

Vishal Retail Limited

FIFTH ANNUAL REPORT 2005-06



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fifth Report of the company with the audited statements of accounts for the year ended March 31, 2006.

FINANCIAL RESULTS

(Rs. In Millions)

Description	2005-06	2004-05
Sales	2884.43	1463.12
Other Income	6.46	1.43
Profit before taxation	186.17	49.71
Provision for Taxation (Current and deferred)	61.51	19.65
Fringe Benefit Tax	0.80	0.00
Profit after Taxation	123.87	30.07
Balance Brought forward from previous year	42.13	12.07
Balance carried to Balance Sheet	166.01	42.13

Continuing the positive trend, your company has further improved its performance during the year and the profit after tax has risen from Rs. 30.07 millions to Rs. 123.87 millions this year. The turnover including other income was Rs. 2890.89 millions compared to Rs. 1464.55 millions in the previous period of 12 months, a 97 % 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

In terms of Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Smt. Uma Agarwal is retiring by rotation at this Annual General Meeting and being eligible, offer herself for re-appointment.

Sh. Ram Chandra Agarwal was Promoter and first Director of the company. After the conversion of the company from Private to Public Limited and to comply the provisions of section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, Sh. Ram Chandra Agarwal was appointed as Chairman & Managing Director of the company for a period of 5 years with effect from 02.06.2006.

Sh. Surendra Kumar Agarwal and Smt. Uma Agarwal were Promoters and first Directors of the company. After the conversion of company from Private to Public Limited and to comply the provisions of section 198, 269, 309 and other applicable provisions of Companies Act, 1956, Sh. Surendra Kumar Agarwal and Smt. Uma Agarwal were appointed as Whole-time Directors of the company with effect from 18.08.2006. Proposals are being placed before the shareholders for approval to the appointments of Sh. Surendra Kumar Agarwal and Smt. Uma Agarwal as Whole-time Director.

Sh. Bharat Jain was appointed as independent Director under the provisions of section 292A of the Companies Act, 1956 on 08.05.2006.

Sh. Praveen Kumar Jain and Sh. Shyam Sunder Dhanuka were appointed as independent Directors under the provisions of section 292A of the Companies Act, 1956 on 04.04.2006.

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 2006 on a 'going concerns' basis.

AUDITORS

The company has received a 'Special Notice' pursuant to section 225 of the Companies Act, 1956, from a member of the Company, intended to move the resolution for the removal of M/s Chhparia & Associates, Chartered Accountants, Kolkata, the retiring auditors of the company and to appoint M/s Haribhakti & Co., Chartered Accountants, Mumbai as the statutory Auditors of the Company in place of the said retiring Auditors.

M/s Haribhakti & Co. Chartered Accountants, Mumbai, have expressed their consent for the appointment as Statutory Auditors for the financial year 2006-07 and have confirmed that the appointment, if made, will be in accordance with the limit specified under Section 224(1B) of the Companies Act, 1956.

ADEQUACY OF INTERNAL CONTROLS

Your company has installed adequate internal control systems in combination with delegation of powers. The control system is also supported by internal audits and Management reviews with documented policies and procedure.

FOREIGN EXCHANGE EARNING/EXPENDITURE

Foreign exchange expenditures/outgo is provided in notes of Accounts in the Auditors' Report.

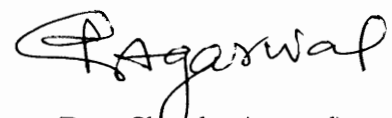
OTHER INFORMATION

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 & Managing Director

Place: New Delhi

Date: 25.08.2006

ANNEXURE – I TO DIRECTORS' REPORT


Particulars of the employees drawing remuneration of more than Rs. 24,00,000/- for the 12 months period from 01.04.2005 to 31.03.2006 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	41	Chairman & Managing Director	60,00,000/-	B. Com	20	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. After conversion of the company from Private to Public Limited and to comply the provisions of section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, Sh. Ram Chandra Agarwal was appointed as Chairman & Managing Director of the company for a period of 5 years with effect from 02.06.2006.

On behalf of the Board of Directors


(Ram Chandra Agarwal)
Chairman & Managing Director

Place: New Delhi
Date: 25.08.2006

VISHAL RETAIL LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2006

Chhaparia & Associates

Chartered Accountants

Kolkata Office

8, Camac Street,
Shantiniketan Building,
6th Floor, Suite No.6,
Kolkata – 700017

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New Delhi Office

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CHHAPARIA & ASSOCIATES

Chartered Accountants

SHANTINIKETAN BUILDING

8, CAMAC STREET

6TH FLOOR, SUITE-6

KOLKATA-700 017

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AUDITORS REPORT

To
The Members of
VISHAL RETAIL LIMITED.

- 1) We have audited the attached Balance Sheet of Vishal Retail Limited as at 31st March, 2006 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 accounting 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 the 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 enclose in the Annexure 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, we report that :
 - 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with 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, none of the directors are disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - 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, 2006;
 - ii) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Delhi
Monday, August 21, 2006

For CHHAPARIA & ASSOCIATES
Chartered Accountants



Krishna Kumar Chhaparia
Partner
Membership No. : 056126

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ANNEXURE TO THE AUDITORS' REPORT

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

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - As explained to us, the fixed assets have been physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies have been noticed on such verification.
 - In our opinion, and according to the information and explanations given to us, the Company has not made any substantial disposal during the year.
- (ii) In respect of its inventories:
- As explained to us, the inventories were physically verified by the Management as well as external firm of Chartered Accountants during the year from time to time. In our opinion, the frequency of the verification is reasonable.
 - In our opinion and according to the information and explanations given to us, the procedures of verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.
 - In our opinion and according to explanations given to us, the Company have maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii)
- As no Unsecured Loan has been granted, the sub-clause (iii)(a), (iii)(b), (iii)(c) & (iii)(d) of the CARO 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004 are not applicable.
 - The Company has taken unsecured loans from three parties listed in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loans are Rs 23,878,302/- and Rs.12,300,000/- respectively.
 - In our opinion, the rate of interest and other terms and conditions of such loans are prima-facie not prejudicial to the interest of the Company;
 - 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, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and we have not observed any continuing failure to correct major weaknesses in such internal controls.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to informations and explanations given to us,
- The particulars of contracts or arrangement referred to in Section 301 that needed to be entered in the register, maintained under the said section have been so entered,
 - In respect of the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs in respect of any party during the year, the nature of services is such that there are no comparable prevailing market prices for such services.
- (vi) The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and rules made there under. Hence clause 4(vi) of the said Order is not applicable.
- (vii) Though the company has an internal audit system in place, in our opinion, the system needs more improvement to commensurate with the size of the Company and nature of its business.
- (viii) According to 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,

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CHHAPARIA & ASSOCIATES

Chartered Accountants

SHANTINIKETAN BUILDING

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- (ix) a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Cess and any other statutory dues as applicable to it with the appropriate authorities, except for delays in depositing P.F. & E.S.I with the relevant authorities in respect of new stores started during the year.
- 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:

S.I.No.	Department	Amount(Rs.)	Period to which it relates	Forum where pending	Remarks
1	Entry Tax (Orissa)	2,020,032	2001-02 & 2002-03	A.C.S.T., Puri Range,	
2	Sales Tax (Orissa)	4,238,092	2001-02 & 2002-03	Bhubaneswar	
3	Sales Tax (West Bengal)	315,958	2000-01	D.C.C.T/Kol	Note - 1
4	Sales Tax (West Bengal)	453,430	2000-01	D.C.C.T/Kol	Note - 2
5	Sales Tax (West Bengal)	811,844	2001-02	D.C.C.T/Kol	
6	Sales Tax (West Bengal)	601,086	2001-02	D.C.C.T/Kol	Note - 3
7	Sales Tax (West Bengal)	1,527,586	2002-03	D.C.C.T/Kol	
8	Sales Tax (West Bengal)	578,275	2002-03	D.C.C.T/Kol	
9	Sales Tax (West Bengal)	263,426	2002-03	A.C.C.T/Kol	Note - 4
10	Sales Tax (West Bengal)	5,226,940	2002-03	A.C.C.T/Kol	Note - 5
11	Sales Tax (Delhi)	1,149,937	2002-03	J.C.D	Note - 6
12	Sales Tax (U.P)	5,425,155	2002-03	JC, Varanasi	

Note :

- 1) In the name of erstwhile M/s. Vishal Garments taken over by the Company
 - 2) In the name of erstwhile M/s. The Vishal Garments taken over by the Company
 - 3) In the name of erstwhile Vishal Fashions Pvt. Ltd. taken over by the Company
 - 4) In the name of erstwhile M/s. Vishal Apparels taken over by the Company
 - 5) In the name of erstwhile Vishal Fashions Pvt. Ltd. taken over by the Company
 - 6) In the name of erstwhile M/s. Vishal Apparels 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) 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 clause 4(xiii) of the said Order is not applicable.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the said Order is not applicable to the Company.
- (xv) In our opinion and according to explanation given to us, the terms and conditions of the guarantee given by the Company for loans taken by others from a bank are prima facie not prejudicial to the interests of the Company.
- (xvi) According to the information and explanations given to us, in our opinion, corporate loans in the nature of term loan availed by the Company during the year from a bank were prima-facie applied for the purposes for which such loans were obtained.

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CHHAPARIA & ASSOCIATES

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- (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 during the year have been used for long-term purposes.
- (xviii) The Company has not made any preferential allotment of shares to the parties and companies covered under the register maintained u/s 301 of the Companies Act during the year. Hence clause 4(xviii) of the said Order is not applicable.
- (xix) No debentures have been issued by the Company and hence, clause 4(xix) of the said Order is not applicable.
- (xx) The company has not raised any money by way of public issue and hence provisions of clause (xx) of the said order is not applicable.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the Management.

Delhi

Monday, August 21, 2006

For CHHAPARIA & ASSOCIATES

Chartered Accountants



Krishna Kumar Chhparia

Partner

Membership No. : 056125

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VISHAL RETAIL LIMITED
Balance Sheet as at 31st March, 2006

PARTICULARS	SCHEDULE	Amount in Rs.	
		31ST MARCH, 2006	31ST MARCH, 2005
<u>SOURCES OF FUNDS</u>			
Share Capital	1	220,997,790	148,200,000
Reserves & Surplus	2	506,007,855	154,934,756
Secured Loan	3	463,593,935	191,490,058
Unsecured Loan	4	74,375,000	31,025,000
Deferred Tax Liability		12,662,503	11,215,277
		1,277,637,084	536,865,091
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets</u>			
Gross Block	5	459,934,501	240,080,708
Less: Accumulated Depreciation		105,951,659	54,235,268
Net Block		353,982,842	185,845,440
Capital Work in Progress		46,404,301	0
		400,387,143	185,845,440
<u>Current Assets, Loans & Advances</u>			
Inventories	6	781,984,915	374,036,538
Sundry Debtors	7	5,170,278	379,412
Cash & Bank Balances	8	39,872,720	22,017,503
Loans & Advances	9	321,679,119	60,784,917
		1,148,707,032	457,218,370
Less: Current Liabilities & Provisions	10	272,543,138	106,649,494
Net Current Assets		876,163,895	350,568,877
Miscellaneous Expenditure	11		
(to the extent not written off or adjusted)		1,086,046	450,774
		1,277,637,084	536,865,091


Significant Accounting Policies &

Notes on Accounts


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The Schedules referred to above form an integral part of Balance Sheet


In terms of our report of even date annexed
For CHHAPARIA & ASSOCIATES
Chartered Accountants


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




Ram Chandra Agarwal
Managing Director


Uma Agarwal
Director


Arun Gupta
Company Secretary

Delhi
21st August, 2006

VISHAL RETAIL LIMITED

Profit and loss account for the year ended 31st March 2006

PARTICULARS	SCHEDULE	31ST MARCH, 2006	31ST MARCH, 2005
		Amount in Rs.	
<u>INCOME</u>			
Sales	12	2,884,426,748	1,463,115,920
Other Income	13	6,455,060	1,428,723
Total (A)		2,890,881,808	1,464,544,642
<u>EXPENDITURE</u>			
Cost of goods sold & consumed	14	1,736,918,485	894,015,430
Manufacturing, Administrative and other expenses	15	749,549,986	421,391,682
Personnel Cost		135,435,388	60,354,192
Finance Cost		29,115,275	9,831,003
Depreciation		53,612,792	29,164,493
Preliminary/Pre-operative Expenses Written off		75,380	75,380
		2,704,707,306	1,414,832,181
PROFIT BEFORE TAX (A - B)		186,174,502	49,712,462
Less: Provision for Tax			
: Current		60,000,000	15,200,000
: Deferred		1,447,226	4,388,238
: Earlier Years		56,457	55,922
Fringe Benefit Tax		800,000	-
PROFIT/(LOSS) AFTER TAX		123,870,819	30,068,302
Balance brought forward from last year		42,134,756	12,066,454
BALANCE CARRIED TO BALANCE SHEET		166,005,575	42,134,756
Basic Earning Per Share (Rs.)		7.92	2.27
Diluted Earning Per Share (Rs.)		7.83	2.27
Nominal Value per share		10	10
(Refer Note C-17 in Schedule 16)			
Significant Accounting Policies & Notes on Accounts	16		
The Schedules referred to above form an integral part of Profit & Loss A/c			

In terms of our report of even date annexed

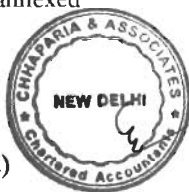
For **CHHAPARIA & ASSOCIATES**

Chartered Accountants

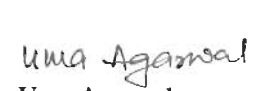

(CA. Krishna Kumar Chhaparia)

Partner

Membership No. : 056125




Ram Chandra Agarwal
Managing Director


Uma Agarwal
Director


Arun Gupta
Company Secretary

Delhi

21st, August, 2006

VISHAL RETAIL LIMITED
Cash Flow Statement for the year ended 31st March, 2006

PARTICULARS	31ST MARCH, 2006	31ST MARCH, 2005
Amount in Rs.		
A. Cash Flow from Operating Activities		
Profit Before Tax & Extra Ordinary Items	186,174,502	49,712,462
Adjustments For:		
Depreciation & Amortisation	53,612,792	29,164,493
Provision for gratuity	898,000	518,000
Preliminary Exp/Non Cash Charges	75,380	(55,228)
Interest on Loan	29,115,275	9,831,003
Interest received	(485,347)	(186,447)
Loss on Sale of Fixed Assets	575,396	208,351
Income from Investments	-	(383,736)
Operating profit before working capital changes	269,965,999	88,808,898
Adjustments For Increase/Decrease in:		
Inventories	(407,948,377)	(171,300,428)
Payable for Expenses	6,525,258	19,134,852
Payable for Goods	31,200,900	8,184,610
Payable for other Finances	18,475,677	1,803,553
Advances & Receivables	(191,133,080)	(19,762,457)
Cash generated from operations	(272,913,624)	(73,130,972)
Payment of Direct Taxes	(52,468,558)	(14,619,485)
Net Cash from operations before Extraordinary Items	(325,382,182)	(87,750,457)
Impairment Loss	(1,492,235)	-
Net Cash from Operations	(326,874,417)	(87,750,457)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(263,204,728)	(117,361,036)
Purchase of Investments	-	(30,000,000)
Sale of Investments	-	40,194,096
Sale/Impairment of Fixed Assets	3,620,125	62,273
Interest received	485,347	186,447
Dividend Received	-	-
Net Cash used in Investing Activities	(259,099,257)	(106,918,220)
C. Cash Flow from Financing Activities		
Proceeds from issuance of share capital	300,000,070	61,950,000
Increase/(Decrease) in Bank Borrowings	290,499,097	184,442,888
Increase/(Decrease) in Unsecured Loans	42,445,000	(40,319,124)
Interest paid on loan	(29,115,275)	(9,831,003)
Net Cash received from Financing Activities	603,828,892	196,242,761
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)	17,855,218	1,574,084
Cash & Cash equivalents as at 01.04.2005	22,017,503	20,443,419
Cash & Cash equivalents as at 31.03.2006	39,872,720	22,017,503

In terms of our report of even date annexed herewith

For CHHAPARIA & ASSOCIATES

Chartered Accountants

(Signature)

(CA. Krishna Kumar Chhaparia)

Partner

Membership No. : 056125



(Signature)

Ram Chandra Agarwal
Managing Director

(Signature)
Uma Agarwal
Director

(Signature)
Arun Gupta
Company Secretary

Delhi

21st August, 2006

VISHAL RETAIL LIMITED

Schedules attached to Balance Sheet

		Amount in Rs.	
SCHEDULE	PARTICULARS	31ST MARCH, 2006	31ST MARCH, 2005
1	<u>SHARE CAPITAL</u>		
	Authorised		
	<i>Equity Share Capital</i>		
	20,000,000 Equity Shares of Rs. 10/- (Previous year 20,000,000 Equity Shares of Rs.10/- each)	200,000,000	200,000,000
	<i>Preference Share Capital</i>		
	4,00,000 Preference Shares of Rs. 146/- each (Previous year Rs. NIL)	58,400,000	-
		258,400,000	200,000,000
	Issued, Subscribed & Paid up		
	<i>Equity Share Capital</i>		
	1,64,90,605 Equity Shares of Rs. 10/- each, fully paid up in cash (Previous year 1,48,20,000 Equity Shares of Rs.10/- each)	164,906,050	148,200,000
	<i>Preference Share Capital</i>		
	3,84,190 0.1% Fully Convertible Participable Preference Shares of Rs. 146/- each fully paid up in cash (Previous Year NIL) (Refer Note - C-3 of Schedule 16)	56,091,740	-
		220,997,790	148,200,000
2	<u>RESERVES & SURPLUS</u>		
	Securities Premium		
	Balance b/f	112,800,000	-
	Add: Additions during the year	227,202,280	112,800,000
		340,002,280	112,800,000
	Balance as per Profit & Loss Account annexed	166,005,575	42,134,756
		506,007,855	154,934,756
3	<u>SECURED LOAN</u>		
	Working Capital Loan from a Scheduled Bank	392,203,563	141,490,058
	Corporate Loan from a Scheduled Bank	71,390,372	50,000,000
	(See Note C-2 in Schedule 16)	463,593,935	191,490,058
4	<u>UNSECURED LOAN</u>		
	From Body Corporates	40,300,000	21,050,000
	Trade Deposits	34,075,000	9,975,000
		74,375,000	31,025,000
6	<u>INVENTORIES</u>		
	(as taken, valued & certified by the management)		
	Raw Materials	22,747,874	18,486,531
	Work in Progress	74,945,985	57,200,610
	Accessories & Packing Materials	7,248,348	10,592,502
	Finished Goods	574,755,059	287,756,895
	Stock in Transit	102,287,649	-
		781,984,915	374,036,538



For VISHAL RETAIL LIMITED For VISHAL RETAIL LIMITED

[Signature]
Managing Director

[Signature]
Director

VISHAL RETAIL LIMITED
[Signature]
Company Secretary

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

SCHEDULE : 5 - FIXED ASSETS

Particulars	Gross Block			Depreciation		Net Block			
	As at 01.04.05	Addition during the year	Disposal /impaired during the year	As on 31.03.06	Upto 01.04.05	For the year	Deduction during the year	As at 31.03.06	As at 31.03.05
Air Conditioner	25,339,683	8,858,627	-	34,198,310	4,912,777	3,589,288	-	8,502,065	20,426,906
Aquaguard	56,992	-	-	56,992	21,643	4,917	-	26,560	35,349
Computer	33,786,952	51,307,849	523,736	84,571,065	14,727,478	13,256,314	305,570	27,678,222	19,059,474
Electrical Equipments & Fittings	28,581,383	17,907,012	-	46,488,395	5,276,342	4,744,896	-	10,021,238	23,305,041
Electrical Fittings	73,801,339	17,117,631	702,336	16,415,295	-	1,075,439	184,148	891,291	-
Fire Extinguisher	1,331,512	362,000	-	1,693,512	155,200	183,793	-	338,993	1,176,312
Furniture & Fixture	73,801,339	101,214,737	2,351,545	172,664,531	15,353,809	17,570,881	452,774	32,471,916	58,447,530
Generator Set	22,685,772	9,149,625	-	31,835,397	3,482,391	3,297,373	-	6,779,764	19,203,381
Motor Vehicles	14,233,606	15,105,010	1,465,986	27,872,630	4,556,975	4,631,798	664,373	8,524,400	9,676,631
Office Equipments	3,049,052	537,606	-	3,586,658	379,956	544,913	-	924,869	2,669,096
Lift	8,675,863	174,596	-	8,850,459	713,302	1,121,916	-	1,835,218	7,962,561
Telephone Equipment	391,432	189,480	-	580,912	73,485	58,813	-	132,298	317,947
Video Conference Systems	1,587,380	1,343,012	-	2,930,392	58,991	269,848	-	328,839	1,528,389
Plant & Machinery	26,559,742	2,678,531	1,048,320	28,189,953	4,522,919	3,262,603	289,536	7,495,986	22,036,823
TOTAL	240,080,708	225,945,716	6,091,923	459,934,501	54,235,268	53,612,792	1,896,401	105,951,659	185,845,440
Previous year	123,119,673	117,361,035	400,000	240,080,708	25,200,151	29,164,493	129,376	54,235,268	-

Amount in Rs.

CAPITAL WORK IN PROGRESS

Particulars	Addition during the year
Air Conditioner	5,562,993
Computer	23,419,647
Electrical Equipments & Fittings	2,126,881
Electrical Fittings	2,907,555
Fire Extinguisher	90,000
Furniture & Fixture	719,626
Generator Set	9,587,813
Lift	990,000
Video Conference Systems	999,786
TOTAL	46,404,301
Previous Year	-



For VISHAL RETAIL LIMITED

Pragya
Managing Director

For VISHAL RETAIL LIMITED

Uma Agemal
Director

For VISHAL RETAIL LIMITED

Pragya
Company Secretary

VISHAL RETAIL LIMITED

Schedules attached to Balance Sheet

		Amount in Rs.	
PARTICULARS		31ST MARCH, 2006	31ST MARCH, 2005
7	SUNDRY DEBTORS (unsecured, considered good)		
	Outstanding for a period of less than six months	5,170,278	379,412
		5,170,278	379,412
8	CASH & BANK BALANCES		
	<u>Balance with Scheduled Banks</u>		
	On Current Account	14,072,684	13,494,903
	On Fixed Deposit Account (including interest accrued thereon)	2,097,891	1,900,787
	Cash in hand (as certified by the management)	23,702,145	6,621,813
		39,872,720	22,017,503
9	LOANS & ADVANCES (Unsecured, considered good) (Advances receivable in cash or kind or for value to be received)		
	Income Tax Advances	67,032,121	14,563,563
	VAT Credit Receivable	4,235,410	-
	Deposits/Advances	250,411,588	46,221,354
		321,679,119	60,784,917
10	CURRENT LIABILITIES & PROVISIONS		
	Current Liabilities		
	Liabilities for Goods & Accessories	92,811,116	45,807,442
	Liabilities for Expenses	36,449,886	27,547,109
	Liabilities for Fixed Assets	13,658,235	1,812,336
	Liabilities for Other Finance	52,207,901	14,569,896
	Other Advances Received	-	289,711
	Share Application Money	-	905,000
	Provisions		
	Provision for Gratuity	1,416,000	518,000
	Provision for Tax A.Y. 2005-06	15,200,000	15,200,000
	Provision for Tax A.Y. 2006-07	60,000,000	-
	Provision for Fringe Benefit Tax	800,000	-
		272,543,138	106,649,494
11	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
	Preliminary Expenditure	20,000	95,380
	H.P. Interest Suspense	1,066,046	355,394
		1,086,046	450,774



For VISHAL RETAIL LIMITED

[Signature]
Managing Director

For VISHAL RETAIL LIMITED
[Signature]
Uma Agarwal
Director

For VISHAL RETAIL LIMITED
[Signature]
Company Secretary

VISHAL RETAIL LIMITED

Schedules attached to Profit & Loss Account

		Amount in Rs.	
PARTICULARS		31ST MARCH, 2006	31ST MARCH, 2005
12	<u>SALES</u>		
	Retail Sales	2,882,064,264	1,469,723,695
	Less: Excise Duty	-	6,607,775
		2,882,064,264	1,463,115,920
	Textile sales at Factory	2,362,485	-
		2,884,426,748	1,463,115,920
13	<u>OTHER INCOME</u>		
	Interest Received [T.D.S. Rs.109,709/- (Previous Year Rs.36,345/-)]	485,347	186,447
	Rent Received [T.D.S. Rs.173,485/- (Previous Year Rs.NIL)]	788,105	-
	Miscellaneous Income	87,989	291,023
	Commission Received [T.D.S. Rs.NIL- (Previous Year Rs.14,618/-)]	128,651	567,517
	Income/(Notional) Loss from Mutual funds	-	383,736
	Sundry Balances written off	1,090,886	-
	Display charges	3,874,082	-
		6,455,060	1,428,723
14	<u>COST OF GOODS SOLD</u>		
	<u>Opening Stock</u>		
	Raw Materials	18,486,531	9,000,865
	Semi Finished Goods	57,200,610	24,678,531
	Finished Goods & Accessories	287,756,895	166,575,510
	Stitching Materials	10,592,502	2,481,204
		374,036,538	202,736,110
	<u>Add: Purchases</u>		
	Raw Materials	277,176,171	182,385,724
	Finished Goods & Accessories	1,827,939,523	845,561,706
	Stitching Materials	39,751,169	37,368,428
		2,144,866,862	1,065,315,858
	<u>Less: Closing Stock</u>		
	Raw Materials	22,747,874	18,486,531
	Semi Finished Goods	74,945,985	57,200,610
	Finished Goods & Accessories	677,042,708	287,756,895
	Stitching Materials	7,248,348	10,592,502
		781,984,915	374,036,538
		1,736,918,485	894,015,430



For VISHAL RETAIL LIMITED

[Signature]
Managing Director

For VISHAL RETAIL LIMITED

[Signature]
Director

For VISHAL RETAIL LIMITED

[Signature]
Company Secretary

VISHAL RETAIL LIMITED

Schedules attached to Profit & Loss Account

	Amount in Rs.	
PARTICULARS	31ST MARCH, 2006	31ST MARCH, 2005
15	<u>MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES</u>	
Fabrication & Other Manufacturing Expenses	128,002,080	101,778,400
Advertisement & Sales Promotion	80,363,567	23,363,749
Bank Charges	1,692,734	1,959,771
Commission Charges	6,579,112	17,706,656
Consultancy & Legal	4,412,934	2,638,965
Power & Fuel Expenses	86,854,507	54,345,717
Entry Tax	7,054,876	1,925,304
Transportation Charges	18,390,106	9,976,519
Motor Vehicle Expenses	1,882,216	1,570,751
Packing Materials & Expenses	23,415,123	19,461,050
Printing & Stationery	3,910,887	2,771,392
Rates & Taxes	2,786,950	2,035,418
Rent Charges	144,238,617	85,452,009
Repairs & Maintenance	37,297,906	22,606,642
Sales Tax	138,869,193	35,398,168
Security Service Charges	10,087,420	4,615,016
Housekeeping Expenses	5,759,725	3,113,670
Staff Welfare	6,041,349	3,828,321
Filing Fees	302,500	400,000
Telephone Expenses	13,879,574	9,934,612
Travelling & Conveyance	3,737,611	2,587,464
General Expenses	3,313,690	2,077,792
Insurance Charges	2,391,954	1,188,568
Postage	427,595	179,421
Audit Fees	707,112	489,000
Credit Crad Charges	5,266,475	2,668,957
Directors Remuneration	9,816,543	7,110,000
Loss on Sale/Impairment of Fixed Assets	2,067,631	208,351
	749,549,986	421,391,682



For VISHAL RETAIL LIMITED

Pragatishil
Managing Director

For VISHAL RETAIL LIMITED

Uma Agarwal
Director

For VISHAL RETAIL LIMITED

Anand
Company Secretary

VISHAL RETAIL LIMITED

Schedules attached to Balance Sheet & Profit & Loss Account

Schedule - 16

A Company Background

Vishal Retail Ltd. ('VRL' or 'the Company') was incorporated on 23rd July, 2001. The Company is engaged in the business of "Value Retailing" through the chain of stores situated at various places in India. The Company retails readymade garments, accessories, FMCG etc. The Company has operated through 26 stores as at 31st March, 2006 situated in 20 Cities and 12 States of India. During the year, the Company has changed its registered office from State of West Bengal to NCR, Delhi. Further, the Company has also got converted into Limited.

The Company has very aggressive plans for the future. The Company is planning to add more than 30 stores and to come out with an IPO in the Financial year 2006-07.

B SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Accounting

The accompanying accounting statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) under historical cost convention on accrual basis. GAAP comprises mandatory accounting standard issued by the Institute of Chartered Accountants of India (ICAI), the Provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an accounting standard requires a change in the accounting policies hitherto in use.

Management evaluates all recently used or revised accounting standard on an ongoing basis.

2) Use of Estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets & liabilities as at the date of the financial statements and reported amount of income and expenses during the period. Examples of such estimates include futures obligation with respect to Employee benefits, income taxes, useful life of fixed assets etc.

3) Revenue Recognition

Income and expenditure is recognized and accounted for on accrual basis. Sales of goods accounted on delivery to customers net of returns and discounts, but includes amount recovered towards sales tax. Revenues from store displays is accounted for on receipt basis.

4) Fixed Assets & Depreciation

a) Tangible Assets

Tangible assets are stated at their cost of acquisition less accumulated depreciation and accumulated impairment losses thereon, if any. Cost includes all cost incurred to bring the assets to its present location and condition. 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/put to use or disposal.

b) Intangible Assets

Intangible Assets (Computer software) are stated at their cost of acquisition, less accumulated amortization and accumulated impairment losses thereon. An intangible asset is recognized where it is probable that future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated based on the estimates of the useful life of the asset not exceeding five years.

c) Leased Fixed Assets

Assets taken on finance lease are capitalized and finance charges are charged to Profit & Loss account on accrual basis.

5) Inventories

Inventories are valued as follows :

- Stores, Spare parts, Packing material : at cost
- Raw materials & Stitching materials : at cost
- Finished goods lying at the stores/warehouses : lower of cost or net realizable value
- Work in Progress lying in the factory : at estimated cost

Cost of inventories comprise of all cost of purchase incurred in bringing the inventories to their present location and condition.



For VISHAL RETAIL LIMITED
[Signature]
Managing Director

For VISHAL RETAIL LIMITED
[Signature]
Director

For VISHAL RETAIL LIMITED
[Signature]
Company Secretary

6) **Foreign Currency Transactions**

Foreign Currency Transactions are recorded at the exchange rates prevailing on the date the agreement has entered into. Since, the rate is fixed on the date of agreement, the exchange difference does not arise.

7) **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 carried out at the year end and incremental liability, if any, is provided for in the books.

8) **Preliminary Expenses**

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

9) **Taxation**

- a) Direct Tax is measured at the amount expected to be paid/recovered from the taxation authorities, using the applicable tax rates and tax laws and is 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.

10) **Earning per Share**

In determining earning per share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary/exceptional items. The numbers of shares used in computing basic earning per share is the weighted average number of equity shares outstanding during the period. The numbers of shares used in computing diluted earning per share comprises the weighted average number of equity shares that would have been issued on the conversion of all potential equity shares. Dilutive potential equity shares has been deemed converted as of the beginning of the period, unless issued at a later date.

10) **Cash flow Statements**

The cash flow statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and present the cash flows by operating, investing and financing activities of the Company.

Cash & cash equivalents presented in the Cash Flow Statement consists of cash in hand and demand deposits with bank.

11) **Provisions, Contingent Assets & Liabilities**

Provisions are recognized when the Company has a present obligations as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated.

12) **Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which the asset is impaired and the impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of recoverable amount. For the purpose of assessing impairment assets are grouped at lowest level of cash generating units.

C. **NOTES ON ACCOUNTS**

1) Contingent liabilities not provided for:

- a) Outstanding Bank Guarantee Rs.1,475,000/- (P.Y. Rs., 3,556,600/-)
- b) Disputed Sales tax demands Rs.20,591,728/-(P.Y. Rs. 13,226,052/-), against which the Company has filed appeal.with the relevant authorities.
- c) Disputed Entry Tax Demands Rs 2,030,032/- (P.Y. Rs. 2,030,032/-), against which the Company has filed appeal.with the relevant authorities.
- e) Claims against the Company not acknowledged as debts Rs.3,425,329/- (P.Y. Rs. Nil).
- h) Capital Commitments towards new showrooms for which the agreement/MOU has entered into with the landlord of the relevant showroom Rs.11,456,069/- (P.Y. Rs.3,622,800/-)



For VISHAL RETAIL LIMITED

[Signature]
Managing Director

For VISHAL RETAIL LIMITED

[Signature]
Uma Aggarwal
Director

For VISHAL RETAIL LIMITED

[Signature]
Company Secretary

2) Securities against Loan

1) Cash Credit Limit: The cash credit limit from State Bank of India is secured by:

- Hypothecation of stock of raw materials, work in process, finished goods (present & future) and all other current assets of the Company.
- First charge and equitable mortgage of property in the name of Vishal Water World Pvt Ltd., situated at Kouchpukur, P.O. Hatgachia, Dist, 24 Parganas (West Bengal).
- Extension of charge on the Fixed Assets of the Company.
- Personal guarantee of Ram Chandra Agarwal, Uma Agarwal and Surendra Kumar Agarwal, Directors of the Company.
- Corporate guarantee of Vishal Water World Pvt Ltd.

2) Corporate Loan: The Corporate Loan from State Bank of India is secured by first charge on the Fixed Assets of the Company.

3) Hire Purchase: Secured by hypothecation of specific assets.

3) a) During the year, the Company has entered into Share Subscription Agreement with Bennett Coleman & Co. Ltd (hereinafter referred to as "BCCL") under which the Company has allotted 1,670,605 equity shares of Face Value Rs.10/- each at a premium of Rs. 136/- per share. The Company has also allotted 384,190 0.1% Fully Convertible Participable Preference Shares to BCCL, each such Preference Shares is convertible into one Equity shares of Face Value of Rs. 10/- at a premium of Rs. 136/-.

b) In terms of agreement with BCCL, the Company has to come with an IPO within 31st March, 2007.

c) Subsequent to the Balance Sheet date, BCCL has exercised option for conversion of such preference shares into 384,190 Equity Shares and the Company has accordingly converted aforesaid Preference Shares into Equity Shares.

d) Subsequent to the Balance Sheet date, the Company has further allotted 14,50,000 Equity Shares of Face Value of Rs. 10/- each at a premium of Rs. 190/- per share aggregating Rs. 290,000,000 to various Investors.

4) Unsecured loan include trade deposits of Rs.34,075,000/- (P.Y. Rs. 9,975,000/-). Being in the nature of long-term deposits, the same has been included under this head.

5) Secured Corporate Loan repayable within a year is Rs. 26,668,000/- (P.Y. Rs.16,668,000/-). Instalment payable in case of assets taken on hire purchase within a year is Rs. 6,848,090 /-(P.Y. Rs. 2,145,835/-)

6) Future liabilities in respect of assets acquired on hire purchase is Rs.2,30,03,645/-(P.Y. Rs.1.00,23,593/-) and the corresponding interest payable is 1,066,046/-(P.Y. Rs.3,60,644/-)

7) During the year, the Company has decided to change its IT systems and is in the process of implementing SAP. Pending implementation of SAP, the amount paid on account of such software has been shown under capital work in progress.

8) In the opinion of the Board, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary.

9) Some of the balances of sundry Creditors, Advances and Deposits and Bank Accounts are subject to confirmation/reconciliation. In the opinion of the management, the same is not material and will be carried out when settled.

10) During the year, the Company has advanced a sum of Rs. 150,000,000/- (P.Y. Rs. NIL) to Bennett Coleman & Co. Ltd. towards committed advertisement expenses to be incurred by the Company in three Sub Terms ending 30th November, 2008. In the instant year, the Company has already expended Rs. 20,236,503/- (P.Y. Rs. Nil) towards advertisement expenses and the balance outstanding amount of Rs. 129,763,497/- (P.Y. Rs. Nil) has been shown under Loans & Advances.

11) Closing stock includes goods in transit and work in progress includes stock lying with the job worker. Goods in transit represent goods sent to store but received by them of Rs. 38,583,512/- and goods purchased but not received by the Company of Rs.63,704,137/-

12) Managerial Remuneration paid to Directors during the year is Rs., 9,816,543 /- (P.Y. Rs.7,110,000/-)

13) The details of Auditors' remuneration (including Service Tax) is as under:

	2005-06 (Rs.)	2004-05 (Rs.)
For Statutory Audit	336,720	192,850
For Tax Audit	168,360	88,570
For Branch Audits	202,032	207,580



For VISHAL RETAIL LIMITED
Ram Chandra Agarwal
Managing Director

For VISHAL RETAIL LIMITED
Uma Agarwal
Director

For VISHAL RETAIL LIMITED
Anurupa
Company Secretary

14) As per Accounting Standard (AS) 22 on Accounting for Taxes on Income issued by ICAI, the Deferred Tax Asset/Liability

Particulars	2005-06 (Rs.)	2004-05 (Rs.)
<u>a) Deferred Tax Liability</u>		
Difference in book & tax WDV	13,139,129	11,389,636
<u>b) Deferred Tax Asset</u>		
Provision for Gratuity	476,626	174,359
Net deferred tax liability	<u>12,662,503</u>	<u>11,215,277</u>

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

16) The Disclosure as required by the Accounting Standard -18 (Related Party Disclosure) are given below:

a) List of Related Parties

Key Management Personnel (Directors)	Ram Chandra Agarwal Surendra Kumar Agarwal Uma Agarwal
Associate Companies	Unicon Marketing Private Limited Ricon Commodities Private Limited Vishal Waterworld Private Limited
Others	Sunita Fashions Private Limited

<u>b) Transaction with related parties</u>	Key management personnel		Associate Companies		Others	
	2005-06(Rs.)	2004-05(Rs.)	2005-06(Rs.)	2004-05(Rs.)	2005-06(Rs.)	2004-05(Rs.)
Managerial Remuneration	9,816,543	7,110,000	-	-	-	-
Interest paid					284,551	2,292,342
Expenditure on services(rent)			4,500,000	5,400,000		
Balance as on 31.03.06	727,278(Cr.)	739,100(Cr.)				139,278(Cr)

17) The calculation of Earning Per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 issued by the ICAI. A statement on calculation of Basic and Diluted EPS is as under:

		UNITS	2005-06	2004-05
Profit after Tax (after extraordinary items, net of Tax)	A	Rs.	123,870,819	30,068,302
Weighted Average number of Equity Shares	B	Nos.	15,634,707	13,225,000
Add: Dilutive Potential Equity Shares		Nos.	187,358	-
Number of Equity Shares for Dilutive EPS	C		15,822,065	13,225,000
Earning per share (E.P.S.)				
Basic (A/B)		Rs.	7.92	2.27
Diluted (A/C)		Rs.	7.83	2.27

18) The Company do not owe more than Rs. 1 lakh from any creditor, representing S.S.I., for a period of more than 30 days.

19) During the year, Municipal Corporation of Delhi (MCD) demolished one of the premises which housed a Company's store. The loss on impairment of Fixed Assets in such store of Rs.1,492,235/- has been shown as Loss on Impairment of Assets. In view of prior notice by MCD, there was no loss of stock since the entire stock was shifted to another location of the Company.

20) Events ocuring after the Balance Sheet

On 7th August, 2006, the Store at Meerut had caught fire and almost entire fixed assets and stocks was destroyed. The Company has filed insurance claim for the same, and in the opinion of the Board, no provision is required to be made in the accounts for the same.



For VISHAL RETAIL LIMITED For VISHAL RETAIL LIMITED

[Signature]
Managing Director

[Signature]
Director

For VISHAL RETAIL LIMITED

[Signature]
Company Secretary

21) Obligations on long term, non-cancelable operating leases.

The lease rentals charged during the year and maximum obligations on long term non-cancelable operating leases payable as per the rentals stated in the respective agreements

	2005-06 (Rs.)	2004-05 (Rs.)
Lease Rentals recognized during the year	144,238,617	85,452,009
Obligations		
Within one of the year of the balance sheet date	75,967,812	20,412,000
Due in a period between one year and five years	67,067,342	27,519,000
Due after five years	NIL	NIL

The operating lease arrangement extended for a maximum of years from their respective dates of inception and relate to rented premises.

22) Additional information in pursuance of the provisions of the paragraph 3, 4C, 4D, Part II of Schedule VI of the Companies Act, 1956, as certified by the Management of the Company.

a) Licensed / Installed annual capacity and production (apparels) - in Units

	Licensed Capacity	Not applicable
Installed Capacity(own)	1,500,000	
Actual Production	1,866,002	

b) Quantitative movement of finished goods(Qty in units, and Value in Rs.)

Category	Opening Qty	Opening Value	Purchase - Qty	Purchase Value	Sales Qty	Sales Value	Closing Stock Qty	Closing Stock Value
Apparel	1166992	217446971	9303728	1254765144	9544334	2043676792	2535616	379315737
FMCG	-	12541786	-	202571093	-	257849344	-	54196031
Non Apparel	-	57768138	-	370603286	-	580538128	-	141243294
Grand Total	1166992	287756895		1827939523		2882064264		574755062

Notes :

i) The Company is dealing in a large number of products in several locations, the information required in terms of Schedule VI of the Companies Act in respect of value of the products sold has been drawn up in respect of major items, namely, apparels. Other items have been broadly classified as FMCG and Non-Apparels(household goods and other accessories) and the quantitative informations in respect of these groups is not practically possible in view of nature of retailing operations of the Company.

ii) In view of lack of quantitative details of preceeding year, the previous year figure has not been given.

iii) In view of non-uniform units of measurement of various raw materials of the Company, it is not practically possible to provide the quantitative details of raw materials consumption.

iv) Closing Stock mentioned above doesn't include goods-in-transit.

c) Value of Import on CIF Basis

Particulars	2005-06 (Rs.)	2004-05 (Rs.)
Fixed Assets	28,010,388	12,431,461
Purchase of merchandise	61,309,025	-

d) Expenditure in Foreign Currency

Particulars	2005-06 (Rs.)	2004-05 (Rs.)
Travelling Expenses	364,624	386,600

23) Previous year figures have been re-worked, re-grouped and re-classified wherever considered necessary.

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



For VISHAL RETAIL LIMITED

[Signature]
Managing Director

For VISHAL RETAIL LIMITED
[Signature]
Director

For VISHAL RETAIL LIMITED

[Signature]
Company Secretary

Balance Sheet abstract and Company's general business profile

Registration Details	Registration No. 93501	State Code 55
Balance Sheet Date	<i>Mar 31, 2006</i>	
<i>in Rs. Thousand, except per share data</i>		
Capital raised during the year		
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		72,798
Position of mobilization and deployment of funds		
Total Liabilities		1,277,637
Total Assets		1,277,637
Sources of Funds		
Paid up Capital		220,998
Reserves & Surplus		506,008
Secured Loans		463,594
Unsecured Loans		74,375
Deferred Tax Liabilities		12,663
Application of Funds		
Net Fixed Assets		400,387
Investments		-
Net Current Assets		876,164
Miscellaneous Expenditure		1,086
Accumulated Losses		-
Performance of Company		
Turnover		2,884,427
Other Income		6,455
Total Income		2,890,882
Profit/(Loss) before tax		186,175
Profit/(Loss) after tax		123,871
Earning per share (Basic) (Rs.)		7.92
Earning per share (Diluted) (Rs.)		7.83
Generic names of principal products/services of the Company		
Item code No. (ITC Code)		N. A.
Product Description		Garments & Accessories

In terms of our report of even date annexed herewith

For CHHAPARIA & ASSOCIATES

Chartered Accountants



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

Ram Chandra Agarwal
Ram Chandra Agarwal
 Managing Director

Uma Agarwal
Uma Agarwal
 Director

Arun Gupta
Arun Gupta
 Company Secretary

Delhi
 21st August, 2006