



The winning streak

---

**Rupa & Company Limited**

Annual Report 2011-2012

# Corporate Information

## BOARD OF DIRECTORS

Mr. P. R. Agarwala, Chairman  
Mr. G. P. Agarwala, Vice-Chairman  
Mr. K. B. Agarwal, Managing Director  
Mr. Ramesh Agarwal  
Mr. Mukesh Agarwal  
Mr. S. K. Khaitan  
Mr. R. S. Agarwal  
Mr. S. Patwari  
Mr. D. C. Jain  
Mr. Vinod Kumar Kothari  
Mr. Raj Narain Bhardwaj

## COMPANY SECRETARY

Mrs. Priya Punjabi Agarwal

## AUDITORS

M/s. L.B. Jha & Co  
Chartered Accountants  
GF-1 Gillander House  
8, Netaji Subhas Road  
Kolkata-700 001

## BANKERS

Indusind Bank Ltd.  
State Bank of India  
CitiBank N.A.  
Standard Chartered Bank  
HDFC Bank

## REGISTERED OFFICE

Metro Tower, 8th Floor  
1, Ho Chi Minh Sarani  
Kolkata-700 071  
Email : connect@rupa.co.in

## REGISTRAR & SHARE TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, 2nd Floor  
Kolkata-700 001  
Email : mdpldc@yahoo.com

## ACROSS THE PAGES

Directors' Report	14	Management Discussion and Analysis	18		
Corporate Governance Report	23	Auditors' Report	37	Balance Sheet	40
Statement of Profit & Loss	41	Cash Flow Statement	42		
Notes to the Financial Statements	44	Consolidated Financial Statements	65		
Information regarding subsidiary Companies	91				



ONE OF THE **MOST DIFFICULT YEARS** FOR THE ECONOMY.

ONE OF THE **MOST CHALLENGING YEARS** FOR THE TEXTILE INDUSTRY.

THE **BIG PICTURE** AT RUPA & COMPANY LIMITED

**CONSISTENT GROWTH** THROUGH QUALITY PRODUCT OFFERING.

THE **BIGGEST REASON TO SMILE**, OUR REVENUE **GREW BY 9.38%** AND OUR PAT **GREW BY 29.24%**.

THIS **CONTRARIAN PERFORMANCE** WAS DERIVED FROM A BUSINESS STRATEGY THAT CAN BE CONCISED IN JUST TWO SENTENCES.

---

The **WINNING STREAK** in the challenging time.  
The **WINNING RESULT** in the challenging time.

---





# A THOUGHT

Future customer aspirations, Industry benchmark in innovation, operational efficiencies, emerging global trends in design and a well knitted performance - That's what all Rupa & Company Limited is all about !!

Our objective is to evolve as a quality driven and globally recognized knitwear Company. We focus on manufacturing products that carve a niche on the market on the strength of their quality and cost effectiveness. The passion for creation drives our continuous endeavour to improve and expand the product range through innovation.

# CULTURAL PILLARS



## Humility

We have intellectual modesty and detest false pride and arrogance.



## Delivery focus

We value a deep sense of responsibility and self-discipline to meet and surpass our quality standards and reach the customers on time.



## Cross functional teamwork

We work together as a team to benefit from our complementary strengths.



## Respect for individual

We will treat others with dignity, sensitivity and honour.



## Providing diverse opportunities

Nurturing active curiosity - to question, share and improve.



## Empowering performance

We are passionately committed to deliver excellence in performance.



## Social responsibility

Anticipating and meeting the relevant and emerging needs of the society.



## Forward-Looking

We seek opportunities - they are everywhere.





## Vision

To be a world-class knitwear company committed to total customer satisfaction and enhancing shareholder's value, by building on our strengths - innovative designs, superlative quality of material, cutting-edge technology and demonstrating the highest standards of workmanship.

## Mission

To strengthen and retaining our leading position in the innerwear and casual wear category.

To exceed the customer's expectations by consistently offering the best quality products across different categories.

To promote the latest R & D and to follow eco-friendly production processes.

To create and deliver value for all stakeholders.

To create sustainable growth in returns to maximize the wealth of our stakeholders and enhanced support to our associates.

To uphold the highest standards of business ethics and lead the way in fulfilling corporate social responsibilities.

# A portrait of responsible growth

NSE Ticker

RUPA

BSE Ticker

533552

CSE Ticker

028161

JSE Ticker

811

☒ Remember me

Search ▶

India's no.1 knitwear manufacturing company

Incorporated during 1985 by first 3 generation entrepreneurs Mr. P. R. Agarwala, Mr. G. P. Agarwala and Mr. K. B. Agarwal.

Three state-of-the-art manufacturing facilities at Delhi, Tirupur and Domjur with an overall capacity to produce 7,00,000 pcs a day.

ISO 9001:2008 certified.

Largest selling brand in Indian organized hosiery market with more than 10 successful brands and 100 registered trademarks.

Awarded as the largest innerwear and casual wear manufacturing Company in India by "Limca Books of Records" for the past consecutive 8 years.

"Power Brand" award during 2011-12.

One of the largest distribution networks through 1,00,000 retail outlets accross 600 locations with a dedicated support of more than 950 dealers and distributors.

More than 2,000 SKUs under various brands of "RUPA".

Brands endorsed by celebrities like Hrithik Roshan, Ronit Roy, Karan Grover and Rajpal Yadav.



## Financial Metrics

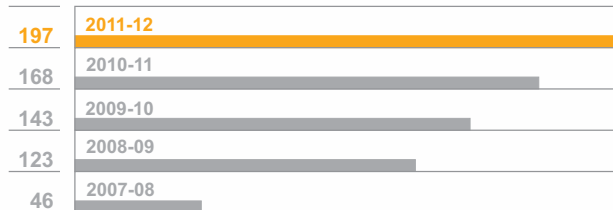
(₹ in Crores)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Share Capital	<b>7.96</b>	7.96	7.96	7.96	4.59
Reserves	<b>189</b>	160	135	116	42
Net Worth	<b>197</b>	168	143	123	46
Turnover	<b>711</b>	650	532	421	372
Profit after Tax	<b>44</b>	34	25	14	12
Dividend (%)	<b>150%</b>	100%	65%	50%	35%



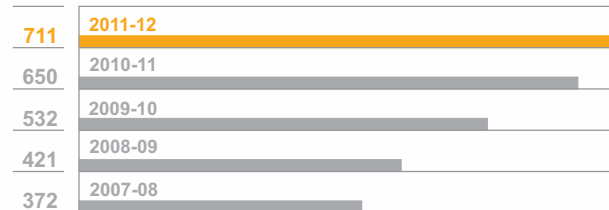
## NET WORTH

(₹ in Crores)



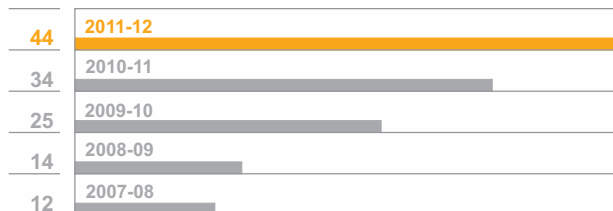
## TURNOVER

(₹ in Crores)



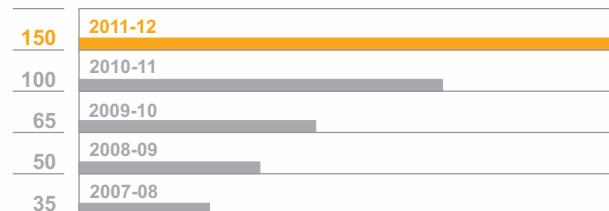
## PROFIT AFTER TAX

(₹ in Crores)



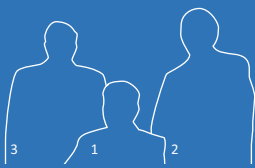
## DIVIDEND

(in %)



# Management overview

Our key growth engine has been our undying passion to offer unique products to various customers – increasing the market size and our share in it.



1. Mr. P. R. Agarwala, *Chairman*
2. Mr. G. P. Agarwala, *Vice Chairman*
3. Mr. K. B. Agarwal, *Managing Director*



## Dear Stakeholders

Our passion to deliver excellence continues. We started the year on a high, and closed it on an even higher note. More excitement, more happiness, more offerings was the sole mantra for us throughout the year and after clocking exceptional numbers in the previous year, we continued to surge forward, notching many more milestones and recognitions in F.Y. 2011-12.

### Despite the odds, the challenges

This was a year of global challenges and uncertainties. Events like natural disaster in Japan, growing unemployment in the US, Euro-zone crisis and political and economic turmoil in the Middle East and North African states have had a detrimental repercussion. Volatility in commodity prices and disruptions to supply chains impacted businesses globally. These events have raised serious concerns over the stability of the developed nations, as the recoveries in these economies have stalled and governments and consumers have deleveraged. Whilst this stumbling global recovery has seen growth estimates cut across the board, the transfer of economic power from mature to emerging economies is gaining momentum. Asia too has its own challenges. However, China and India have emerged as the hope for rest of the world. While it will take a longer time for the matured markets to reach the pre-recession level growth rates, a rebalancing of global economic power can be foreseen in the medium-term.

### The unbalancing effect

The dual impact of higher product prices in 2011-12 driven by excise duty and high cotton prices along with continuing headwinds in the form of stubborn inflation and high interest rates have impacted the consumer wallet share.

It would be easy to lose hope in this prevailing environment; however, it would be important to reiterate that the long-term prospects of the Indian textile (hosiery) industry remain optimistic.

### Factors that will accelerate demand

One is optimistic of the prospects of India's textiles sector for some good reasons :

**Surge in population :** India's population rose 181 million to 1.21 billion in the last 10 years. Based on the existing

trend, India will cross China's population by 2030.

**Increasing affluence :** India's per capita income increased from ₹ 31,206 in 2006-07 to ₹ 60,603 in 2011-12, resulting in increased disposable incomes. Besides, India's urbanisation is expected to increase from 30% to 40% over the coming decade; the 2.4% CAGR is among the fastest urbanisation rates in the world.

**Growing younger :** Half of India's population is below 25. Interestingly, in India, the working age has declined sharply, generating higher disposable incomes. Close to 65% of Indians between 20-60 years are working, leading to higher disposable incomes and lifestyle aspirations.

**The wealth pyramid :** Rural income is increasing significantly. Credible estimates suggest that a 1% increase in India's rural income translates into US\$25 billion of buying power. Annual rural household consumption stands at about ₹ 50,000 – total rural consumption estimated at US\$190 billion, making the rural consumption market greater than the GDP of Singapore and Hungary combined. Rural consumption is expected to treble in 10 years.

These factors are expected to drive the boost the demand for knitwear products in India.

### The winning streak

The worst of times often bring out the best in companies and so it was the same with "Rupa". Despite various challenges, our Company posted healthy results across the board. Our Revenue grew by 9.38% to ₹ 711.00 crores, PAT grew by 29.24% to ₹ 43.56 crores, EPS grew by 29.25% to ₹ 5.48 per share. Our EBITDA saw a surge of 28.65% to ₹ 91.06 crores in 2011-12. Our Company enjoys stronger cash flows and thus on the backdrop of that our Company declared a 150% dividend of ₹ 1.50 per share.

### Blueprint

Proximity + Innovation = Profitable growth is an equation that pretty much encapsulates our strategic blueprint.

**The proximity streak :** We leveraged our sales team to reach deeper pockets of various markets with superior brand promotional activities and brand recall leading to enhanced visibility.



Our distribution network comprised of more than 950 dealers & distributors, 2000 SKUs and are sold through 1,00,000 retail outlets in 600 locations across the country. We widened our product offering for all sections of society be it mass, semi-premium and premium segments covering various price points.

We associated with Hrithik Roshan to enhance our brand appeal and visibility of our “Macroman-M Series” brand.

**Innovation :** Our key growth engine has been our undying passion to offer unique products to various customers – increasing the market size and our share in it. We closely follow the customer’s aspirations that drive market evolution. In India and across the world, customers seek better value, they want differentiation in the same product category. This has been our guiding philosophy in creating brands that customers love to associate with.

We added a bunch of new products into our offerings, viz Euro Jeans, Femora, Unwind and Tots in order to penetrate the outer wear segment and enhance our market share.

#### **Basis of optimism**

Firstly, the listing of our shares at National Stock Exchange Limited and Bombay Stock Exchange Limited will ensure the better visibility of our stock, which in turn would lead to shareholder value creation.

Secondly, the abatement of 55% from the maximum retail price (MRP) has also been raised to 70%. This would bring down the incidence of duty as a percentage of MRP from 4.5% to 3.6% and the impact of the same would be visible in the figures of 2012-13.

As we enter F.Y. 2013, we do so with a stronger vision of success. Going ahead, we shall continue to invest, innovate and remain focused on providing the best possible experience to our consumers while delivering the maximum return to our shareholders.

#### **Nurturing relationships for a better tomorrow**

We continued to invest towards developing and grooming new talent. With the industry becoming significantly competitive, we have taken appropriate measures to maintain a high retention rate. Besides, we continued to enhance our focus on the community initiatives, environment monitoring, health, safety and ethical governance to maintain a sustainable business practice.

#### **Message to shareholders**

The value that we deliver to shareholders will now be accelerated by a significant increase in production volumes, a widening consumer presence and rising value addition derived from new products, sizes and designs.

*Thank you.*



SHOWCASING OUR



Brand equity is that phoenix that takes shape from market share, profit margins, consumer recognition of brand marks, the associations that consumers make with our brand language, and perceptions of quality. All of the above echo across all our brand portfolios. Through the years, we have focused chiefly on making our brands available everywhere. With our marketing and branding strategies and initiatives, our product lines have scaled new heights and made instant connect with consumers.

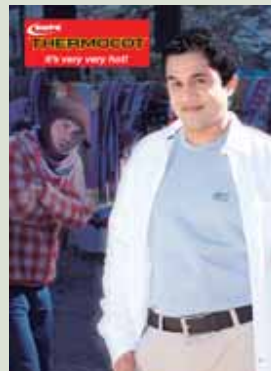
Rivets of strong branding initiatives back our brands. We take them everywhere they need to go: from the workshop, through the billboard, to the store, down the street. Our varieties of products reach the masses via strategic and planned allocations.

# New Brands

## Introducing







## Frontline (men's innerwear)

It is India's largest selling brand of vests and is positioned around "yeh style ka mamla hai". It is available in a variety of colours and is made by using specialized technology which enables instant absorption of perspiration.

## Macroman (men's innerwear)

The brand is generic with regard to a specific cut of the underwear and the innerwear has combined comfort and style of both trunk and brief for the very first time. It is positioned with the tagline, "Feel like a Macroman". The innerwear is biologically treated to ensure extra softness and durability, has circular knit to guarantee a snug fit, and comprises a cotton pouch for sweat absorption, ensuring daylong freshness. Heat transfer labels are used ensuring no itchiness or rashes.

## Macroman-M series (premium innerwear)

It was launched in June 2007. Different materials and styles are used keeping with prevailing trend. The product is endorsed by Hrithik Roshan. Its sales are directed through organized formats only. It was launched to target the void created between premium and mid-segment brands and enhance the perception of the parent brand Macroman.

## Euro (premium inner wear)

Since its inception, Euro Underwear for Men has led the market by offering consumers cutting-edge design, innovative fabrics, and exceptional fit and quality. It is a premium quality product with eye catching packaging and exclusive retail presence. Euro Underwear continues to evolve its reputation as the brand of choice for consumers who want sexy, fashionable, and comfortable underwear.

## Bumchums (casual wear)

Knitted loungers and bermudas made from 100% super soft cotton. Bumchums is globally benchmarked quality knitted garments specially treated to ensure extra softness and shine and is available at affordable prices.

## Kidline (kids wear)

A range of cute innerwear designed specifically for little girls and boys, Kidline gives them smartness & poise and keeps them fresh. It is made from 100% cotton-knit fabric which is soft and gentle on the young skin. It is available in an array of colours and has a pan-India distribution network.

## Thermocot (winter wear)

With the launch of this product, the marketing concept for branded winter innerwear was introduced. It was the winner of the Texcellence Award for the Best Winter Knitwear Brand, 2003-04. Mixed blend of cotton and viscose is used and the inner is brushed from inside giving the wearer the much needed warmth and snugness. It has been priced according to rural and urban segments. Although cheaper than pullover, it provides equivalent warmth without skin irritations. It comprises of children's thermals as well.

## Footline (footwear)

It is one of the few organized players in the footwear (socks) segment. The brand is positioned in rural and urban India and has high affordability for both consumers. The footwear is made of superior elastic quality leading to a product life in excess of two years. To promote the brand, there is a dedicated sales team and aggressive television marketing is done, unmatched by competitors.

## Jon (mass market innerwear)

The brand is directed at consumers seeking quality at an affordable price. It enjoys a large market share as a result of its competitive pricing, superior quality and attractive packaging. The product has been positioned as 'the tough one' with enhanced durability even after several washes. The product is made of 100% fine cotton which maximizes sweat absorption.

# Excellence at all levels



Quality is the result of a carefully constructed cultural environment. It is the essence of the organisation, not just a part of the fabric. At Rupa, the quality culture is allpervasive - underlining every action which our Company undertakes. Every now and then, when our efforts are recognised, it does put a spring in our step, a smile on our lips and an inch on our spine. The numerous awards and certifications received by our Company over the years confirm our commitment towards delivering quality and excellence at all levels.



## Responsible and caring corporate

At Rupa & Company Limited, our first question always comes as - Can we manage business sustainability and still drive growth?

The answer to such a question is 'Yes', because we nurture the latent potential of our people and integrate meaningfully with nature. At Rupa, these two things are not mutually exclusive, but are co-related.

### **Initiatives during 2011-12**

- Reviewed and strengthened HR policies and manual.
- Completed performance appraisal.
- Identified and inducted high-quality talent for key positions.
- Facilitated focused drive on productivity optimisation across departments.





### HR priorities for 2012-13

- Maintain healthy industrial relations.
- Build a learning organisation.
- Ensure role clarity.
- Facilitate multi-tasking and job rotations for enhancing cross-functional exposure.
- Facilitate job evaluation and competency mapping.
- Facilitate talent management and succession planning.
- Conduct organisational climate survey to measure employee satisfaction.
- Focus on employees engagement and employee welfare activities.

The ongoing initiatives are expected to bring about a radical and positive change in the mindsets of all the members of the organisation. It is expected to facilitate better interpersonal relationships between people and create a positive impact on the productivity and motivational levels of our entire team.



At Rupa, we are committed to a set of shared values that shape how we work every day. We believe that clear and consistent commitment to these values is vital for sustainable business success. Our values are an essential part of our culture. They are also the basis for earning the confidence of all our stakeholders. We are continuing to live our core values and are passionate about our environment and community around us.

Our constant focus is on producing and promoting eco-friendly products and processes for a greener world. Our Company sources natural and bio-degradable fibres grown in sustainable farming methods. The manufacturing units have water saving and recycling and use revolutionary technologies like Air-Dyeing to conserve precious water and energy. We try to ensure that the raw materials and production processes do not destroy the environment with harmful chemicals and conserve water, energy and natural resources. Our products are designed for to arrest ecological footprints even after consumption. Every time

the consumer wears a Rupa, he takes part in this enriching process. Rupa is deeply committed to weaving a greener, happier world. We always try to communicate our environmental policy to all employees, business associates and other stakeholders and tries ensure that the policy is available to the public.

We believe that businesses must voluntarily share the created value with the community they operate in. At Rupa, our commitment towards our community is unequivocal and unwavering. Our Company has established the Sobhasaria Engineering College at Sikar in Rajasthan. Our Company is associated with various educational institutions like Heritage Institute of Technology, The Heritage School and Sri Sri Academy in Kolkata. Our Company is also associated with Sankara Nethralaya (Eye Hospital), Kolkata.

At Rupa & Company Limited, sustainability effort comes from the heart.

## DIRECTORS' REPORT

*Dear Shareholders*

Your Directors have great pleasure in presenting their Twenty Seventh (27th) Annual Report together with the Audited Statement of Accounts of the Company and Auditors' Report for the year ended March 31, 2012.

Rupa & Company Limited is one of the leading textile companies, operating across the country and abroad, manufacturing, processing, designing and selling hosiery and fashion wear products. Rupa has, over the years, strongly anchored itself to India's textile and hosiery market.

### FINANCIAL RESULTS

The highlights of the financial results for the year 2011-12 are as follows :

	(Amount in ₹)	
	Year Ended 31.03.2012	Year Ended 31.03.2011
Revenue from Operations & Other Income	6,994,727,284	6,397,976,514
Total Expenditure	6,120,826,305	5,719,940,721
<b>Gross Profit before Interest, Depreciation &amp; Tax</b>	<b>873,900,979</b>	<b>678,035,793</b>
Less : Interest & Finance Charges	211,430,432	151,963,960
<b>Gross Profit after Interest but before Depreciation and Taxation</b>	<b>662,470,547</b>	<b>526,071,833</b>
Less : Depreciation	60,615,340	45,802,123
<b>Profit before Tax</b>	<b>601,855,207</b>	<b>480,269,710</b>
Less :		
Provision for Tax	177,000,000	118,000,000
Provision for Deferred Tax	14,349,709	41,863,037
Provision/(Write back) relating to earlier years	(4,711,205)	225,129
<b>Profit after Tax</b>	<b>415,216,703</b>	<b>320,181,544</b>
Add : Surplus brought forward	685,976,364	483,220,252
<b>Surplus Available</b>	<b>1,101,193,067</b>	<b>803,401,796</b>
<b>Appropriation :</b>		
Transfer to General Reserve	25,000,000	25,000,000
Proposed Dividend	119,286,840	79,524,560
Tax on Proposed Dividend	19,351,308	12,900,872
<b>Balance carried to Balance Sheet</b>	<b>937,554,919</b>	<b>685,976,364</b>

### OPERATIONS

The Company has achieved a growth of 9.44 % in Revenue from Operations during the year under review over the previous year. The Revenue from Operations during the year under review is ₹ 6,987,959,313 as against ₹ 6,385,034,297 in the previous year. Your Company has also achieved a growth of 28.89% in Gross Profit before Interest, Depreciation and Tax & 29.68% in Profit after Tax respectively during the period under review over the previous year. The Gross Profit before Interest, Depreciation and Tax during the year under review is ₹ 873,900,979 as compared to ₹ 678,035,793 in the previous year. The Profit after Tax for the year under review is ₹ 415,216,703 as against ₹ 320,181,544 in the previous year.

### CORPORATE SOCIAL RESPONSIBILITY VOLUNTARY GUIDELINES

The Ministry of Corporate Affairs has released a set of voluntary guidelines on Corporate Social Responsibility (CSR) in December, 2010. The Company is proactively practicing the guidelines laid down. Some of the activities carried out by the company as a part of its CSR initiatives are briefly discussed in the Annual Report.





## DIRECTORS' REPORT

### SUBSIDIARY COMPANIES

Your Company has two wholly owned subsidiaries -

- M/s Euro Fashion Inners International Private Ltd which is engaged in selling hosiery products under the brand name "EURO" which are premium products designed for the taste of upper-class consumers.
- M/s Imoogi Fashions Private Limited which is engaged in manufacturing, processing and selling hosiery and outer fashion wear products, especially for children between the ages of 0-12 years under the brand name "Imoogi".

In Compliance with General Circular No. 2/2011 dated 8th February, 2011, issued by the Ministry of Corporate Affairs, Government of India, granted general exemption to Companies from complying with the provisions of section 212 of the Companies Act, 1956 from attaching a copy each of the Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report etc. of the Subsidiary Companies. As required, the important information of the Annual Accounts of the Subsidiary Companies is disclosed in other part of the Annual Report. However, Annual Accounts of the Company's Subsidiary Companies will be available for inspection by member/investor with written request with the Company Secretary at the Registered Office of the Company and that of concerned Subsidiary and the hard copy of the same would be provided to any shareholders on request, if any.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard 21 reads with General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India and Clause 32 of the Listing Agreement with Stock Exchange(s), the Audited Financial Statements, duly audited by the Statutory Auditors of the Company M/s. L.B Jha & Co., Chartered Accountants, together with the Auditors' Report thereon is Annexed with these accounts and forms part of the Annual Accounts. The Financial Statements of each of the Subsidiary (ies) has been duly approved by the respective Board of Directors of the Subsidiary (ies).

### DIVIDEND

Considering the financial performance of your Company during the Financial Year 2011-2012 and with a view to meet the twin objectives of rewarding shareholders adequately and retaining resources to meet your Company's business requirements, your directors are pleased to recommend a dividend of ₹ 1.50 per share (150%) for the Financial Year 2011-2012 (previous year 100%). The distribution tax on the equity dividend is being borne by the Company and appropriated accordingly.

### DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under during the year ended March 2012.

### AUDITORS' REPORT

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

### DIRECTORS

Mr. Ramesh Agarwal and Mr. Mukesh Agarwal retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Radhe Shyam Agarwal resigned from the office of Director with effect from May 28, 2012. The Board places on record its appreciation for the valuable contribution of Mr. Radhe Shyam Agarwal during his tenure as Director of the Company.

During the year under review, Mr. Raj Narain Bhardwaj was appointed a Director of the Company with effect from May 28, 2012 in the casual vacancy caused by the resignation of Mr. Radhe Shyam Agarwal.

### REPORT ON CORPORATE GOVERNANCE

Corporate Governance refers to the way a Company is governed. It is the technique by which Companies are directed and managed. It is the set of system, processes, policies and laws affecting the way a Company is directed, administered or controlled.

## DIRECTORS' REPORT

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, the following form part of this Annual Report :

- i) Management Discussion and Analysis;
- ii) Corporate Governance Report;
- iii) Auditors' Certificate regarding compliance of conditions of Corporate Governance;
- iv) Declaration duly signed by Mr. Kunj Bihari Agarwal, Managing Director to the effect that all Board Members and Senior Management Personnel of the company have affirmed compliance with the code of conduct as laid down by the Company.

### AUDITORS

The Auditors M/s. L.B Jha & Co., retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

As required under the provisions of the Section 224 (1B) of the Companies Act, 1956, the Company has obtained written confirmation from M/s L.B Jha & Co. that their appointment if made would be in conformity with the limits specified in the Section.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, Your Directors state that:

- (a) in the preparation of the Annual Accounts for the year ended March 2012, the applicable accounting standards have been followed and that there are no material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 2011 - 2012, and of the profit of the Company for that period ;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (d) the Annual Accounts have been prepared on a going concern basis.

### PARTICULARS OF EMPLOYEES

None of the employees of the Company was in receipt of remuneration which requires disclosures under Section 217(2A) of the Companies Act, 1956 and the Rules made therein as amended from time to time. Further, since there was no such remuneration received the Company had nothing to disclose under the requirements of provisions of Section 219(1) (b) (iv) of the said Act.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made therein, the concerned details relating to energy conservation, technology absorption, foreign exchange earnings and outgo are given in Annexure - I attached hereto ,which forms part of this Directors' Report.

### PARTICULARS REQUIRED AS PER LISTING AGREEMENT WITH STOCK EXCHANGE

A statement containing necessary information as required under the Listing Agreements with the Stock Exchanges is annexed hereto as Annexure 'II'.

### ACKNOWLEDGEMENTS

Your Directors express their deep and sincere appreciation for the continued cooperation and valuable support extended to the Company by the Government authorities, Company's Bankers, Financial Institutions, Vendors, Customers and Shareholders during the year under review and look forward to receive greater measure of the same. Your Directors also express and convey their warm appreciation to all employees for their diligence and contribution to the growth of the Company.

For and on behalf of the Board of Directors

Place : Kolkata  
Dated : The 28th day of May, 2012

**Prahlad Rai Agarwala**  
Chairman



## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE - I

Information as required under Section 217(1)(e) read with Companies (Disclosure of Particulars in respect of Board of Directors) Rules, 1988

#### FORM A

(Form for disclosure of particulars with respect to Conservation of Energy)

	2011-12	2010-11
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a) Purchased :		
- Units (kwh)	6,110,797	2,921,474
- Total Amount - ₹	38,933,879	19,572,929
- Rate / Unit - ₹	6.37	6.70
b) Own Generation		
- Through Diesel Generator		
- Units (Kwh)	706,771	326,283
- Units per litre of Diesel oil - ₹	6.56	6.56
- Cost / Unit - ₹	6.67	6.67
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others		
Rice Husk		
Quantity (MT)	9,425	5,066
Total Cost - ₹	38,292,652	17,881,804
Rate / Unit - ₹/MT	4,062.88	3,529.77
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Dyeing & Bleaching Production (in Kg)	4,266,235	2,111,238
Electricity (kwh)	1.60	1.54
Coal	Nil	Nil
Furnace Oil	Nil	Nil
Rice Husk (MT)	0.002	0.002
(Amount in ₹)		
<b>Foreign Exchange Earnings &amp; Outgo</b>		
Foreign Exchange Earning		187,993,513
Foreign Exchange Outgo		31,861,376

### ANNEXURE - II

The Securities of the Company are listed in the Stock Exchanges as stated below and the annual listing fees have been paid to each of the Exchange :

**National Stock Exchange of India Limited**  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051

**The Calcutta Stock Exchange Limited**  
7, Lyons Range  
Kolkata - 700 001

**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400 001

**Jaipur Stock Exchange Ltd**  
Stock Exchange Building  
Jawaharlal Nehru Marg, Malvia Nagar, Jaipur - 302 017

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW & FINANCIAL HIGHLIGHTS

Rupa & Company Limited is the largest knitted innerwear products Company in India and has received the coveted "Limca Book of Records" for the past consecutive 8 years. For the financial year ended March 31, 2012, the Sales of your Company have increased to ₹ 71,100.23 Lacs as compared to ₹ 65,003.38 Lacs in the previous year, a growth of 9.38%.

The EBIDTA was ₹ 9,106.34 Lacs as compared to ₹ 7,078.23 Lacs in the previous year, a growth of 28.65% whereas the Profit after Tax (PAT) was ₹ 4,355.61 Lacs as compared to ₹ 3,370.05 Lacs in the previous year, a growth of 29.24%. Out of the amount available for appropriation, your Directors recommend a dividend of 150% aggregating to ₹ 1,192.87 Lacs (Previous Year : ₹ 795.25 Lacs) on equity shares of face value of ₹ 1/- per share. The dividend tax on the dividend recommended will be ₹ 193.51 Lacs (Previous Year : ₹ 129.00 Lacs). Your Company's Reserve & Surplus has also been grown by 18.59% from ₹ 15,974.33 Lacs in FY 2011 to ₹ 18,943.55 Lacs in FY 2012.

Your Company continues its task to build business with long-term goals based on intrinsic strength in terms of its powerful brands, experienced management team, stringent quality assurance system, extensive distribution network and customer relationships.

### ABOUT OUR BRANDS

Your Company owns a bouquet of leading knitted innerwear & intimate wear brands in India with flagship brands "Rupa", "Frontline", "Jon", "Air", "Macroman", "Macroman M' Series", "Euro", "Bumchums" and "Thermocot". The Company has a wide array of products (managing over 2000 stock keeping units "SKUs") catering to the innerwear, casual wear and thermal wear markets for men, women and kids both for rural and urban India. Your Company caters to all product segments across all distinct product categories of the intimate wear vertical covering the Basic, Mid Premium, Premium and Super Premium segments. Subsequent to the launch of apparel for kids under the brand "IMOOGI", your Company has recently forayed into the men's apparel segment manufacturing men's Jeans under it's the brand name "Euro Jeans".

Further, product sales and brands of your Company represent the Indian population both in terms of demography and income levels. Rupa's sales mix is directly related with the Indian Household's consumption habit relating to innerwear category of Basic, Mid Premium, Premium and Super Premium. Presently, the sales mix of your Company's products are similar with the categorisation of households and going forward with its foundation laid in the premium and super premium categories, your company is poised to extract maximum benefit from the shift in households.

### OVERVIEW OF THE INDIAN ECONOMY

India's GDP at factor cost grew at a relatively slower pace at 6.9% in 2011-12 as compared to a revised growth of 8.4% growth in 2010-11. This is mainly due to a turbulent business environment created due to inflation, decelerating growth, geo-political instability and Eurozone sovereign debt. While the services sector recorded a 9.4% growth, industry growth showed a sharp plunge by 3.9% in 2011-12. Both private consumption and fixed investment grew faster at 5.0% in 2011-12 as compared to 8.6% each in 2010-11.

On an average, expenditure on textiles contributed 7.5% to total private consumption expenditure between 2004-05 and 2009-10. In absolute terms, it contributed ₹ 2,202 billion towards total private consumption in 2009-10. Within textiles, the clothing segment accounted for 84-87% of total private consumption towards textiles. On an overall basis, the clothing segment contributed 6.4% of total private consumption in 2009-10. In absolute terms, private consumption for clothing segment stood at ₹ 1,870 billion.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### A. Readymade Garments (RMG) Industry

The Indian RMG industry can be classified into Domestic and Export segments on the basis of geographical areas. In recent years, the readymade garment segment has seen vertical growth. Accounting nearly ₹ 20,000 crores, this industry is growing



## MANAGEMENT DISCUSSION AND ANALYSIS

at the rate of 20%, with massive visibility and consideration margins. The largest segment for the readymade garment segment includes the age-group of 16-35 that is very brand conscious and gives priority to high quality products. Branded readymade garments account over 21% of the readymade garment industry. On an overall basis, the domestic RMG market is estimated to have recorded a 6.4% CAGR over the last 5 years (2006 to 2011). By 2016 the apparel market size is expected to reach ₹ 1,855 billion translating into a 7.0% CAGR.

About 70% of India's total population still resides in rural areas and contributes nearly 54% to the total RMG industry in value terms.

Rural markets are becoming increasingly important for readymade garments manufacturers, as increasing penetration in these markets reduces their dependence on urban markets, where demand is typically dependent on growth in the manufacturing and services sectors as well as the state of the financial markets. On the contrary, growth in rural areas primarily stems from agriculture and government programs such as National Rural Employment Guarantee Act (NREGA) etc.

### B. Innerwear Industry

The Indian apparel sector is expected to grow from ₹ 1,709 billion in 2010 to ₹ 4,700 billion by 2020, representing a CAGR of 10.6%. Of this, the innerwear market currently valued at ₹ 14,300 crore (in 2011) is expected to grow to ₹ 43,700 crore by 2020, growing at a CAGR of 13.2%, outpacing the growth of the overall apparel market. Also, the women's segment that has historically been smaller in size compared to the men's segment is expected to grow at a faster pace (CAGR of 15% over 2010-2020 as compared to 10% CAGR in the men's segment). The women's innerwear segment is likely to touch ₹ 30,000 crore from the current ₹ 8,500 crore. On the other hand, the men's innerwear segment is likely to grow from ₹ 5,800 crore in 2010 to ₹ 13,700 crore in 2020.

The innerwear industry in India is divided into various segments viz. Economy, Mid Premium, Premium and Super-premium. In value terms, the innerwear industry is dominated by the economy segment, consisting of products that are priced below ₹ 100. The economy and mid-market segment together comprise of more than 88% of the total domestic innerwear market. Your Company is present across all the segments and predominantly caters to the Mid Premium segment.

Over the next 5 years (2010 to 2015), in value terms, both men's innerwear and women's lingerie segments are expected to grow strongly by 17.3% and 14.8% CAGR, respectively. This indicates that going forward the men's innerwear will outperform the women's lingerie market in value terms. Over the next 5 years (2010 to 2015), the men's innerwear segment is expected to grow slightly faster (10% CAGR) than the women's lingerie segment (9.6% CAGR) in volume terms.

In terms of geographical mix, the rural market dominates the demand for innerwear in India. CRISIL Research expects demand from rural market to grow by 17.4% CAGR and urban market by 13.1% CAGR over the next 5 years (2010 to 2015). Higher rural market growth would be due to lower penetration of branded readymade garments as compared to urban market.

### C. Growth Drivers

India holds immense growth potential for the lingerie industry, which is evident from the entry of large international brands in the Indian market in the last few years. A key factor characterizing the blooming Indian lingerie market is the increasing size of the organized market and the declining share of the unorganized market resulting in growing independent brands taking charge of the market. In addition, growing income levels of Indians and their changing lifestyles has rechristened lingerie from just an undergarment to a fashion clothing item, at least in the urban centers.

The main growth drivers of demand for the innerwear industry are :

- Increasing income levels and high spending power.
- Preference for recognizable brands.



## MANAGEMENT DISCUSSION AND ANALYSIS

- Growing urbanization.
- Growth in penetration of organized retail.
- Increasing penetration of electronic media leading to greater preference for branded products.

### OPPORTUNITIES & THREATS

The Emerging Retail Industry and Malls also provide huge opportunities for the Apparel, Handicraft and other segments of the industry. The Ministry has regularly taken initiatives to promote the sector. However, what has really unnerved the industry is that the textile package offered by the Budget has addressed only the handloom and powerloom sectors and is absolutely silent on issues like credit availability at concessional rates and its failure to meet the major demands of garment exporters. There is growing concern over deceleration in growth in overall exports, including textiles. The Union Budget 2012-13 entailed negligible boosts for the textile and hosiery sector -

- Financial package of ₹ 3,884 crore for waiver of loans for handloom weavers and their cooperative societies.
- Textile mills planning modernisation will benefit from customs duty exemption (5% earlier) on automatic shuttleless looms.
- The import duty on second hand automatic looms will also come down to 9.33% from the present 14.33%.
- SIDBI funding for SME will help in the entrepreneur development program in Technical Textile.
- 200% weightage reduction in R&D in house activity.
- National Skill development mission increase in budget can help the sector to fund its skill shortage issues too.
- The abatement of 55% from the maximum retail price (MRP) has also been raised to 70%. This would bring down the incidence of duty as a percentage of MRP from 4.5% to 3.6%.
- The Directorate General of Foreign Trade has banned the exports of cotton from India, the second largest producer and exporter of the commodity with immediate effect from March 5, 2012. Because of this move the cotton prices may come down by about 3-4%.

However, your Company has an edge in the form of strong domain expertise, powerful brand positioning, strength and resilience of the brands, fully integrated state of the art production facilities, cutting-edge technology and unparalleled product innovation capabilities combined with the deep retail market penetration, which provides a highly potent platform to seize the opportunities that are bound to arise during cyclical downturns in the form of newer markets, new segments of customers, new channels of distribution etc.

The entry of multinational brands, while increasing competition, will also help drive innerwear industry growth as consumers get increasingly aware and brand conscious. Many of these brands are in the premium & super premium category and the emergence of higher price points at retail destinations will create opportunity for brands with value proposition i.e fashion with quality at reasonable prices. Your Company with its strong brands straddling each key segment is well positioned to gain from this trend.

The textile industry has to bear with the fluctuation in raw material prices as there is a time lag between procurement of raw materials and introducing the finished products in the market. Though the rise in prices is mostly passed on to the consumers similarly decrease in prices is also passed on to the consumers. However, the Company needs to absorb the difference during the process.

### RISKS & CONCERNS

The biggest risk in recent times has been the impact of macro events on consumer sentiments like new or changing fashion trends in times of financial crisis, impact on the consumer confidence and has a protracted impact on discretionary spending.



## MANAGEMENT DISCUSSION AND ANALYSIS

India has witnessed a strong recovery but with rising volatility in global markets, higher inflation, the risk of financial contagion can potentially undermine the consumer sentiment which has revived. Increasing competition with more and more international brands and retailers penetrating Indian markets can also result in pricing pressure as international players bring with them superior technology, high quality and economies of scale across the supply chain along with discounts and extend sale proceeds to drive revenue growth. Your Company has a bouquet of brands which cater to classes as well as masses.

The branded innerwear & apparel industries need continuous product innovation to track fashion trends and changes in consumer preferences. The ability to create products in line with changing trends at affordable price points is critical to maintain the brand pull and connect with the consumer. Your Company has a de-risked business model that focuses on creating brands and follows the model of outsourcing for manufacturing of products and therefore investment in fixed assets is low. The entire procurement and handling of the materials is controlled by your Company and the same is outsourced to independent job work firms for manufacturing only. Your Company has a state of the art dyeing and bleaching facility to ensure the best quality color products at Domjur, West Bengal and knitting facilities at Domjur, West Bengal and Tirupur, Tamil Nadu. Further, your Company has strong controls on logistic and supply chain management (SCM) leading to better inventory controls.

Your Company has high working capital requirement in its business and any adverse change in interest rates may affect the margins and the profitability of your Company. To overcome this, your Company optimizes the entire requirement through both internal cash flows and loan from banks & financial institutions. Further, your Company enjoys excellent relationship with the banks & financial institutions and has been assisted with lending at very competitive rates in the market.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company places prime importance to effective internal controls as well as good internal audit system. The internal control is supplemented by an extensive program of internal audit headed by an internal audit firm of Chartered Accountants to monitor adherence to all internal policies and procedures as well as compliance with all external regulatory guidelines, review by management, and policies, guidelines and procedures duly approved by the Audit Committee of the Board of Directors.

The Company has a system of internal control comprising authority levels, supervision, checks and balances and procedures. The system is reviewed and updated on an on going basis with an objective to improve systems and efficiency of operations. It is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has an innate desire and zeal to contribute towards the welfare and social upliftment of the community. The Company continues to support the following CSR initiatives :

- The group has established the Sobhasaria Engineering College at Sikar in Rajasthan which provides quality education to the children of the local populace.
- Rupa is part of the Heritage Institute of Technology as well as The Heritage School and Sri Sri Academy in Kolkata, to meet the challenges created in the country owing to increased global competition and rapid technological changes.
- As part of its efforts to give back to society, Rupa is also closely associated with various hospitals, like Sankara Nethralaya (Eye Hospital), Kolkata.
- Rupa is sincerely committed to producing environmentally friendly clothes that minimize carbon footprint and help to make the planet a greener place. All Rupa products are made from superior and natural fibers that are grown in sustainable farming methods. Rupa ensures that the raw materials and production processes do not destroy the environment with harmful chemicals and conserve water, energy and natural resources.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ENVIRONMENT AND SAFETY

Your Company is conscious of the importance of environmentally clean and safe operations. Your Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

### HUMAN RESOURCES

The Company recognizes the need to have optimum level of human resource and orientation towards team efforts for sustained growth and performance. Your Company believes that people constitutes the strength of an organization and has established systems that reduces hierarchy and fosters performance, transparency, fairness and empowerment at all levels.

The relations with Company's work force continue to be very cordial and their unstinted co-operation has enabled the unit to achieve continuous growth, both quantitatively and qualitatively. The Commitment of the workforce is one of the strong pillars for the sustenance of growth in the years ahead. Your Company continued to maintain excellent industrial relations with all its employees and independent job work firms. Adequate safety and welfare measures are in place and your Company will continue to improve the same on ongoing basis.

### SEGMENT-WISE PERFORMANCE

The Company broadly has 3 primary segments viz., Sales, Services & Power Generation and 2 geographical segments viz. Domestic and Exports. The revenues generated under each segment have been narrated in Notes to the Accounts.

### FUTURE OUTLOOK

Your Company has achieved a significant growth at all levels and has grown by 9.38%, 28.65% and 29.24% in Sales, EBIDTA and PAT respectively. It has been constantly following emerging market trends and has accordingly from time to time revamped its marketing strategies and product portfolios. The Company is trying to come up with some new products and ranges of inner and casual wears according to changing consumer needs and demands and is on the path to becoming a lifestyle solution for discerning customers with an offering of a range of fabrics, garments and accessories in a premium shopping environment. In line with our vision pursuant to the launch of outer fashion wear for kids under the brand "Imoogi" your Company has also forayed into men's fashion wear and has commenced manufacturing Jeans under its premium Brand "EURO"

Your Company will penetrate further into the domestic market and continuously grow in current format of distribution. Apart from this, your Company will establish its presence in Multi Brand Outlets (MBOs) and the Large Retail Formats (LFRs) space in India. In International market, your Company will consolidate its presence in Middle East markets and penetrate further in the emerging International markets.

### CAUTIONARY STATEMENT

*Statements in this 'Management Discussion and Analysis' detailing the Company's objectives, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply condition, cost of inputs, finished goods prices, changes in government regulations, tax regimes etc.*

*We assume no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events. Actual results may differ from those expressed or implied herein.*



## REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is a system by which corporate entities are directed and controlled encompassing the entire mechanics of the functioning of a Company. Good corporate governance practices are a sine qua non for sustainable business that aims at generating long term value to all its shareholders and other stakeholders.

Your Company believes that strong governance standards focusing on fairness, transparency, accountability and responsibility are vital not only for the healthy and vibrant corporate sector growth, as well as for the inclusive growth of the economy. The Company has always focused on good corporate governance, which is a key driver of sustainable corporate growth and long term value creation for its shareholders. The Company has proactive measures to periodically review and revise the Corporate Governance practices by subjecting business processes to audits and checks that measure up to the required standards. The Company believes that Corporate Governance is not just limited to creating checks and balances; it is more about creating organization excellence leading to increasing employee and customer satisfaction and shareholder value. The Company always endeavors to leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and spark dynamism and entrepreneurship at all levels.

### 2. BOARD OF DIRECTORS

#### a) Composition of the Board :

The Board provides leadership, strategic guidance and independent view to the Company's management while discharging its responsibilities. The Board consists of distinguished persons having requisite knowledge and expertise in business & industry, corporate finance, taxation, legal matters, risk management and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors, meets with the requirements of Clause 49 (1) (A) of the Listing Agreement. The number of Independent Directors is one-half of the total number of Directors.

The Company Board comprises of ten directors as on March 31, 2012. The Chairman is an Executive Director, and half of the Board consists of Independent Directors. The Composition of the Board of Directors as on March 31, 2012 & the number of other Directorships and Board Committee Memberships/Chairmanships including changes since the last report are as follows :

Name of Directors	Category	Number of Other Directorships and Committee Position held		
		Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Prahlad Rai Agarwala (Chairman)	Executive & Non-Independent	1	–	–
Mr. Ghanshyam Prasad Agarwala (Vice-Chairman)	Executive & Non-Independent	1	–	–
Mr. Kunj Bihari Agarwal (Managing Director)	Executive & Non-Independent	1	–	–
Mr. Mukesh Agarwal	Executive & Non-Independent	4	–	–
Mr. Ramesh Agarwal	Executive & Non-Independent	11	1	1
Mr. Shree Krishna Khaitan	Non-Executive & Independent	4	–	–
Mr. Radhe Shyam Agarwal**	Non-Executive & Independent	8	1	–
Mr. Dharam Chand Jain	Non-Executive & Independent	–	–	–
Mr. Sushil Patwari	Non-Executive & Independent	4	2	–

## REPORT ON CORPORATE GOVERNANCE

Name of Directors	Category	Number of Other Directorships and Committee Position held		
		Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Vinod Kumar Kothari	Non-Executive & Independent	4	4	–
Mr. Raj Narain Bhardwaj <sup>#</sup>	Non-Executive & Independent	10	6	4

<sup>\*\*</sup>Mr. Radhe Shyam Agarwal resigned from directorship of the Company with effect from May 28, 2012.

<sup>#</sup> Mr. Raj Narain Bhardwaj was appointed as a Director in the casual vacancy caused by the resignation of Mr. Radhe Shyam Agarwal with effect from May 28, 2012.

\* Directorships in Private Limited Companies/Foreign Companies/Companies Under Section 25 of the Companies Act, 1956 are not included.

+ Only covers membership/chairmanship of Audit Committee and Shareholder/Investor Grievance Committee.

None of the Directors is a member of more than ten Committees or a member in more than 10 Board Committees or Chairman of more than five Committees across all Companies.

### b) Board Procedure :

The Board meets at least once a quarter to review the quarterly business and the financial performance of the Company. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board papers, comprising the agenda backed by comprehensive background information are circulated to the Directors in advance and, in exceptional cases, the same is tabled at the Board Meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The information as specified in Annexure I A to the existing Clause 49 of the Listing Agreement entered into with the Stock Exchanges is regularly made available to the Board wherever applicable.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company.

The Board's function is not limited to matters requiring statutorily the Board's approval. The Board is involved in all the important decisions relating to the company and policy matters, strategic business plans, new avenues of investment and expansion, compliance with statutory/regulatory requirements, major accounting provisions are considered by the Board.

The Minutes of the Board Meetings are circulated to all Directors and confirmed at subsequent Meeting.

The Minutes of Audit Committee and other Committees of the Board are regularly placed before the Board. The Minutes of the Board Meetings of the subsidiary companies shall be placed in the Board Meetings of the Company.

### c) Attendance of each director at the board meetings and the last annual general meeting :

During the financial year ended March 31, 2012, four Board Meetings were held on May 30, 2011, August 11, 2011, November 03, 2011 and February 11, 2012. The attendance of each Director at the Board Meetings and also at the last Annual General Meeting (AGM) is given below :

Name of Directors	Category	Attendance Particulars	
		Board Meetings	Last AGM
Mr. Prahlad Rai Agarwala (Chairman)	Executive & Non-Independent	4	No
Mr. Ghanshyam Prasad Agarwala (Vice-Chairman)	Executive & Non-Independent	3	No
Mr. Kunj Bihari Agarwal (Managing Director)	Executive & Non-Independent	4	Yes
Mr. Mukesh Agarwal	Executive & Non-Independent	3	No





## REPORT ON CORPORATE GOVERNANCE

Name of Directors	Category	Attendance Particulars	
		Board Meetings	Last AGM
Mr. Ramesh Agarwal	Executive & Non-Independent	4	No
Mr. Shree Krishna Khaitan	Non-Executive & Independent	4	No
Mr. Radhe Shyam Agarwal	Non-Executive & Independent	1	No
Mr. Dharam Chand Jain	Non-Executive & Independent	3	No
Mr. Sushil Patwari	Non-Executive & Independent	4	No
Mr. Vinod Kumar Kothari	Non-Executive & Independent	2	Yes
Mr. Raj Narain Bhardwaj	Non-Executive & Independent	N.A.	N.A.

### 3. AUDIT COMMITTEE

#### a) Broad Terms of Reference :

As on March 31, 2012 the Audit Committee comprised of five members, three of them were Non-Executive & Independent. All members have financial and accounting background. The Company Secretary of the Company acts as Secretary of the Audit Committee.

The Audit Committee shall be responsible for, among other things, as may be required by the stock exchanges from time to time, the following :

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956, as amended;
  - b) Changes, if any, in accounting policies and practices along with reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring

## REPORT ON CORPORATE GOVERNANCE

the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with the internal auditors any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- Reviewing the functioning of the Whistle Blower Mechanism, in case the same is existing;
- Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the Listing Agreement as and when amended from time to time.

### b) Composition of the Committee :

The Audit Committee comprises of Five Directors, three of whom are Independent Directors and two are Non-Independent Directors. The Audit Committee is constituted in accordance with the provisions of Clause 49 (II) (A) of the Listing Agreement and the Companies Act, 1956. All the members of the committee are well versed with finance & accounts, legal matters, company law, corporate affairs and general business practices. The Committee is empowered to seek any information it requires from any employee or to obtain legal or other independent professional advice when considered necessary. The Executive Director of the Company is specially invited at the meetings of the Committee, whenever required. The Statutory Auditors and the Internal Auditors are also invited to the Meetings whenever required. The quorum for the Audit Committee Meeting is two members. The Company Secretary acts as Secretary to the Committee.

The minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meetings. The composition of the Audit Committee is as follows :

Name of Members	Position	Category
Mr. Vinod Kumar Kothari	Chairman	Non-Executive & Independent
Mr. Sushil Patwari	Member	Non-Executive & Independent
Mr. Shree Krishna Khaitan	Member	Non-Executive & Independent
Mr. Mukesh Agarwal	Member	Executive & Non-Independent
Mr. Ramesh Agarwal	Member	Executive & Non-Independent

### c) Meetings & Attendance of Directors in Meetings :

During the financial year ended March 31, 2012, four Audit Committee Meetings were held on May 30, 2011, August 11, 2011, November 03, 2011 and February 11, 2012.



## REPORT ON CORPORATE GOVERNANCE

The attendance at the Audit Committee Meetings is as under :

Name of Members	Meetings held during the year and Attendance			
	May 30, 2011	August 11, 2011	November 03, 2011	February 11, 2012
Mr. Vinod Kumar Kothari	Absent	Absent	Present	Present
Mr. Sushil Patwari	Present	Present	Present	Present
Mr. Shree Krishna Khaitan	Present	Present	Present	Present
Mr. Mukesh Agarwal	Absent	Present	Present	Present
Mr. Ramesh Agarwal	Present	Present	Present	Present

The Company Secretary was present at all the above meetings.

Mr. Vinod Kumar Kothari, Chairman of the Audit Committee attended the last Annual General Meeting held on September 28, 2011 and replied to the queries related to Accounts to the satisfaction of the shareholders.

### INTERNAL AUDITORS

The Company has appointed Das & Prasad, a firm of Chartered Accountants as Internal Auditors to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

## 4. REMUNERATION COMMITTEE

### a) Terms of Reference :

The Remuneration Committee shall be responsible for, among other things, as may be required by the stock exchanges from time to time, the following :

- Reviewing, assessing and recommending the appointment of Executive/Non-Executive Directors and Senior Employees;
- Reviewing the remuneration packages of Executive/Non-Executive Directors and Senior Employees;
- Recommending payment of compensation in accordance with the provisions of the Companies Act, 1956, as amended;
- Considering and recommending grant of employees stock option, if any, and administration and superintendence of the same; and
- Carrying out any other function contained in the listing agreements, as and when amended from time to time.

### b) Composition of the Committee :

Name of Member	Category
Mr. Shree Krishna Khaitan	Non-Executive & Independent
Mr. Sushil Patwari	Non-Executive & Independent
Mr. Vinod Kumar Kothari	Non-Executive & Independent

### c) Meetings & Attendance of Directors in Meetings :

No meeting of the committee was held during the year

### REMUNERATION POLICY

#### A. Remuneration to Non-Executive Directors :

The Non-Executive Directors are paid remuneration by way of sitting fees @ ₹ 20,000 for each meeting of the Board and ₹ 10,000 for any Committee thereof attended by them.

## REPORT ON CORPORATE GOVERNANCE

### B. Remuneration to Whole-time Directors :

The appointment of Whole-time Directors are governed by resolutions passed by the Board of Directors and Shareholders of the Company, which covers the terms of such appointment, payment of remuneration to Whole-time Directors, which are governed by the respective Agreements executed between them and the Company. Remuneration paid to Whole-time Directors are recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at General Meetings. The remuneration package of Whole-time Directors comprises of salary, perquisites and allowances, commission and contributions to Provident and other Funds as approved by the shareholders at General Meetings. Annual increments are decided by the Remuneration Committee and recommended to the Board for approval thereof. Presently, the Company does not have any stock option plan or performance linked incentives for its Directors.

**Details of Remuneration of Directors for the financial year ended March 31, 2012 are given below :**

#### NON-EXECUTIVE DIRECTORS

Name of Directors	Sitting Fees (₹)	No.of Shares Held
Mr. Shree Krishna Khaitan	130,000	Nil
Mr. Radhe Shyam Agarwal	20,000	Nil
Mr. Dharam Chand Jain	60,000	40,000
Mr. Sushil Patwari	130,000	Nil
Mr. Vinod Kumar Kothari	60,000	Nil
<b>Total</b>	<b>400,000</b>	<b>40,000</b>

#### WHOLE-TIME DIRECTORS

Name of Directors	Salary & Allowances (₹)	Commission (₹)	Perquisites (₹)	Total (₹)
Mr. Prahlad Rai Agarwala (Chairman)	3,600,000	1,200,000	592,654	5,392,654
Mr. Ghanshyam Prasad Agarwala (Vice-Chairman)	3,000,000	—	646,237	3,646,237
Mr. Kunj Bihari Agarwal (Managing Director)	3,000,000	—	841,973	3,841,973
Mr. Ramesh Agarwal	1,800,000	—	—	1,800,000
Mr. Mukesh Agarwal	1,800,000	—	—	1,800,000
<b>Total</b>	<b>13,200,000</b>	<b>1,200,000</b>	<b>2,080,864</b>	<b>16,480,864</b>

### 5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

#### a) Terms of Reference :

Terms of Reference for the Shareholders'/Investors' Grievance Committee :

The Shareholders'/Investors' Grievance Committee shall be responsible for, among other things, as may be required by the stock exchanges from time to time, the following :

- Redressal of investors' complaints;
- Allotment of shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc;
- Non-receipt of declared dividends, balance sheets of the Company, etc; and
- Carrying out any other function contained in the listing agreements, as and when amended from time to time.



## REPORT ON CORPORATE GOVERNANCE

Share transfer formalities are done fortnightly by the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd. The Compliance Officer is authorized to give effect to share transfers as approved by the Registrars & Share Transfer Agents.

The Share Department of the company and the Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Pvt. Ltd. attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Department of Company Affairs, Registrar of Companies, etc.

The Minutes of the Shareholders'/Investors' Grievances Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and e-mail addresses to facilitate prompt action.

### b) Composition :

The composition of the Committee of Directors is as under :

Name of Members	Category
Mr. Shree Krishna Khaitan	Non-Executive & Independent
Mr. Sushil Patwari	Non-Executive & Independent
Mr. Mukesh Agarwal	Executive & Non-Independent

### c) Compliance Officer :

The Board has designated Ms. Priya Punjabi Agarwal, Company Secretary as the Compliance Officer.

### d) Meeting and Attendance :

During the financial year ended March 31, 2012, 1 (One) Shareholders'/Investors' Grievances Committee meeting was held on November 03, 2011.

The attendance at the Committee Meeting is as under :

Name of Members	Meeting held during the year and Attendance
	November 03, 2011
Mr. Shree Krishna Khaitan	Present
Mr. Sushil Patwari	Present
Mr. Mukesh Agarwal	Present

### e) Details of shareholders' complaints received, not solved and pending share transfers :

The total number of complaints received, and replied to the satisfaction of the shareholders during the year ended March 31, 2012 were 3 (three). There were no complaints outstanding as on March 31, 2012. The number of share transfers and requests for dematerialization pending as on March 31, 2012 were Nil.

Shareholders'/Investors' complaints and other correspondence are normally attended to within twenty one working days except where constrained by disputes or legal impediments.

## 6. SUBSIDIARY COMPANIES

The Company has two subsidiary companies. Both the subsidiary companies are non-listed and non-material. The Minutes of the Board Meetings of the subsidiary companies are placed in the Board Meetings of the Company. Statement of important and significant transactions of the subsidiary companies is placed regularly in the Board Meetings of the Company. The Audit Committee of the Company regularly reviews financial statement & in particular the investments made by the unlisted subsidiaries of the Company.



## REPORT ON CORPORATE GOVERNANCE

### 7. CEO/CFO CERTIFICATION

The Chairman & Managing Director of the Company have given the certificate to the Board as well as disclosed the required information to the Statutory Auditors and the Audit Committee in terms of Clause 49 (V) of the Listing Agreement.

### 8. GENERAL BODY MEETINGS

#### (a) Details of Location and time where last three AGMs held are as follows :

Year	Location	Date	Time
2008 - 2009	Merchants' Chamber of Commerce Somani Conference Hall 15B Hemanta Basu Sarani, Kolkata - 700 001	22.09.2009	9.30 A.M
2009- 2010	Merchants' Chamber of Commerce Somani Conference Hall 15B Hemanta Basu Sarani, Kolkata - 700 001	30.09.2010	11.00 A.M
2010-2011	Merchants' Chamber of Commerce Somani Conference Hall 15B Hemanta Basu Sarani, Kolkata - 700 001	28.09.2011	11.00 A.M

#### (b) Special Resolutions Passed at last three Annual General Meetings (AGM) :

1 (one) special resolution was passed during the Annual General Meeting held on September 30, 2010 approving the appointment of the relatives of the Directors of the Company to office of place of profit at an increased remuneration.

#### (c) Passing of Resolutions by Postal Ballot :

No such resolution was passed in last year's AGM that was required to be put through postal ballot. No such resolution is proposed at the forthcoming AGM, which is required to be put through postal ballot as per applicable rules.

### 9. CODE OF CONDUCT

The Company had adopted a comprehensive Code of Conduct as per the provisions of Clause 49(I)(D) of the Listing Agreement for all its Directors and Senior Management Personnel. The Code has also been displayed on the Company's Website - [www.rupa.co.in](http://www.rupa.co.in). All members of the Board and Senior Management Personnel have affirmed their compliances with the provisions of this Code of Conduct as on March 31, 2012 and a declaration to this effect signed by Managing Director forms part of this report.

### 10. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of Insider Trading by Company insiders. The code, inter alia, prohibits purchase and/or sale of shares of the Company by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company.

### 11. DISCLOSURES

#### a) Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Transactions with related parties as per requirements of Accounting Standard AS 18 are disclosed in Note No. 38 in the Annual Report.



## REPORT ON CORPORATE GOVERNANCE

### b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

### c) Non-mandatory requirements

Adoption of Non-mandatory requirements of Clause 49 of the Listing Agreement are being reviewed by the Board from time to time and adopted wherever necessary.

## 12. MEANS OF COMMUNICATION

- i. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the performa prescribed in Clause 41 of the Listing Agreement.
- ii. The approved financial results are forthwith sent to the designated Stock Exchanges and are published in one of the prominent business daily and Arthik Lipi, a local language newspaper. Presently, the same are not sent to the shareholders separately.
- iii. The Company's financial results and official news releases are displayed on the Company's website [www.rupa.co.in](http://www.rupa.co.in).
- iv. No formal presentations were made to the institutional investors and analysts during the year under review.
- v. Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

## 13. COMPLIANCE CERTIFICATE

### CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To  
The Members of **Rupa & Company Limited**

We have examined the compliance of conditions of Corporate Governance by RUPA & COMPANY LIMITED, for the year ended on March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our Examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **L. B. JHA & CO.**  
Chartered Accountants  
Registration No. 301088E

**T. Mandal**  
Partner

Place : Kolkata  
Dated : The 28th day of May, 2012

Membership No. 050070

## REPORT ON CORPORATE GOVERNANCE

### 14. GENERAL SHAREHOLDER INFORMATION

**Registered Office** : Metro Tower, 8th Floor, 1, Ho Chi Minh Sarani, Kolkata - 700 071  
Phone : +91 33 30573100

**Annual General Meeting** : **Date and Time**  
September 29, 2012 at 11.00 A.M.

**Venue**  
Somani Conference Hall  
Merchant Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001

#### Financial Calendar :

Financial reporting for the quarter ending June 30, 2012 : On or before 14.08.2012  
Financial reporting for the half year ending September 30, 2012 : On or before 14.11.2012  
Financial reporting for the quarter ending December 31, 2012 : On or before 14.02.2013  
Financial reporting for the year ending March 31, 2013 : On or before 30.05.2013

**Date of Book Closure** : September 22, 2012 to September 29, 2012 (both days inclusive).

#### Dividend :

The dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid at par to those members, whose names appear on the Company's Register of Members as holders of equity shares in physical form on September 22, 2012. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose as on the closing hours of business on September 21, 2012.

#### Listing on Stock Exchange :

The Equity shares of the Company are listed on The Calcutta Stock Exchange Limited (CSE) and The Jaipur Stock Exchange Limited (JSEL). Bombay Stock Exchange Limited (BSE) has permitted the Equity shares of the Company for trading under the "B" group with effect from September 09, 2011 and National Stock Exchange of India Ltd. (NSE) has permitted the Equity shares of the Company for trading with effect from December 07, 2011. Annual Listing Fees as prescribed have been paid to all the designated stock exchanges for the financial year 2012-13.

#### Stock Code :

CSE 028161	JSE 811	BSE 533552	NSE RUPA
------------	---------	------------	----------

Demat ISIN No. For NSDL and CDSL - INE895B01021

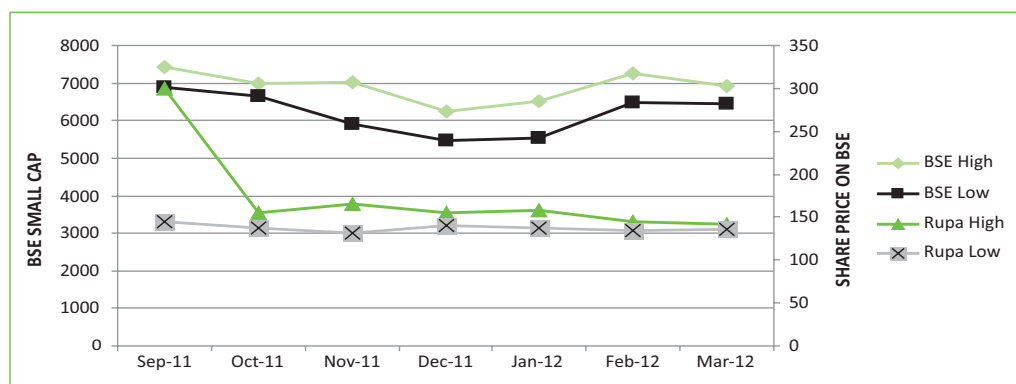
#### Stock Market Data :

There were no transactions in the equity shares of the Company listed at The Calcutta Stock Exchange and Jaipur Stock Exchange, hence monthly high and low quotations and volume of shares traded on the Bombay Stock Exchange and National Stock Exchange during the year are given below :-

Month & Year	BSE			NSE		
	High (₹)	Low (₹)	Close (₹)	High (₹)	Low (₹)	Close (₹)
September, 2011	300.00	145.00	152.20	N.A.	N.A.	N.A.
October, 2011	154.90	137.00	145.00	N.A.	N.A.	N.A.
November, 2011	165.20	132.00	145.10	N.A.	N.A.	N.A.
December, 2011	155.00	140.00	142.80	170.00	116.35	142.00
January, 2012	157.90	138.00	141.00	145.05	130.00	144.00
February, 2012	145.00	134.00	140.00	147.00	130.10	140.00
March, 2012	142.00	135.30	140.50	145.00	138.00	140.00



## REPORT ON CORPORATE GOVERNANCE



### Registrar and Share Transfer Agents :

#### Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor, Kolkata - 700 001

Phone : +91 33 2243 5809, Fax : +91 33 2248 4787

E-mail : mdpl@cal.vsnl.net.in

### Share Transfer System :

The transfer of shares in physical form is processed and completed by Maheshwari Datamatics Private Limited every fortnight provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Agreement with the Stock Exchanges, a practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued.

### Distribution of Shareholding as on March 31, 2012 :

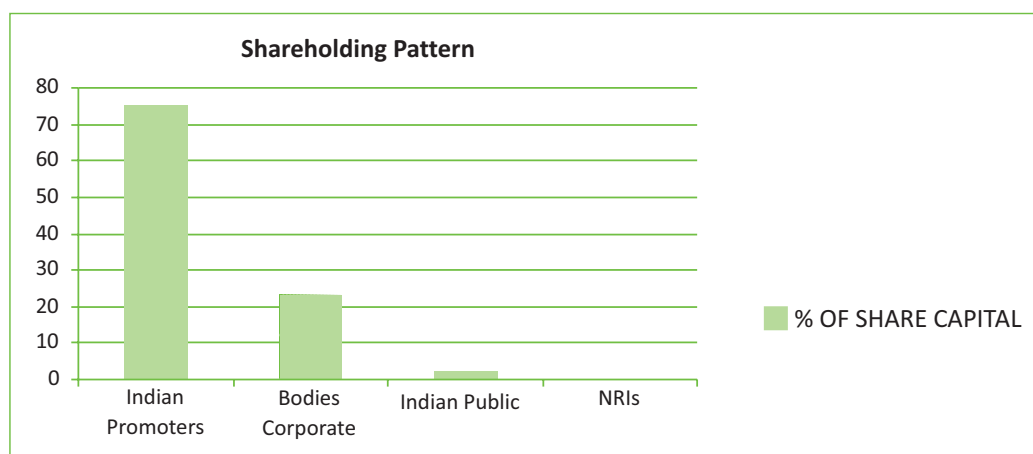
Number of Shares	Shareholders		Shares	
	No.	% of Total	No.	% of Total
1 - 500	1,367	79.755	79,647	0.10
501 - 1000	72	4.201	63,456	0.08
1001 - 2000	100	5.834	188,331	0.24
2001 - 3000	19	1.108	54,389	0.07
3001 - 4000	29	1.692	114,412	0.14
4001 - 5000	16	0.934	79,527	0.10
5001 - 10000	45	2.625	378,696	0.48
10001 and above	66	3.851	78,566,102	98.79
<b>Total</b>	<b>1,714</b>	<b>100.00</b>	<b>79,524,560</b>	<b>100.00</b>

### Shareholding pattern as on March 31, 2012 :

Category	No. of Shares Held	% of Share Capital
<b>A. PROMOTER'S HOLDING</b>		
<b>Promoters</b>		
a. Indian Promoters	59,586,390	74.93
b. Foreign Promoters	Nil	Nil
<b>Sub-total</b>	<b>59,586,390</b>	<b>74.93</b>

## REPORT ON CORPORATE GOVERNANCE

Category	No. of Shares Held	% of Share Capital
<b>B. NON-PROMOTER'S HOLDING</b>		
<b>1. Institutional Investors</b>		
a. Mutual Funds and UTI	Nil	Nil
b. Banks, Financial Institutions, Insurance Companies	Nil	Nil
c. FII's	Nil	Nil
<b>Sub-total</b>	<b>Nil</b>	<b>Nil</b>
<b>2. Others</b>		
a. Bodies Corporate	18,498,620	23.26
b. Indian Public	1,438,467	1.81
c. NRIs	1,083	0.001
d. Others	Nil	Nil
<b>Sub-total</b>	<b>19,938,170</b>	<b>25.07</b>
<b>Grand Total</b>	<b>79,524,560</b>	<b>100</b>



### Dematerialization of Shares and Liquidity :

99.19% of the equity shares of the Company have been dematerialized as on March 31, 2012. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have the option to dematerialize their shares with either of the depositories.

### Status of Dematerialization as on March 31, 2012 :

Particulars	No. of Shares	% to Total Capital	No. of Accounts
National Securities Depository Ltd. (NSDL)	71,582,250	90.01	917
Central Depository Services (India) Ltd. (CDSL)	7,298,705	9.18	518
<b>Total Dematerialized</b>	<b>78,880,955</b>	<b>99.19</b>	<b>1,435</b>
Physical	643,605	0.81	279
<b>Grand Total</b>	<b>79,524,560</b>	<b>100</b>	<b>1,714</b>

### Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity :

The Company has not issued any GDRs/ADRs/Warrants or any other Convertible instruments.





## REPORT ON CORPORATE GOVERNANCE

### Unclaimed Dividends :

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF :

Financial Year	Date of declaration of dividend	Due Date for transfer to IEPF
2004-2005	August 29, 2005	05.10.2012
2005-2006	August 28, 2006	04.10.2013
2006-2007	September 14, 2007	20.10.2014
2007-2008	September 30, 2008	05.11.2015
2008-2009	September 22, 2009	28.10.2016
2009-2010	September 30, 2010	20.10.2017
2010-2011	September 28, 2011	04.10.2018

### Nomination :

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

### Electronic Clearing Service :

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for crediting dividends through Electronic Clearing Services (ECS) to the investors wherever ECS and bank details are available, in the absence of ECS facility, the Company is required to print the bank account details on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors.

However, members who wish to receive dividend in an account other than the one specified while opening the Depository Account, may notify their DPs about any change in the Bank Account details.

### Plant Locations :

- a) Jalan Industrial Complex  
Bombay Road (National Highway 6)  
P.O. - Begri, Vill - Biprannapara  
Howrah - 711 411 (W.B.)
- b) 16, Shastri Nagar  
3rd Street, Angeripalayam Road  
Tirupur - 640 602

### Address for Correspondence :

Registrar & Share Transfer Agents	Compliance Officer	Registered Office
Maheshwari Datamatics Pvt.Ltd. 6, Mangoe Lane, 2nd Floor Kolkata 700 001 Phone : +91 33 2243 5809 Fax : +91 33 2248 4787 E-mail : mdpldc@yahoo.com	Ms. Priya Punjabi Agarwal Company Secretary & Compliance Officer Phone : +91 33 3057 3137 E-mail : cs@rupa.co.in	M/s. Rupa & Company Limited Metro Tower, 8th Floor 1, Ho Chi Minh Sarani Kolkata - 700 071 Phone : +91 33 3057 2100 Fax : +91 33 2288 1363 E-mail : connect@rupa.co.in/investors@rupa.co.in

## REPORT ON CORPORATE GOVERNANCE

### Reconciliation of Share Capital Audit :

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the designated Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

### Code of Conduct Declaration :

This is to certify that the Company had laid down a Code of Conduct for the Members of its Board of Directors and the Senior Management Personnel in accordance with Clause 49(I) (D) of the amended Listing Agreement with the designated Stock Exchanges and adopted by the Board at its meeting held on May 28, 2012. On the basis of confirmation received from all Members and Senior Management Personnel, I hereby declare that all the Members of the Board and Senior Management Personnel of the Company have affirmed their compliances with the said Code of Conduct for the year ended March 31, 2012.

Place : Kolkata

Dated : The 28th day of May, 2012

**Kunj Bihari Agarwal**

*Managing Director*



## AUDITORS' REPORT

### TO THE MEMBERS OF RUPA & COMPANY LIMITED

1. We have audited the attached Balance Sheet of **Rupa & Company Limited**, as at 31st March, 2012 and the related Statement of Profit & Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement 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, (collectively referred to as 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (Act) 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 of the matters specified in the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :
  - 4.1 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;
  - 4.2 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 those books;
  - 4.3 The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 4.4 In our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - 4.5 On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India :
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - (b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **L. B. JHA & CO.**  
Chartered Accountants  
Registration No. 301088E

**T. Mandal**  
Partner

Membership No. 050070

Place : Kolkata  
Dated : The 28th day of May, 2012

## ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date]

1. (a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. *However the process of verification needs to be strengthened.* According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. (a) As explained to us, the inventories of finished and semi finished goods and raw materials were physically verified during the year by the Management. *However the process of verification needs to be strengthened keeping in view the nature and size of the business.*
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) The particulars of contract or arrangements referred to in Section 301 that needed to be entered into the register, maintained under the said section have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time other than certain transactions, which as explained to us, are of special nature having no comparable market prices.
6. As explained to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year undisputed statutory dues including provident fund, investor education and protection fund, sales tax, income tax, service tax, cess and other material statutory dues as applicable, with the appropriate authorities.



## ANNEXURE TO THE AUDITORS' REPORT

- (b) According to the information and explanations given to us and the records of the Company examined by us, as at 31st March, 2012, there were no dues in respect of income tax, service tax, excise duty and cess which have not been deposited on account of any dispute other than certain disputed sales tax and value added tax dues as indicated below :

Name of the statute	Nature of dues	Amount (₹ '000)	Period to which the amount relates	Forum where the dispute is pending
West Bengal Value Added Tax Rules, 2005	VAT	27,010	2004-2005 & 2005- 2006	West Bengal Sales Tax Appellate and Revisional Board
Central Sales Tax Act, 1956	Sales Tax	5,275	2005- 2006	West Bengal Sales Tax Appellate and Revisional Board

10. The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank. The Company has not taken any loan from any financial institution or issued any debenture.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has neither issued any debentures during the year nor has any debentures outstanding at the year end.
20. The Company has not raised any money by public issues during the year.
21. 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 instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **L. B. JHA & CO.**  
Chartered Accountants  
Registration No. 301088E

**T. Mandal**  
Partner

Membership No. 050070

Place : Kolkata  
Dated : The 28th day of May, 2012



**BALANCE SHEET**

as at 31st March, 2012

(Amount in ₹)

	Note	March 31, 2012	March 31, 2011
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	79,629,060	79,629,060
Reserves & Surplus	4	1,828,834,890	1,552,256,335
<b>Total Shareholders' Funds (i)</b>		<b>1,908,463,950</b>	<b>1,631,885,395</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	5	160,000,000	240,000,000
Deferred Tax Liabilities	6	126,198,239	111,848,530
Other Long Term Liabilities	7	142,674,789	96,858,186
<b>Total Non-Current Liabilities (ii)</b>		<b>428,873,028</b>	<b>448,706,716</b>
<b>Current Liabilities</b>			
Short Term Borrowings	8	1,470,880,146	1,510,120,944
Trade Payables	9	388,488,253	533,505,513
Other Current Liabilities	10	539,213,950	462,739,260
Short Term Provisions	11	138,638,148	92,425,432
<b>Total Current Liabilities (iii)</b>		<b>2,537,220,497</b>	<b>2,598,791,149</b>
<b>Total Equity &amp; Liabilities (i)+(ii)+(iii)</b>		<b>4,874,557,475</b>	<b>4,679,383,260</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	12	1,116,957,600	1,031,607,165
Intangible Assets	13	12,417,259	20,919,225
Capital Work-in-Progress		39,851,260	40,234,977
Intangible Assets under Development		– 1,169,226,119	– 1,092,761,367
Non-Current Investments	14	41,200,000	41,200,000
Long Term Loans & Advances	15	114,401,680	92,631,995
<b>Total Non-Current Assets (iv)</b>		<b>1,324,827,799</b>	<b>1,226,593,362</b>
<b>Current Assets</b>			
Inventories	16	2,066,646,142	2,108,184,157
Trade Receivables	17	1,255,451,906	1,017,975,494
Cash & Bank Balances	18	51,245,136	73,599,888
Short Term Loans & Advances	19	120,417,162	227,666,296
Other Current Assets	20	55,969,330	25,364,063
<b>Total Current Assets (v)</b>		<b>3,549,729,676</b>	<b>3,452,789,898</b>
<b>Total Assets (iv)+(v)</b>		<b>4,874,557,475</b>	<b>4,679,383,260</b>

The notes are an integral part of these financial statements

As per our Report of even date

For **L. B. JHA & CO.**

Chartered Accountants

Firm Registration No. 301088E

**T. Mandal**

Partner

Membership No. 050070

Place : Kolkata

Date : The 28th day of May, 2012

For and on behalf of Board

**G. P. Agarwala**

Vice Chairman

**P. R. Agarwala**

Chairman

**Priya Punjabi Agarwal**

Company Secretary

**K. B. Agarwal**

Managing Director



## STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2012

(Amount in ₹)

	Note	March 31, 2012		March 31, 2011	
REVENUE					
Revenue From Operations (Gross)	21	7,502,930,141		6,385,034,297	
Less : Excise Duty		514,970,828		—	
Revenue From Operations (Net)			6,987,959,313		6,385,034,297
Other Income	22		6,767,971		12,942,217
Total Revenue			6,994,727,284		6,397,976,514
EXPENSES					
Cost of materials consumed	23		3,774,683,846		3,934,286,524
Purchases of Stock-in-Trade	24		321,744,058		231,519,447
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25		(330,518,573)		(606,170,416)
Employee Benefits Expense	26		82,805,994		61,148,665
Finance Cost	27		211,430,432		151,963,960
Depreciation & Amortisation expense	28		60,615,340		45,802,123
Other expenses	29		2,272,110,980		2,099,156,501
Total Expenses			6,392,872,077		5,917,706,804
Profit before exceptional and extraordinary items and tax			601,855,207		480,269,710
Exceptional Items			—		—
Profit before extraordinary items and tax			601,855,207		480,269,710
Extraordinary Items			—		—
Profit before Tax			601,855,207		480,269,710
Tax Expense :					
- Current Tax			177,000,000		118,000,000
- Deferred Tax			14,349,709		41,863,037
- Provision/(Write back) relating to earlier years			(4,711,205)		225,129
Profit/(Loss) for the period from continuing operations			415,216,703		320,181,544
Profit/(Loss) for the period			415,216,703		320,181,544
Earnings Per Equity Share - Basic and Diluted (Restated)	36		5.22		4.03
(Nominal value per equity share ₹ 1 (March 31, 2011 - ₹ 10))					

The notes are an integral part of these financial statements

As per our Report of even date  
For **L. B. JHA & CO.**

Chartered Accountants

Firm Registration No. 301088E

**T. Mandal**

Partner

Membership No. 050070

Place : Kolkata

Date : The 28th day of May, 2012

For and on behalf of Board

**G. P. Agarwala**

Vice Chairman

**Priya Punjabi Agarwal**

Company Secretary

**P. R. Agarwala**

Chairman

**K. B. Agarwal**

Managing Director

**CASH FLOW STATEMENT**

for the year ended 31st March, 2012

(Amount in ₹)

	March 31, 2012		March 31, 2011	
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>				
<b>Profit Before Tax &amp; Extra-ordinary Items</b>		<b>601,855,207</b>		<b>480,269,710</b>
<b>Adjustment :</b>				
(a) Depreciation and Amortisation	60,615,340		45,802,123	
(b) Interest Charges	183,431,659		132,448,457	
(c) Loss on Sale of Fixed Assets	314,144	<b>244,361,143</b>	837,224	<b>179,087,804</b>
		<b>846,216,350</b>		<b>659,357,514</b>
<b>Adjustment :</b>				
(a) Interest Income	(3,903,278)		(10,317,030)	
(b) Profit on sale of investment	–	<b>(3,903,278)</b>	(40,767)	<b>(10,357,797)</b>
<b>Operating Profit before Working Capital Changes</b>		<b>842,313,072</b>		<b>648,999,717</b>
<b>Adjustment :</b>				
(a) (Increase)/Decrease in Trade and Other Receivables	(182,602,230)		(98,677,694)	
(b) (Increase)/Decrease in Inventories	41,538,015		(877,244,259)	
(c) Increase/(Decrease) in Trade and Other Payables	(51,251,060)	<b>(192,315,275)</b>	265,197,947	<b>(710,724,006)</b>
<b>Cash Generated from Operations</b>		<b>649,997,797</b>		<b>(61,724,289)</b>
Less : (a) Direct Taxes Paid		(152,761,908)		(141,328,705)
Add : (a) Interest received from Operating Activities		3,382,211		2,293,324
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>500,618,100</b>		<b>(200,759,670)</b>
<b>B. CASH FLOW ARISING FROM INVESTING ACTIVITIES</b>				
<b>Inflow :</b> (a) Sale of Fixed Assets	540,142		1,715,230	
(b) Sale of Investment	–		60,040,767	
(c) Interest received	521,067	<b>1,061,209</b>	8,023,706	<b>69,779,703</b>
<b>Outflow:</b> (a) Purchase of Fixed Assets	(137,934,378)		(291,455,741)	
(b) Investment in subsidiary	–	<b>(137,934,378)</b>	(100,000)	<b>(291,555,741)</b>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(136,873,169)</b>		<b>(221,776,038)</b>



## CASH FLOW STATEMENT

for the year ended 31st March, 2012

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES</b>		
(a) Dividend and Dividend Tax paid	(92,425,432)	(60,276,187)
(b) Interest Paid	(174,433,453)	(126,460,079)
(c) Increase/(Decrease) in Long-Term Borrowings	(80,000,000)	240,000,000
(d) Increase/(Decrease) in Short-Term Borrowings	(39,240,798)	374,045,114
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(386,099,683)</b>	<b>427,308,848</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(22,354,752)</b>	<b>4,773,140</b>
Cash & Cash Equivalents at the beginning of the year	73,599,888	68,826,748
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>51,245,136</b>	<b>73,599,888</b>

### Notes :

- The above Cash Flow Statement has been prepared pursuant to Clause 31 of Listing Agreement with Stock Exchange and under the indirect method set out in AS-3 notified under sub-section 3(c) of Section 211 of the Companies Act, 1956.
- Significant Accounting Policies and Notes form an integral part of the Cash Flow Statement.
- Cash & Cash Equivalents represents :

(Amount in ₹)

	As at 31.3.2012	As at 31.3.2011
Cash-in-Hand	1,546,082	4,143,961
Cheques-in-Hand	948,074	3,302,026
Balance with Banks	48,750,980	66,153,901
<b>Total</b>	<b>51,245,136</b>	<b>73,599,888</b>

- Previous year figures have been re-grouped/re-classified to confirm to current year's classification.

As per our Report of even date

For **L. B. JHA & CO.**

Chartered Accountants

Firm Registration No. 301088E

**T. Mandal**

Partner

Membership No. 050070

Place : Kolkata

Date : The 28th day of May, 2012

For and on behalf of Board

**G. P. Agarwala**

Vice Chairman

**Priya Punjabi Agarwal**

Company Secretary

**P. R. Agarwala**

Chairman

**K. B. Agarwal**

Managing Director

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Rupa & Company Limited (the Company) is engaged in manufacture of hosiery products and has the highest market share in knitted undergarments and casual wear in India and the Middle East. The Company owns a number of leading knitted innerwear and intimate wear brands catering to innerwear casual wear and thermal wear markets for men women and kids. It also has a Power Generation Unit which uses the Windmill process. The Company has manufacturing Plants in India and also gets various manufacturing done through jobbers. The Company primarily sells in India and the Middle East through own retail outlets as well as independent retailers. The Company is a public limited company and is listed on the National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd., Calcutta Stock Exchange Ltd. and the Jaipur Stock Exchange Ltd.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

#### 2.2 Use of Estimates

The Preparation of Financial Statement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of Income and Expenses during the reporting period. Difference between the actual results and the estimates are recognized in the year in which the results are known/materialized.

#### 2.3 Tangible Asset

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit & Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit & Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets at the rates prescribed under Schedule XIV of the Companies Act, 1956.





## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible Assets are amortised on a straight line basis over their estimated useful lives.

Gains or Losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit & Loss. The amortization rates used are :

Assets	Rates
Copyrights & Trade Marks	10%
Computer Software	20%

### 2.5 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit & Loss in the period in which they are incurred.

### 2.6 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

### 2.7 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as Current Investments. All other investments are classified as Long-term Investments. Current Investments are carried at cost or fair value, whichever is lower. Long-term Investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

### 2.8 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work-in-progress comprises raw materials direct labour, other direct costs and related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.9 Foreign Currency Transactions

#### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit & Loss.

#### Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit & Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year end on account of firm commitment/highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit & Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March, 2008.

### 2.10 Revenue Recognition

**Sale of goods :** Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer and goods are unconditionally handed over to the transporters for delivery as per the terms of the contract and are recognised net of discounts, rebates, sales taxes and excise duties.

**Sale of Services :** In contracts involving the rendering of services, revenue is recognised using the proportionate completion method.

### 2.11 Other Income

**Interest :** Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividend :** Dividend income is recognised when the right to receive dividend is established.

### 2.12 Exports Incentives

Benefits on account of duty drawback are accounted in the year of export.



## NOTES TO THE FINANCIAL STATEMENTS

### 2.13 Employee Benefits

- (i) **Provident Fund** : Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. Company's Contributions to Provident Fund are charged to Statement of Profit & Loss as and when they become payable.
- (ii) **Gratuity** : The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit & Loss in the year in which they arise. Gratuity Liability is a Fund maintained with the Life Insurance Corporation of India (LIC) under the Group Gratuity Scheme.
- (iii) **Leave encashment** : Leave encashment benefits are accrued and settled on a 12 month period of September to August and are accounted for accordingly.

### 2.14 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred Tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred Tax Assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassess unrecognised deferred tax assets, if any.

Current Tax Assets and Current Tax Liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred Tax Assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 2.15 Provisions and Contingent Liabilities

**Provisions** : Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

## NOTES TO THE FINANCIAL STATEMENTS

**Contingent Liabilities :** Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 2.16 Government Grants

- i) Government Grants of the nature of project subsidy on Capital Assets is recognized as capital subsidy when there is a reasonable assurance that the subsidy will be received.
- ii) Revenue Grant is recognized in the Statement of Profit & Loss on confirmation of reasonable assurance of the receipt.

### 2.17 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the Company.

Revenue and Expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue and Expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses".

The Company has identified business segment as its primary segment. The Company has also identified as its reportable geographical segment, the sales to Indian market and export sales.

### 2.18 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### 2.19 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.20 Prior Period Adjustments/Extra ordinary Items

Prior period items which arise in the current period as a result of error or omission in preparation of prior period's financial statement are separately disclosed in the statement of profit & loss. However, differences in actual Income/expenditure arising out of over/under estimation pertaining to prior periods are not treated as "Prior Period Adjustment".

Extraordinary items, i.e. gains or losses which arise from events or transactions which are distinct from ordinary activities of the company which are material are separately disclosed in the statement of profit & loss.



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012		March 31, 2011	
<b>3. SHARE CAPITAL</b>				
<b>Authorised :</b>				
200,000,000 Equity Shares of ₹ 1/- each*		200,000,000		200,000,000
<b>Issued :</b>				
79,733,560 Equity Shares of ₹ 1/- each*		79,733,560		79,733,560
<b>Subscribed and paid up :</b>				
79,524,560 Equity Shares of ₹ 1/- each*	79,524,560		79,524,560	
209,000 Forfeited Shares of ₹ 1/- each* ₹ 0.50 per share paid up	104,500	79,629,060	104,500	79,629,060
<b>Total</b>		<b>79,629,060</b>		<b>79,629,060</b>

\* Equity Shares of ₹ 10/- each was converted to Equity share of ₹ 1/- each w.e.f. 09.04.2011. Hence, shares of 31.03.2011 are of denomination ₹ 10/- each.

	March 31, 2012		March 31, 2011	
<b>(3a) Reconciliation of number of shares</b>				
Balance as at the beginning of the year		7,952,456		7,952,456
Conversion of face value of ₹ 10/- to face value of ₹ 1/-		71,572,104		—
Balance as at the end of the year		79,524,560		7,952,456

### (3b) Rights, preferences and restrictions attached to shares

**Equity Shares :** The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

	March 31, 2012		March 31, 2011	
<b>(3c) Shares held by holding company, its ultimate holding company or any subsidiary of the holding company/ultimate holding company and subsidiary of holding company</b>		Nil		Nil

### (3d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	March 31, 2012		March 31, 2011	
	No of Shares	%	No of Shares	%
<b>Promoter &amp; Promoter Group :</b>				
Ghanshyam Prasad Agarwala	7,240,910	9.11	724,091	9.11
Kunj Bihari Agarwal	7,278,000	9.15	727,800	9.15
Prahlad Rai Agarwala	9,021,090	11.34	902,109	11.34
Purvanchal Leasing Ltd.	5,807,670	7.30	580,767	7.30
Rajnish Enterprises Ltd.	15,821,190	19.89	1,582,119	19.89
<b>Public :</b>				
Karuna Impex Enterprises Limited	8,650,000	10.88	865,000	10.88

	March 31, 2012		March 31, 2011	
<b>(3e) Equity Shares allotted as fully paid up on conversion of Deep Discount Debentures</b>		19,483,560		1,948,356



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012		March 31, 2011	
<b>4. RESERVES &amp; SURPLUS</b>				
<b>Capital Subsidy :</b>				
Balance as at the beginning of the year		6,075,040		6,075,040
Balance as at the end of the year		<b>6,075,040</b>		<b>6,075,040</b>
<b>General Reserve :</b>				
Balance as at the beginning of the year		172,174,041		147,174,041
Add : Transferred from Surplus in Statement of Profit & Loss		25,000,000		25,000,000
Balance as at the end of the year		<b>197,174,041</b>		<b>172,174,041</b>
<b>Securities Premium Account :</b>				
Balance as at the beginning of the year		688,030,890		688,030,890
Balance as at the end of the year		<b>688,030,890</b>		<b>688,030,890</b>
<b>Surplus in Statement of Profit &amp; Loss :</b>				
Balance as at the beginning of the year	685,976,364		483,220,252	
Profit for the year	415,216,703	<b>1,101,193,067</b>	320,181,544	<b>803,401,796</b>
<b>Less : Appropriations</b>				
Proposed dividend on Equity shares for the year	119,286,840		79,524,560	
Dividend distribution tax on proposed dividend	19,351,308		12,900,872	
Transfer to General Reserve	25,000,000	<b>163,638,148</b>	25,000,000	<b>117,425,432</b>
Balance as at the end of the year		<b>937,554,919</b>		<b>685,976,364</b>
<b>Total Reserves &amp; Surplus</b>		<b>1,828,834,890</b>		<b>1,552,256,335</b>

	March 31, 2012		March 31, 2011	
<b>5. LONG TERM BORROWINGS</b>				
<b>Secured</b>				
<b>Term Loans</b>				
From Banks :				
- Indian Rupee Loans		160,000,000		240,000,000
Total Secured Loans		160,000,000		240,000,000
<b>Total Long Term Borrowings</b>		<b>160,000,000</b>		<b>240,000,000</b>

**Note :**

Nature of Security and terms of repayment for secured borrowings :

Nature of Security	Terms of Repayment
Term Loans from bank amounting to ₹ 2,400 Lakhs (March 31, 2011 - ₹ 3,267.61 Lakhs) secured by first charge by way of hypothecation of movable fixed assets and mortgage of immovable Fixed Assets of Domjur unit and personal Guarantees of 3 Directors.	Repayable within 5 years including a moratorium of 6 months by 18 equal quarterly instalments of ₹ 200 Lakhs each from the date of Loan (March 15, 2010) along with Interest @12.50% per annum.



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>6. DEFERRED TAX LIABILITIES</b>		
<b>Deferred Tax Liabilities</b>		
On Account of Difference between net book value of depreciable capital assets as per books vis-a-vis written down value as per tax laws	126,198,239	111,848,530
<b>Total</b>	<b>126,198,239</b>	<b>111,848,530</b>
<b>7. OTHER LONG TERM LIABILITIES</b>		
<b>Others</b>		
Security Deposits from Customers	142,674,789	96,858,186
<b>Total</b>	<b>142,674,789</b>	<b>96,858,186</b>
<b>8. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<b>From Banks</b>		
Working Capital Loans :		
- Indian Rupee Loans	1,128,863,642	1,207,609,793
- Foreign Currency Loans	342,016,504	302,511,151
Total Secured Loans	1,470,880,146	1,510,120,944
<b>Total Short Term borrowings</b>	<b>1,470,880,146</b>	<b>1,510,120,944</b>

**Note :**

**Nature of Security and terms of repayment for secured borrowings :**

Working capital loan from banks are secured by hypothecation of inventories, books debt and other current assets and further secured by second charge of movable & immovable fixed assets of Domjur unit and personal Guarantees of 3 Directors.

Foreign Currency Loans are within working capital limits and repayable within one year from the drawdown date.

The Company has swapped its principal repayment of an INR Loan at equivalent USD on the maturity date at 44.83 at an interest rate of 5.15% and a monthly settlement of actual USD rate with the swap rate.

	March 31, 2012	March 31, 2011
<b>9. TRADE PAYABLES</b>		
Trade payables (including acceptances)	388,488,253	533,505,513
<b>Total</b>	<b>388,488,253</b>	<b>533,505,513</b>
<b>10. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Borrowings (Note 5)	80,000,000	86,761,116
Unpaid dividends (refer note below)	754,310	671,745
Advances from customers	17,345,902	19,771,974
Provision for Income Tax Net of Advance ₹ 153,616,321 (March 31, 2011 - ₹ 114,143,208)	23,383,679	3,856,792
Statutory Dues including Provident Fund, ESI, Service Tax and Tax Deducted at Source, etc.	102,886,714	23,375,286
Temporary Overdraft due to Reconciliation	967,574	5,345,320
Other Liabilities	313,875,771	322,957,027
<b>Total</b>	<b>539,213,950</b>	<b>462,739,260</b>

## NOTES TO THE FINANCIAL STATEMENTS

**Note :** There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>11. SHORT TERM PROVISIONS</b>		
Provision for Proposed Equity Dividend	119,286,840	79,524,560
Provision for tax on Proposed Equity Dividend	19,351,308	12,900,872
<b>Total</b>	<b>138,638,148</b>	<b>92,425,432</b>

	Land	Buildings	Plant & Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Wind Turbine Generator	Total
<b>12. TANGIBLE ASSETS</b>								
<b>Gross Block :</b>								
As at April 1, 2010	65,440,404	235,867,981	208,651,982	38,175,367	28,791,868	27,036,001	57,878,556	661,842,159
Additions	823,639	79,854,143	447,954,886	2,751,869	4,181,359	3,607,546	–	539,173,442
Disposals	–	–	–	–	3,787,341	183,000	–	3,970,341
As at March 31, 2011	66,264,043	315,722,124	656,606,868	40,927,236	29,185,886	30,460,547	57,878,556	1,197,045,260
Additions	692,196	82,303,949	41,101,134	4,231,465	3,947,292	4,862,742	–	137,138,778
Disposals	–	–	–	–	5,086,344	13,530	–	5,099,874
<b>As at March 31, 2012</b>	<b>66,956,239</b>	<b>398,026,073</b>	<b>697,708,002</b>	<b>45,158,701</b>	<b>28,046,834</b>	<b>35,309,759</b>	<b>57,878,556</b>	<b>1,329,084,164</b>
<b>Depreciation :</b>								
As at April 1, 2010	–	22,586,285	57,358,139	16,358,372	9,129,920	14,537,903	12,232,324	132,202,943
Additions	–	6,404,811	18,369,014	2,501,531	2,538,205	1,783,490	3,055,988	34,653,039
Disposals	–	–	–	–	1,361,616	56,271	–	1,417,887
As at March 31, 2011	–	28,991,096	75,727,153	18,859,903	10,306,509	16,265,122	15,288,312	165,438,095
Additions	–	8,384,283	31,654,235	2,694,636	2,722,665	2,422,250	3,055,988	50,934,057
Disposals	–	–	–	–	4,232,058	13,530	–	4,245,588
<b>As at March 31, 2012</b>	<b>–</b>	<b>37,375,379</b>	<b>107,381,388</b>	<b>21,554,539</b>	<b>8,797,116</b>	<b>18,673,842</b>	<b>18,344,300</b>	<b>212,126,564</b>
<b>Net Block :</b>								
<b>At March 31, 2012</b>	<b>66,956,239</b>	<b>360,650,694</b>	<b>590,326,614</b>	<b>23,604,162</b>	<b>19,249,718</b>	<b>16,635,917</b>	<b>39,534,256</b>	<b>1,116,957,600</b>
At March 31, 2011	66,264,043	286,731,028	580,879,715	22,067,333	18,879,377	14,195,425	42,590,244	1,031,607,165

**Note :** All assets are own assets.



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	Copyrights and Trademarks	Computer Software	Total
<b>13. INTANGIBLE ASSETS</b>			
<b>Gross Block :</b>			
At April 1, 2010	65,000,000	23,245,418	88,245,418
Purchase	—	—	—
Internal Development	—	—	—
At March 31, 2011	65,000,000	23,245,418	88,245,418
Purchase	—	1,179,317	1,179,317
Internal Development	—	—	—
<b>At March 31, 2012</b>	<b>65,000,000</b>	<b>24,424,735</b>	<b>89,424,735</b>
<b>Amortisation :</b>			
At April 1, 2010	43,501,370	12,675,739	56,177,109
Charge for the year	6,500,000	4,649,084	11,149,084
At March 31, 2011	50,001,370	17,324,823	67,326,193
Charge for the year	6,500,000	3,181,283	9,681,283
<b>At March 31, 2012</b>	<b>56,501,370</b>	<b>20,506,106</b>	<b>77,007,476</b>
<b>Net Block :</b>			
<b>At March 31, 2012</b>	<b>8,498,630</b>	<b>3,918,629</b>	<b>12,417,259</b>
At March 31, 2011	14,998,630	5,920,595	20,919,225

**Note :** All assets are own assets.

	March 31, 2012	March 31, 2011
<b>14. NON-CURRENT INVESTMENTS</b>		
<b>Trade Investments</b> (valued at cost unless stated otherwise)		
<b>Unquoted Equity Instruments</b>		
Investment in Subsidiaries :		
10,000 (31.3.2011 -10,000) Equity Shares of ₹ 10/- each in Imoogi Fashions Pvt. Ltd.	100,000	100,000
41,00,000 (31.3.2011 - 41,00,000) Equity Shares of ₹ 10/- each in Euro Fashion Inners International (P) Ltd.	41,000,000	41,000,000
<b>Total Trade Investments</b>	<b>41,100,000</b>	<b>41,100,000</b>
<b>Non-Trade Investments</b> (valued at cost unless stated otherwise)		
<b>In Mutual Funds (quoted) :</b>		
10,000 (31.3.2011 -10,000) Mutual Fund Units of ₹ 10/- each in Morgan Stanley Growth Fund	100,000	100,000
<b>Total Non-Trade Investments</b>	<b>100,000</b>	<b>100,000</b>
<b>Total Non-Current Investments</b>	<b>41,200,000</b>	<b>41,200,000</b>
Aggregate amount of quoted investments	100,000	100,000
Market Value of quoted investments	562,860	627,360
Aggregate amount of unquoted investments	41,100,000	41,100,000

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>15. LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good :</b> (unless otherwise stated)		
Capital Advances	105,618,933	82,571,480
Security Deposits	8,782,747	10,060,515
<b>Total</b>	<b>114,401,680</b>	<b>92,631,995</b>

	March 31, 2012	March 31, 2011
<b>16. INVENTORIES</b>		
Raw Materials	431,257,179	796,009,683
Work-in-Progress	203,906,562	447,806,581
Finished Goods	1,395,813,940	836,471,859
Stock-in-Trade	15,076,511	—
Packing Material	20,591,950	27,896,034
<b>Total</b>	<b>2,066,646,142</b>	<b>2,108,184,157</b>
<b>Details of Inventory</b>		
<b>Finished Goods</b>		
In Transit :		
- Knitwear	9,829,487	14,529,894
Others :		
- Knitwear	1,385,984,453	821,941,965
<b>Stock-in-Trade</b>		
- Jeans	15,076,511	—
<b>Work-in-Progress</b>		
- Knitwear	203,906,562	447,806,581
<b>Raw Materials</b>		
In Transit :		
- Yarn/Than	16,077,662	11,915,290
Others :		
- Yarn/Than	366,319,517	735,133,018
- Elastic, Accessories & Other Material	48,860,000	48,961,375

	March 31, 2012	March 31, 2011
<b>17. TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	17,754,200	14,031,369
Others	1,237,697,706	1,003,944,125
<b>Total</b>	<b>1,255,451,906</b>	<b>1,017,975,494</b>



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>18. CASH AND BANK BALANCES</b>		
<b>Cash and Cash equivalents</b>		
Cash-in-Hand	1,546,082	4,143,961
Cheques-in-Hand	948,074	3,302,026
<b>Bank balances</b>		
In current accounts	36,352,653	62,866,645
<b>Total - A</b>	<b>38,846,809</b>	<b>70,312,632</b>
<b>Other Bank balances</b>		
Long term deposits with maturity more than 3 months but less than 12 months (*)	11,644,017	2,615,511
Unpaid dividend account	754,310	671,745
<b>Total - B</b>	<b>12,398,327</b>	<b>3,287,256</b>
<b>Total - A + B</b>	<b>51,245,136</b>	<b>73,599,888</b>

(\*) Held as lien by bank against bank guarantees

	March 31, 2012	March 31, 2011
<b>19. SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured considered good, unless otherwise stated</b>		
<b>Loans and advances to related parties (Subsidiaries) :</b>		
Considered good	7,704,765	130,901,670
<b>Other loans and advances :</b>		
Advances recoverable in cash or kind	69,732,321	55,505,666
Prepaid Expenses	887,500	—
Loans to Employees	1,268,173	2,335,050
Others	40,824,403	38,923,910
<b>Total</b>	<b>120,417,162</b>	<b>227,666,296</b>

	March 31, 2012	March 31, 2011
<b>20. OTHER CURRENT ASSETS</b>		
Interest Subsidy Receivable	28,680,407	14,841,092
Export Incentives Receivable	4,701,910	1,510,324
Sales Tax Incentive Receivable	22,587,013	9,012,647
<b>Total</b>	<b>55,969,330</b>	<b>25,364,063</b>



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012		March 31, 2011	
<b>21. REVENUE</b>				
<b>Revenue from Operations</b>				
<b>Sale of products :</b>				
Finished goods	6,930,583,696		6,056,885,956	
Traded goods	347,997,349	7,278,581,045	255,452,173	6,312,338,129
<b>Sale of Services</b>		189,319,819		50,951,735
<b>Other Operating Revenue :</b>				
Sale of Electricity		7,976,782		7,965,083
Sales Tax Incentive		13,574,366		7,472,848
Export Incentive		13,478,129		6,306,502
Revenue from Operations (Gross)		7,502,930,141		6,385,034,297
Less : Excise Duty		514,970,828		—
<b>Revenue from Operations (Net)</b>		<b>6,987,959,313</b>		<b>6,385,034,297</b>

**Note :** Excise Duty on sales amounting to ₹ 514,970,828 (March 31, 2011 : Nil) has been reduced from sales in Statement of Profit & Loss and excise duty on increase/decrease in stock amounting to ₹ 70,223,292 (March 31, 2011 : Nil) has been considered as income/expense in note 29 of financial statements

<b>Details of product sold</b>				
<b>Finished Goods Sold :</b>				
Knitwear - Cotton		6,227,435,901		5,596,671,133
- Thermals		636,540,317		453,455,598
Than		62,655,980		6,759,225
Yarn		3,951,498		—
<b>Traded Goods :</b>				
Knitwear - Cotton		343,142,240		255,452,173
Jeans		4,855,109		—
<b>Electricity</b>		7,976,782		7,965,083
<b>Details of Services rendered :</b>				
Dyeing, Bleaching & Knitting		189,319,819		50,951,735



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>22. OTHER INCOME</b>		
<b>Interest Income</b>		
- on Bank Deposits	488,495	508,090
- on Receivables	3,382,211	2,293,324
- on Others	32,572	7,515,616
Net gain/loss on sale of investments	—	40,767
Liabilities written back to the extent no longer required	—	412,495
Miscellaneous Income	2,864,693	2,171,925
<b>Total</b>	<b>6,767,971</b>	<b>12,942,217</b>

	March 31, 2012	March 31, 2011
<b>23. COST OF MATERIALS CONSUMED</b>		
<b>Raw material consumed</b>		
Opening inventory	796,009,683	529,423,793
Less : Cenvat Credit utilised on opening stock	4,570,187	—
Add : Purchases (net)	2,983,638,922	3,753,415,259
Less : Inventory at the end of the year	431,257,179	796,009,683
Cost of raw materials consumed during the year - A	<b>3,343,821,239</b>	<b>3,486,829,369</b>
<b>Packing material consumed</b>		
Opening inventory	27,896,034	23,408,081
Less : Cenvat Credit utilised on opening stock	160,162	—
Add : Purchases (net)	423,718,685	451,945,108
Less : Inventory at the end of the year	20,591,950	27,896,034
Cost of packing materials consumed during the year - B	<b>430,862,607</b>	<b>447,457,155</b>
<b>Total Cost of Material Consumed - A + B</b>	<b>3,774,683,846</b>	<b>3,934,286,524</b>
<b>Details of Raw Materials Consumed</b>		
Yarn/Than	2,715,640,337	2,842,550,836
Elastic, Accessories & Other Material	628,180,902	644,278,533
<b>Total</b>	<b>3,343,821,239</b>	<b>3,486,829,369</b>

	March 31, 2012	March 31, 2011
<b>24. PURCHASES OF STOCK-IN-TRADE</b>		
Knitwear	302,755,293	231,519,447
Jeans	18,988,765	—
<b>Total</b>	<b>321,744,058</b>	<b>231,519,447</b>

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>(Increase)/Decrease in stocks</b>		
<b>Stock at the end of the year :</b>		
Finished Goods	1,395,813,940	836,471,859
Stock-in-Trade	15,076,511	—
Work-in-Progress	203,906,562	447,806,581
<b>Total - A</b>	<b>1,614,797,013</b>	<b>1,284,278,440</b>
<b>Stock at the beginning of the year :</b>		
Finished Goods	836,471,859	583,430,361
Stock-in-Trade	—	—
Work-in-Progress	447,806,581	94,677,663
<b>Total - B</b>	<b>1,284,278,440</b>	<b>678,108,024</b>
<b>(Increase)/Decrease in Stocks (B–A)</b>	<b>(330,518,573)</b>	<b>(606,170,416)</b>

	March 31, 2012	March 31, 2011
<b>26. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	63,064,739	43,344,240
Contribution to Provident and Other Funds	1,409,325	1,100,567
Director's Remuneration	15,466,807	15,328,998
Gratuity [Refer note below]	2,241,954	865,182
Staff Welfare Expenses	623,169	509,678
<b>Total</b>	<b>82,805,994</b>	<b>61,148,665</b>
<b>Note :</b>		
<b>Employee Benefit (Defined Benefit Plan)</b>		
<b>Net employee benefit expense recognized in the employee cost</b>		
Current Service Cost	728,251	443,982
Interest cost on benefit obligation	424,474	350,824
Expected return on Plan Assets	(515,633)	(370,892)
Net actuarial(Gain)/Loss	1,604,862	475,817
Adjustment of (Excess)/Short Past Service Cost	—	(34,549)
<b>Net Benefit Expenses</b>	<b>2,241,954</b>	<b>865,182</b>
<b>Plan Asset/Liability</b>		
Present value of defined benefit obligation	(7,909,665)	(5,305,927)
Fair value of Plan Assets	9,053,068	5,017,516
Unrecognised Past Service Cost	—	(576,771)
<b>Plan Asset/(Liability)</b>	<b>1,143,403</b>	<b>(865,182)</b>



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>26. EMPLOYEE BENEFITS EXPENSE (Contd.)</b>		
<b>Changes in the present value of the defined benefit obligation are as follows :</b>		
Opening defined benefit obligation	5,305,927	4,385,304
Current Service Cost	728,251	443,982
Interest Cost	424,474	350,824
Benefits Paid	(153,849)	(350,000)
Actuarial (gains)/Losses on Obligation	1,604,862	475,817
<b>Closing defined benefit obligation</b>	<b>7,909,665</b>	<b>5,305,927</b>
<b>Changes in the fair value of Plan Assets are as follows :</b>		
Opening fair value of Plan Assets	5,017,516	3,539,137
Expected return	515,633	370,892
Contribution by employer	3,673,768	1,457,487
Benefits Paid	(153,849)	(350,000)
Actuarial gains/(losses)	—	—
<b>Closing fair value of Plan Assets</b>	<b>9,053,068</b>	<b>5,017,516</b>
<b>The Principal Actuarial Assumptions used</b>		
Discount Rate	8%	8%
Expected Salary Increases	4%	3.4%
Withdrawal Date depending on age	1-3%	1-3%
Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate

Estimate of future salary increase considered in actuarial valuation, taking account of inflation, seniority, promotion etc. other relevant factor such as supply and demand in employment market.

	March 31, 2012	March 31, 2011
<b>27. FINANCE COSTS</b>		
Interest on long term borrowings	20,269,747	14,708,985
Interest on short term borrowings	149,923,721	104,642,800
Interest on shortfall of advance tax	1,277,820	4,288,649
Interest paid to others	11,960,371	8,808,023
Net loss on foreign currency transactions and translation	21,448,827	8,443,871
Bank charges	6,549,946	11,071,632
<b>Total</b>	<b>211,430,432</b>	<b>151,963,960</b>

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>28. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation on Tangible Assets	50,934,057	34,653,039
Amortisation on Intangible Assets	9,681,283	11,149,084
<b>Total</b>	<b>60,615,340</b>	<b>45,802,123</b>

	March 31, 2012	March 31, 2011
<b>29. OTHER EXPENSES</b>		
Consumption of stores and spares	749,886	516,717
Sub-contracting/Jobbing expenses	1,101,840,414	1,146,877,505
Excise Duty	70,223,292	–
Power & Fuel	74,388,575	38,278,683
Factory Maintenance	40,179,891	20,912,178
Electricity Charges	3,333,973	2,328,362
Freight Inwards	52,135,559	54,080,760
Freight outwards and Forwarding Expenses	46,074,794	46,885,182
Rent	8,366,604	7,118,781
Rates and Taxes	5,652,452	6,561,107
Insurance	1,930,322	1,538,929
<b>Repairs and Maintenance :</b>		
- Plant and Machinery	6,612,102	2,363,973
- Others	12,069,861	6,949,839
Office Maintenance	4,940,928	4,069,721
Advertising	490,310,950	491,712,079
Marketing Expenses	42,655,487	33,921,254
Dealer's Incentive & Sales Promotion	115,074,284	70,946,803
Business Convention	6,840,315	6,597,665
Brokerage and Discounts	82,267,097	80,818,737
Travelling and Conveyance	10,442,387	15,366,080
Vehicles Maintenance costs	3,868,687	3,855,622
Communication costs	10,876,671	7,188,131
Printing and Stationery	2,390,484	3,244,484
Legal and Professional Fees	15,786,330	27,719,231
Subscription & Membership	862,890	814,087
Directors' Sitting Fees	400,000	620,000
Payment to Auditor (refer note below)	797,501	413,423
Quality Development Expenses	8,105,957	4,791,361
Exchange Differences (Net)	37,297,412	(71,634)
Bad Debts/Advance written off	2,260,624	374,991
Loss on Sale of Fixed Assets (Net)	314,144	837,224
Miscellaneous Expenses	13,061,107	11,525,226
<b>Total</b>	<b>2,272,110,980</b>	<b>2,099,156,501</b>



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>Note :</b>		
<b>Payment to Auditor</b>		
<b>(a) As auditor :</b>		
Audit Fees	360,000	344,120
Tax Audit Fees	30,000	30,000
<b>(b) In other capacity :</b>		
Other services including certification fees	407,501	39,303
<b>Total</b>	<b>797,501</b>	<b>413,423</b>

30. In the absence of any confirmation from vendors regarding the status of their registration under the "Micro, Small and Medium Enterprises Development Act 2006", the Company is unable to make provision wherever required under the said Act.

	March 31, 2012	March 31, 2011
<b>31. CONTINGENT LIABILITIES</b>		
Bank Guarantee	9,075,000	4,519,000
Sales Tax matters (under appeal)	32,285,172	32,285,172
<b>Total</b>	<b>41,360,172</b>	<b>36,804,172</b>

(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.

<b>32. PROPOSED DIVIDEND</b>		
On Equity Shares of ₹ 1/- each		
Amount of dividend proposed	119,286,840	79,524,560
Dividend per Equity Share	1.50	1.00

<b>33. CIF VALUE OF IMPORTS</b>		
Stores, Spare Parts & Packing Material	–	717,993
Capital Goods	13,218,969	27,188,257

<b>34. EXPENDITURE IN FOREIGN CURRENCY</b>		
Payment of Loan	343,670,969	177,012,901
Travelling Expenses	3,734,836	7,990,888
Finance Charges	11,551,173	7,083,634
Advertisement	2,922,212	–
Professional Fees	286,016	100,643
Commission	148,170	51,999

<b>35. EARNINGS IN FOREIGN CURRENCY</b>		
Revenue from Exports on FOB Basis	187,993,513	60,580,386



## NOTES TO THE FINANCIAL STATEMENTS

	March 31, 2012	March 31, 2011
<b>36. EARNINGS PER SHARE</b>		
i) Profit after Tax for Equity Shareholders (₹)	415,216,703	320,181,544
ii) Number of Equity Shares	79,524,560	7,952,456
iii) Restated Number of Equity Shares	79,524,560	79,524,560
iv) Basic & Diluted Earnings Per Share (i/iii) (₹)	5.22	4.03

Note : EPS has been restated for split of shares from ₹ 10/- each to ₹ 1/- each as per Accounting Standard 20.

**37. SEGMENT INFORMATION****i) Primary Segment (Business Segments) :**

(Amount in ₹)

Particulars	Sales	Services	Electricity Charges	Elimination	Total
Revenue	6,790,662,712 (6,326,117,479)	189,319,819 (50,951,735)	7,976,782 (7,965,083)	–	6,987,959,313 (6,385,034,297)
Inter Segment services		148,870,233 (92,653,574)		148,870,233 (92,653,574)	
Segment (PBIT)	766,008,259 (617,385,172)	42,977,167 (11,572,603)	4,300,213 (3,275,895)	–	813,285,639 (632,233,670)
Interest	191,160,685 (136,427,381)	20,269,747 (14,708,985)	– (827,594)		211,430,432 (151,963,960)
Profit before Tax					601,855,207 (480,269,710)
Provision for Taxation					177,000,000 (118,000,000)
Provision for Deferred Tax					14,349,709 (41,863,037)
Income Tax for earlier year					4,711,205 (225,129)
Profit after Tax					415,216,703 (320,181,544)
<b>Other Information</b>					
Assets					4,874,557,475 (4,679,383,260)
Liabilities					2,966,093,525 (3,047,497,865)
Depreciation and Amortisation					60,615,340 (45,802,123)

**ii) Secondary Geographical Segment - Revenue**

Particulars	Domestic	Export	Total
Revenue	6,799,965,800 (6,324,453,911)	187,993,513 (60,580,386)	6,987,959,313 (6,385,034,297)

**Note :** Figures in bracket shows figures of the previous year.



## NOTES TO THE FINANCIAL STATEMENTS

### 38. RELATED PARTY DISCLOSURE

- (i) As per the Accounting Standard on 'Related Party Disclosure' notified in sub-section 3(C) of Section 211 of Act, the related parties of the Company are as follows :

<b>Key Management Personnel</b>	Mr. P. R. Agarwala Mr. G. P. Agarwala Mr. K. B. Agarwal Mr. Ramesh Agarwal Mr. Mukesh Agarwal	Chairman Vice Chairman Managing Director Executive Director Executive Director
<b>Relatives of Key Management Person</b>	Mr. Baijnath Agarwal Mr. Manish Agarwal Mr. Ravi Agarwal Mr. Vikash Agarwal Mr. Rajnish Agarwal Mrs. Puspa Devi Agarwal Mr. Suresh Agarwal	
<b>Subsidiaries</b>	Euro Fashion Inners International Pvt. Ltd. Imoogi Fashions Pvt. Ltd.	
<b>Other Associates</b>	Binod Hosiery Salasar Project and Estates Pvt. Ltd. Sidhant Flats & Apartments Pvt. Ltd. Salasar Infrastructure Ltd. Rupa Spinners Ltd. Salasar Developers & Garments Pvt Ltd. Bajrangbali Projects Ltd. Sidhant Textiles Pvt. Ltd. Ganesh Enclave Ltd. Ravi Global Pvt. Ltd. Kadambari Impex & Agency Pvt. Ltd.	

- (ii) Information on related party transaction as required by Accounting Standard (AS-18) for the year ended March 31, 2012.

(Amount in ₹)

Particulars	Key Management Personnel		Relative of Key Management Personnel		Other Associates		Subsidiary Companies	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Rent	492,000	492,000	114,000	114,000	978,000	978,000		
Salary & Perquisites	14,266,807	14,128,998	7,680,000	8,900,000				
Commission	1,200,000	1,200,000						
Sales								52,728
Purchase							302,755,293	228,130,412

## NOTES TO THE FINANCIAL STATEMENTS

### 39. PREVIOUS YEAR FIGURES

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our Report of even date

For **L. B. JHA & CO.**

*Chartered Accountants*

Firm Registration No. 301088E

**T. Mandal**

*Partner*

Membership No. 050070

Place : Kolkata

Date : The 28th day of May, 2012

For and on behalf of Board

**G. P. Agarwala**

*Vice Chairman*

**Priya Punjabi Agarwal**

*Company Secretary*

**P. R. Agarwala**

*Chairman*

**K. B. Agarwal**

*Managing Director*



## CONSOLIDATED AUDITORS' REPORT

TO THE BOARD OF DIRECTORS

**RUPA & COMPANY LIMITED**

1. We have audited the attached consolidated Balance Sheet of **Rupa & Company Limited** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2012, the consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS-21 Consolidated Financial Statements notified in sub-section (3C) of Section 211 of the Companies Act, 1956, on the basis of separate audited financial statements of Rupa & Company Limited and its subsidiaries which have been audited by separate auditors included in the consolidated financial statements.
4. In our opinion and to the best of our information and according to the explanations given to us, the said Consolidated Financial Statements together with the notes thereon attached thereto give in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India :
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
  - b) in the case of the Consolidated Statement of Profit & Loss, of the profit of the Group for the year ended on that date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Place : Kolkata  
Dated : The 28th day of May, 2012

For **L. B. JHA & CO.**  
*Chartered Accountants*  
Registration No. 301088E

**T. Mandal**  
*Partner*  
Membership No. 050070

**CONSOLIDATED BALANCE SHEET**

as at 31st March, 2012

(Amount in ₹)

	Note	March 31, 2012	March 31, 2011
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	4	79,629,060	79,629,060
Reserves & Surplus	5	1,894,354,841	1,597,432,594
<b>Total Shareholders' Funds (i)</b>		<b>1,973,983,901</b>	<b>1,677,061,654</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	6	160,000,000	240,000,000
Deferred Tax Liabilities	7	128,706,506	113,822,262
Other Long Term Liabilities	8	144,806,038	99,510,386
<b>Total Non-Current liabilities (ii)</b>		<b>433,512,544</b>	<b>453,332,648</b>
<b>Current Liabilities</b>			
Short Term Borrowings	9	1,523,434,484	1,512,824,751
Trade Payables	10	411,017,135	576,506,507
Other Current Liabilities	11	565,136,041	493,704,579
Short Term Provisions	12	138,638,148	92,425,432
<b>Total Current Liabilities (iii)</b>		<b>2,638,225,808</b>	<b>2,675,461,269</b>
<b>Total Equity &amp; Liabilities (i)+(ii)+(iii)</b>		<b>5,045,722,253</b>	<b>4,805,855,571</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	13	1,149,412,418	1,064,524,094
Intangible Assets	14	12,667,122	21,219,088
Capital Work-in-Progress		39,851,260	40,234,977
Intangible Assets under Development		–	–
Non-Current Investments	15	100,000	100,000
Long Term Loans & Advances	16	122,501,680	99,231,995
Other Non-Current Assets	17	13,428	20,142
<b>Total Non-Current Assets (iv)</b>		<b>1,324,545,908</b>	<b>1,225,330,296</b>
<b>Current Assets</b>			
Inventories	18	2,222,709,525	2,356,291,532
Trade Receivables	19	1,268,988,420	1,022,400,759
Cash & Bank Balances	20	52,667,258	74,343,995
Short Term Loans & Advances	21	120,841,812	102,124,926
Other Current Assets	22	55,969,330	25,364,063
<b>Total Current Assets (v)</b>		<b>3,721,176,345</b>	<b>3,580,525,275</b>
<b>Total Assets (iv)+(v)</b>		<b>5,045,722,253</b>	<b>4,805,855,571</b>

The notes are an integral part of these financial statements

As per our Report of even date

For **L. B. JHA & CO.**

Chartered Accountants

Firm Registration No. 301088E

**T. Mandal**

Partner

Membership No. 050070

Place : Kolkata

Date : The 28th day of May, 2012

For and on behalf of Board

**G. P. Agarwala**

Vice Chairman

**Priya Punjabi Agarwal**

Company Secretary

**P. R. Agarwala**

Chairman

**K. B. Agarwal**

Managing Director



## CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2012

(Amount in ₹)

	Note	March 31, 2012		March 31, 2011	
<b>REVENUE</b>					
Revenue From Operations (Gross)	23	7,657,840,776		6,500,338,337	
Less : Excise Duty		547,817,874		—	
Revenue From Operations (Net)			7,110,022,902		6,500,338,337
Other Income	24		7,164,559		13,082,738
<b>Total Revenue</b>			<b>7,117,187,461</b>		<b>6,513,421,075</b>
<b>EXPENSES</b>					
Cost of materials consumed	25		3,958,776,994		4,267,242,139
Purchases of Stock in trade	26		18,988,765		3,389,035
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	27		(254,293,421)		(774,555,461)
Employee Benefits Expense	28		88,804,001		64,290,773
Finance Cost	29		217,278,162		155,978,399
Depreciation & Amortisation Expense	30		61,331,170		46,508,459
Other Expenses	31		2,394,276,737		2,245,232,457
<b>Total Expenses</b>			<b>6,485,162,408</b>		<b>6,008,085,801</b>
<b>Profit before exceptional and extraordinary items and tax</b>			<b>632,025,053</b>		<b>505,335,274</b>
Exceptional Items			—		—
<b>Profit before extraordinary items and tax</b>			<b>632,025,053</b>		<b>505,335,274</b>
Extraordinary Items			—		—
<b>Profit before Tax</b>			<b>632,025,053</b>		<b>505,335,274</b>
Tax Expense :					
- Current Tax			186,262,102		125,684,736
- Deferred Tax			14,884,244		42,420,413
- Provision/(Write back) relating to earlier years			(4,681,688)		225,129
<b>Profit/(Loss) for the period from continuing operations</b>			<b>435,560,395</b>		<b>337,004,996</b>
<b>Profit/(Loss) for the period</b>			<b>435,560,395</b>		<b>337,004,996</b>
<b>Earnings Per Equity Share - Basic and Diluted (Restated)</b>	38		5.48		4.24
(Nominal value per equity share ₹ 1 (March 31, 2011 - ₹ 10))					

The notes are an integral part of these financial statements

As per our Report of even date  
For **L. B. JHA & CO.**

Chartered Accountants

Firm Registration No. 301088E

**T. Mandal**

Partner

Membership No. 050070

Place : Kolkata

Date : The 28th day of May, 2012

For and on behalf of Board

**G. P. Agarwala**

Vice Chairman

**Priya Punjabi Agarwal**

Company Secretary

**P. R. Agarwala**

Chairman

**K. B. Agarwal**

Managing Director



**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31st March, 2012

(Amount in ₹)

	March 31, 2012		March 31, 2011	
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>				
<b>Profit Before Tax &amp; Extra-ordinary Items</b>		<b>632,025,053</b>		<b>505,335,274</b>
<b>Adjustment :</b>				
(a) Depreciation and Amortisation	61,331,170		46,508,459	
(b) Interest Charges	189,133,456		136,429,838	
(c) Preliminary expenses Written off	6,714		6,714	
(d) Loss on Sale of Fixed Assets	314,144	<b>250,785,484</b>	837,224	<b>183,782,235</b>
		<b>882,810,537</b>		<b>689,117,509</b>
<b>Adjustment :</b>				
(a) Interest Income	(4,295,866)		(10,457,551)	
(b) Profit on sale of investment	–	<b>(4,295,866)</b>	(40,767)	<b>(10,498,318)</b>
<b>Operating Profit before Working Capital Changes</b>		<b>878,514,671</b>		<b>678,619,191</b>
<b>Adjustment :</b>				
(a) (Increase)/Decrease in Trade and Other Receivables	(319,179,499)		48,909,680	
(b) (Increase)/Decrease in Inventories	133,582,007		(1,079,026,813)	
(c) Increase/(Decrease) in Trade and Other Payables	(72,864,717)	<b>(258,462,209)</b>	316,910,981	<b>(713,206,152)</b>
<b>Cash Inflow/(Outflow) form Operations</b>		<b>620,052,462</b>		<b>(34,586,961)</b>
(a) Direct Taxes Paid		(166,476,161)		(141,651,512)
(b) Interest received from Operating Activities		3,742,237		2,433,845
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>457,318,538</b>		<b>(173,804,628)</b>
<b>B. CASH FLOW ARISING FROM INVESTING ACTIVITIES</b>				
<b>Inflow :</b>				
(a) Sale of Fixed Assets	540,142		1,715,230	
(b) Sale of Investment	–		60,040,767	
(c) Interest received	553,629	<b>1,093,771</b>	8,023,706	<b>69,779,703</b>
<b>Outflow : Purchase of Fixed Assets</b>		<b>(138,138,097)</b>		<b>(291,959,078)</b>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(137,044,326)</b>		<b>(222,179,375)</b>



## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2012

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES</b>		
(a) Dividend and dividend Tax paid	(92,425,432)	(60,276,187)
(b) Interest Paid	(180,135,250)	(130,452,174)
(c) Increase/(Decrease) in Long-Term Borrowings	(80,000,000)	240,000,000
(c) Increase/(Decrease) in Short-Term Borrowings	10,609,733	351,960,645
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(341,950,949)</b>	<b>401,232,284</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(21,676,737)</b>	<b>5,248,281</b>
Cash & Cash Equivalents at the beginning of the year	74,343,995	69,095,714
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>52,667,258</b>	<b>74,343,995</b>

### Notes :

- 1) The above Cash Flow Statement has been prepared pursuant to Clause 31 of Listing Agreement with Stock Exchange and under the indirect method set out in AS-3 notified under sub-section 3(c) of section 211 of the Companies Act, 1956
- 2) Significant Accounting Policies and Notes form an integral part of the Cash Flow Statement.
- 3) Cash & Cash Equivalents represents :

(Amount in ₹)

	As at 31.3.2012	As at 31.3.2011
Cash in Hand	1,639,559	4,387,978
Cheques in Hand	948,074	3,302,026
Balance with Banks	50,079,625	66,653,991
<b>Total</b>	<b>52,667,258</b>	<b>74,343,995</b>

- 4) Previous year figures have been re-grouped/re-classified to confirm to current year's classification.

As per our Report of even date

For **L. B. JHA & CO.**

Chartered Accountants

Firm Registration No. 301088E

**T. Mandal**

Partner

Membership No. 050070

Place : Kolkata

Date : The 28th day of May, 2012

For and on behalf of Board

**G. P. Agarwala**

Vice Chairman

**Priya Punjabi Agarwal**

Company Secretary

**P. R. Agarwala**

Chairman

**K. B. Agarwal**

Managing Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. PRINCIPLES OF CONSOLIDATION

- a. These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.
- b. Consolidated Financial Statements relates to Rupa & Company Limited, the Company and its subsidiaries. The Consolidated Financial Statements have been prepared on the following :
  - i. The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements” and Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements” notified under Section 211(3C) of the Companies Act, 1956.
  - ii. The Financial Statements of the Company and its Subsidiaries have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating inter-company balances and transactions including profits in the year end inventories.
  - iii. The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transaction and other events in similar circumstances and presented to the extent possible, in the same manner as the Company’s separate financial statements except otherwise stated elsewhere in this schedule.
  - iv. The cost to the Company of its investment in the subsidiary and the company’s portion of equity of subsidiaries at the dates on which investment in the subsidiary is made, is eliminated.
  - v. The financial statements of the subsidiaries in the consolidation is drawn up to the same reporting date as that of the company i.e, 31st March, 2012.
- c. Other Significant Accounting Policies and Notes are set out in their respective financial statements under “Statement on Significant Accounting Policies and Notes on Accounts” of the Company and its Subsidiaries.

2. The Consolidated Financial Statement comprise the financial statements of Rupa & Company Limited and its Subsidiaries as on 31st March, 2012, which are as under :

Name of the Company	Extent of Company's Interest	Country of Incorporation
Euro Fashion Inners International Pvt. Ltd.	100%	India
Imoogi Fashions Pvt. Ltd.	100%	India

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

#### 3.2 Use of Estimates

The Preparation of Financial Statement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sheet date and the reported amounts of Income and Expenses during the reporting period. Difference between the actual results and the estimates are recognized in the year in which the results are known/materialized.

### 3.3 Tangible Asset

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit & Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit & Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets at the rates prescribed under Schedule XIV of the Companies Act, 1956.

### 3.4 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible Assets are amortised on a straight line basis over their estimated useful lives.

Gains or Losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit & Loss. The amortization rates used are :

Assets	Rates
Copyrights & Trade Marks	10%
Computer Software	20%

### 3.5 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit & Loss in the period in which they are incurred.

### 3.6 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

### 3.7 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as Current Investments. All other investments are classified as Long-term

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Investments. Current Investments are carried at cost or fair value, whichever is lower. Long-term Investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

### 3.8 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work-in-progress comprises raw materials direct labour, other direct costs and related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 3.9 Foreign Currency Transactions

#### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit & Loss.

#### Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit & Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year end on account of firm commitment/highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit & Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March, 2008.

### 3.10 Revenue Recognition

**Sale of goods :** Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer and goods are unconditionally handed over to the transporters for delivery as per the terms of the contract and are recognised net of discounts, rebates, sales taxes and excise duties.

**Sale of Services :** In contracts involving the rendering of services, revenue is recognised using the proportionate completion method.

### 3.11 Other Income

**Interest :** Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividend :** Dividend income is recognised when the right to receive dividend is established.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3.12 Exports Incentives

Benefits on account of duty drawback are accounted in the year of export.

### 3.13 Employee Benefits

- (i) **Provident Fund** : Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. Company's Contributions to Provident Fund are charged to Statement of Profit & Loss as and when they become payable.
- (ii) **Gratuity** : The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit & Loss in the year in which they arise. Gratuity Liability is a Fund maintained with the Life Insurance Corporation of India (LIC) under the Group Gratuity Scheme.
- (iii) **Leave encashment** : Leave encashment benefits are accrued and settled on a 12 month period of September to August and are accounted for accordingly.

### 3.14 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred Tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred Tax Assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassess unrecognised deferred tax assets, if any.

Current Tax Assets and Current Tax Liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred Tax Assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 3.15 Provisions and Contingent Liabilities

**Provisions** : Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Contingent Liabilities :** Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 3.16 Government Grants

- i) Government Grants of the nature of project subsidy on Capital Assets is recognized as capital subsidy when there is a reasonable assurance that the subsidy will be received.
- ii) Revenue Grant is recognized in the Statement of Profit & Loss on confirmation of reasonable assurance of the receipt.

### 3.17 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the Company.

Revenue and Expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue and Expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses".

The Company has identified business segment as its primary segment. The Company has also identified as its reportable geographical segment, the sales to Indian market and export sales.

### 3.18 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### 3.19 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 3.20 Prior Period Adjustments/Extraordinary Items

Prior period items which arise in the current period as a result of error or omission in preparation of prior period's financial statement are separately disclosed in the statement of profit & loss. However, differences in actual Income/expenditure arising out of over/under estimation pertaining to prior periods are not treated as "Prior Period Adjustment".

Extraordinary items, i.e. gains or losses which arise from events or transactions which are distinct from ordinary activities of the company which are material are separately disclosed in the statement of profit & loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012		March 31, 2011	
<b>4. SHARE CAPITAL</b>				
<b>Authorised :</b>				
200,000,000 Equity Shares of ₹ 1/- each*		200,000,000		200,000,000
<b>Issued :</b>				
79,733,560 Equity Shares of ₹ 1/- each*		79,733,560		79,733,560
<b>Subscribed and paid up :</b>				
79,524,560 Equity Shares of ₹ 1/- each*	79,524,560		79,524,560	
209,000 Forfeited Shares of ₹ 1/- each* ₹ 0.50 per share paid up	104,500	79,629,060	104,500	79,629,060
<b>Total</b>		<b>79,629,060</b>		<b>79,629,060</b>

\* Equity Shares of ₹ 10/- each was converted to Equity share of ₹ 1/- each w.e.f. 09.04.2011. Hence, shares of 31.03.2011 are of denomination ₹ 10/- each.

	March 31, 2012		March 31, 2011	
<b>(4a) Reconciliation of number of shares</b>				
Balance as at the beginning of the year		7,952,456		7,952,456
Conversion of face value of ₹ 10/- to face value of ₹ 1/-		71,572,104		—
Balance as at the end of the year		79,524,560		7,952,456

### (4b) Rights, preferences and restrictions attached to shares

**Equity Shares :** The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### (4c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	March 31, 2012		March 31, 2011	
	No of Shares	%	No of Shares	%
<b>Promoter &amp; Promoter Group :</b>				
Ghanshyam Prasad Agarwala	7,240,910	9.11	724,091	9.11
Kunj Bihari Agarwal	7,278,000	9.15	727,800	9.15
Prahlad Rai Agarwala	9,021,090	11.34	902,109	11.34
Purvanchal Leasing Ltd.	5,807,670	7.30	580,767	7.30
Rajnish Enterprises Ltd.	15,821,190	19.89	1,582,119	19.89
<b>Public :</b>				
Karuna Impex Enterprises Limited	8,650,000	10.88	865,000	10.88

	March 31, 2012		March 31, 2011	
<b>(4d) Equity Shares allotted as fully paid up on conversion of Deep Discount Debentures</b>		19,483,560		1,948,356

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012		March 31, 2011	
<b>5. RESERVES &amp; SURPLUS</b>				
<b>Capital Subsidy :</b>				
Balance as at the beginning of the year		6,075,040		6,075,040
Balance as at the end of the year		<b>6,075,040</b>		<b>6,075,040</b>
<b>General Reserve :</b>				
Balance as at the beginning of the year		172,174,041		147,174,041
Add : Transferred from Surplus in Statement of Profit & Loss		25,000,000		25,000,000
Balance as at the end of the year		<b>197,174,041</b>		<b>172,174,041</b>
<b>Securities Premium Account :</b>				
Balance as at the beginning of the year		688,030,890		688,030,890
Balance as at the end of the year		<b>688,030,890</b>		<b>688,030,890</b>
<b>Surplus in Statement of Profit &amp; Loss :</b>				
Balance as at the beginning of the year	731,152,623		511,573,059	
Profit for the year	435,560,395	<b>1,166,713,018</b>	337,004,996	<b>848,578,055</b>
Less : Appropriations				
Proposed dividend on Equity shares for the year	119,286,840		79,524,560	
Dividend distribution tax on proposed dividend	19,351,308		12,900,872	
Transfer to General Reserve	25,000,000	<b>163,638,148</b>	25,000,000	<b>117,425,432</b>
Balance as at the end of the year		<b>1,003,074,870</b>		<b>731,152,623</b>
<b>Total Reserves &amp; Surplus</b>		<b>1,894,354,841</b>		<b>1,597,432,594</b>

	March 31, 2012		March 31, 2011	
<b>6. LONG TERM BORROWINGS</b>				
<b>Secured</b>				
<b>Term Loans</b>				
From Banks :				
- Indian Rupee Loans		160,000,000		240,000,000
Total Secured Loans		160,000,000		240,000,000
<b>Total Long Term Borrowings</b>		<b>160,000,000</b>		<b>240,000,000</b>

**Note :**

Nature of Security and terms of repayment for secured borrowings :

Nature of Security	Terms of Repayment
Term Loans from bank amounting to ₹ 2,400 Lakhs (March 31, 2011 - ₹ 3,267.61 Lakhs) secured by first charge by way of hypothecation of movable fixed assets and mortgage of immovable Fixed Assets of Domjur unit and personal Guarantees of 3 Directors.	Repayable within 5 years including a moratorium of 6 months by 18 equal quarterly instalments of ₹ 200 Lakhs each from the date of Loan (March 15, 2010) along with Interest @12.50% per annum.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>7. DEFERRED TAX LIABILITIES</b>		
<b>Deferred Tax Liabilities</b>		
On Account of Difference between net book value of depreciable capital assets as per books vis-a-vis written down value as per tax laws	128,706,506	113,822,262
<b>Total</b>	<b>128,706,506</b>	<b>113,822,262</b>
<b>8. OTHER LONG TERM LIABILITIES</b>		
<b>Others</b>		
Security Deposits from Customers	144,806,038	99,510,386
<b>Total</b>	<b>144,806,038</b>	<b>99,510,386</b>
<b>9. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<b>From Banks</b>		
Working Capital Loans :		
- Indian Rupee Loans	1,181,417,980	1,210,313,600
- Foreign Currency Loans	342,016,504	302,511,151
Total secured Loans	1,523,434,484	1,512,824,751
<b>Total Short term borrowings</b>	<b>1,523,434,484</b>	<b>1,512,824,751</b>

**Note :**

**Nature of Security and terms of repayment for secured borrowings :**

Working capital loan from banks are secured by hypothecation of inventories, books debt and other current assets and further secured by second charge of movable & immovable fixed assets of Domjur unit and personal Guarantees of 3 Directors.

Foreign Currency Loans are within working capital limits and repayable within one year from the drawdown date.

The Company has swapped its principal repayment of an INR Loan at equivalent USD on the maturity date at 44.83 at an interest rate of 5.15% and a monthly settlement of actual USD rate with the swap rate.

	March 31, 2012	March 31, 2011
<b>10. TRADE PAYABLES</b>		
Trade payables (including acceptances)	411,017,135	576,506,507
<b>Total</b>	<b>411,017,135</b>	<b>576,506,507</b>
<b>11. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Borrowings (Note 6)	80,000,000	86,761,116
Unpaid dividends (refer note below)	754,310	671,745
Advances from customers	17,486,156	20,171,974
Provision for Income Tax Net of Advance ₹ 159,616,321 (March 31, 2011 - ₹ 114,143,208)	26,645,781	11,541,528
Statutory Dues including Provident Fund, ESI, Service Tax and Tax Deducted at Source etc.	107,480,656	23,655,651
Temporary Overdraft due to Reconciliation	2,286,246	15,803,130
Other Liabilities	330,482,892	335,099,435
<b>Total</b>	<b>565,136,041</b>	<b>493,704,579</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note :** There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>12. SHORT TERM PROVISIONS</b>		
Provision for Proposed Equity Dividend	119,286,840	79,524,560
Provision for tax on Proposed Equity Dividend	19,351,308	12,900,872
<b>Total</b>	<b>138,638,148</b>	<b>92,425,432</b>

	Land	Buildings	Plant & Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Wind Turbine Generator	Total
<b>13. TANGIBLE ASSETS</b>								
<b>Gross Block :</b>								
As at April 1, 2010	70,128,924	262,703,352	210,093,216	38,235,068	29,509,608	27,383,253	57,878,556	695,931,977
Additions	823,639	79,978,970	448,270,907	2,785,379	4,210,338	3,607,546	–	539,676,779
Disposals	–	–	–	–	3,787,341	183,000	–	3,970,341
As at March 31, 2011	70,952,563	342,682,322	658,364,123	41,020,447	29,932,605	30,807,799	57,878,556	1,231,638,415
Additions	692,196	82,469,059	41,139,743	4,231,465	3,947,292	4,862,742	–	137,342,497
Disposals	–	–	–	–	5,086,344	13,530	–	5,099,874
<b>As at March 31, 2012</b>	<b>71,644,759</b>	<b>425,151,381</b>	<b>699,503,866</b>	<b>45,251,912</b>	<b>28,793,553</b>	<b>35,657,011</b>	<b>57,878,556</b>	<b>1,363,881,038</b>
<b>Depreciation :</b>								
As at April 1, 2010	–	23,024,900	57,536,566	16,359,750	9,386,968	14,682,325	12,232,324	133,222,833
Additions	–	6,843,407	18,455,004	2,506,626	2,608,570	1,839,780	3,055,988	35,309,375
Disposals	–	–	–	–	1,361,616	56,271	–	1,417,887
As at March 31, 2011	–	29,868,307	75,991,570	18,866,376	10,633,922	16,465,834	15,288,312	167,114,321
Additions	–	8,825,511	31,745,709	2,700,536	2,793,603	2,478,540	3,055,988	51,599,887
Disposals	–	–	–	–	4,232,058	13,530	–	4,245,588
<b>As at March 31, 2012</b>	<b>–</b>	<b>38,693,818</b>	<b>107,737,279</b>	<b>21,566,912</b>	<b>9,195,467</b>	<b>18,930,844</b>	<b>18,344,300</b>	<b>214,468,620</b>
<b>Net Block :</b>								
<b>At March 31, 2012</b>	<b>71,644,759</b>	<b>386,457,563</b>	<b>591,766,587</b>	<b>23,685,000</b>	<b>19,598,086</b>	<b>16,726,167</b>	<b>39,534,256</b>	<b>1,149,412,418</b>
At March 31, 2011	70,952,563	312,814,015	582,372,553	22,154,071	19,298,683	14,341,965	42,590,244	1,064,524,094

**Note :** All assets are own assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	Copyrights and Trademarks	Computer Software	Total
<b>14. INTANGIBLE ASSETS</b>			
<b>Gross Block :</b>			
At April 1, 2010	65,500,000	23,245,418	88,745,418
Purchase	–	–	–
Internal Development	–	–	–
At March 31, 2011	65,500,000	23,245,418	88,745,418
Purchase	–	1,179,317	1,179,317
Internal Development	–	–	–
<b>At March 31, 2012</b>	<b>65,500,000</b>	<b>24,424,735</b>	<b>89,924,735</b>
<b>Amortisation :</b>			
At April 1, 2010	43,651,507	12,675,739	56,327,246
Charge for the year	6,550,000	4,649,084	11,199,084
At March 31, 2011	50,201,507	17,324,823	67,526,330
Charge for the year	6,550,000	3,181,283	9,731,283
<b>At March 31, 2012</b>	<b>56,751,507</b>	<b>20,506,106</b>	<b>77,257,613</b>
<b>Net Block :</b>			
<b>At March 31, 2012</b>	<b>8,748,493</b>	<b>3,918,629</b>	<b>12,667,122</b>
At March 31, 2011	15,298,493	5,920,595	21,219,088

**Note :** All assets are own assets.

	March 31, 2012	March 31, 2011
<b>15. NON CURRENT INVESTMENTS</b>		
<b>Non-Trade Investments</b> <b>(valued at cost unless stated otherwise)</b>		
<b>In Mutual Funds (quoted)</b>		
10,000 (31.3.2011 - 10,000) Mutual Fund Units of ₹ 10/- each in Morgan Stanley Growth Fund	100,000	100,000
<b>Total Non-Current Investments</b>	<b>100,000</b>	<b>100,000</b>
Aggregate amount of quoted investments	100,000	100,000
Market Value of quoted investments	562,860	627,360

	March 31, 2012	March 31, 2011
<b>16. LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good :</b> <b>(unless otherwise stated)</b>		
Capital Advances	113,718,933	89,171,480
Security Deposits	8,782,747	10,060,515
<b>Total</b>	<b>122,501,680</b>	<b>99,231,995</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>17. OTHER NON-CURRENT ASSETS</b>		
<b>Unamortised Expenses :</b>		
Miscellaneous Expenditure (To the extent not Written off)	13,428	20,142
<b>Total</b>	<b>13,428</b>	<b>20,142</b>

	March 31, 2012	March 31, 2011
<b>18. INVENTORIES</b>		
Raw Materials	469,400,974	839,120,468
Work-in-Progress	228,562,178	511,319,081
Finished Goods	1,486,196,466	967,408,059
Stock-in-Trade	15,076,511	—
Packing Material	23,473,396	38,443,924
<b>Total</b>	<b>2,222,709,525</b>	<b>2,356,291,532</b>
<b>Details of Inventory</b>		
<b>Finished Goods</b>		
In Transit :		
- Knitwear	9,829,487	14,529,894
Others :		
- Knitwear	1,476,366,979	952,878,165
<b>Stock-in-Trade</b>		
- Jeans	15,076,511	—
<b>Work-in-Progress</b>		
- Knitwear	228,562,178	511,319,081
<b>Raw Materials</b>		
In Transit :		
- Yarn/Than	16,077,662	11,915,290
Others :		
- Yarn/Than	395,534,534	754,719,131
- Elastic, Accessories & Other Material	57,788,778	72,486,047

	March 31, 2012	March 31, 2011
<b>19. TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	19,615,880	16,096,561
Others	1,249,372,540	1,006,304,198
<b>Total</b>	<b>1,268,988,420</b>	<b>1,022,400,759</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>20. CASH AND BANK BALANCES</b>		
<b>Cash and Cash equivalents</b>		
Cash-in-Hand	1,639,559	4,387,978
Cheques-in-Hand	948,074	3,302,026
<b>Bank balances</b>		
In current accounts	37,681,298	63,366,735
<b>Total - A</b>	<b>40,268,931</b>	<b>71,056,739</b>
<b>Other bank balances</b>		
Long term deposits with maturity more than 3 months but less than 12 months (*)	11,644,017	2,615,511
Unpaid dividend account	754,310	671,745
<b>Total - B</b>	<b>12,398,327</b>	<b>3,287,256</b>
<b>Total - A + B</b>	<b>52,667,258</b>	<b>74,343,995</b>

(\*) Held as lien by bank against bank guarantees

	March 31, 2012	March 31, 2011
<b>21. SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured considered good, unless otherwise stated</b>		
<b>Considered good :</b>		
Advances recoverable in cash or kind	77,707,353	60,727,256
<b>Other loans and advances :</b>		
Prepaid Expenses	887,500	—
Loans to Employees	1,380,673	2,463,782
Others	40,866,286	38,933,888
<b>Total</b>	<b>120,841,812</b>	<b>102,124,926</b>

	March 31, 2012	March 31, 2011
<b>22. OTHER CURRENT ASSETS</b>		
Interest Subsidy Receivable	28,680,407	14,841,092
Export Incentives Receivable	4,701,910	1,510,324
Sales Tax Incentive Receivable	22,587,013	9,012,647
<b>Total</b>	<b>55,969,330</b>	<b>25,364,063</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012		March 31, 2011	
<b>23. REVENUE</b>				
<b>Revenue from Operations</b>				
<b>Sale of products :</b>				
Finished goods	7,428,636,571		6,423,496,082	
Traded goods	4,855,109	7,433,491,680	4,146,087	6,427,642,169
Sale of Services		189,319,819		50,951,735
<b>Other Operating Revenue :</b>				
Sale of Electricity		7,976,782		7,965,083
Sales Tax Incentive		13,574,366		7,472,848
Export Incentive		13,478,129		6,306,502
Revenue from Operations (Gross)		7,657,840,776		6,500,338,337
Less : Excise Duty		547,817,874		–
<b>Revenue from Operations (Net)</b>		<b>7,110,022,902</b>		<b>6,500,338,337</b>

**Note :** Excise Duty on sales amounting to ₹ 547,817,874 (March 31, 2011 : Nil) has been reduced from sales in Statement of Profit & Loss and excise duty on increase/decrease in stock amounting to ₹ 74,285,304 (March 31, 2011 : Nil) has been considered as income/expense in note 31 of financial statements

<b>Details of product sold</b>				
<b>Finished Goods Sold :</b>				
Knitwear - Cotton		6,689,722,420		5,961,744,155
- Thermals		636,540,317		453,455,598
Than		98,422,336		8,296,329
Yarn		3,951,498		–
<b>Traded Goods :</b>				
Knitwear - Cotton		–		4,146,087
Jeans		4,855,109		–
<b>Electricity</b>		7,976,782		7,965,083
<b>Details of Services rendered :</b>				
Dyeing, Bleaching & Knitting		189,319,819		50,951,735



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>24. OTHER INCOME</b>		
<b>Interest Income</b>		
- on Bank Deposits	488,495	508,090
- on Receivables	3,742,237	2,433,845
- on Others	65,134	7,515,616
Net gain/loss on sale of investments	—	40,767
Liabilities written back to the extent no longer required	—	412,495
Miscellaneous Income	2,868,693	2,171,925
<b>Total</b>	<b>7,164,559</b>	<b>13,082,738</b>

	March 31, 2012	March 31, 2011
<b>25. COST OF MATERIALS CONSUMED</b>		
<b>Raw material consumed</b>		
Opening inventory	842,305,874	550,923,324
Less : Cenvat Credit utilised on opening stock	4,806,244	—
Add : Purchases (net)	3,129,346,667	4,083,567,277
Less : Inventory at the end of the year	469,400,974	842,305,874
Cost of raw materials consumed during the year - A	<b>3,497,445,323</b>	<b>3,792,184,727</b>
<b>Packing material consumed</b>		
Opening inventory	38,443,924	25,382,978
Less : Cenvat Credit utilised on opening stock	1,056,332	—
Add : Purchases (net)	447,417,475	488,118,358
Less : Inventory at the end of the year	23,473,396	38,443,924
Cost of packing materials consumed during the year - B	<b>461,331,671</b>	<b>475,057,412</b>
<b>Total Cost of Materials Consumed - A + B</b>	<b>3,958,776,994</b>	<b>4,267,242,139</b>
<b>Details of Raw Materials Consumed</b>		
Yarn/Than	2,851,694,841	3,112,836,159
Elastic, Accessories & Other Material	645,750,482	679,348,568
<b>Total</b>	<b>3,497,445,323</b>	<b>3,792,184,727</b>

	March 31, 2012	March 31, 2011
<b>26. PURCHASES OF STOCK-IN-TRADE</b>		
Knitwear	—	3,389,035
Jeans	18,988,765	—
<b>Total</b>	<b>18,988,765</b>	<b>3,389,035</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>27. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>(Increase)/Decrease in stocks</b>		
<b>Stock at the end of the year :</b>		
Finished Goods	1,486,196,466	967,408,059
Stock-in-Trade	15,076,511	–
Work-in-Progress	228,562,178	508,133,675
<b>Total - A</b>	<b>1,729,835,155</b>	<b>1,475,541,734</b>
<b>Stock at the beginning of the year :</b>		
Finished Goods	967,408,059	600,014,108
Stock-in-Trade	–	–
Work-in-Progress	508,133,675	100,972,165
<b>Total - B</b>	<b>1,475,541,734</b>	<b>700,986,273</b>
<b>(Increase)/Decrease in Stocks (B–A)</b>	<b>(254,293,421)</b>	<b>(774,555,461)</b>

	March 31, 2012	March 31, 2011
<b>28. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	68,656,917	46,172,979
Director's Remuneration	15,466,807	15,328,998
Contribution to Provident and Other Funds	1,533,857	1,201,925
Gratuity [Refer note below]	2,241,954	865,182
Staff Welfare Expenses	904,466	721,689
<b>Total</b>	<b>88,804,001</b>	<b>64,290,773</b>

**Note :****Employee Benefit (Defined Benefit Plan)**

<b>Net employee benefit expense recognized in the employee cost</b>		
Current Service Cost	728,251	443,982
Interest cost on benefit obligation	424,474	350,824
Expected return on Plan Assets	(515,633)	(370,892)
Net actuarial(Gain)/Loss	1,604,862	475,817
Adjustment of (Excess)/Short Past Service Cost	–	(34,549)
<b>Net Benefit Expenses</b>	<b>2,241,954</b>	<b>865,182</b>
<b>Plan Asset/Liability</b>		
Present value of defined benefit obligation	(7,909,665)	(5,305,927)
Fair value of Plan Assets	9,053,068	5,017,516
Unrecognised Past Service Cost	–	(576,771)
<b>Plan Asset/(Liability)</b>	<b>1,143,403</b>	<b>(865,182)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>28. EMPLOYEE BENEFITS EXPENSE (Contd.)</b>		
<b>Changes in the present value of the defined benefit obligation are as follows :</b>		
Opening defined benefit obligation	5,305,927	4,385,304
Current Service Cost	728,251	443,982
Interest Cost	424,474	350,824
Benefits Paid	(153,849)	(350,000)
Actuarial(gains)/Losses on Obligation	1,604,862	475,817
<b>Closing defined benefit obligation</b>	<b>7,909,665</b>	<b>5,305,927</b>
<b>Changes in the fair value of Plan Assets are as follows :</b>		
Opening fair value of Plan Assets	5,017,516	3,539,137
Expected return	515,633	370,892
Contribution by employer	3,673,768	1,457,487
Benefits Paid	(153,849)	(350,000)
Actuarial gains/(losses)	—	—
<b>Closing fair value of Plan Assets</b>	<b>9,053,068</b>	<b>5,017,516</b>
<b>The Principal Actuarial Assumptions used</b>		
Discount Rate	8%	8%
Expected Salary Increases	4%	3.4%
Withdrawal Date depending on age	1-3%	1-3%
Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate

Estimate of future salary increase considered in actuarial valuation, taking account of inflation, seniority, promotion etc. other relevant factor such as supply and demand in employment market.

	March 31, 2012	March 31, 2011
<b>29. FINANCE COSTS</b>		
Interest on long term borrowings	20,269,747	14,708,985
Interest on short term borrowings	154,626,437	108,113,924
Interest on shortfall of advance tax	2,048,641	4,625,417
Interest paid to others	12,188,631	8,991,844
Net loss on foreign currency transactions and translation	21,448,827	8,443,871
Bank charges	6,695,879	11,094,358
<b>Total</b>	<b>217,278,162</b>	<b>155,978,399</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>30. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation on Tangible Assets	51,599,887	35,309,375
Amortisation on Intangible Assets	9,731,283	11,199,084
<b>Total</b>	<b>61,331,170</b>	<b>46,508,459</b>
	March 31, 2012	March 31, 2011
<b>31. OTHER EXPENSES</b>		
Consumption of stores and spares	749,886	516,717
Sub-contracting/Jobbing expenses	1,157,970,994	1,239,186,147
Excise Duty	74,285,304	–
Power & Fuel	74,388,575	38,278,683
Factory Maintenance	40,179,891	20,912,178
Electricity Charges	3,491,834	2,447,306
Freight Inwards	52,817,704	54,705,425
Freight outwards and Forwarding Expenses	47,161,539	48,056,685
Rent	8,366,604	7,118,781
Rates and Taxes	5,729,137	6,748,297
Insurance	2,062,844	1,638,537
<b>Repairs and Maintenance :</b>		
- Plant and Machinery	6,612,102	2,363,973
- Others	12,632,628	7,790,120
Office Maintenance	5,217,267	4,490,733
Advertising	516,186,039	521,690,843
Marketing Expenses	51,223,132	41,427,402
Dealer's Incentive & Sales Promotion	138,022,370	82,671,749
Business Convention	6,840,315	6,597,665
Brokerage and Discounts	82,267,097	80,818,737
Travelling and Conveyance	10,443,596	15,368,493
Vehicles Maintenance costs	4,045,941	3,998,201
Communication costs	10,913,515	7,220,684
Printing and Stationery	2,443,097	3,338,847
Legal and Professional Fees	16,018,942	27,778,468
Subscription & Membership	862,890	814,087
Directors' Sitting Fees	400,000	620,000
Payment to Auditor (refer note below)	832,501	448,498
Quality Development Expenses	8,542,624	5,241,884
Exchange Differences (Net)	37,297,412	(71,634)
Bad Debts/Advance Written Off	2,596,003	409,003
Preliminary Expenses Write Off	6,713	6,714
Loss on Sale of Fixed Assets (Net)	314,144	837,224
Miscellaneous Expenses	13,354,097	11,762,010
<b>Total</b>	<b>2,394,276,737</b>	<b>2,245,232,457</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
<b>Note :</b>		
<b>Payment to Auditor</b>		
<b>(a) As Auditor :</b>		
Audit Fees	387,500	373,680
Tax Audit Fees	35,000	35,515
<b>(b) In other capacity :</b>		
Other services including certification fees	410,001	39,303
<b>Total</b>	<b>832,501</b>	<b>448,498</b>

32. In the absence of any confirmation from vendors regarding the status of their registration under the “Micro, Small and Medium Enterprises Development Act 2006” the Company is unable to make provision wherever required under the said Act.

	March 31, 2012	March 31, 2011
<b>33. CONTINGENT LIABILITIES</b>		
Bank Guarantee	9,075,000	4,519,000
Income Tax matters (under appeal)	558,150	–
Sales Tax matters (under appeal)	32,285,172	32,285,172
<b>Total</b>	<b>41,918,322</b>	<b>36,804,172</b>

- (a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

- (b) The Company does not expect any reimbursements in respect of the above contingent liabilities.

<b>34. PROPOSED DIVIDEND</b>		
On Equity Shares of ₹ 1/- each		
Amount of dividend proposed	119,286,840	79,524,560
Dividend per Equity Share	1.50	1.00

<b>35. CIF VALUE OF IMPORTS</b>		
Stores, Spare Parts & Packing Material	–	717,993
Capital Goods	13,218,969	27,188,257

<b>36. EXPENDITURE IN FOREIGN CURRENCY</b>		
Payment of Loan	343,670,969	177,012,901
Travelling Expenses	3,734,836	7,990,888
Finance Charges	11,551,173	7,083,634
Advertisement	2,922,212	–
Professional Fees	333,548	100,643
Commission	148,170	51,999

<b>37. EARNINGS IN FOREIGN CURRENCY</b>		
Revenue from Exports on FOB Basis	187,993,513	60,580,386

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	March 31, 2012	March 31, 2011
<b>38. EARNINGS PER SHARE</b>		
i) Profit after Tax for Equity Shareholders (₹)	435,560,395	337,004,996
ii) Number of Equity Shares	79,524,560	7,952,456
iii) Restated Number of Equity Shares	79,524,560	79,524,560
iv) Basic & Diluted Earnings Per Share (i/iii) (₹)	5.48	4.24

Note : EPS has been restated for split of shares from ₹ 10/- each to ₹ 1/- each as per Accounting Standard 20.

**39. SEGMENT INFORMATION****i) Primary Segment (Business Segments) :**

(Amount in ₹)

Particulars	Sales	Services	Electricity Charges	Elimination	Total
Revenue	6,912,726,301 (6,441,421,519)	189,319,819 (50,951,735)	7,976,782 (7,965,083)	–	7,110,022,902 (6,500,338,337)
Inter Segment services		148,870,233 (92,653,574)		148,870,233 (92,653,574)	
Segment (PBIT)	802,025,835 (646,465,175)	42,977,167 (11,572,603)	4,300,213 (3,275,895)	–	849,303,215 (661,313,673)
Interest	197,008,415 (140,441,820)	20,269,747 (14,708,985)	– (827,594)		217,278,162 (155,978,399)
Profit before Tax					632,025,053 (505,335,274)
Provision for Taxation					186,262,102 (125,684,736)
Provision for Deferred Tax					14,884,244 (42,420,413)
Income Tax for earlier year					4,681,688 (225,129)
Profit after Tax					435,560,395 (337,004,996)
<b>Other Information</b>					
Assets					5,045,722,253 (4,805,855,571)
Liabilities					3,071,738,352 (3,128,793,917)
Depreciation and Amortisation					61,331,170 (46,508,459)

**ii) Secondary Geographical Segment - Revenue**

Particulars	Domestic	Export	Total
Revenue	6,922,029,389 (6,439,757,951)	187,993,513 (60,580,386)	7,110,022,902 (6,500,338,337)

**Note :** Figures in bracket shows figures of the previous year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 40. RELATED PARTY DISCLOSURE

- (i) As per the Accounting Standard on 'Related Party Disclosure' notified in sub-section 3(C) of Section 211 of the Companies Act, 1956, the related parties of the Company are as follows :

<b>Key Management Personnel</b>	Mr. P. R. Agarwala Mr. G. P. Agarwala Mr. K. B. Agarwal Mr. Ramesh Agarwal Mr. Mukesh Agarwal	Chairman Vice Chairman Managing Director Executive Director Executive Director
<b>Relatives of Key Management Person</b>	Mr. Baijnath Agarwal Mr. Manish Agarwal Mr. Ravi Agarwal Mr. Vikash Agarwal Mr. Rajnish Agarwal Mrs. Puspa Devi Agarwal Mr. Suresh Agarwal	
<b>Other Associates</b>	Binod Hosier Salasar Project and Estates Pvt. Ltd. Sidhant Flats & Apartments Pvt. Ltd. Salasar Infrastructure Ltd. Rupa Spinners Ltd. Salasar Developers & Garments Pvt Ltd. Bajrangbali Projects Ltd. Sidhant Textiles Pvt. Ltd. Ganesh Enclave Ltd. Ravi Global Pvt. Ltd. Kadambari Impex & Agency Pvt. Ltd.	

- (ii) Information on related party transaction as required by Accounting Standard (AS-18) for the year ended March 31, 2012.

(Amount in ₹)

Particulars	Key Management Personnel		Relative of Key Management Personnel		Other Associates	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Rent	492,000	492,000	114,000	114,000	978,000	978,000
Salary & Perquisites	14,266,807	14,128,998	7,680,000	8,900,000		
Commission	1,200,000	1,200,000				

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. PREVIOUS YEAR FIGURES

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 have been prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements..

As per our Report of even date

For **L. B. JHA & CO.**

*Chartered Accountants*

Firm Registration No. 301088E

**T. Mandal**

*Partner*

Membership No. 050070

Place : Kolkata

Date : The 28th day of May, 2012

For and on behalf of Board

**G. P. Agarwala**

*Vice Chairman*

**P. R. Agarwala**

*Chairman*

**Priya Punjabi Agarwal**

*Company Secretary*

**K. B. Agarwal**

*Managing Director*



## INFORMATION REGARDING SUBSIDIARY COMPANIES

### Statement containing Financial Information of Subsidiary Companies

(in terms of General Circular No. 2/2011 dated 8th April 2011 issued by the Ministry of Corporate Affairs)

(Amount in ₹)

Particulars	Euro Fashion Inners International Pvt. Ltd.	Immogi Fashions Pvt. Ltd.
Capital	41,000,000	100,000
Reserves & Surplus	65,459,936	60,015
Total Assets	210,536,095	11,522,095
Total Liabilities (including Shareholders' Funds)	210,536,095	11,522,095
Investments	-	-
Turnover/Total Revenue	423,736,976	1,478,494
Profit before Taxation	30,130,682	39,164
Provision for Taxation	9,814,052	12,102
Profit after Taxation	20,316,630	27,062
Proposed Dividend	-	-







 **SERIES**  
INTERNATIONAL COLLECTION

NAVARRO  
M-IC66

LIVE LIKE A MACROMAN

[www.macroman.co.in](http://www.macroman.co.in)

**MACROMAN**



**PREMIUM WEAR** | INNERWEAR | SPORTSWEAR | LEISUREWEAR



## **RUPA & COMPANY LIMITED**

**Regd. Office :** 1, Ho Chi Minh Sarani, Metro Tower, 8th Floor, Kolkata - 700 071

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that Twenty Seventh (27th) Annual General Meeting of the members of RUPA & COMPANY LIMITED will be held at MCC Chamber of Commerce & Industry, Somani Conference Hall, 15B, Hemanta Basu Sarani,

Kolkata - 700 001 on Saturday, September 29 , 2012 at 11.00 a.m. to transact the following business :

#### **Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss Account for the year ended as on that date, together with the Reports of the Directors' and Auditors' thereon.
2. To declare 150% dividend on Equity Shares for the year ended March 31, 2012.
3. To appoint a director in place of Shri Mukesh Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri Ramesh Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s L.B Jha & Company, Chartered Accountants as Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration.

*Registered Office :*

1, Ho Chi Minh Sarani  
Metro Tower, 8th Floor  
Kolkata - 700 071

Dated : The 28th day of May, 2012

By order of the Board  
For **RUPA & COMPANY LIMITED**

**Priya Punjabi Agarwal**  
Company Secretary

#### **Notes :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Item no. 3, 4 are annexed herewith.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from September 22, 2012 to September 29, 2012 (both days inclusive).
4. Duly executed and stamped transfer deeds, along with the share certificates, should be submitted to the Company's Registrar and Share Transfer Agents (RTA) before the closure of the Register of Members for registration.
5. Members are requested to notify immediately any change in their address to the Company's Registrar and Share Transfer Agents (RTA), Maheshwari Datamatics Pvt. Ltd. of 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
6. Dividend on Equity Shares as recommended by the Board of Directors, if approved at this Annual General Meeting will be paid to those who are member as on September 22, 2012 being the record date fixed for the purpose of payment of dividend or their mandates. In respect of shares held in electronic form, the dividend will be paid to the beneficial owner of the shares as per the details provided by the depositories for the purpose at the close of business hours on September 21, 2012.
7. In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's RTA, M/s. Maheshwari Datamatics Pvt. Ltd. under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants :

(i) Name of Sole/First holder and the Folio Number.

(ii) Particulars of Bank Account viz. :

- a) Name of Bank
- b) Name of Branch
- c) Complete Address of Bank with Pin Code Number
- d) Account Type (whether Savings Account or Current Account)
- e) Bank Account Number

8. Members may kindly note that the bank account details as furnished by them or by NSDL/CDSL to the Company, for shares held in the physical form and in the dematerialized form respectively, will be printed on their dividend warrant(s) as a measure of protection against fraudulent encashment.

9. Members are requested to encash their Dividend warrant or receipts as dividend remaining unclaimed for 7 (seven) years are required to be transferred to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956. Once unclaimed dividends are transferred to the fund, members will not be entitled to claim these dividends.

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the IEPF under the provisions of Section 205C of the Companies Act, 1956. In view of the above, the shareholders are advised to send the entire unencashed dividend warrants to the Registered Office/Mumbai office of the Company for revalidation and encash them immediately. Unclaimed/Unencashed dividend for the year ended 31st March, 2004 has already been transferred to the IEPF.

10. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 10.00 am to 12 noon.

11. Shareholders seeking any information with regard to the Accounts are requested to write to the Company at least seven days in advance so as to enable the Management to keep the information ready at the Annual General Meeting.

12. Members are requested to mention their Folio No./Client Id No./DP ID No. (in case of shares held in dematerialized form) in all their correspondence with the Company/Depository Participant in order to facilitate response to their queries promptly.

13. Members/Proxy are requested to bring their copies of Annual Report and produce duly filled in attendance slip for attending the meeting.

14. In case of joint holders attending the AGM, only such joint holder who is first in the order of names will be entitled to vote by show of hands or at poll.

15. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing to attend and vote on their behalf at the meeting preferably 48 hours before the scheduled time of commencement of the AGM for making necessary arrangement.

16. Maheshwari Datamatics Pvt. Ltd. is the Registrar & Share Transfer Agent (RTA) of the Company. All investor related communication may be addressed to it at the following address :

**Maheshwari Datamatics Pvt. Ltd.**

6, Mangoe Lane, 2nd Floor, Kolkata - 700 001

Phone : +91 33 2243 5809

Fax : +91 33 2248 4787

E-mail : mdpldc@yahoo.com

17. Non-resident Indian Members are requested to inform Maheshwari Datamatics Pvt. Ltd. immediately of :
- Change in their residential status on return to India for permanent settlement.
  - Particulars of their Bank account maintained in India with complete name, branch, account type, account number and address of the Bank with pin code no., if not mentioned earlier.
18. Members are requested to visit the website of the Company '[www.rupa.co.in](http://www.rupa.co.in)' for viewing the quarterly and annual financial results and for more information on the Company.
19. The Company's Equity Shares are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), Calcutta Stock Exchange Limited (CSE) and Jaipur Stock Exchange Limited (JSEL).
20. Pursuant to provisions of Section 109A of the Companies Act, 1956, members can avail of the nomination facility in respect of shares held by them in physical form by submitting Form No. 2B of the Companies (Central Govt.'s) General Rules and Forms, 1956 to the Company or RTA. A copy of the said Form 2B may be had from the Company Secretary at the Registered Office of the Company on written request.
21. Ministry of Corporate Affairs, Govt. of India vide circular No. 17/2011 dated 21.4.2011 has made available an option to shareholders to receive communications electronically, save paper and in turn save nature. Your Company is eager to cover more and more shareholders under the ambit of Go-Green initiative and has made available an option particularly to shareholders holding shares in physical mode to register their email id with R&T agent. We request shareholders to avail of this facility and strengthen the Go-Green movement.

Shareholders holding shares in demat mode are requested to update their DP records for changes in email id to receive timely communications from the Company through the electronic mode as per the circular for all future correspondences of Company.

*Registered Office :*

1, Ho Chi Minh Sarani  
Metro Tower, 8th Floor  
Kolkata - 700 071

Dated : The 28th day of May, 2012

By order of the Board  
For **RUPA & COMPANY LIMITED**

**Priya Punjabi Agarwal**  
Company Secretary



**The particulars of directors seeking appointment/reappointment at the ensuing Annual General Meeting is mentioned below :**

Name of Director	Mr. Ramesh Agarwal	Mr. Mukesh Agarwal
Date of Birth	June 07, 1968	January 01, 1971
Qualification	B.Com (Hons)	B.Com
Date of appointment	July 29, 2009	July 29, 2009
Expertise in specific functional areas	Industrialist, Finance and Legal	Industrialist
List of other Public Ltd. Companies in which directorship held	1) Purvanchal Leasing Ltd.	1) Rupa Spinners Limited
	2) Ganesh Enclave Ltd.	2) Bajrangbali Projects Limited
	3) Salasar Infrastructure Ltd.	3) Salasar Infrastructure Limited
	4) Neo Metaliks Ltd.	4) Neo Metaliks Limited
	5) Neo Infrabuilt Ltd.	
	6) Neo Tradecom Ltd.	
	7) Rupa Spinners Ltd.	
	8) Sidhant Credit Capital Ltd.	
	9) Euro Fashion Inners International (P) Ltd. (Subsidiary of Rupa & Co. Ltd.)	
	10) Imoogi Fashions Pvt. Ltd. (Subsidiary of Rupa & Co. Ltd.)	
	11) Rupa Realty Ltd.	
Chairman/Member of the Committees of the Board of Directors of other Companies in which he is a Director	<b>Audit Committee</b>	<b>Audit Committee</b>
	Purvanchal Leasing Ltd.	None
	<b>Remuneration Committee</b>	<b>Remuneration Committee</b>
	Purvanchal Leasing Ltd.	None
	<b>Shareholders/Investors Grievance Committee</b>	<b>Shareholders/Investors Grievance Committee</b>
	Purvanchal Leasing Ltd.	None
Number of shares held in the Company	10,59,230	7,29,550



**RUPA & COMPANY LIMITED**

**Regd. Office :** 1, Ho Chi Minh Sarani, Metro Tower, 8th Floor, Kolkata - 700 071

**ATTENDANCE SLIP**

I certify, that I am the registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting at MCC Chamber of Commerce & Industry, Somani Conference Hall, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 29th day of September, 2012 at 11.00 a.m.

Name of the Attending Member (in Block Letters) \_\_\_\_\_

Member's Folio Number \_\_\_\_\_

Name of Proxy (in Block letters to be filled in if the Proxy attends instead of the member) \_\_\_\_\_

No. of Shares held \_\_\_\_\_

\_\_\_\_\_  
Member's/Proxy's Signature

\* To be signed at the time of handing over this slip.



**RUPA & COMPANY LIMITED**

**Regd. Office :** 1, Ho Chi Minh Sarani, Metro Tower, 8th Floor, Kolkata - 700 071

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member/members of Rupa & Company Limited, hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting at MCC Chamber of Commerce & Industry, Somani Conference Hall, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 29th day of September, 2012 at 11.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Signature \_\_\_\_\_

Affix ₹ 1/-  
Revenue  
Stamp

**Note :** The Proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.