unforeseen circumstances, the Company expects to cross turnover of around Rs. 100 crores in the next year.

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Directors Responsibility Statements

Yours directors confirm that :

- i) in the preparation of the annual accounts, applicable accounting standards have been followed;
- ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- iii) that the directors had 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 had prepared the annual accounts on a going concern basis.

Auditors Appointment

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

Compliance Certificate

In accordance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a certificate from a Secretary in whole time practice confirming that the Company has complied with all the provisions of the Companies Act, 1956 and a copy of such certificate is annexed to this report.

Others

Particulars as to Employees under the Companies (Particulars of Employees) Rules, 1975 and as to conservation of Energy and Technology absorption and Foreign Exchange earnings and Outgo under the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 are not applicable.

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Acknowledgement

The spirit of the people at Vishal Retail Private Limited has been the Company's greatest strength. The Company in its very short span of time has achieved a great milestone. The credit for this clearly goes to the management team and work force whose commitment have made this possible. The entire team played a very important role in opening of various showrooms , industrial harmony & supporting various initiatives undertaken by the management.

Your directors wish to thank our suppliers, bankers, auditors, shareholders and all others who have been associated with us.

Registered Office:
54/4C, Strand Road,
Kolkata – 700 006
West Bengal

For & on Behalf of Board

Uma Agarwal

Director

Date :- The 1st day of September, 2003
Place :- Kolkata

AUDITORS' REPORT

We have audited the attached Balance Sheet of **VISHAL RETAIL PRIVATE LIMITED** as at 31st March 2003, signed by us under reference to this report and the relative Profit & Loss account of the Company for the year ended on that date annexed thereto. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report that :-

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of accounts.
- d) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of representations received from the directors of the Company, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said statement of account give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view :-

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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

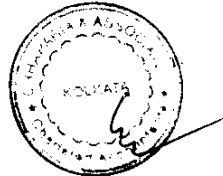
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- i) in the case of the Balance Sheet, of State of Affairs of the Company as at 31st March, 2003; and in the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order and on the basis of such checks of books and records of the Company as considered appropriate and the information and explanations given to us during the course of our audit, we further state as follows :-

1. The Company has maintained records showing particulars including quantitative details and situation of its Fixed Assets to the extent practically possible. As per information and explanations given to us, there is regular program of verification, which in our opinion is reasonable having regard to the size of the company and nature of its assets and no material discrepancies were noticed on such verification.
2. None of the Fixed Assets of the Company have been revalued during the year.
3. As informed to us, the stock of all the merchandise of the Company has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
4. According to the information and explanations given to us, the procedure followed by the management for physical verification of stock appears to be reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As informed to us, in view of the nature of business and scattered locations of showrooms, it is not practically possible to compare physical stock with book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
7. As per information and explanation given to us, the rate of interest and other terms and conditions on which loans have been obtained from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
8. In our opinion, the internal control procedure for the purchase of Goods, Components, Fixed Assets and with regard to the sale of garments are adequate and commensurate with the size of the Company and nature of its business.

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CHHAPARIA & ASSOCIATES

Chartered Accountants

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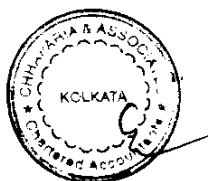
9. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
10. According to the records of the Company, Employees State Insurance and Provident Fund dues have been deposited during the year with appropriate authorities. As informed to us, the company has paid interest on delay in such deposits.
11. According to the information and explanation given to us, the transactions of purchase and sale of goods and materials in pursuance of contract or arrangements entered in the Register maintained under section 301 and aggregating during the years to Rs.50000/- or more in respect of each party appears to have been made at prices which are reasonable.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and trading goods. Adequate provision has been made in the accounts for the loss, if any, arising on the items so determined.
13. As certified by a Director, the Company did not receive any deposits during the period within the meaning of Companies (Acceptance of Deposit) Rules 1975, as amended.
14. As per information and explanation given to us and as per available records, no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty and Excise Duty was outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
15. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses, other than those payable under contractual obligations or in accordance with generally accepted business practices, which have been charged to Revenue Account.
16. Other Clauses of the aforesaid order are not applicable for the year under review.

Place : Kolkata.

For **Chhaparia & Associates**
Chartered Accountants

Dated: The 1st day of September, 2003.


(Krishna Kumar Chhaparia)
Partner



VISHAL RETAIL PRIVATE LIMITED

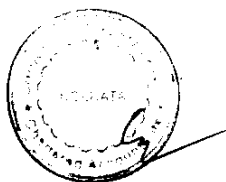
BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULE	31ST MARCH, 2003		31ST MARCH, 2002	
	AMOUNT(Rs.)	AMOUNT(Rs.)	AMOUNT(Rs.)	AMOUNT(Rs.)
<u>SOURCES OF FUNDS</u>				
Share Capital	1	85,750,000.00		58,995,000.00
Reserves & Surplus	2	8,133,465.32		2,617,601.95
Secured Loan	3	18,208,810.31		18,124,769.11
Unsecured Loan	4	59,782,264.00		4,524,868.68
Deferred Tax Liability		884,284.00		-
		<u>172,758,823.64</u>		<u>84,262,239.74</u>
<u>APPLICATION OF FUNDS</u>				
<u>Fixed Assets</u>	5			
Gross Block		60,278,251.57	23,059,594.82	
Less: Depreciation		<u>10,460,121.94</u>	<u>1,457,343.94</u>	
Net Block		49,818,129.63		21,602,250.88
<u>Current Assets, Loans & Advances</u>				
Inventories	6	128,435,688.55	67,910,424.19	
Cash & Bank Balances	7	25,813,813.03	8,828,206.79	
Loans & Advances	8	<u>15,537,178.00</u>	<u>15,321,420.11</u>	
		169,786,679.58	92,060,051.09	
<u>Less: Current Liabilities & Provisions</u>	9	<u>47,098,930.58</u>	<u>29,621,582.23</u>	
Net Current Assets		122,687,749.01		62,438,468.86
<u>Miscellaneous Expenditure</u> (to the extent not written off or adjusted)	10	252,945.00		221,520.00
		<u>172,758,823.64</u>		<u>84,262,239.74</u>
Significant Accounting Policies & Notes on Accounts	14	-		-

In terms of our report of even date attached

For Chhaparia & Associates
Chartered Accountants


(Krishna Kumar Chhaparia)
Partner




Date : The 1st day of September, 2003.

Place : Kolkata.

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 '2003

	<u>SCHEDULE</u>	<u>31ST MARCH,2003</u> <u>AMOUNT (RS.)</u>	<u>31ST MARCH,2002</u> <u>AMOUNT (RS.)</u>
<u>INCOME</u>			
Sales	11	499,591,895.00	140,956,617.00
Other Income	12	35,635,904.99	1,059,732.00
Closing Stock		128,435,688.55	67,910,424.19
Total (A)		<u><u>663,663,488.54</u></u>	<u><u>209,926,773.19</u></u>
<u>EXPENDITURE</u>			
Opening Stock		67,910,424.19	-
Acquired on Takeover		25,996,467.55	40,213,285.00
Purchases		418,070,915.60	138,936,427.47
Operative, administrative & Other Expenses	13	134,446,943.82	26,429,734.83
Depreciation		9,002,778.00	1,457,343.94
Preliminary/Pre-operative Expenses Written off		75,380.00	55,380.00
Total (B)		<u><u>655,502,909.16</u></u>	<u><u>207,092,171.24</u></u>
Profit/(Loss) before Tax (A - B)		8,160,579.38	2,834,601.95
Less: Provision for Tax		1,760,432.00	217,000.00
Less: Deferred Tax Liability		505,409.00	-
Profit/(Loss) after Tax		<u>5,894,738.37</u>	<u>2,617,601.95</u>
Less: Deferred Tax Liability(Related to earlier year)		378,875.00	-
Balance brought forward from last year		2,617,601.95	-
Balance carried to Balance Sheet		<u><u>8,133,465.32</u></u>	<u><u>2,617,601.95</u></u>

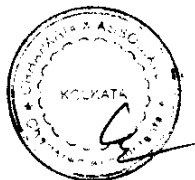
Significant Accounting Policies &
Notes on Accounts

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In terms of our report of even date attached

For Chhaparia & Associates
Chartered Accountants


(Krishna Kumar Chhaparia)
Partner



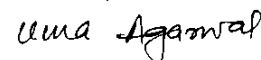
Date : The 1st day of September, 2003.

Place : Kolkata.

For Vishal Retail Pvt. Ltd.


Director

For Vishal Retail Pvt. Ltd.



Director

VISHAL RETAIL PRIVATE LIMITED

SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

	<u>31ST MARCH,2003</u> <u>Amount(Rs.)</u>	<u>31ST MARCH,2002</u> <u>Amount(Rs.)</u>
<u>SCHEDULE : 1</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
50,00,000 Equity Shares of Rs. 10/- each	<u>50,000,000.00</u>	<u>30,000,000.00</u>
(Previous year 30,00,000 Equity Shares of Rs.100/- each)		
<u>Issued, Subscribed & Paid up</u>		
46,80,000 Equity Shares of Rs. 10/- each, fully paid up in cash	46,800,000.00	21,800,000.00
(Previous year 21,80,000 Equity Shares of Rs.10/- each)		
Share Application Money (Pending Allotment)	38,950,000.00	37,195,000.00
	<u>85,750,000.00</u>	<u>58,995,000.00</u>
<u>SCHEDULE : 2</u>		
<u>RESERVES & SURPLUS</u>		
Balance as per Profit & Loss Account annexed	8,133,465.32	2,617,601.95
	<u>8,133,465.32</u>	<u>2,617,601.95</u>
<u>SCHEDULE : 3</u>		
<u>SECURED LOAN</u>		
<u>A) Cash Credit Limit</u>		
a) From Punjab & Sind Bank, Kolkata, secured against:	8,794,255.71	7,245,718.51
i) Hypothecation of Stock lying at Marda Complext, House No. H/351/437362 Sevok Road, Siliguri, West Bengal		
ii) Hypothecation of Stock lying at Central Bank Building, Vishnu Talkies, Main Road. Ranchi, Jharkhand		
iii) Equitable mortgage of "Land & Building " owned by Vishal Water World Pvt Ltd.		
iv) Corporate Guarantee of Vishal Water World Pvt Ltd.		
v) Personal guarantee of directors of the Company.		
b) From Bank of Baroda, Kolkata, Secured against:	9,414,554.60	10,262,213.60
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 directors of the Company.		
<u>B) Hire Purchase Loan Against Vehicles</u>		
a) From American Express Bank Limited	-	403,680.00
b) From Kotak Mahindra Finance Limited	-	213,157.00
(Secured against hypothecation of respective vehicles)		
	<u>18,208,810.31</u>	<u>18,124,769.11</u>
<u>SCHEDULE : 4</u>		
<u>UNSECURED LOAN</u>		
(including interest accrued thereon)		
From Body Corporates	16,007,735.00	3,785,589.00
From Shareholders	1,024,529.00	-
From Directors	500,000.00	739,279.68
Trade Deposits	42,250,000.00	-
	<u>59,782,264.00</u>	<u>4,524,868.68</u>



For Vishal Retail Pvt. Ltd.

Approval
Director

For Vishal Retail Pvt. Ltd.

Uma Agorwal

Director

VISHAL RETAIL PRIVATE LIMITED

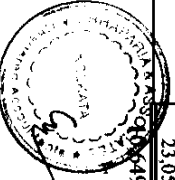
SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

**SCHEDULE : 5
FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 01/04/2002 (Rs.)	Addition During the year (Rs.)	Acquired on takeover (Rs.)	As At 31/03/2003 (Rs.)	Up To 01/04/2002 (Rs.)	For The Year (Rs.)	As At 31/03/2003 (Rs.)	As At 31/03/2002 (Rs.)	
Air Conditioner	3,118,775.00	5,155,224.00	277,046.00	8,551,045.00	134,672.94	905,803.00	1,040,475.94	751,056.06	2,984,102.06
Aquaguard	50,600.00	6,392.00	-	56,992.00	1,568.00	7,707.00	9,275.00	47717.00	49,032.00
Computer	6,075,208.00	4,142,586.00	159,919.00	10,377,713.00	685,618.00	3,448,555.00	4,134,173.00	624,354.00	5,389,590.00
Electrical Equipments	4,184,887.40	4,034,024.25	711,840.00	8,930,751.65	154,521.00	968,845.00	1,123,366.00	780,785.65	4,030,366.40
Fire Extinguisher	102,180.00	23,400.00	22,767.00	148,347.00	3,577.00	16,275.00	19,852.00	128495.00	98,603.00
Furniture & Fixtures	5,150,426.61	13,270,858.50	2,079,894.00	20,501,179.11	276,250.00	2,513,802.00	2,790,052.00	1771,1127.11	4,874,176.61
Generator Set	1,442,732.00	2,360,000.00	1,004,243.00	4,806,975.00	50,759.00	460,848.00	511,607.00	429,568.00	1,391,973.00
Motor Car	2,045,206.00	-	318,640.00	2,363,846.00	106,326.00	501,976.00	608,302.00	175,554.00	1,938,880.00
Motor Cycle	362,118.81	115,866.00	95,466.00	573,450.81	25,756.00	114,173.00	139,929.00	43,352.81	336,362.81
Cycle	4,230.00	-	990.00	5,220.00	269.00	1,026.00	1,295.00	3925.00	3,961.00
Office Equipments	228,751.00	22,251.00	33,083.00	284,085.00	9,145.00	32,260.00	41,405.00	24,268.00	219,606.00
Cash Counting Machine	294,480.00	108,000.00	-	402,480.00	8,882.00	26,706.00	35,588.00	36,689.00	285,598.00
Plant & Machiner	-	-	2,998,667.00	2,998,667.00	-	-	-	299,866.00	-
Lift	-	60,000.00	217,500.00	277,500.00	-	4,802.00	4,802.00	272,698.00	-
Total	23,059,594.82	29,298,601.75	7,920,055.00	60,278,251.57	1,457,343.94	9,002,778.00	10,460,121.94	49,818,129.63	21,602,250.88
Previous Year	23,059,594.82	12,409,666.29	-	23,059,594.82	-	1,457,343.94	1,457,343.94	21,602,250.88	-

For Vishal Retail Pvt. Ltd.

For Vishal Retail Pvt. Ltd.



[Signature]
Director

[Signature]
Director

VISHAL RETAIL PRIVATE LIMITED

SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

	<u>31ST MARCH,2003</u>	<u>31ST MARCH,2002</u>
	<u>Amount(Rs.)</u>	<u>Amount(Rs.)</u>
<u>SCHEDULE : 6</u>		
<u>INVENTORIES</u>		
(as taken, valued & certified by the management)	128,435,688.55	67,910,424.19
	<u>128,435,688.55</u>	<u>67,910,424.19</u>
<u>SCHEDULE : 7</u>		
<u>CASH & BANK BALANCES</u>		
<u>Balance with Scheduled Bank</u>		
On Current Accounts	18,986,257.98	4,396,364.54
On Fixed Deposit Accounts	3,195,716.00	1,317,575.00
Cash in hand (as certified by the management)	3,631,839.05	3,114,267.25
	<u>25,813,813.03</u>	<u>8,828,206.79</u>
<u>SCHEDULE : 8</u>		
<u>LOANS & ADVANCES</u> (Unsecured, considered good)		
(Advances receivable in cash or kind or for value to be received)		
Credit & Sundry dues	477,085.00	185,365.52
Security Deposit towards Premises	7,374,566.50	6,313,592.00
Other Deposits	3,649,477.00	8,284,964.59
Prepaid Insurance	79,453.00	74,998.00
Advance for Fixed Assets	240,000.00	462,500.00
Advance Rent	843,347.00	-
Other Advances	2,873,249.50	-
	<u>15,537,178.00</u>	<u>15,321,420.11</u>
<u>SCHEDULE : 9</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>Current Liabilities</u>		
Liabilities for Goods	35,033,079.42	20,149,466.28
Liabilities for Expenses	6,781,030.10	2,954,439.22
Liabilities for Fixed Assets	-	843,442.00
Liabilities for Other Finance	3,307,389.05	4,095,415.73
Advances Received	-	1,361,819.00
<u>Provision</u>		
Provision for Income Tax (Asst. Year 2002-03)	217,000.00	217,000.00
Provision for Income Tax (Asst. Year 2003-04)	1,760,432.00	-
	<u>47,098,930.58</u>	<u>29,621,582.23</u>



For Vishal Retail Pvt. Ltd.

[Signature]
Director

For Vishal Retail Pvt. Ltd.

[Signature]
Director

VISHAL RETAIL PRIVATE LIMITED

SCHEDULES ATTACHED TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

	<u>31ST MARCH,2003</u>	<u>31ST MARCH,2002</u>
	<u>Amount(Rs.)</u>	<u>Amount(Rs.)</u>
<u>SCHEDULE : 10</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
(to the extent not written off or adjusted)		
Preliminary Expenditure	246,140.00	221,520.00
H.P. Deferred Interest	6,805.00	-
	<u>252,945.00</u>	<u>221,520.00</u>
<u>SCHEDULE : 11</u>		
<u>SALES</u>		
Gross Sales	673639803.00	147811901.00
Less - Consignment sales	174047908.00	6855284.00
	<u>499591895.00</u>	<u>140956617.00</u>
<u>SCHEDULE : 12</u>		
<u>OTHER INCOME</u>		
Consignment Commission[T.D.S. Rs. 1827504/- (Previous Year Rs, 78944/-)]	34,809,583.00	1,021,462.00
Interest Received [T.D.S. Rs.291116/- (Previous Year Rs. 9,740/-)]	186,693.00	33,970.00
Income from Mutual Fund	37,403.99	-
Miscellaneous Income	369,783.20	4,300.00
Sundry Balances written off (net)	232,441.80	-
	<u>35,635,904.99</u>	<u>1,059,732.00</u>
<u>SCHEDULE : 13</u>		
<u>OPERATIVE, ADMINISTRATIVE & OTHER EXPENSES</u>		
Cost of Employees	31,960,014.20	2,196,735.00
Commission	20,756,644.00	7,858,371.34
Sales Tax	10,239,026.00	2,168,200.00
Electricity Charges	9,205,982.93	1,571,576.89
Entry Tax	3,759,045.00	1,251,908.00
Packing Charges	4,064,889.46	1,247,868.00
Printing & Stationery	799,249.35	1,594,626.00
Freight Chages	4,864,069.00	1,267,167.00
Bank Charges	837,649.52	711,571.13
Bank Interest	2,485,697.00	254,330.50
Rent	14,153,972.00	538,744.75
Advertisement & Sales Promotion	4,180,825.60	869,743.00
Repairs & Maintenance	24,452,210.87	647,721.00
Motor Car Expenses	391,804.96	464,084.53
Travelling & Conveyance	1,153,421.51	687,781.72
Consultancy & Legal Expenses	963,675.00	193,519.00
Telephone Charges	1,225,935.38	368,060.00
Interest On Loan	856,924.47	222,555.52
Computer & Internet Expenses	578,098.50	405,343.00
Director's Remuneration	1,000,000.00	120,000.00
Filing Fees	3,000.00	500.00
Fuel	2,642,345.56	59,111.00
General Expenses	1,937,977.78	911,714.85
Insurance Charges	751,254.00	44,369.00
License Fees	-	170,453.00
Rates & Taxes	67,813.00	7,791.00
Processing chages	149,530.00	77,060.60
Security Service Charges	1,099,344.00	31,305.00
Staff Welfare	2,984,796.45	252,557.00
Auditors' Remuneration	276,800.00	98,750.00
Postage & Telegram	305,748.43	136,217.00
	<u>148,147,743.97</u>	<u>26,429,734.83</u>



For Vishal Retail Pvt. Ltd.

(Signature)
Director

For Vishal Retail Pvt. Ltd

(Signature)
Director

VISHAL RETAIL PRIVATE LIMITED

SCHEDULE - 14

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1 GENERAL

- i) The Financial Statements have been prepared under the Historical cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies, not specifically referred to, are consistent with generally accepted accounting principles. The same are prepared on a going concern basis.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2 STOCK-IN-TRADE

Stock in Trade of fabrics, Sarees, Readymade Garments etc. have been valued at lower of cost or net realisable value.

3 FIXED ASSETS

Fixed Assets have been stated at their historical cost less accumulated depreciation. Depreciation on Fixed Assets has been provided on written down value method at the applicable rates prescribed in Schedule XIII of Companies Act, 1956.

4 TAXATION

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised 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.

5 PRELIMINARY EXPENSES

Preliminary Expenses are written off 1/5th every year. Preliminary Expenses include amount paid to the Registrar of companies for increase in Authorised Capital.

B NOTES ON ACCOUNTS

1 In terms of agreement made with Vishal Fashions Private Limited and Vishal Apparels(Prop. Ram Chandra Agarwal(HUF), the Company has taken over the entire manufacturing division of the above two concerns with effect from close of business on 31st March,2003. As such, the assets and liabilities taken over has been recorded at the amount appearing in the accounts of the above two concerns. The aggregate purchase consideration of Rs. 85,00,000/-(Rupees eighty five lacs only) is appearing under Share Application Account and the balance of Rs. 3,80,342.49(Rupees three lacs eighty thousands three hundred forty two and paise forty nine only) is appearing under Liabilities for other finance.

2 In terms of consignment agreements made by the Company, the Company is liable to pay sales tax on consignment sales. Thus, sales tax includes tax on sales made as Consignee. During the period, the Company has made consignment sales of Rs. 17,40,47,908/- on which it has received consignment commission of Rs. 3,48,09,583/-. The Consignment sales are not included in the sales figure mentioned in the Profit & Loss Account.

3 Contingent Liabilities

a Sales Tax deposit includes Rs.931,655/- deposited to Sales Tax office at Varanasi , for which case is pending in appeal.

b The Fixed Deposit of Rs. 7 lacs with Punjab & Sind bank has been pledged towards sales tax Guarantee of Varanasi showroom.

Contd.....2



For Vishal Retail Pvt. Ltd

[Signature]
Director

For Vishal Retail Pvt. Ltd.

[Signature]

Director

:: 2 ::

- 4 The balances of Sundry Creditors, Advances & Deposits are subject to confirmations/reconciliation. Further, balance in some inoperative bank accounts have been taken as per last year.
- 5 Unsecured loan includes Trade Deposits of Rs. 4,22,50,000/-. Being in the nature of Long Term Deposits, the same has been under this head.
- 6 In view of nature of business and scattered location of showrooms, it is not practically possible to furnish quantitative details .
- 7 During the year, the company has implemented Accounting Standard 22 "Accounting for Taxes on Income". In accordance with the transitional provisions, net deferred tax liability of Rs.3,78,875/- pertaining to period prior to 1st April, 2002 has been debited to Profit & Loss A/c. Current year deferred tax liability of Rs. 5,05,409/- has been debited to Profit & Loss A/c.

Deferred Tax Liability (Net)

Particulars	As at 01/04/02 Rs.	For the Year Rs.	As at 31/03/03 Rs.
Deferred Tax Asset			
Deferred tax assets due to carry forward business loss	-	-	-
Deferred Tax Liabilities			
Difference between book & tax depreciation	378,875.00	505,409.00	884,284.00
Net Deferred Tax Asset/(Liability)	(378,875.00)	(505,409.00)	(884,284.00)

- 8 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 can not 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 owe a sum exceeding Rs.100000/- which is outstanding for more than 30 days cannot be ascertained.

Contd 3

For Vishal Retail Pvt. Ltd.



P.A.
Director

For Vishal Retail Pvt. Ltd.

Uma Aggarwal
Director

9 The details of Auditors remuneration is as follows:

I) Audit Fees	199,800.00
ii) Tax Audit Fees	27,000.00
iii) Company Law & Taxation matters	50,000.00
	<u>276,800.00</u>

10 Additional information as required under Part-IV to the Companies Act, 1956 is annexed.


Contd 4



For Vishal Metal Pvt. Ltd.


Director

For Vishal Metal Pvt. Ltd.


Director

Balance Sheet Abstract and Company's General Business Profile

I. **Registration No** 93501 **State Code** 21 **Balance Sheet Date** 31st March, 2003

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	25000

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

Total Liabilities	171874	Total Assets	171874
Sources of Funds :		Application of Funds :	
Paid-up Capital	85750	Net Fixed Assets	49818
Reserves & Surplus	8133	Investments	--
Secured Loans	18209	Net Current Assets *	121803
Unsecured Loans	59782	Miscellaneous Expenditure	253

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

Turnover	535226	Total Expenditure	527065
Profit/(Loss) before Tax	8161	Profit/(Loss) after Tax & Provision	5895
Earning per Share (Rs.)	1.26	Dividend Rate %	--

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

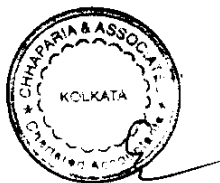
Item Code No.	N.A.
Product Description	Garments

* Net currents assets is net off Deferred Tax liability of Rs. 884.284 thousands

In terms of our report of even date attached

For **CHHAPARIA & ASSOCIATES**
Chartered Accountants

Chhaparia
(KRISHNA KUMAR CHHAPARIA)
Partner



Agarwal
Director

Date : The 1st day of September, 2003.

Place : Kolkata.

Uma Agarwal
Director

VISHAL RETAIL PRIVATE LIMITED

DETAILS OF ACCOUNTS AS AT 31-03-2003

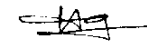
	<u>Amount(Rs.)</u>	<u>Amount(Rs.)</u>
<u>SHARE APPLICATION MONEY (PENDING ALLOTMENT)</u>		
Chahak Trading Pvt. Ltd.		1,575,000.00
Ram Chandra Agarwal (HUF)		1,050,000.00
Ram Chandra Agarwal		895,000.00
Lalit Agarwal		50,000.00
Ricon Commodities Pvt. Ltd.		24,590,000.00
Sangeeta Agarwal		100,000.00
Shanta Agarwal		540,000.00
Surender Kumar Agarwal		500,000.00
Unicon Marketing Pvt.Ltd.		1,150,000.00
Vishal Fashion Pvt. Ltd.		8,000,000.00
Ram Chandra Agarwala (HUF)		500,000.00
		<hr/> <hr/> 38,950,000.00
 <u>UNSECURED LOANS</u>		
<u>From Body Corporates</u>		
Kamlesh Mercantile Pvt. Ltd.	514,609.00	
Nandeshwar Fintrade Pvt. Ltd.	1,047,729.00	
Quick Pay Suppliers Pvt. Ltd.	95.00	
Ricon Commodities Pvt. Ltd	688,952.00	
Unicon Commodities Pvt Ltd.	13,753,602.00	
Viraj Commercial Pvt. Ltd.	2,748.00	
		<hr/> 16,007,735.00
<u>From Others</u>		
Gaurishankar Agarwal	61455	
Nand Kishore Agarwal	102425	
Pradip Kumar Agarwal	153699	
Pushpa Devi Agarwal	76818	
Shekhar Agarwal	81940	
Shyam Sundar Agarwal (HUF)	189562	
Shyam Sundar Agarwal	358630	
		<hr/> 1,024,529.00
<u>From Directors</u>		
Ram Chandra Agarwal		500,000.00
 <u>TRADE DEPOSITS</u>		
Salasar International Pvt. Ltd	17,500,000.00	
Anadya Technologies Pvt. Ltd.	3,500,000.00	
Frazer Goods & Supply Pvt. Ltd.	4,250,000.00	
Mahesh Kumar Jhunjunwala	850,000.00	
Ruchi Jhunjunwala	650,000.00	
M.Jhunjunwala & Sons (HUF)	500,000.00	
Nidhi Jhunjunwala	650,000.00	
Rahul Jhunjunwala	850,000.00	
Smiti Agarwal	850,000.00	
Suman Jhunjunwala	650,000.00	
Sunita Fashions Pvt. Ltd.	5,000,000.00	
Varin Commercial Pvt. Ltd.	7,000,000.00	
		<hr/> 42,250,000.00
		<hr/> 59,782,264.00

For Vishal Retail Pvt. Ltd.


Director



For Vishal Retail Pvt. Ltd.


Director

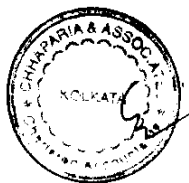
VISHAL RETAIL PRIVATE LIMITED

DETAILS OF ACCOUNTS AS AT 31-03-2003

CURRENT LIABILITIES

A) LIABILITIES FOR GOODS


	<u>Amount(Rs.)</u>
Anand International	18,305.00
Ashwini	49,875.00
Atam Associates P. Ltd.	54,739.91
Berry & Company	15,384.00
Bhaiya Brothers	202,753.29
Durga Enterprises	13,684.00
Fashion Terminal	19,446.00
Ganesh Shyam Enterprise	14,664.00
Jain Print Corner.	56,005.85
Jalan Exports (I) Pvt.Ltd.	2,009,364.00
Jem Textiles	17,833.00
J.J. Stitching Point	33,388.00
Kailash ribbon factory Ltd.	28,548.50
Kanchan Syntex Pvt Ltd.	159,412.80
Manish Enyerprises	16,110.00
Nikku Ram & Co.	58,407.25
Off Tangent Concept	5,500.00
Orient Poly Bags	23,475.00
Pravin Kumar Navin Kumar	385,274.45
Print Shop Engineers P. ltd.	2,104.00
Ram Bhagat & Sons	228,374.51
Sarkie House for Denim	10,471.00
Shree Giriraj Enterprises	52,284.00
Super Fab	25,110.80
The Dhar Textiles Mills	436,279.56
Universal Exports	15,953.60
Yogesh trading Co.	44,477.90
Akruti Creations	52,300.00
Amit Hosiery Mills	65,844.00
Aparajita Garments	633,387.00
Arihant Syntex	23,300.00
Champion	95,265.00
Chanellor Knitwears	231,910.00
D.N. Gulati Hosiery	333,798.00
Ganapati Metchem Pvt. Ltd.	4,912,301.00
H.K. Apparels	205,407.00
Indian Textiles	25,594.00
J.K. Trading Company	450,955.00
J.M.D. Garments	450,474.00
Kanchan Syntex Pvt. Ltd.	151,331.00
Kartik Apparels	384,045.00
K.C. Saree Emporium	224,379.00
Kolkata Traders	2,517,848.00
Kusum Textiles	35,588.00
Manmeet Enterprises	563,866.00
Marlon Clothing Co. Pvt. Ltd	281,250.00
MEHAK	155,985.00
Mittal Garments	190,640.00
N.S. Garments	771,440.00
Rakesh Textiles	53,649.00
Ranjana Textiles	215,425.00
C/f	<u>17,023,206.42</u>



For Vishal Retail Pvt. Ltd.


Director

For Vishal Retail Pvt. Ltd.


Director

VISHAL RETAIL PRIVATE LIMITED

DETAILS OF ACCOUNTS AS AT 31-03-2003

	<u>Amount(Rs.)</u>
B/f	17023206.42
Reetu Collection	137,415.00
R.R. Company	248,679.00
Sant Selections	169,422.00
Skipper Synthetics Pvt. Ltd	22,809.00
Subham synthetics	119,757.00
Sunita Textile	122,014.00
Superman Knitweares	35,110.00
Tulsi Prasad Harish Kumar	67,135.00
Vallabh Knits & Fab.	45,789.00
Vaneeta Sarees	70,326.00
Vijay Vallabh Hosiery Factory	183,267.00
Yash Corporation	1,507,594.00
Vishal Waterworld Pvt. Ltd.	15,280,556.00
	<u>35,033,079.42</u>

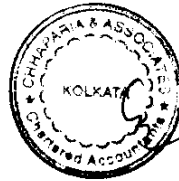
CURRENT LIABILITIES

B) LIABILITIES FOR EXPENSES

Telephone Expenses Payable	28,471.00
Commission Payable	1,512,443.00
Electricity Charges Payable	757,085.00
P.F. Payable	136,027.00
E.S.I Payable	137,983.60
Advertisement expenses Payable(Indore)	8,886.00
Advertisement expenses Payable(Jaipur)	83,944.00
Salary Payable(Mgt.)	23,950.00
Security Charges Payable	24,726.00
Rent Payable	13,648.50
Directors' Remuneration Payable	600,000.00
Godown Rent	26,000.00
Auditors' Remuneration	343,982.00
Bonus Payable	382,775.00
Ex- gratia payable	2,677,787.00
Brokerage Charges Payable(Heaven Estate Pvt. Ltd.)	23,322.00
	<u>6,781,030.10</u>

C LIABILITIES FOR OTHER FINANCE

Shree Ganesh Ji Maharaj	1.25
Sales Tax Payable	265,803.00
P. Tax Payable	3,221.00
TDS Payable	1,904,768.00
Bank Overdraft	9,202.71
Vishal Fashions Pvt. Ltd	70,267.39
Ram Chandra Agarwala (HUF)	310,075.10
Excise Duty Payable	94,214.00
Car loan (Standard Chartered Bank)	156,640.00
Book Overdraft (Excess Cheque Issured)	113,352.60
Entry Tax Payable	379,844.00
	<u>3,307,389.05</u>



For Vishal Retail Pvt. Ltd.

Director

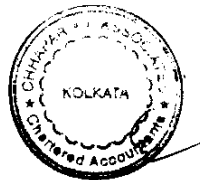
For Vishal Retail Pvt. Ltd

Director

VISHAL RETAIL PRIVATE LIMITED

DETAILS OF ACCOUNTS AS AT 31-03-2003

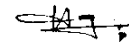
	<u>Amount(Rs.)</u>
<u>COMMISSION PAYABLE</u>	
Anadya Technologies Pvt. Ltd.	47,982.00
Frazer Goods & Supply Pvt. Ltd.	59,408.00
Mahesh Kumar Jhunjunwal	11,041.00
M. Jhunjunwal & Sons(HUF)	6,624.00
Nidhi Jhunjunwala	8,833.00
Rahul Jhunjunwal	11,041.00
Ruchi Jhunjunwala	8,833.00
Salasar International Pvt. Ltd.	239,907.00
Smiti Agarwal	11,041.00
Suman Jhunjunwala	8,833.00
Sunita Fashion Pvt Ltd.	66,244.00
Unicon Marketing Pvt. Ltd.	40,221.00
The Z Estates	204,489.00
Varin Commercial Pvt. Ltd.	106,368.00
Vishal Waterworld Pvt Ltd	681,578.00
	<u>1,512,443.00</u>
<u>ELECTRICITY CHARGES PAYABLE</u>	
Bhanu Properties Ltd.	149,908.00
Electricity Charges Payable(BBSR)	109,347.00
Electricity Charges Payable(Indore)	146,571.00
Electricity Charges Payable(Jaipur)	151,157.00
Electricity Charges Payable(Cuttack)	95,015.00
Electricity Charges Payable(Ranchi)	54,869.00
Electricity Charges Payable(Siliguri)	48,680.00
Electricity Charges Payable(Lal Bazar)	1,538.00
	<u>757,085.00</u>
<u>SECURITY CHARGES PAYABLE</u>	
Security Charges Payable(Indore)	6,465.00
Security Charges Payable(Jaipur)	13,463.00
Security Charges Payable(Varanasi)	4,798.00
	<u>24,726.00</u>
<u>SALES TAX PAYABLE</u>	
Sales Tax Payable(Rajouri)	18,500.00
Sales Tax Payable(West Bengal)	18,297.00
Sales Tax Payable(Indore)	8,150.00
Sales Tax Payable(Jaipur)	87,833.00
Sales Tax Payable(Orissa)	78,426.00
Sales Tax Payable (Vishal Apparels)	22,289.00
Sales Tax Payable(Varanasi)	32,308.00
	<u>265,803.00</u>
<u>PROFESSIONAL TAX PAYABLE</u>	
Kolkata	1,160.00
Siliguri	2,061.00
	<u>3,221.00</u>
<u>ENTRY TAX PAYABLE</u>	
Entry Tax Payable(Indore)	7,350.00
Entry Tax Payable(Jaipur)	372,494.00
	<u>379,844.00</u>



For Vishal Retail Pvt. Ltd.

For Vishal Retail Pvt. Ltd.


Director


Director

VISHAL RETAIL PRIVATE LIMITED**DETAILS OF ACCOUNTS AS AT 31-03-2003**

	<u>Amount(Rs.)</u>
<u>TELEPHONE EXPENSES PAYABLE</u>	
Telephone Expenses Payable(Jaipur)	1,969.50
Telephone Expenses Payable(BBSR)	8,260.00
Telephone Expenses Payable(Cuttack)	2,650.50
Telephone Expenses Payable(Ranchi)	7,165.00
Telephone Expenses Payable(Kolkata)	8,426.00
	<u>28,471.00</u>
<u>DETAILS OF ADVANCES</u>	
<u>DEPOSIT TOWARDS PREMISES</u>	
Ashok Patodia(Varanasi)	600000
Bhubaneshwar Co-operative Society	126000
Deposit towards Ranchi showroom	350000
Orient Trading Co. Ltd	107741.5
Rajasthan Investment Co. Ltd.	377025
Deposit towards Indore Showroom	538200
Deposit towards Corporate Office	696000
Deposit towards Rajouri Showroom	1220000
Deposit towards Siliguri Showroom	1000000
Deposit towards Bhubaneshwar Showroom	1359600
Deposit towards Jaipur showroom	1000000
	<u>7374566.5</u>
<u>OTHER DEPOSITS</u>	
Cese Security Deposits	8,910.00
Electricity Deposit(Siliguri)	85,700.00
Electricity Deposit(BBSR)	225,695.00
Electricity Deposit(BJM)	201,000.00
Electricity Deposit(Cuttack)	393,272.00
Electricity Deposit(Ranchi)	336,970.00
Electricity Deposit(Varanasi)	355,579.00
Electricity Deposit(Rajouri)	598,665.00
Electricity Deposit(Jaipur)	451,411.00
Telephone Deposit(BBSR)	12,360.00
Telephone Deposit(Ranchi)	2,000.00
Telephone Deposit(Kol)	10,260.00
Sales Tax Deposit(KOL)	5,000.00
Sales Tax Deposit(BBSR)	6,000.00
Sales Tax Deposit(Varanasi)	931,655.00
Sonodyne Electronics Co. Ltd.	25,000.00
	<u>3,649,477.00</u>
<u>ADVANCE RENT</u>	
Bhanu Properties Ltd.	300,000.00
Marda Complex	200,000.00
R.B. Moondra (HUF)	343,347.00
	<u>843,347.00</u>
<u>OTHER ADVANCES/RECEIVABLE</u>	
Advance I.T.(2002-03)	150,000.00/
Advance sales tax	14,580.12/
Personal Ledger Balances	110,041.00/
Service Creditor	218,875.00/
Dutta Industrial Swing Machine Corporation	17,500.00/
Gartex	18,275.38/
Manish Enterprises	66,640.00/
raj Lumar silk Mills	21,115.00/
Advance towards expenses	3,895.00/
Advance towards premises	200,000.00/
Prepaid Telephone Expenses	106,778.00/
TDS. Receivable(2002-03)	88,930.00/
TDS. Receivable(2003-04)	1,856,620.00/
	<u>2,873,249.50</u>



For Vishal Retail Pvt. Ltd.

For Vishal Retail Pvt. Ltd.

Director

Director

VISHAL RETAIL PRIVATE LIMITED

DETAILS OF ACCOUNTS AS AT 31-03-2003

	<u>Amount(Rs.)</u>
<u>CREDIT CARD RECEIVABLE</u>	
Credit Card Receivable(Indore)	64,225.00
Credit Card Receivable(Jaipur)	89,833.00
Credit Card Receivable(Ranchi)	250.00
Credit Card Receivable(Cuttack)	9,179.00
Credit Card Receivable(BBSR)	23,102.00
Credit Card Receivable(Park Street)	99,617.00
Credit Card Receivable(Rajouri)	184,757.00
Sundry Dues	6,122.00
	<hr/> <hr/> 477,085.00
<u>FIXED DEPOSITS WITH BANK</u>	
Punjab & Sind Bank	706,522.00
Bank of Baroda	1,411,255.00
ICICI - Varanasi	503,903.00
ICICI - Cuttack	574,036.00
	<hr/> <hr/> 3,195,716.00
<u>ADVANCE TOWARDS FIXED ASSETS</u>	
Advance Towards Lift	200,000.00
Advance Towards Generator	40,000.00
	<hr/> <hr/> 240,000.00
<u>BANK BALANCES</u>	
Allahabad Bank	9,397.65
Citi Bank-332	36,113.77
Citi Bank-001	346,922.10
Citi Bank-339	102,664.62
HSBC	34,880.00
Punjab & Sind Bank	14,443.00
UTI Bank	649,092.00
HSBC-002	178,267.65
HSBC-001	215,376.32
Punjab & Sind Bank	36,536.07
The Catholic Syrian Bank Ltd.	5,330.50
UTI - 4176	5,353,825.15
UTI-189	9,228,105.00
UTI - Siliguri	368,734.00
UTI - Indore	328,390.20
UTI - Jaipur	363,880.06
UTI - Ranchi	4,847.75
IDBI -Ranchi	608,059.00
ICICI - Varanasi	96,074.25
IDBI -bbsr	990,588.07
Punjab & Sind Bank(BBSR)	13,142.32
Punjab & Sind Bank(Cuttack)	1,588.50
	<hr/> <hr/> 18,986,257.98

For Vishal Retail Pvt. Ltd.


Director

For Vishal Retail Pvt. Ltd.


Director



VISHAL RETAIL PRIVATE LIMITED

DETAILS OF ACCOUNTS AS AT 31-03-2003

	<u>Amount(Rs.)</u>	<u>Amount(Rs.)</u>
<u>Purchase Consideration(Vishal Apparel)</u>		
<u>Assets Taken over</u>		
Fixed Assets(net)	1,915,661.00	
Inventories	22,200,800.15	
Cash in Hand	503,999.26	
Bank Balance	698,415.00	
Advance Sales Tax	6,000.00	
Personal Ledger balance	110,041.00	
H.P. Suspense	6,805.00	
Advances To Suppliers	770,652.11	
	<hr/>	26212373.52
<u>Liabilities Taken over</u>		
Unsecured Loan	15,967,083.00	
Liabilities for Goods	8,365,150.42	
Liabilities for Expenses	167,546.00	
Liabilities for Finance	976,484.00	
Bank Over draft	9,202.71	
car Loan	156,640.00	
	<hr/>	25,642,106.13
		<hr/> <u>570267.39</u>
 <u>Purchase Consideration(Vishal Fashions Private Limited)</u>		
<u>Assets Taken over</u>		
Fixed Assets(net)	6,004,394.00	
Inventories	3,795,667.40	
Share Application	3,410,000.00	
	<hr/>	13,210,061.40
<u>Liabilities Taken over</u>		
Advance towards sales	4471739.67	
Liabilities for goods	428246.73	
	<hr/>	4,899,986.40
Net Assets Taken over(Purchase Consideration)		<hr/> <u>8,310,075.00</u>

For Vishal Retail Pvt. Ltd.


Director

For Vishal Retail Pvt. Ltd.



Director

