

Directors' Report

Your Directors have pleasure in presenting the twenty second Annual Report of your Company along with the Audited Statement of Accounts for the financial year ended 31st March 2007.

Financial results

Highlights of the financial results for the year 2006-07:

Rs. in lac

	Year ended 31.03.2007	Year ended 31.03.2006
Sales and other income	30,096.56	27,075.97
Total expenditure	27,597.05	24,946.01
Gross profit before interest, depreciation and tax	2,499.51	2,129.96
Less: Interest and finance charges	725.66	943.58
Gross profit after interest but before depreciation and taxation	1,773.85	1,186.38
Less: Depreciation	262.23	183.27
Profit before tax	1,511.62	1,003.11
Less:		
Provision for taxation	375.00	228.00
Provision for fringe benefit tax	21.44	17.62
Provision for deferred tax	138.07	87.81
Profit after tax	977.11	669.68
Add:		
Surplus brought forward	976.60	640.04
Surplus available	1,953.71	1,309.72
Appropriation :		
Transfer to general reserve	100.00	50.00
Transfer to debenture redemption reserve	--	100.00
Proposed dividend	160.27	160.60
Tax on proposed dividend	27.24	22.52
Balance carried to balance sheet	1,666.20	976.60

Operations

Highlights of the financial results for the year 2006-07:

The Company has achieved a growth of 11% in sales and income from operations during the year under review. The sales and income from operations, including other income, during the year under review were Rs. 30,096.56 lac as against Rs. 27,075.97 lac in the previous year. Your Company has also achieved a growth of 17% and 46% in gross profit before interest, depreciation and tax and 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 was Rs. 2,499.51 lac as compared with Rs. 2,129.96 lac in the previous year. The profit after tax for the year under review was Rs. 977.11 lac as against Rs. 669.68 lac for the previous year.

Subsidiary

Your Company has a wholly owned subsidiary, M/s Euro Fashion Inners International Private Ltd., which is engaged in selling hosiery products under the brand name EURO. The products sold under the EURO brand are premium products designed for the taste of upper-class consumers. The subsidiary achieved a turnover of Rs. 2,230.32 lac during the year under review.

Dividend

Considering the financial performance of your Company during the FY 2006-07, and with a view to meet the twin objectives of rewarding shareholders adequately and retaining resources to meet business requirements, your Directors are pleased to recommend a dividend of Rs. 3.5 per share for the FY 2006-07 (previous year 35%). The outflow on account of the equity dividend would be Rs. 187.51 lac, including tax on dividend.

Deposits

Your Company has not accepted any deposit under Section 58A of the Companies Act, 1956 and the rules made thereunder.

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. S.P. Saraf and Mr. D.C. Jain retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with 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. K.B. Agarwala, Managing Director, to the effect that all Board members and senior management personnel have affirmed compliance with the code of conduct as laid down by the Company.

Auditors

The auditors, M/s. K. Agarwal & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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, 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 judgements 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 2006-07, 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

Remuneration of Chairman is given under the Corporate Governance report. Except for Chairman, 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 there.

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.

Particulars required as per Listing Agreement with stock exchange

A statement containing necessary information as required under the Listing Agreement with stock exchanges is annexed heres Annexure-II.

Acknowledgements

Your Directors express their deep and sincere appreciation for the continued co-operation and support extended to the Company by Government authorities, bankers, financial institutions, vendors, customers and shareholders during the year under review. 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: 29th June 2007

P.R. Agarwala
Chairman

Annexure – I to the Directors' Report

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

Energy conservation and technology absorption

Research and development is being carried out by the Company in the areas of product design and marketing. Due to continuous efforts and development, products of your Company enjoy premium position in the market. Other provisions of Section 217(1)(e) of the Company Act, 1956 with regard to conservation of energy and technology absorption, are not applicable to your Company.

Foreign exchange earnings and outgo	(Rs. in lac)
Foreign exchange earning	1,043.77
Foreign exchange outgo	603.96

Annexure – II to the Directors' Report

The securities of the Company are listed on the following stock exchanges as stated below and the annual listing fees have been paid to each of the exchanges:

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

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

Report on Corporate Governance

Company's philosophy on code of governance

Corporate Governance is a system by which corporate entities are directed and controlled in their entire mechanics of functioning. Good Corporate Governance practices encompass an organisation's culture and reflect the manner in which policies are laid down and implemented, keeping in mind the interests of all stakeholders, ensuring integrity, fairness, transparency, accountability and disclosure of the highest order.

Your Company believes that for a sustained success, it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society at large. The Company has taken proactive steps to periodically review and revise the Corporate Governance practices by subjecting business processes to audits and checks that measure up to the required standards. Rupa believes that Corporate Governance is not limited only to creating checks and balances. It is more about creating organisational

excellence towards higher satisfaction for employees, customers and shareholders. The Company emphasises to leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and influence dynamism and entrepreneurship at all levels.

Board of Directors

The Company's Board comprises nine Directors as on 31st March 2007. With the Chairman being Executive, more than half of the Board consists of Independent Directors. During the year under review, six Board meetings were held on 27th May 2006, 26th June 2006, 27th July 2006, 17th October 2006, 8th January 2007 and 30th March 2007.

The composition of the Board of Directors as on 31st March 2007 and the attendance of Board members at the meetings and at the last Annual General Meeting and the number of other directorships and Board committee memberships/ chairmanships they enjoy, including changes since the last report are detailed below:

Name of Director	Category	Attendance		Number of other directorships and committee memberships / chairmanships#		
		Board Meetings	Last AGM	Other directorships	Committee memberships	Committee chairmanships
Mr. P.R. Agarwala (Chairman)	Executive and Non-Independent	6	No	2	-	-
Mr. G.P. Agarwala (Vice-Chairman)	Executive and Non-Independent	6	No	1	-	-
Mr. K.B. Agarwala (Managing Director)	Executive and Non-Independent	5	Yes	1	-	-
Mr. Shiv Prakash Saraf (Executive Director)	Executive and Non-Independent	4	Yes	3	2	1
Mr. S.K. Khaitan	Non-Executive and Independent	5	No	5	2	1
Mr. Radheshyam Agarwal	Non-Executive and Independent	4	No	5	3	-
Mr. Dharam Chand Jain	Non-Executive and Independent	5	No	-	-	-
Mr. Sushil Patwari	Non-Executive and Independent	4	No	3	1	-
Mr. Vinod Kr. Kothari	Non-Executive and Independent	4	No	2	4	-

Excludes directorships held in Indian private limited companies/foreign companies/chambers of commerce and trusteeships/memberships of various trusts, managing committees and other bodies. Only memberships/chairmanships under Clause 49 of the Listing Agreement are considered.

None of the above directors is a Director in more than 15 companies or a member in more than 10 Board committees or acts as the Chairman of more than five such committees across all companies in which he is a Director.

Directors seeking appointment/reappointment at ensuing AGM

Mr. S.P. Saraf and Mr. D.C. Jain, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

The particulars of directors seeking reappointment at the ensuing AGM:

Name of Director	Mr. S.P. Saraf	Mr. D.C. Jain
Date of birth	02.02.1963	28.08.1946
Qualification	BCom	BCom
Date of appointment	29.07.2000	31.03.2003
Expertise in specific functional areas	Administration and day-to-day management of the Company	Knowledge of the textile industry and sarees
Other public limited companies in which directorships are held	Purvanchal Leasing Ltd. Sidhant Credit Capital Ltd. Euro Fashions Inners International Pvt. Ltd. (*)	None
Chairman/ member of the committees of the Board of Directors of other companies in which directorships are held	Audit Committee: Purvanchal Leasing Ltd. Remuneration Committee: Purvanchal Leasing Ltd. Shareholders'/Investors' Grievance Committee: Purvanchal Leasing Ltd.	Audit Committee: None Remuneration Committee: None Shareholders'/Investors' Grievance Committee: None

* Since M/s Euro Fashion Inners International Pvt. Ltd. is a subsidiary of the Company, it is treated as a public limited company.

Audit Committee

As on 31st March 2007, the Audit Committee comprised four members, three of them Non-Executive and Independent. All members are from financial and accounting background.

The terms of reference include :

i) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct.

ii) Recommending the appointment and removal of external auditors and fixation of audit fees.

iii) Review with the management the annual financial statements before submission to the Board, focusing on:

- Any change in accounting policies and practices
- Major accounting entries
- Accounting standards
- Qualifications in draft audit report

- Compliance with accounting standards, stock exchange and legal requirements concerning financial statements
- iv) Review with the management the quarterly financial statement before submission to the Board for approval.
- v) Reviewing with the management statutory audit and internal

audit reports and findings.

vi) The scope of the Audit Committee is inclusive of matters as specified under Clause 49 II D of the Listing Agreement with stock exchanges and such additional functions as may be decided by the Board of Directors.

The composition of the committee and the details of meetings and attendance of members during 2006-07:

Name of member	Status	Category	Meetings held during the year and attendance					
			27th May 2006	26th June 2006	27th July 2006	17th Oct 2006	8th Jan 2007	30th March 2007
Mr. S.K. Khaitan	Chairman	Non-Executive and Independent	Attended	Attended	Attended	Attended	Absent	Attended
Mr. Sushil Patwari	Member	Non-Executive and Independent	Absent	Attended	Absent	Attended	Attended	Attended
Mr. Vinod Kr. Kothari	Member	Non-Executive and Independent	Attended	Absent	Attended	Attended	Attended	Absent
Mr. S.P. Saraf	Member	Executive and Non-Independent	Attended	Attended	Attended	Absent	Attended	Absent

Remuneration Committee

The Remuneration Committee of Directors was set up mainly to recommend the Company's policy on remuneration package for the Managing/Wholetime Directors. The remuneration is based on experience, designation and financial position of the Company. The Non-Executive Directors do not draw any remuneration from the Company except for sitting fees for each meeting of the Board/committees. No meeting of the committee was held during the financial year ended 2007.

The following table shows the composition and names of members during the year:

Name of member	Category
Mr. S.K. Khaitan	Non-Executive and Independent
Mr. Sushil Patwari	Non-Executive and Independent
Mr. Vinod Kr. Kothari	Non-Executive and Independent

Details of the remuneration of Directors for the financial year ended 31st March 2007 are given below:

Name(s)	Salary and allowances (Rs.)	Commission (Rs.)	Other perquisites (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Mr. P.R. Agarwala	24,00,000	12,00,000	2,04,224	-	38,04,224
Mr. G.P. Agarwala	18,00,000	-	1,15,317	-	19,15,317
Mr. K.B. Agarwala	18,00,000	-	1,22,399	-	19,22,399
Mr. S.P. Saraf	6,12,029	-	-	-	6,12,029
Mr. S.K. Khaitan	-	-	-	85,000	85,000
Mr. Radheshyam Agarwal	-	-	-	42,500	42,500
Mr. Dharam Chand Jain	-	-	-	42,500	42,500
Mr. Sushil Patwari	-	-	-	70,000	70,000
Mr. Vinod Kr. Kothari	-	-	-	52,500	52,500
Total	66,12,029	12,00,000	4,41,940	2,92,500	85,46,469

Shareholders'/Investors' Grievance Committee

The shareholders'/Investors' Grievance Committee was set up with the following role, functions and powers:

- Supervise the redressal of shareholders'/investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

- Monitor the approval of transfer of shares, transmission of shares, dematerialisation of shares, transposition of shares, issuance of duplicate share certificates, etc.
- Delegate any of its responsibilities to any of the officer of the Company or to the registrar and transfer agents and to supervise it.

The composition of the committee and the details of meetings and attendance of members during 2006-07:

Sl. No(s)	Name of Directors	Status	Category	No. of meetings attended
1	Mr. S.K. Khaitan	Chairman	Non-Executive and Independent	4
2	Mr. Sushil Patwari	Member	Non-Executive and Independent	3
3	Mr. S. P. Saraf	Member	Executive and Non-Independent	4

No. of committee meetings held during the year: Five

Dates of the meetings: 27th May 2006, 26th June 2006, 27th July 2006, 17th October 2006 and 8th January 2007

Company Secretary and Executive Director are the Compliance Officers of the committee.

During the financial year ended 31st March 2007, eight correspondences were received from shareholders/investors. All the correspondences were replied or resolved. The Company attends to the investor grievances/correspondences expeditiously and usually a reply is sent within 10 days from the date of receipt of the complaint. No request for transfer was pending for approval as on 31st March 2007.

Annual General Meetings

Year	Location	Date	Time
2003-04	Merchants Chamber of Commerce Somani Conference Hall 15B Hemanta Basu Sarani Kolkata 700 001	10.09.2004	11.00 am
2004-05	Merchants Chamber of Commerce Somani Conference Hall 15B Hemanta Basu Sarani Kolkata 700 001	29.08.2005	11.00 am
2005-06	Merchants Chamber of Commerce Somani Conference Hall 15B Hemanta Basu Sarani Kolkata 700 001	28.08.2006	11.00 am

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

Disclosures

Related parties and transactions with them as required under Accounting Standard 18 are furnished under Note No. 14 of the Notes to Accounts attached with the financial statement for the year ended 31st March 2007. There are no other

pecuniary relationships or transactions with the Non-Executive and Independent Directors.

Means of communication

As quarterly, half-yearly and annual results are published in newspapers, submitted to the stock exchanges where the Company's shares are listed, in accordance with the Listing Agreement, the half-yearly reports are not sent to each household of shareholders. The results are normally published in the Business Standard and Dainik Lipi.

General shareholder information

i) Annual General Meeting	
Date	: 14th September 2007
Day	: Friday
Time	: 11.00 am
Venue	: Somany Conference Hall Merchants' Chamber of Commerce 15B, Hemanta Basu Sarani Kolkata 700 001
ii) Financial Calendar for FY 2007-08	
a) 1st Quarterly results	: On or before 31.07.2007
b) 2nd Quarterly/half-yearly results	: On or before 31.10.2007
c) 3rd Quarterly results	: On or before 31.01.2008
d) 4th Quarterly and yearly audited results	: On or before 30.06.2008
iii) Date of book closure	: 7th September 2007 to 14th September 2007 (both days inclusive)
iv) Record date for dividend payment	: 7th September 2007
v) Listing on stock exchanges	
i) The Calcutta Stock Exchange Association Ltd.	
	7 Lyons Range Kolkata 700 001
ii) The Jaipur Stock Exchange Ltd.	
	Stock Exchange Building Jawaharlal Nehru Marg Malviya Nagar Jaipur 302017
vi) Stock codes	
	The Calcutta Stock Exchange: 028161 The Jaipur Stock Exchange: 811 Demat ISIN Numbers (NSDL / CDSL): INE895B01013
vii) Market price data	
	High/low share price data during 2006 –07: There was no trading during the year.

viii) Registrar and share transfer agent

M/s. Maheshwari Datamatics Pvt.Ltd.
6 Mangoe Lane
2nd Floor
Kolkata 700 001
Phone: (033) 2243 5809/2243 5029
Fax: (033) 2248 4787

ix) Share transfer system

Trading in equity shares of the Company is permitted only in dematerialised form. The applications for transfer of shares in physical form are processed by the Company's registrar and transfer agent, M/s. Maheshwari Datamatics Pvt. Ltd. The Shareholders'/Investors' Committee (Share Transfer Committee), constituted for transfer/transmission of shares and allied matters, has approved the transfer of shares subject to transfer instrument being valid and complete in all respects.

x) Distribution of shareholding as on 31st March 2007

No. of shares	Shareholders		Shares	
	Number	% of total	No.	% of total
1	2	3	4	5
1 - 500	501	83.64	57,266	1.25
501 - 1000	50	8.35	44,500	0.97
1001 - 2000	10	1.67	14,980	0.33
2001 - 3000	7	1.16	16,680	0.36
3001 - 4000	1	0.17	4,000	0.09
4001 - 5000	1	0.17	4,900	0.11
5001 - 10000	6	1.00	47,512	1.04
10001 and above	23	3.84	43,89,262	95.85
Total	599	100.00	45,79,100	100.00

xi) Category of shareholders as on 31st March 2007

Range of shareholding	Number of shareholders	% of shareholders	Number of shares held	% of shareholding
Indian promoters	27	4.51	40,10,283	87.58
Private corporate bodies	18	3.01	4,26,160	9.31
Indian public	554	92.48	1,42,657	3.11
Total :	599	100.00	45,79,100	100.00

xii) Dematerialisation of shares and liquidity

The Company's 14,80,432 and 9,066 equity shares, representing 32.33% and 0.20% of its total equity share capital, are held in dematerialised form with the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as on 31st March 2007.

The equity shares of the Company are listed on the Calcutta Stock Exchange Association Ltd. and the Jaipur Stock Exchange Ltd.

xiii) 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.

xiv) Plant locations

a) Jalan Industrial Complex

Bombay Road (National Highway 6)
P.O.- Begri, Vill.- Biprannapara
Howrah 711411

b) 16 Shastri Nagar

3rd Street, Angeripalayam Road
Tirupur 640 602

xv) Address for correspondence

With the Company M/s.Rupa & Company Limited
Metro Tower, 8th Floor, 1 Ho Chi Minh Sarani, Kolkata 700 071
Tel: (033) 2288 1357 – 60, Fax: (033) 2288 1362/3
E-mail: info@rupa.co.in

With the Registrar
and Transfer Agents M/s. Maheshwari Datamatics Pvt.Ltd.,
6 Mangoe Lane, 2nd Floor, Kolkata 700 001
Tel.:(033) 2243 5809/2243 5029, Fax:(033) 2248 4787
E-mail: mdpl@cal.vsnl.net.co

xvi) Compliance officer Company Secretary

M/s.Rupa & Company Limited
Metro Tower, 8th Floor, 1 Ho Chi Minh Sarani, Kolkata 700 071
Tel: (033) 2288 1357 – 60, Fax: (033) 2288 1362/3
E-mail : info@rupa.co.in

Code of conduct declaration

To
The members
Rupa & Company Limited

I, K.B. Agarwala, Managing Director of the Company, do hereby declare that all the Directors and senior management personnel of the Company have affirmed compliance with the code of conduct as laid down by the Company in terms of Clause 49 of the Listing Agreement.

Place : Kolkata
Date : 29th June 2007

K.B. Agarwala
Managing Director

Auditors Certificate

To
The members
Rupa & Company Limited

We have examined the compliance of conditions of Corporate Governance by Rupa & Company Limited, for the year ended on 31st March 2007, 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 a 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 effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Dated: 29th June 2007

For K.Agarwal & Co.
Chartered Accountants
CA. K. C. Agrawal
Partner
Membership No. 10277

Management discussion and analysis

Industry structure and developments

The Indian textile industry has an overwhelming presence in the country's economic life. The sector currently contributes about 14% to the industrial production, 4% to the GDP and 16.63% to the country's export earnings. It provides direct employment to over 35 million people and is the second largest provider of employment after agriculture. Thus, the growth and all-round development of this industry has a direct bearing on the improvement of the Indian economy.

The buoyant Indian economy, growing at a rate of over 8%, has resulted in higher disposable income levels and higher spending capacities, manifesting itself in the increased consumption of textiles. The Indian textile industry, which was growing at 3-4% during the last six decades, has now witnessed an accelerated annual growth rate of 9-10%. The industry has shown an optimistic growth emerging as a 'sunrise' sector. The Working Group constituted by the Planning Commission

has set the target for the textile industry growth at a rate of 16% in the value term to reach the level of US\$ 115 billion (exports US\$ 55 billion; domestic market US\$ 60 billion) by the terminal year of the Eleventh Five Year Plan. To maintain the current growth rate major expansion and investment are necessary, which can only be possible if TUFs continues in its present form. The Working Group has said that even a slight modification in TUFs at this juncture may cause an adverse psychological impact, disrupting the investment plans of the industry and also resulting in possible effects, which may not be conducive for the long-term growth of the industry.

Even with the capacities envisaged by the Working Group for the terminal year of the Eleventh Plan, India will be significantly behind China in all segments. China has proposed substantial expansion plans for the next five years to increase its present capacities, which are already about six times greater than that of India. As such an indispensable need culminates for the Indian industry to make substantial

investments for modernisation and expansion to withstand competition in the international and domestic markets. This will only be possible if TUFs continues in its present form.

The importance of TUFs becomes more evident when we compare the interest rates currently applicable to the textiles and clothing industries of major competing countries with India; we find that they are substantially lower than the present Primary Lending Rate (PLR) in India. Interest rates are on the rise in the country and the PLR may continue to increase during the Eleventh Plan period. Interest rates applicable to term loans in some of the competing countries such as South Korea is 4.5%, Malaysia 3.5%, Taiwan 2.5%, Thailand 5% and China 4-5%, while the current PLR is around 11% in India.

In the over all textile industry, the hosiery sector has emerged as a fast growing segment. It becomes more evident if we analyse the financial year-wise production of hosiery cloth as displayed in the following table:

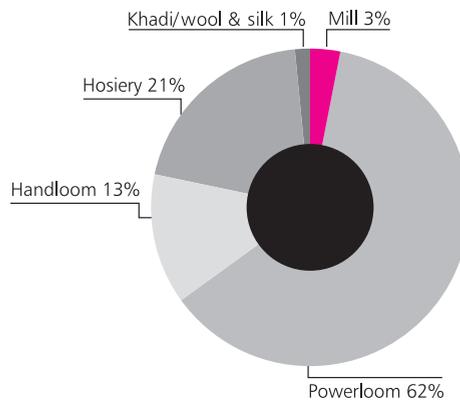
Year	Quantity (Qty in million sq. mtrs)	Growth (%)	Share of total textile industry (%)
1995-96	5,038	34	16
1996-97	5,533	10	16
1997-98	6,393	16	17
1998-99	6,276	-2	18
1999-00	6,373	2	17
2000-01	6,688	5	17
2001-02	7,068	6	17
2002-03	7,868	11	19
2003-04	7,837	0	19
2004-05	9,089	16	20
2004-05 (April-Dec)	7,394	13	20
2005-06 (April-Dec)	8,504	15	21

Despite its great potential, hosiery and knitwear did not receive the attention of the government; they evolved and survived on the individual strength of each unit. The sector was reserved under SSI till 2005 and as such large scale units

did not evolve. The sector, which had a modest share of 16%, has now increased to 21% of the total industry. In exports, the share of knitted garments in value term is about 38% of the over all clothing export, while in quantum

term it is about 53%. There is no doubt that the knitted sector is growing faster than others in the industry. Global investment and capacity creation is also following a similar trend.

Sector-wise share in cloth production



Opportunities and threats

Opportunities :

a) Buoyant domestic economy has been increasing the disposable income levels of customers and has also enhanced the purchasing power. Further, with the ever-increasing number of female workers, there has been a rise in the purchasing power and the market of value-added fashionable branded products.

b) The revolution of organised retailing in India has created a new market and channel for distribution. The Company has taken steps to adopt it as a distribution channel of its products.

c) The Company has a strong brand image along with the inherent advantage of having a wide range of product portfolio, catering to the fashion needs of all segments of customers/buyers, enabling the Company to have a broad-based market.

d) The Company has always given due importance to its distribution channel partners viz. dealers and retailers and has maintained a loyal and cordial relationship with them. The Company enjoys a wide national distribution network, increasing continuously. The Company's distribution network has ensured that its products are available in all regions and almost in all markets across India.

e) The brand Rupa has become

synonymous with style and comfort. The Company has ensured this by adhering to a stringent quality control and at the same time has provided the consumer with world-class comfort and style.

f) The Company has one of the most technologically advanced processing units, which overcomes the major problems faced by the industry as a whole. It has made further expansion of the unit which, in value term stands at Rs. 1,167 lac.

g) The purchasing power of rural India is also increasing and customers in rural areas are being attracted towards branded products, enhancing the Company's avenues for marketing in villages.

Threats:

a) Withdrawal/ reduction of benefits under TUFs, which may adversely affect the future expansion plans of the Company.

b) Competition from foreign brands in domestic markets.

c) Threat in the export market in the form of increasing competition from countries like China and the decreasing value of the US dollar.

d) Failure in agricultural production, reducing the purchasing power in the semi-urban and rural market.

e) Increase in the taxation burden-direct/indirect.

f) Lack of government support to resolve problems faced by the industry.

Future outlook

During the year, the Company achieved a growth of 11% in the sales and income from operations. It targets a growth rate of 30% for the current financial year. Further, if the economy continues to grow in the same way and if the agricultural and industrial growth rates continue to improve, they will increase the market avenues for the Company.

Rupa has constantly followed the emerging market trends and has revamped its marketing strategies and product portfolios from time to time accordingly. The advent of institutional retail in India has opened up new avenues for channel distribution. The Company has made arrangements with some of the major institutional retail outlets to market its products.

Further, in the current year, the Company is launching its new range of premium products under MacroMan M Series and has signed actor Hrithik Roshan as its brand ambassador.

The Company realises the potential of knitwear in outwear garments and is aggressively marketing its outwear range of bermudas, t-shirts, lounges under Bumchums brand.

Kids' wear range of products is being re-launched with a new portfolio under its Kidline brand.

The Company is confident that the new

product portfolio will not only enhance its market share and sales volume but will also enable it to gain share in the new market segments such as kids' wear and casual wear.

The Company is confident that with Hrithik as the brand ambassador Macroman-M Series brand will not only enrich the brand but will also increase its market share and turnover.

Segment-wise performance

Broadly speaking, the Company has three primary segments viz. sales, services and power generation and two secondary geographical segments viz. domestic and exports. The revenues generated under each segment have been mentioned in Schedule "21" note 13 of the accounts.

Risk and concerns

- a) Withdrawal/reduction of benefits under TUFs, which may adversely affect the future expansion plans of the Company.
- b) Competition from foreign brands in domestic markets.
- c) Threat in the export market in the form of increasing competition from countries like China and the reducing value of US dollar.
- d) Failures in agricultural production, decreasing the purchasing power in the semi-urban and rural markets.

e) Increase in the taxation burden-direct/indirect.

f) Inflation in prices of food grains and food products, which will adversely affect the middle-class section of the population, constituting a major portion of the Company's buyers.

g) Lack of government initiative in resolving problems faced by the industry.

Operational review

i) Sales and income from operations

The gross income from sales and operations during the year under review improved by 11 % at Rs. 30,056.13 lac compared with Rs. 27,026.51 lac of 31st March 2006.

(Graph see next page)

ii) Profit before depreciation, interest and tax

Profit before depreciation, interest and tax during the year under review increased by 17% to Rs. 2,499.51 lac compared with Rs. 2,129.96 lac for the previous year.

(Graph see next page)

iii) Depreciation

Depreciation provided during the year under review was Rs. 262.23 lac, compared with Rs. 183.27 lac in the previous year.

iv) Finance charges

Finance charges during the year under review was Rs. 725.66 lac compared with Rs. 943.58 lac in the previous year.

v) Profit before tax

Profit before tax during the year ended 31st March 2007 stood at Rs. 1,511.62 lac up from Rs. 1,003.11 lac recorded in the previous year.

vi) Provision for tax

Rs. 375.00 lac was provided as tax, Rs. 21.44 lac as fringe benefit tax and Rs. 138.07 lac as deferred tax during the year under review as compared with Rs. 228.00 lac, Rs. 17.62 lac and Rs. 87.81 lac, respectively recorded in the previous year.

vii) Profit after tax

Profit after tax for the year under review was Rs. 977.11 lac, compared with Rs. 669.68 lac in the previous year.

Internal control systems and their adequacy

The Company places prime importance on effective internal controls as well as on efficient internal audit system. The internal control is supplemented by an extensive programme of internal audit, headed by an internal audit firm of chartered accountants to monitor the adherence to all internal policies and procedures as well as the compliance with all external regulatory guidelines, review by the management, 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. It is reviewed and updated on an ongoing basis with an objective to improve the systems and the efficiency of operations. It is designed to ensure that the financial and other records were reliable for preparing financial information and other data, and for maintaining the accountability of assets.

Human resources

The Company recognises the need to have an optimum level of human resource and an orientation towards team efforts for sustained growth and

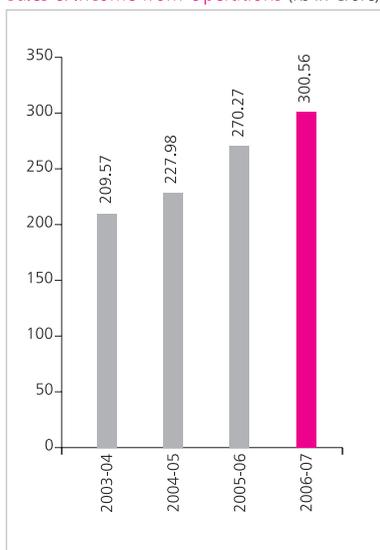
performance. Your Company believes that people constitute the strength of an organisation and it has established systems that reduce hierarchy and foster performance, transparency, fairness and empowerment at all levels.

The Company's relations with the work force continue to be very cordial and the co-operation of the employees enabled the unit to achieve sustained growth, both quantitatively as well as qualitatively. The commitment of the workforce is one of the strong pillars for the sustenance of growth in the years ahead.

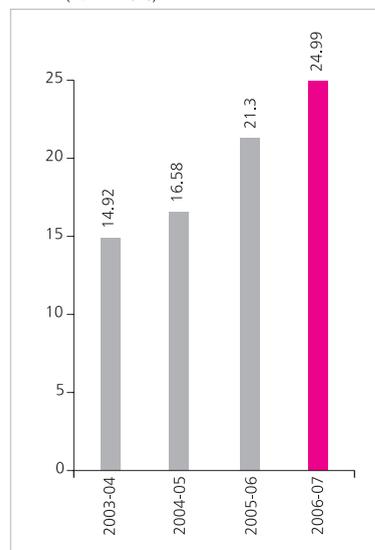
Cautionary statement

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.

Sales & Income from Operations (Rs in Crore)



EBIDT (Rs in Crore)



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, 2007 and the related Profit and Loss Account and Cash Flow Statement on that date of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of The Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e. Based on the representations made by all the Directors of the Company as on 31st March, 2007 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima facie, have any disqualification as referred to in Clause (g) of subsection (1) to Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the Notes thereon give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - ii) in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date, and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For : **K. Agrawal & Co.**
Chartered Accountants

Place: Kolkata
Dated: 29th June, 2007

CA. K. C. Agrawal
Partner
Membership No. 10277

Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date on the accounts for the year ended on 31st March, 2007 of RUPA & COMPANY LIMITED

- i) In respect of its fixed assets
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b. Some of 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. 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.
- ii) In respect of its inventories
 - 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. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable. In the case of materials lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
 - 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.
- iii) In respect of loans taken by the Company from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - a. The Company has taken unsecured loans of Rs. 4562 lac from one company and repaid loan of Rs. 3558 lacs. At the year end the outstanding balance of such loans taken was Rs. 1884 lacs and the maximum amount involved during the year was Rs. 1884 lacs.
- iv) In our opinion and according to information and explanations given to us, there are 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. Further based on our checking we have not come across any major weakness in the internal control.
- v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956., to the best of our knowledge and belief and according to the information and explanations given to us :
 - 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 the transactions [excluding loans reported under paragraph (iii) above] exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.
- vi) As explained to us, the Company has not accepted any deposit from the public in the meaning of the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.

- viii) The Central government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for any products of the Company.
- ix) In respect of statutory dues:
 - a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income- Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities during the year.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it were in arrears, as at 31st March, 2007 for a period of more than six months from the date they become payable.
 - c. According to the information and explanations given to us, details of dues of Sales Tax, Income Tax and Central Excise which have not been deposited as on 31st March, 2007 on account of dispute are given below

Name of the Statute	Forum where dispute is pending	Amount (Rs. Lacs)
Sales Tax/Value Added Tax	High Court, Chennai	130.03
	Deputy Commissioner, Commercial Taxes, Kolkata	1.54
	Assistant Commissioner, Commercial Taxes, Patna	0.75
	Deputy Commissioner, Value Added Tax, Delhi	75.50
Income Tax	High Court, Kolkata	25.19
Central Excise	CESTATE	118.60

- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.

- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- xiv) According to the information and explanations given to us the Company is dealing in securities and is maintaining proper records of such transactions. The shares and other investments are held by the Company in its own name.
- xv) 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.
- xvi) 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.
- xvii) We have been informed by management that the fund raised for short term basis have not been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debenture during the year and it has created proper securities or charges in respect of outstanding debentures.
- xx) The Company has not raised any money through a public issues during the year.
- xxi) To the best of our knowledge and belief and according to information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For : K. Agrawal & Co.
Chartered Accountants

Place: Kolkata
Dated: 29th June, 2007

CA. K. C. Agrawal
Partner
Membership No. 10277



Balance Sheet As at 31st March, 2007

(Amount in Rs.)

	Schedule	31st March, 2007	31st March, 2006
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	4,58,95,500	4,58,87,000
Reserves and surplus	2	30,88,87,587	22,99,14,287
Loan funds			
Secured loans	3	74,79,60,588	45,86,12,044
Unsecured loans	4	57,80,55,185	49,08,95,255
Deferred tax liability		5,89,24,042	4,51,17,245
Total		1,73,97,22,902	1,27,04,25,831
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	54,78,46,678	42,98,64,837
Less: Depreciation		9,73,15,721	7,22,16,744
Net block		45,05,30,957	35,76,48,093
Capital work in progress		1,57,32,921	28,04,769
		46,62,63,878	36,04,52,862
Investments			
	6	4,11,00,000	4,11,00,000
Current assets, loans & advances			
Inventories	7	86,02,55,369	82,42,33,146
Sundry debtors	8	50,29,42,691	41,29,16,706
Cash and bank balances	9	4,10,53,608	2,68,38,992
Loans, advances & deposits	10	27,82,48,127	17,19,03,026
		1,68,24,99,795	1,43,58,91,870
Less: Current liabilities & provisions			
Current liabilities	11	43,12,45,117	54,86,85,504
Provisions	12	1,88,95,654	1,83,33,397
		45,01,40,771	56,70,18,901
Net current assets		1,23,23,59,024	86,88,72,969
Total		1,73,97,22,902	1,27,04,25,831
Notes forming part of the accounts	21		

As per our report of even date attached.

For K. Agrawal & Co.

Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277
Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director

Profit and Loss Account

For the year ended 31st March, 2007

(Amount in Rs.)

	Schedule	31st March, 2007	31st March, 2006
INCOME			
Sales / income from operations	13	3,00,56,13,403	2,70,26,51,105
Other income	14	40,42,758	49,46,561
Increase (decrease) in stock	15	(7,60,09,891)	26,25,86,364
		2,93,36,46,270	2,97,01,84,030
EXPENDITURE			
Purchases (finished goods)		82,57,148	15,56,501
Raw materials consumed	16	1,29,26,95,571	1,39,29,68,625
Manufacturing expenses	17	64,58,38,730	65,01,45,201
Payments to and provision for employees	18	1,94,91,648	1,62,32,352
Selling, distribution, administration and other expenses	19	71,74,11,554	69,62,83,820
Finance charges	20	7,25,66,188	9,43,58,700
Depreciation		2,62,23,647	1,83,27,639
		2,78,24,84,486	2,86,98,72,838
Profit before tax		15,11,61,784	10,03,11,192
Less: Provision for taxation		3,75,00,000	2,28,00,000
Less: Provision for fringe benefit tax		21,43,824	17,62,311
Less: Provision for deferred tax		1,38,06,797	87,80,717
Profit after tax		9,77,11,163	6,69,68,164
Balance brought from previous year		9,76,59,746	6,40,04,510
		19,53,70,909	13,09,72,674
APPROPRIATIONS			
General reserve		1,00,00,000	50,00,000
Debenture redemption reserve		–	1,00,00,000
Proposed dividend		1,60,26,850	1,60,60,450
Corporate dividend tax		27,23,763	22,52,478
Balance carried to balance sheet		16,66,20,296	9,76,59,746
		19,53,70,909	13,09,72,674
Notes forming part of the accounts	21		
Earning per share-basic and diluted (Rs.)		21.34	14.59
Number of equity share		45,79,100	45,88,700

As per our report of even date attached.

For K. Agrawal & Co.

Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277
Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director

Schedules to the Accounts

Schedules 1 to 21 annexed to and forming part of Balance Sheet as at 31st March, 2007 and Profit and Loss Account for the year ended on that date.

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 1 SHARE CAPITAL		
Authorised	20,00,00,000	5,00,00,000
2,00,00,000 (50,00,000) Equity shares of Rs. 10/- each		
Issued		
46,00,000 Equity shares of Rs. 10/- each	4,60,00,000	4,60,00,000
Subscribed & Paid Up		
45,79,100 (46,00,000) Equity shares of Rs. 10 each	4,57,91,000	4,60,00,000
Less; Calls unpaid (other than Directors)	–	1,13,000
Add; Forfeited shares (20,900 nos)	1,04,500	–
	4,58,95,500	4,58,87,000

Note:

Of the above 50,000 equity shares of Rs. 10 each have been allotted as fully paid up bonus shares by capitalisation of general reserve.

Schedule – 2 RESERVES AND SURPLUS		
i) Share premium account brought forward	4,70,80,500	4,70,80,500
Add: Received during the year	12,750	–
	4,70,93,250	4,70,80,500
ii) Debenture redemption reserve brought forward	7,00,00,000	6,00,00,000
Add: Transferred from profit & loss account	–	1,00,00,000
	7,00,00,000	7,00,00,000
iii) General reserve:	–	–
As per last balance sheet	1,51,74,041	1,01,74,041
Add: Transferred from profit & loss account	1,00,00,000	50,00,000
	2,51,74,041	1,51,74,041
iv) Balance in profit & loss account	16,66,20,296	9,76,59,746
Total (i) + (ii) + (iii) + (iv)	30,88,87,587	22,99,14,287

Schedule – 3 SECURED LOANS		
From Bank		
Working capital account	63,30,21,699	45,86,12,044
From Industrial Development Bank of India		
Term loan	11,49,38,889	–
	74,79,60,588	45,86,12,044

Note:

- The working capital is secured by hypothecation of the entire current assets of the Company, equitable mortgage of certain property at Tirupur and Property at Kolkata of Rupa Global (P) Limited and corporate guarantee of Rupa Global (P) Limited and second charge on Domjur Unit.
- The term loan is secured by all movable & immovable Assets of Domjur and Tirupur units of the Company and first charge on wind turbine generator including land & building at Dhule in the state of Maharashtra
- The above loans are further secured by personal guarantee of Promoter Directors of the Company.

Schedules to the Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 4 UNSECURED LOANS		
i) Deep Discount Debentures convertible into equity shares (Note-8)	38,96,75,874	38,96,75,874
ii) Short term loans From body corporates	18,83,79,311	10,12,19,381
	57,80,55,185	49,08,95,255

Note:

As per the consent of the debentureholders, the Board has decided to convert Deep Discount Debentures aggregate amounting to Rs. 38,96,75,874 into equity shares at the rate to be determined as per SEBI guidelines. In view of the same, no discount has been written off during the year.

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at 01.04.2006	Addition	Sale	As at 31.03.2007	Upto 31.03.2006	For the year	Adjustment	As at 31.03.2007	As at 31.03.2006	As at 31.03.2007
Intangible assets										
Copy write & trade mark	6,00,00,000	50,00,000	–	6,50,00,000	1,80,00,000	60,01,370	–	2,40,01,370	4,20,00,000	4,09,98,630
Computer software	1,55,00,000	4,68,790	–	1,59,68,790	32,69,863	15,57,706	–	48,27,569	1,22,30,137	1,11,41,221
Tangible assets										
Land	2,15,34,803	67,59,544	10,90,000	2,72,04,347	–	–	–	–	2,15,34,803	2,72,04,347
Furniture & fixture	2,71,64,818	12,91,498	–	2,84,56,316	82,89,731	17,82,646	–	1,00,72,377	1,88,75,087	1,83,83,939
Office building	11,28,84,551	94,29,453	–	12,23,14,004	93,80,709	25,60,748	–	1,19,41,457	10,35,03,842	11,03,72,547
Plant & machinery	10,44,46,542	9,26,97,904	6,35,615	19,65,08,831	2,14,96,202	79,28,861	2,26,554	2,91,98,509	8,29,50,340	16,73,10,322
Office equipment	1,41,26,581	20,57,059	67,500	1,61,16,140	64,47,759	18,00,995	11,707	82,37,047	76,78,822	78,79,093
Vehicles	1,63,28,986	41,19,539	20,48,831	1,83,99,694	53,24,108	15,35,333	8,86,409	59,73,032	1,10,04,878	1,24,26,662
Wind turbine generator	5,78,78,556	–	–	5,78,78,556	8,372	30,55,988	–	30,64,360	5,78,70,184	5,48,14,196
Total	42,98,64,837	12,18,23,787	38,41,946	54,78,46,678	7,22,16,744	2,62,23,647	11,24,670	9,73,15,721	35,76,48,093	45,05,30,957
Previous year	33,33,28,335	9,80,87,264	15,50,762	42,98,64,837	5,41,76,652	1,83,27,639	2,87,547	7,22,16,744	27,91,51,683	35,76,48,093
Capital work in progress									28,04,769	1,57,32,921

Schedule – 6 INVESTMENTS		
LONG TERM-TRADED		
Quoted		
In Mutual fund		
Morgan Stanley Growth Fund	1,00,000	1,00,000
Unquoted (In Subsidiary Company)		
Euro Fashion Inners International (P) Ltd.	4,10,00,000	4,10,00,000
	4,11,00,000	4,11,00,000
Aggregate market value of quoted investment	4,27,000	2,27,000

Schedule – 7 INVENTORIES		
(As taken, valued and certified by the management)		
Finished goods	44,00,38,054	51,60,47,945
Raw materials	38,19,84,161	20,74,85,810
Materials under process	2,24,61,121	7,63,16,391
Packing materials	1,57,72,033	2,43,83,000
	86,02,55,369	82,42,33,146

Schedules to the Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 8 SUNDRY DEBTORS (UNSECURED)		
Debtors outstanding for a period exceeding six month -		
Considered good	2,91,28,935	1,51,44,887
Other debts -		
Considered good	47,38,13,756	39,77,71,819
	50,29,42,691	41,29,16,706

Schedule – 9 CASH AND BANK BALANCES		
Cash balance in hand (including cheque of Rs.15,49,494 /= (Previous year Rs.2,16,642/=)	16,62,803	19,52,928
Balance with schedule Banks		
In current account	3,25,63,496	81,71,804
In unpaid dividend account	3,30,995	3,53,225
On fixed deposit including interest accrued thereon	64,96,314	1,63,61,035
	4,10,53,608	2,68,38,992

Schedule – 10 LOANS, ADVANCES & DEPOSITS		
(Unsecured, considered good)		
Advance and loan to Subsidiary Company	9,75,64,379	8,51,69,431
Advances - Recoverable in cash or in kind or for value to be received	15,28,85,332	7,04,65,001
Advances for capital goods	1,55,93,241	52,99,509
Advance income tax (net of payments)	36,53,497	25,09,554
Security deposits	85,51,678	84,59,531
	27,82,48,127	17,19,03,026

Schedule – 11 CURRENT LIABILITIES		
Sundry creditors		
For goods	19,56,14,358	26,15,47,349
For expenses	14,55,56,292	20,08,99,905
For advances, deposits & credit balances	8,97,66,225	8,58,95,340
Unclaimed dividend (refer note no. 6)	3,08,242	3,42,910
	43,12,45,117	54,86,85,504

Schedule – 12 PROVISIONS		
For fringe benefit tax (net of payments)	1,45,041	20,469
For proposed dividend	1,60,26,850	1,60,60,450
For corporate dividend tax	27,23,763	22,52,478
	1,88,95,654	1,83,33,397

Schedules to the Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 13 SALES / INCOME FROM OPERATIONS		
Sales	2,93,51,60,291	2,64,91,93,474
Services (tax deducted at source Rs.11,77,798/=	5,62,66,897	4,89,25,159
Previous year Rs. 10,18,567/=)		
Export incentives	78,60,708	45,32,336
Electricity charges	63,25,507	136
	3,00,56,13,403	2,70,26,51,105

Schedule – 14 OTHER INCOME		
Interest (tax deducted at source Rs.1,45,283/=		
Previous year Rs.4,31,217/=)	21,56,368	30,35,065
Liability no longer required written back	2,76,924	–
Miscellaneous income	16,09,466	19,11,496
	40,42,758	49,46,561

Schedule – 15 INCREASE (DECREASE) IN STOCKS		
Opening stock	51,60,47,945	25,34,61,581
Less: Closing stock	44,00,38,054	51,60,47,945
	(7,60,09,891)	26,25,86,364

Schedule – 16 RAW MATERIALS CONSUMED		
Opening stock	28,38,02,201	30,79,68,913
Less: Value added tax	–	32,147
(includes materials under process Rs.7,63,16,391	28,38,02,201	30,79,36,766
Previous year Rs. 4,04,69,573),		
Add: Purchases	1,41,33,38,652	1,36,88,34,060
	1,69,71,40,853	1,67,67,70,826
Less: Closing stock		
(includes materials under process Rs. 2,24,61,121; Previous year Rs.7,63,16,391)	40,44,45,282	28,38,02,201
	1,29,26,95,571	1,39,29,68,625

Schedule – 17 MANUFACTURING EXPENSES		
Processing charges	58,90,23,956	59,13,35,655
Store & spares	6,12,024	4,02,696
Power & Fuel	2,16,36,919	2,66,91,267
Carriage inwards	2,67,20,141	2,47,95,255
Factory maintenance	78,45,690	69,20,328
	64,58,38,730	65,01,45,201

Schedule – 18 PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, wages, bonus & leave pay	1,83,08,835	1,44,87,878
Contribution to provident fund	6,08,231	5,81,194
Contribution to gratuity fund	2,43,536	7,72,633
Staff welfare	3,31,046	3,90,647
	1,94,91,648	1,62,32,352

Schedules to the Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 19 SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES		
A) Selling and distribution expenses		
Packing materials consumed	24,35,68,577	24,30,89,339
Carriage outward	2,72,79,486	2,04,62,003
Brokerage and commission	4,54,99,925	4,11,95,568
Advertisement	28,25,69,423	26,77,34,534
Marketing expenses	1,68,43,013	1,33,54,055
Royalty	1,44,15,452	1,44,05,451
	63,01,75,876	60,02,40,950
B) Administration and other expenses		
Rent, rates and taxes	33,53,175	23,70,318
Insurance	12,77,158	9,02,285
Telephone, telex and fax	37,70,760	37,51,426
Electricity charges	15,99,416	14,38,894
Printing and stationery	43,44,668	34,68,700
Postage and courier	24,66,414	22,35,915
Travelling and conveyance	37,26,867	68,02,715
Legal and professional charges	1,03,06,317	99,99,754
Repair and maintenance		
For machinery	28,92,040	22,98,263
For building	38,791	70,524
For other	27,44,843	57,70,764
Vehicles maintenance expenses	30,10,413	24,68,152
Subscription and membership	18,16,990	4,28,853
Directors' sitting fees	2,92,500	2,40,000
Directors' remuneration	82,53,969	43,21,504
Auditors' Remuneration		
As audit fees	1,34,832	1,34,688
As tax audit fees	22,472	22,448
Office maintenance	18,29,060	14,75,107
Other expenses	53,21,363	54,06,952
Foreign exchange difference	8,60,320	(3,10,540)
Loss on sale of fixed assets	8,68,276	4,13,215
Quality development expenses	36,16,123	26,19,771
Bad debts written off	13,47,631	2,73,106
Dealers' incentive	1,49,41,490	3,77,07,163
Business convention	83,99,790	17,32,893
	8,72,35,678	9,60,42,870
Total (A) + (B)	71,74,11,554	69,62,83,820

Schedule – 20 FINANCE CHARGES		
Interest		
To bank	5,50,49,902	2,31,42,375
To others	1,37,57,618	1,12,34,526
Proportionate discount on debentures written off	–	5,79,29,248
Other financial charges	37,58,668	20,52,551
	7,25,66,188	9,43,58,700

Schedules to the Accounts

Schedule – 21 NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting policies

The accounts of the Company are prepared under the historical cost convention and on the basis of the accounting principles of a going concern to comply with the applicable accounting standards. For recognition of income and expenses, accrual basis of accounting is followed.

b) Revenue recognition

Revenue from sale of goods and services are recognized upon passage of title to the customers.

c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost of an asset comprises its purchase price and incidental expenses related thereto. Capital work in progress comprises the cost of fixed assets that are not yet ready for their intended use as on the balance sheet date.

d) Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Copy right & trade marks and computer software are amortised over a period of ten years.

e) Depreciation

Depreciation on fixed assets is provided on straight line method at the rate prescribed in Schedule XIV of the Companies Act, 1956. Depreciation for assets purchase/sold during the period is proportionately charged.

f) Investments

Long term investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary.

Current investments are stated at lower of cost and fair value. Decline in the value of current investment are charged to the profit and loss account.

g) Inventories

Inventories are valued using FIFO method on the basis mentioned below -

Raw materials, packing materials and materials under process are valued at cost or net realisable value whichever is lower. Finished goods are valued at cost or net realizable value whichever is lower.

Cost of material under process comprises cost of materials and proportionate manufacturing expenses.

h) Government grants

i) Capital grant relating to fixed assets are reduced from the gross value of the respective fixed assets.

ii) Revenue grant are recognised in the profit and loss account on confirmation of reasonable assurance of the receipt.

i) Sales

Sales are recorded net of value added tax, sales tax, sales return and discounts.

j) Exports incentives

Benefits on account of entitlement to import goods free of duty under the DEPB under the duty exemption and duty drawback are being accounted in the year of export.

k) Retirement benefits

i) Company's contributions to provident fund are charged to profit & loss account.

ii) Gratuity liability is actuarially ascertained and is charged to profit & loss account and covered by appropriate scheme with Life Insurance Corporation of India.

iii) Leave encashment benefits are accounted for on accrual basis.

l) Deferred revenue expenditure

Discount on issue of deep discount debentures is amortised during the tenure of the debentures i.e 10 years from the date of allotment.

m) Foreign currency transactions

i) Transactions in foreign currencies are recorded at exchange rate prevailing at the time of the transaction.

Schedules to the Accounts

Schedule – 21 NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

- ii) Foreign currency assets and liabilities covered by forward contracts are stated at forward contract exchange rate. The cost of the forward exchange contract is amortised over the period of the contract.
- iii) Exchange difference relating to fixed assets is adjusted in the cost of assets. Other assets and liabilities are valued at rates prevailing at the end of the year. Any income or expense on account of exchange difference is recognized in the profit & loss account.
- n) Borrowing cost**
Borrowing cost that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.
- o) Taxes on income**
Tax on income for the current period is determined on the basis of taxable income and tax credit computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognized and carried forward 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.
- p) Segment reporting**
The accounting policies applicable to the reportable segments are the same as those as used in the preparation of the financial statements as set out above.

Segment revenue and expenses include amount, which can be directly identifiable to the segment or allocable on a reasonable basis.

Assets and liabilities relate to the Company as a whole and do not relate to any other segment, are not allocated.
- q) Prior period adjustments**
Income/expenditure pertaining to prior periods are reflected as "Prior Period Adjustment".
- r) Contingent liabilities**
Contingent liabilities are generally not provided for in the accounts and are shown separately in notes on accounts.
- s) Impairment of assets.**
If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flow.

B. NOTES ON ACCOUNTS

1. Contingent liabilities not provided for in respect of -

(Amount in Rs.)

	31st March, 2007	31st March, 2006
i) Bank guarantee	47,04,000	2,39,98,064
ii) Letter of credit	NIL	5,40,70,440
iii) Sales tax demand (under appeal)	2,07,82,515	8,96,71,654
iv) Income tax demand (under appeal)	25,18,740	27,82,357
v) Central excise (Appeal)	1,18,59,815	1,18,59,815

2. Managing and whole time Directors' remuneration:

	Current year	Previous year
Salaries and allowances	66,12,029	32,97,036
Other perquisites	11,35,355	10,96,257
Commission	12,00,000	6,00,000
	89,47,384	49,93,293

Schedules to the Accounts

Schedule – 21 NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

3. Calculation of Net Profit in accordance with Section 349 of the Companies Act, 1956 for the purpose of calculating Managing Director's Commission :

(Amount in Rs.)

	Current Year	Previous Year
Profit as per profit & loss account	15,11,61,784	10,03,11,192
Add: Directors' remuneration	82,53,969	43,21,504
Loss on sale of fixed assets	8,68,276	4,13,215
	16,02,84,029	10,50,45,912
Net profit for calculating Managing Director's Commission	16,02,84,029	10,50,45,912
Commission payable to Managing Director (@ 1 % of Net Profit)	16,02,840	10,50,459
Commission payable restricted to	12,00,000	6,00,000

4. Sales tax incentives of Rs. 60,27,946/-(Previous year Rs. 1,00,98,925/-) granted by the Government of West Bengal, Finance (Taxation) department under West Bengal Industrial Promotion (Assistant to Industrial Unit) scheme 1994 against payment of Value Added Tax under the West Bengal Value Added Tax Act, 2003 and Central Sales Tax Act, 1956, has been taken in sales.
5. Sundry Creditors include Rs. 3,31,96,580/- (Previous Year Rs. 1,65,50,275/-) due to small scale industrial undertakings to the extent such parties have been identified from available documents /information. As confirmed by the management which are outstanding for more than 30 days to small scale industrial undertakings.
6. Unpaid dividend does not include any amount to be credited to Investor Education and Protection Fund.
7. Bank guarantee issued in favour of the Company are secured against bank fixed deposit and other current assets.
8. Particulars of Deep Discount Debentures

	31st March, 2007	31st March, 2006
Series- 1 issued during financial year 1997-98 aggregating Rs. 4,000 Lacs at discounted price of Rs. 800 lacs redeemable at par at the end of 10 years from the date of allotment i.e 1st September, 1997.	40,00,00,000	40,00,00,000
Series-II issued during financial year 1998-99 aggregating Rs.1,000 Lacs at discounted price of Rs. 200 Lacs redeemable at par at the end of 10 year from the date of allotment i.e 15th June, 1998.	10,00,00,000	10,00,00,000
	50,00,00,000	50,00,00,000
Less: Discount on issue of debenture to the extent not written off or adjusted	11,03,24,126	11,03,24,126
	38,96,75,874	38,96,75,874

9. Figures of previous year have been regrouped / rearranged wherever considered necessary.
10. The Institute of Chartered Accountant of India (ICAI) has made Accounting Standard-Impairment of Assets-AS 28 mandatory and the Company has carried out comprehensive exercise to assess the impairment loss of assets. Based on such exercise, there is no impairments of assets. Accordingly, no adjustment in respect of loss on impairment of Assets is required to be made in the accounts.

11. Deferred tax liabilities

Calculation of deferred tax liabilities as at 31st March, 2007 and 31st March, 2006 is as given below:

	Deferred tax Liabilities as on 31st March, 2007	Deferred tax Liabilities as on 31st March, 2006
Arising on account of difference between book value of depreciable assets as per books of account and written down value for tax purpose	5,89,24,042	4,51,17,245
Net impact taken into profit & loss account	1,38,06,797	87,80,717

Schedules to the Accounts

Schedule – 21 NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

12. Earning Per Shares (EPS)

Calculation of earning per shares as given below

(Amount in Rs.)

	2006-2007	2005-2006
a. Net profit after tax available for equity shareholder	9,77,11,163	6,69,68,164
b. Weighted average number of Equity Share outstanding during the year	45,79,100	45,88,700
c. Basic / diluted earning per share	21.34	14.59
d. Nominal value per share	10.00	10.00

Note:

Diluted EPS for the current year cannot be ascertained due to finalisation of Numbers of Equity shares to be converted from Deep Discount Debentures.

13. Segment information:

i) Primary segment (business segments)

Particulars	Sales	Services	Electricity Charges	Elimination	Total
Revenue (sales & services)	2,94,30,20,999 (2,65,37,25,810)	5,62,66,897 (4,89,25,159)	63,25,507 (136)		3,00,56,13,403 (2,70,26,51,105)
Inter segment services		4,77,01,556 (4,36,70,550)		4,77,01,556 (4,36,70,550)	
Segment result (PBIT)	20,05,93,673 (17,17,23,625)	1,93,75,631 (2,08,93,717)			21,99,69,304 (19,26,17,342)
Interest	6,23,96,492 (9,22,05,967)	64,11,028 (1,00,182)			6,88,07,520 (9,23,06,149)
Profit before tax					15,11,61,784 (10,03,11,192)
Provision for taxation					3,75,00,000 (2,28,00,000)
Provision for fringe benefit tax					21,43,824 (17,62,311)
Provision for deferred tax					1,38,06,797 (87,80,717)
Profit after tax					9,77,11,163 (6,69,68,164)
Other information					
Assets					2,18,98,63,673 (1,83,74,44,732)
Liabilities					1,83,50,80,586 (1,56,16,43,445)
Depreciation	1,52,89,713 (1,42,80,294)	78,77,946 (40,38,973)	30,55,988 (8,372)		2,62,23,647 (1,83,27,639)

ii) Secondary geographical segment- revenue

	Domestic	Export	Total
Revenue	2,89,33,75,222 (2,59,93,70,490)	11,22,38,181 (10,32,80,615)	3,00,56,13,403 (2,70,26,51,105)

Note:

- Assets used in the Company's operations or liabilities contracted have not been identified to any of the reportable segments, as the assets and liabilities are used interchangeably between segments.
- Previous year figures are given under current year figures.

Schedules to the Accounts

Schedule – 21 NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

14. As per the Accounting Standard on 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

Key Management personnel	:	Mr. P. R. Agarwala Mr. G. P. Agarwala Mr. K. B. Agarwala Mr. S. P. Saraf
Relatives of key managerial person	:	Shri Bajinath Agarwal Mr. Ramesh Agarwal Mr. Mukesh Agarwal Mr. Manish Agarwal Mr. Ravi Agarwal Mr. Vikash Agarwal Mr. Rajnish Agarwal Smt. Puspa Devi Agarwal
Subsidiary	:	Euro Fashion Inners International (P) Ltd.
Other associates	:	M/s. Binod Hosiery M/s. Salasar Projects and Estates Pvt. Ltd. M/s. Siddhant Flats & Apartments Pvt. Ltd. M/s. Sidhant Credit Capital Ltd.

Information on related party transactions as required by Accounting Standards (AS-18) For the year ended 31st March, 2007 :

Particulars	Key management personnel		Relatives of key management personnel		Other associates		Subsidiary company	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Rent	3,09,600	3,09,600	1,92,000	2,28,000	96,000	96,000	-	-
Salary & perquisites	70,53,969	43,93,293	54,00,000	28,80,000	-	-	-	-
Commission	12,00,000	6,00,000	-	-	-	-	-	-
Royalty	-	-	-	-	1,44,15,452	1,44,05,451	-	-
Copy right & trade marks	-	-	-	-	50,00,000	-	-	-
Loan repayment	-	-	-	-	35,58,38,850	83,03,08,000	-	-
Loan taken	-	-	-	-	45,61,84,000	68,19,24,578	-	-
Interest paid	-	-	-	-	90,28,101	81,44,483	-	-
Balance standing	-	-	-	-	18,83,79,306	8,10,31,961	-	-
Sale of fabric	-	-	-	-	-	-	1,35,60,444	4,81,11,735
Purchase	-	-	-	-	-	-	1,46,11,474	80,18,244
Sale of knitted goods	-	-	-	-	-	-	-	29,87,767
Processing charges Received	-	-	-	-	-	-	2,44,279	12,23,288
Commission received	-	-	-	-	-	-	-	3,18,078
Rent received	-	-	-	-	-	-	4,80,000	-

Schedules to the Accounts

Schedule – 21 NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

15. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956: INFORMATION IN RESPECT OF GOODS MANUFACTURED

A) Raw Materials consumed - all indigenous

	Quantity in Kg.		Amount in Rs.	
	31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
i) Yarn				
Opening stock	2,90,451	4,11,211	3,74,66,486	4,67,10,918
Purchases	77,18,827	81,28,634	96,51,59,766	97,36,88,771
	80,09,278	85,39,845	1,00,26,26,252	1,02,03,99,689
Consumption	75,88,248	82,49,394	95,05,69,047	98,29,33,203
Closing stock	4,21,030	2,90,451	5,20,57,205	3,74,66,486

	Quantity in Kg.		Amount in Rs.	
	31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
ii) Than				
Opening stock	10,10,773	16,06,303	14,30,78,323	20,23,58,992
Purchases	9,98,632	8,68,328	16,13,40,365	12,59,52,487
Production	75,88,248	82,49,394	95,05,69,047	98,29,33,203
	95,97,653	1,07,24,025	1,25,49,87,735	1,31,12,44,682
Consumption	74,99,206	94,75,438	93,26,97,391	1,11,75,11,885
Sales	8,411	2,37,814	10,53,615	5,06,54,474
Closing stock	20,90,036	10,10,773	32,12,36,729	14,30,78,323

	Quantity in Mtrs.		Amount in Rs.	
	31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
iii) Elastic				
Opening stock	41,04,499	50,66,129	1,01,63,958	1,17,24,681
Purchases	4,83,68,533	3,91,48,721	13,28,92,688	14,27,96,345
	5,24,73,032	4,42,14,850	14,30,56,646	15,45,21,026
Consumption	4,83,85,355	4,01,10,351	13,43,40,074	14,43,57,068
Closing stock	40,87,677	41,04,499	87,16,572	1,01,63,958

	Quantity in Kwh		Amount in Rs.	
	31 March, 2007	31 March, 2006	31 March, 2007	31 March, 2006
iv) Electricity				
Production	18,09,047	39	63,25,507	136
	18,09,047	39	63,25,507	136
Sale	18,09,047	39	63,25,507	136
Closing stock	–	–	–	–

Schedules to the Accounts

Schedule – 21 NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

B) Finished products -Knitwear

	Quantity in Dzs.		Amount in Rs.	
	31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
Opening stock	21,94,978	9,72,434	51,60,47,945	25,34,61,581
Production	97,08,594	1,03,28,466	1,93,85,34,301	2,04,31,13,824
Purchases	21,393	8,085	82,57,148	15,56,501
Sales	1,03,92,522	91,14,007	2,93,41,06,676	2,59,74,55,626
Closing stock	15,32,443	21,94,978	44,00,38,054	51,60,47,945

Other information

(Amount in Rs.)

	Current Year	Previous Year
a) Expenditure in foreign currency		
Professional fee	58,510	3,48,391
Traveling expenses	4,22,020	20,06,211
Finance charges	4,91,626	3,47,699
Business promotional expenses	11,89,025	7,48,453
b) C.I.F value of imports		
Repairs & maintenance (machinery)	6,66,054	–
Machinery	5,75,69,220	72,740
Computer	–	86,772
c) Earning in foreign currency		
FOB value of export	10,43,77,473	9,87,48,279

As per our report of even date attached.

For K. Agrawal & Co.

Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277
Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director



Cash Flow Statement For the year ended 31st March, 2007

(Amount Rs. in Lacs)

	31st March, 2007		31st March, 2006	
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES				
Net profit before tax & extra-ordinary items		1,511.62		1,003.11
Adjustment:				
(a) Depreciation charges	262.24		183.28	
(b) Interest charges	688.07		923.06	
(c) Loss on sale of fixed assets	8.68		4.13	
		958.99		1,110.47
		2,470.61		2,113.58
Adjustment:				
(a) Interest income	(21.56)		(30.35)	
(b) Rent income	(4.80)		–	
		(26.36)		(30.35)
Operating profit before working capital changes		2,444.25		2,083.23
Adjustment:				
(a) Increase in trade & other receivable	(1,951.62)		85.45	
(b) Increase in inventories	(360.22)	(2,311.84)	(2,415.92)	(2,330.47)
		132.41		(247.24)
Adjustment:				
(a) Increase in trade payables		(392.81)		(101.78)
Cash inflow/(outflow) from operations		(260.40)		(349.02)
Adjustment:				
(a) Interest paid	(598.07)		(259.90)	
(b) Direct taxes paid	(407.28)		(244.80)	
		(1,005.35)		(504.70)
		(1265.75)		(853.72)
Adjustment:				
(a) Interest received from operating activities		14.71		11.38
Net cash inflow/(outflow) from operating activities		(1251.04)		(842.34)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES				
Inflow				
(a) Sale of fixed assets	18.49		5.00	
	–	18.49	–	5.00
Outflow				
(a) Purchase of fixed assets	(1,347.52)		(995.68)	
(b) Purchase of investments	–	(1,347.52)	(410.00)	(1,405.68)
Net cash inflow/(outflow) from investing activities		(1329.03)		(1400.68)

Cash Flow Statement (CONTD.)

(Amount Rs. in Lacs)

	31st March, 2007		31st March, 2006	
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES				
Inflow				
(a) Proceeds from share capital	0.21		–	
(b) Dividend and dividend tax paid	(183.13)		(155.29)	
(c) Interest received form financing activities	6.85		18.97	
(d) Rent income	4.80		–	
(e) Increase/(decrease) in borrowing capital	2,893.48	2,722.21	2,449.63	2,313.31
Net cash inflow/(Outflow) from financing activities		2722.21		2313.31
Net increase/(decrease) in cash/cash equivalent (A+B+C)		142.14		70.29
Cash /cash equivalents at the beginning of the year		268.39		198.10
Cash /cash equivalents at the end of the year		410.53		268.39

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 issued by the Institute of Chartered Accountants of India.
- 2) Significant accounting policies and other notes to accounts (Schedule 21) form an integral part of the cash flow statement.
- 3) Previous year figures have been regrouped/reclassified to confirm to current year's classification.

As per our report of even date attached.

For K. Agrawal & Co.

Chartered Accountants

CA. K. C. Agrawal

Partner

Membership No.: 10277

Place: Kolkata

Dated : 29th June, 2007

P. R. Agarwala

Chairman

G. P. Agarwala

Vice-Chairman

K. B. Agarwala

Managing Director



Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration details

Registration no. L17299WB1985PLC038517 State code

Balance sheet date

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public issue Rights issue

Bonus issue Private placement

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total liabilities <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="4"/>	Total assets <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="4"/>
Sources of funds	
Paid-up capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="5"/>	Reserves and surplus <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/>
Secured loan <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="1"/>	Unsecured loans <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="5"/>
Deferred tax liabilities <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="4"/>	
Application of funds	
Net fixed assets <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>
Net current assets <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="9"/>	Misc. expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

IV. Performance of company (Amount in Rs. Thousands)

Turnover and other income <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="6"/>	Total expenditure <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="4"/>
Profit/Loss before tax <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="2"/>	Profit/Loss after tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/>
Earnings per share (in Rs.) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="4"/>	Dividend rate (%) <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="5"/>

V. Generic names of principal products/services of the Company (As per monetary terms)

Item code no. (ITC code) <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="1"/>	Gents Undergarments
Product description	
Item code no. (ITC code) <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="1"/>	Ladies Undergarments
Product description	
Item code no. (ITC code) <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="2"/>	T-Shirts
Product description	

Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director

Statement Relating to Subsidiary Company

Pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary	Euro Fashion Inners International Pvt. Ltd.
2. Financial Year of the Subsidiary ended on	31st March, 2007
3. Share of the Subsidiary held by the Company on the above date (a) Number and Face Value (b) Extent of holding	41,00,000 of Rs10/- each 100%
4. Net aggregate amount of Profit / (Loss) of the subsidiary for the above financial year so far as it concerns members of the Company (a) Dealt with in the accounts of the Company for the year ended 31st March, 2007 (b) Not dealt with in the accounts of the Company for the year ended 31st March, 2007	- Rs 14,94,594/-
5. Net aggregate amount of profit / (losses) of the Subsidiary for the previous years of the subsidiary since it became a subsidiary so far as they concern Members of the Company (a) Dealt with in the accounts of the Company for the year ended 31st March, 2007 (b) Not dealt with in the accounts of the Company for the year ended 31st March, 2007	- Rs 63,85,200/-

Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director

Corporate information

Board of Directors

Mr. Ramesh Agarwal

Mr. Rajnish Agarwal

Mr. Vikash Agarwal

Mr. S. Patwari

Mr. S. P. Saraf

Auditors

M/s. K. Agrawal & Co.

Chartered Accountants

34, Ezra Street, Kolkata 700 001

Bankers

IndusInd Bank Ltd.

State Bank of India

Registered Office

102, VIP Plaza, Plot No. 7

Veera Industrial Estate

New Link Road, Andheri (W)

Mumbai 400 053

Corporate Office

Metro Tower, 8th Floor

1, Ho Chi Minh Sarani

Kolkata 700 071

Email: info@rupa.co.in

Directors' Report

Your Directors have pleasure in presenting the Second Annual Report of your Company alongwith the audited Statement of Accounts for the financial year ended 31st March, 2007

Financial Results

The highlights of the financial results for the year 2006-2007 are as follows:

(Amount in Rs.)

	Year ended 31st March, 2007	Year ended 31st March, 2006
Sales & other income	22,41,95,620	21,97,17,264
Total expenditure	21,70,71,021	20,87,52,797
Gross profit before interest, depreciation & tax	71,24,599	1,09,64,467
Less: Interest & finance charges	42,34,257	8,04,200
Gross profit after interest but before depreciation and taxation	28,90,342	1,01,60,267
Less: Depreciation	84,894	1,577
Profit before tax	28,05,448	1,01,58,690
Less:		
Provision for taxation	8,90,000	34,18,600
Provision for fringe benefit tax	2,49,058	3,54,075
Provision for deferred tax	55,987	815
Earlier year taxation	1,15,809	–
Profit after tax	14,94,594	63,85,200
Add:		
Surplus brought forward	63,85,200	–
Balance carried to balance sheet	78,79,794	63,85,200

Operations

The sales & other Income of the Company during the period under review are Rs. 22,41,95,620. The Company has earned a profit after tax of Rs. 14,94,594/-

Dividend

In view of the marginal profit earned by the Company, your Company do not recommend any dividend for the period under review.

Deposits

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

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. Rajnish Agarwal retire by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment.

During the period under review, Mr. S. P. Saraf has been

appointed as Additional Director of the Company with effect from 17th October, 2006, who holds office until the ensuing Annual General Meeting. Separate notices have been received from members under section 257 of the Companies Act, 1956, proposing his appointments as director of the Company. Approval of the members is sought at the ensuing Annual General Meeting for his appointment as Director.

Auditors

The Auditors M/s. K. Agrawal & Co. Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Directors' responsibility statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures ;
- 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 2006 - 2007, 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.

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.

Acknowledgements

Your Directors would like to express their appreciation for the assistance and cooperation received from the Bankers Government Authorities and all others during the year under review. Your Directors wish to place on record their deep sense of appreciation to all the employees for their contribution during the year

For & on behalf of the Board

Rajnish Agarwal
Ramesh Agarwal
Directors

Place : Kolkata
Dated : 28th June, 2007

Annexure-1 to the Directors' Report

Information as required under section 217(1)(e) read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988:

Energy conservation and technology absorption

Research & development is being carried out by the Company in the areas of product design & marketing. Due to continuous efforts & development, products of your company enjoy premium position in the market. Other provisions of Section 217(1)(e) of the Companies Act, 1956 with regards to conservation of energy and technology absorption are not applicable to your Company.

For & on behalf of the Board

Place : Kolkata
Dated : 28th June, 2007

Rajnish Agarwal
Ramesh Agarwal
Directors

Auditors' Report

To
The Members of
EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED

1. We have audited the attached balance sheet of **EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED** as at 31st March, 2007 and the related profit and loss account on that date of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d. In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e. Based on the representations made by all the Directors of the Company as on 31st March, 2007 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima facie, have any disqualification as referred to in Clause (g) of subsection (1) to Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the Notes thereon give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and
 - (ii) in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For : **K. Agrawal & Co.**
Chartered Accountants

Place: Kolkata
Dated: 28th June, 2007

CA. K. C. Agrawal
Partner
Membership No. 10277

Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date on the accounts for the year ended on 31st March, 2007 of EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED

- | | |
|--|--|
| <p>i) In respect of its fixed assets:</p> <p>a. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.</p> <p>b. Some of 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. According to the information and explanations given to us no material discrepancies were noticed on such verification.</p> <p>c. The Company has not disposed off any part of the fixed assets during the year.</p> <p>ii) In respect of its inventories:</p> <p>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. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable. In the case of materials lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.</p> <p>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.</p> <p>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.</p> <p>iii) In respect of loans taken and granted by the Company from/to companies, firms or other parties covered in the</p> | <p>register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us: -</p> <p>The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>iv) In our opinion and according to information and explanations given to us, there are 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. Further based on our checking we have not come across any major weakness in the internal control.</p> <p>v) In respect of contracts or arrangements enter in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us :</p> <p>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.</p> <p>b. In our opinion the transactions exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.</p> <p>vi) As explained to us, the Company has not accepted any deposit from the public in the meaning of the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.</p> <p>vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.</p> <p>viii) The Central government has not prescribed the maintenance of cost records under section 209 (1)(d) of</p> |
|--|--|

- the Companies Act 1956 for any products of the Company.
- ix) In respect of statutory dues:
- a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities during the year.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it were in arrears, as at 31st March, 2007 for a period of more than six months from the date they become payable.
 - c. According to the information and explanations given to us, no disputed amounts payable in respect of Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it were in arrears, as at 31st March, 2007.
- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- xii) 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.
- xiii) In our opinion and according to the information and explanations given to us the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) 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.
- xvi) Based on the information and explanations given to us by the management, the Company has not obtained any term loans.
- xvii) We have been informed by management that the fund raised for short term basis have not been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debenture during the year and it has created proper securities or charges in respect of outstanding debentures.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) To the best of our knowledge and belief and according to information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For : **K. Agrawal & Co.**
Chartered Accountants

Place: Kolkata
Dated: 28th June, 2007

CA. K. C. Agrawal
Partner
Membership No. 10277

Balance Sheet As at 31st March, 2007

(Amount in Rs.)

	Schedule	31st March, 2007	31st March, 2006
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	4,10,00,000	4,10,00,000
Reserves and surplus	2	78,79,794	63,85,200
Loan funds			
Secured loans	3	1,67,64,570	–
Unsecured loans	4	9,75,64,379	8,51,69,431
Deferred tax liability		56,802	815
Total		16,32,65,545	13,25,55,446
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	64,18,542	25,24,552
Less: Depreciation		86,471	1,577
Net block		63,32,071	25,22,975
Current assets, loans & advances			
Inventories	6	12,19,57,127	9,24,95,647
Sundry debtors	7	6,77,93,168	8,35,57,128
Cash and bank balances	8	59,09,031	56,07,876
Loans, advances & deposits	9	68,56,209	38,73,504
		20,25,15,535	18,55,34,155
Less: Current liabilities & provisions			
Current liabilities	10	4,56,77,671	5,52,01,042
Provisions	11	90	4,28,242
		4,56,77,761	5,56,29,284
Net current assets		15,68,37,774	12,99,04,871
Miscellaneous expenditure (to the extent not written off or adjusted)			
Preliminary expenses		95,700	1,27,600
Total		16,32,65,545	13,25,55,446
Notes forming part of the accounts	19		

As per our Report of even date.

For K. Agrawal & Co.
Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277

Rajnish Agarwal
Director

Ramesh Agarwal
Director

Place: Kolkata
Dated: 28th June, 2007

Profit and Loss Account For the year ended 31st March, 2007

(Amount in Rs.)

	Schedule	31st March, 2007	31st March, 2006
INCOME			
Sales		22,30,31,983	21,84,49,374
Other income	12	11,63,637	12,67,890
Increase (decrease) in stock	13	1,30,51,653	5,22,93,203
		23,72,47,273	27,20,10,467
EXPENDITURE			
Raw materials consumed	14	12,83,41,549	10,95,80,288
Manufacturing expenses	15	3,64,00,674	5,64,77,187
Payments to and provision for employees	16	33,48,364	29,88,454
Selling, distribution, administration and other expenses	17	6,20,32,087	9,20,00,071
Finance charges	18	42,34,257	8,04,200
Depreciation		84,894	1,577
		23,44,41,825	26,18,51,777
Profit before tax		28,05,448	1,01,58,690
Less: Provision for taxation		8,90,000	34,18,600
Less: Provision for fringe benefit tax		2,49,058	3,54,075
Less: Provision for deferred tax		55,987	815
Less: Earlier year taxation		1,15,809	–
Profit after tax		14,94,594	63,85,200
Balance brought from previous year		63,85,200	–
Balance carried to balance sheet		78,79,794	63,85,200
		78,79,794	63,85,200
Notes forming part of the accounts	19		
Earning per share-basic and diluted		0.36	29.88
Number of equity share		41,00,000	41,00,000
Weighted number of equity share		–	2,13,699

As per our Report of even date.

For K. Agrawal & Co.
Chartered AccountantsCA. K. C. Agrawal
Partner
Membership No.: 10277Rajnish Agarwal
DirectorRamesh Agarwal
DirectorPlace: Kolkata
Dated: 28th June, 2007

Schedules to the Accounts

Schedules 1 to 19 annexed to and forming part of Balance Sheet as at 31st March, 2007 and Profit and Loss Account for the year ended on that date.

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 1 SHARE CAPITAL		
Authorised 50,00,000 Equity shares of Rs. 10/- each	5,00,00,000	5,00,00,000
Issued 41,00,000 Equity shares of Rs. 10/- each	4,10,00,000	4,10,00,000
Subscribed & paid up 41,00,000 Equity shares of Rs. 10 each	4,10,00,000	4,10,00,000

	31st March, 2007	31st March, 2006
Schedule – 2 RESERVES AND SURPLUS		
Profit & loss account	78,79,794	63,85,200
	78,79,794	63,85,200

	31st March, 2007	31st March, 2006
Schedule – 3 SECURED LOANS		
From bank Working capital loan	1,67,64,570	–
	1,67,64,570	–

Note:

The working capital loan is secured by hypothecation of the entire current assets of the Company, equitable mortgage of land at Tirupur and personal guarantee of Promoter Directors of the Company.

	31st March, 2007	31st March, 2006
Schedule – 4 UNSECURED LOANS		
Short term loans From holding company	9,75,64,379	8,51,69,431
	9,75,64,379	8,51,69,431

Schedule – 5 FIXED ASSETS										
Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at 01.04.2006	Addition	Sale	As at 31.03.2007	Upto 31.03.2006	For the year	Adjustment	As at 31.03.2007	As at 31.03.2006	As at 31.03.2007
Intangible assets										
Copy right & trade mark	–	5,00,000	–	5,00,000	–	137	–	137	–	4,99,863
Tangible assets										
Land	25,08,370	21,80,150	–	46,88,520	–	–	–	–	25,08,370	46,88,520
Furniture & fixtures	3,432	–	–	3,432	217	217	–	434	3,215	2,998
Office equipment	12,750	37,650	–	50,400	1,360	4,475	–	5,835	11,390	44,565
Plant & machinery	–	5,14,739	–	5,14,739	–	19,984	–	19,984	–	4,94,755
Vehicles	–	6,61,451	–	6,61,451	–	60,081	–	60,081	–	6,01,370
Total	25,24,552	38,93,990	–	64,18,542	1,577	84,894	–	86,471	25,22,975	63,32,071
Previous year	–	25,24,552	–	25,24,552	–	1,577	–	1,577	–	25,22,975

Schedules to the Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 6 INVENTORIES		
(As taken, valued and certified by the management)		
Finished goods	6,53,44,856	5,22,93,203
Raw materials	4,59,32,532	1,65,65,403
Materials under process	65,60,991	2,05,27,594
Packing materials	41,18,748	31,09,447
	12,19,57,127	9,24,95,647

Schedule – 7 SUNDRY DEBTORS (UNSECURED)		
Debtors outstanding for a period exceeding six month- Considered good	83,11,774	31,88,598
Other debts- Considered good	5,94,81,394	8,03,68,530
	6,77,93,168	8,35,57,128

Schedule – 8 CASH AND BANK BALANCES		
Cash balance in hand (including cheques in hand Rs Nil; Previous year Rs. 2,01,000)	1,28,530	3,88,595
Balance with schedule banks In current account	57,80,501	51,19,281
On fixed deposit including interest accrued thereon	–	1,00,000
	59,09,031	56,07,876

Schedule – 9 LOANS, ADVANCES & DEPOSITS		
(Unsecured, considered good)		
Advances - Recoverable in cash or in kind or for value to be received	53,33,909	1,39,074
Advance income tax (net of provision)	15,22,300	–
Security deposits	–	37,34,430
	68,56,209	38,73,504

Schedule – 10 CURRENT LIABILITIES		
Sundry creditors		
For goods	2,60,54,673	1,90,11,827
For expenses	1,18,90,742	2,14,29,765
For advances, deposits & credit balances	77,32,256	1,47,59,450
	4,56,77,671	5,52,01,042

Schedule – 11 PROVISIONS		
For taxation (net of payments)	–	3,89,200
For fringe benefit tax (net of payments)	90	39,042
	90	4,28,242

Schedules to the Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 12 OTHER INCOME		
Interest	11,63,637	9,19,312
Miscellaneous income	–	3,48,578
	11,63,637	12,67,890

Schedule – 13 INCREASE (DECREASE) IN STOCKS		
Opening stock	5,22,93,203	–
Less: Closing stock	6,53,44,856	5,22,93,203
	1,30,51,653	5,22,93,203

Schedule – 14 RAW MATERIALS CONSUMED		
Opening stock (includes material under process Rs.2,05,27,594; Previous year Nil)	3,70,92,998	–
Add: Purchases	14,37,42,074	14,66,73,285
	18,08,35,072	14,66,73,285
Less: Closing stock (includes material under process Rs.65,60,991; Previous year Rs 2,05,27,594)	5,24,93,523	3,70,92,997
	12,83,41,549	10,95,80,288

Schedule – 15 MANUFACTURING EXPENSES		
Processing charges	3,56,15,099	5,57,80,556
Carriage inwards	7,85,575	6,96,631
	3,64,00,674	5,64,77,187

Schedule – 16 PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, wages, bonus & leave pay	30,44,681	29,03,225
Contribution to provident fund	2,36,754	47,908
Staff welfare	66,929	37,321
	33,48,364	29,88,454

Schedules to the Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 17 SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES		
A) Selling and distribution expenses		
Packing materials consumed	1,47,04,252	2,29,45,002
Carriage outward	2,79,702	3,55,819
Brokerage & commission	68,113	1,66,338
Advertisement	3,54,15,215	5,49,15,115
Marketing expenses	67,92,248	55,24,542
Royalty	6,36,796	10,83,860
Sales promotion expenses	1,00,000	29,80,798
	5,79,96,326	8,79,71,474
B) Administration and other expenses		
Rent, rates & taxes	8,55,121	4,56,701
Telephone, telex & fax	1,29,713	69,458
Electricity charges	25,431	587
Printing & stationery	12,26,155	11,45,094
Postage & courier	3,38,390	2,30,982
Travelling & conveyance	2,21,621	3,99,111
Legal & professional charges	2,74,473	3,57,427
Repair and maintenance		
For other	84,577	6,052
Vehicles maintenance expenses	1,29,792	1,05,164
Business convention	–	7,91,953
Auditors' remuneration		
As audit fees	22,472	22,448
As tax audit fees	5,618	5,612
Office maintenance	1,60,375	58,703
Insurance	22,040	–
Other expenses	2,23,070	72,892
Quality development expenses	1,96,710	2,74,513
Dealer's incentive	88,303	–
Preliminary expenses written off	31,900	31,900
	40,35,761	40,28,597
Total (A) + (B)	6,20,32,087	9,20,00,071

Schedule – 18 FINANCE CHARGES		
Interest		
To bank	37,74,211	856
To others	3,27,659	7,96,247
Other financial charges	1,32,387	7,097
	42,34,257	8,04,200

Schedules to the Accounts

Schedule – 19 NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting policies

The accounts of the Company are prepared under the historical cost convention and on the basis of the accounting principles of a going concern to comply with the applicable accounting standards. For recognition of income and expenses, accrual basis of accounting is followed.

b) Revenue recognition

Revenue from sale of goods is recognised upon passage of title to the customers.

c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost of an asset comprises its purchase price and incidental expenses related thereto.

d) Intangible assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Copy Right & Trade Marks is amortized over a period of ten years.

e) Depreciation

Depreciation on fixed assets is provided on straight line method at the rate prescribed in Schedule XIV of the Companies Act, 1956. Depreciation for assets purchase/sold during the period is proportionately charged.

f) Inventories

Inventories are valued using FIFO method on the basis mentioned below -

Raw materials, packing materials and materials under process are valued at cost or net realizable value whichever is lower.

Finished goods are valued at cost including excise duty or net realizable value whichever is lower.

Cost of material under process comprises cost of materials and proportionate manufacturing expenses.

g) Sales

Sales are recorded net of value added tax, sales tax, sales return and discounts

h) Retirement benefits

i) Company's contributions to provident fund are charged to profit & loss account.

ii) Leave encashment benefits are accounted for on accrual basis.

i) Miscellaneous expenditure

Preliminary expenses are amortised over a period of five years from the year of incorporation of the Company.

j) Borrowing cost

Borrowing cost that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

k) Taxes on income

Tax on income for the current period is determined on the basis of taxable income and tax credit computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward 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 realized.

l) Contingent liabilities

Contingent liabilities are generally not provided for in the accounts and are shown separately in Notes on Accounts.

m) Impairment of assets.

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is

Schedules to the Accounts

Schedule – 19 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flow.

B. NOTES ON ACCOUNTS

- Contingent liabilities not provided for : Rs.Nil.
- Sundry creditors include Rs 8,14,756/- (Previous year Rs 5,30,493) due to small scale industrial undertakings to the extent such parties have been identified from available documents /information .As confirmed by the management which are outstanding for more than 30 days to small scale industrial undertakings.
- Figures of previous year have been regrouped/rearranged wherever considered necessary.
- The Company has carried out comprehensive exercise to assess the impairment loss of Assets. Based on such exercise, there is no impairments of assets. Accordingly, no adjustment in respect of loss on impairment of assets is required to be made in the accounts.

5. Deferred tax liabilities

Calculation of deferred tax liabilities as at 31st March, 2007 and 31st March, 2006 is as given below:

	Deferred tax Liabilities as on 31st March, 2007	Deferred tax Liabilities as on 31st March, 2006
Arising on account of difference between book value of depreciable assets as per books of account and written down value for tax purpose	56,802	815
Net impact taken into profit & loss account	55,987	815

6. Earning per shares (EPS)

Calculation of earning per share as given below:

(Amount in Rs.)

	2006-2007	2005-2006
a. Net profit after tax available for equity shareholder	14,94,594	63,85,200
b. Number of equity share outstanding during the year	41,00,000	41,00,000
c. Weighted average number of Equity Share outstanding during the year	41,00,000	2,13,699
d. Basic/ diluted earning per share	0.36	29.88
e. Nominal value per share	10.00	10.00

The Company does not have any outstanding dilutive potential equity shares.

- As per the Accounting Standard on 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

Holding Company : Rupa & Company Ltd.
Other Associates : M/s Binod Hosiery

Particulars	Holding Company		Other Associates	
	2006-2007	2005-2006	2006-2007	2005-2006
Purchases	1,35,60,444	4,81,11,735	–	–
Sales	1,46,11,474	1,10,06,011	–	–
Processing charges	2,44,279	12,32,288	–	–
Commission received	–	3,18,078	–	–
Rent paid	4,80,000	–	–	–
Royalty paid	–	–	6,36,796	11,11,245
Copyright & trade mark purchased	–	–	5,00,000	–

Schedules to the Accounts

Schedule – 19 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

8. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956:

Information in respect of goods manufactured

A) RawMaterials consumed – all indigenous

	Quantity in Kg.		Amount in Rs.	
	31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
i) Yarn				
Opening stock	15,799	–	21,41,912	–
Purchases	1,98,291	4,59,736	2,34,92,548	5,63,06,903
	2,14,090	4,59,736	2,56,34,460	5,63,06,903
Consumption	1,77,035	4,43,937	2,12,06,384	5,41,64,991
Closing stock	37,055	15,799	44,28,076	21,41,912
ii) Than				
Opening stock	27,347	–	37,04,787	–
Purchases	7,78,559	3,36,409	10,59,83,918	6,96,97,714
Production	1,77,035	4,43,937	2,12,06,384	5,41,64,991
	9,82,941	7,80,346	13,08,95,089	12,38,62,705
Consumption	1,32,734	7,15,063	1,78,70,221	11,21,39,674
Sales	6,55,731	37,936	9,56,72,767	80,18,244
Closing stock	1,94,476	27,347	3,90,45,318	37,04,787

	Quantity in Mtrs.		Amount in Rs.	
	31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
iii) Elastic				
Opening stock	11,22,374	–	17,50,904	–
Purchases	86,46,154	1,09,59,221	1,05,67,234	1,52,66,239
	97,68,528	1,09,59,221	1,23,18,138	1,52,66,239
Consumption	82,12,209	98,36,847	1,04,55,219	1,35,15,335
Closing stock	15,56,319	11,22,374	18,62,919	17,50,904

B Finished products - Knitwear

	Quantity in Dzs.		Amount in Rs.	
	31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
Opening stock	1,37,235	–	5,22,93,203	–
Production	5,54,195	6,91,759	9,54,66,925	16,60,57,475
Sales	4,68,562	5,54,524	12,73,59,216	21,83,36,543
Closing stock	2,22,868	1,37,235	6,53,44,856	5,22,93,203

Schedules to the Accounts

Schedule – 19 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Other information

	Current Year Rs	Previous Year Rs
a) Expenditure in foreign currency	–	–
b) C.I.F value of imports	–	–
c) Earning in foreign currency	–	–

Signatures to Schedules 1 to 19
As per our Report of even date.

For K. Agrawal & Co.
Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277

Rajnish Agarwal
Director

Ramesh Agarwal
Director

Place: Kolkata
Dated: 28th June, 2007

Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration details

Registration no. U17120MH2005PTC152837

State code 1 1

Balance sheet date 3 1 0 3 2 0 0 7
Date Month Year

II. Capital raised during the year (Amount in Rs. thousands)

Public issue N I L Rights issue N I L

Bonus issue N I L Private placement N I L

III. Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total liabilities 2 0 8 9 4 3 Total assets 2 0 8 9 4 3

Sources of funds

Paid-up capital 4 1 0 0 0 Reserves and surplus 7 8 8 0

Secured loan 1 6 7 6 5 Unsecured loans 9 7 5 6 4

Deferred tax liabilities 5 7

Application of funds

Net fixed assets 6 3 3 2 Investments N I L

Net current assets 1 5 6 8 3 8 Misc. expenditure 9 6

Accumulated losses N I L

IV. Performance of company (Amount in Rs. thousands)

Turnover and other income 2 2 4 1 9 6 Total expenditure 2 2 1 3 9 1

Profit/Loss before tax 2 8 0 5 Profit/Loss after tax 1 4 9 5

Earnings per share (in Rs.) 0 . 3 6 Dividend rate (%) N I L

V. Generic names of principal products/services of the Company (As per monetary terms)

Item code no. (ITC code) 6 1 0 7 1 1 . 0 1

Product description Gents Undergarments

Item code no. (ITC code) 6 1 0 8 2 1 . 0 1

Product description Ladies Undergarments

Item code no. (ITC code) 6 1 0 9 1 0 . 0 2

Product description T-Shirts

Place: Kolkata
Dated: 28th June, 2007

Rajnish Agarwal
Director

Ramesh Agarwal
Director

Consolidated Auditors' Report

To

The Board of Directors

RUPA & COMPANY LIMITED

1. We have audited the attached Consolidated Balance Sheet of Rupa & Co. Ltd. ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at 31st March, 2007, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 the 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 Standards AS-21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i. in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March 2007;
 - ii. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For : **K. Agrawal & Co.**
Chartered Accountants

Place: Kolkata
Dated: 29th June, 2007

CA. K.C. Agrawal
Partner
Membership No. 10277



Consolidated Balance Sheet As at 31st March, 2007

(Amount in Rs.)

	Schedule	31st March, 2007	31st March, 2006
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	4,58,95,500	4,58,87,000
Reserves and surplus	2	31,67,67,381	23,62,99,487
Loan funds			
Secured loans	3	76,47,25,158	45,86,12,044
Unsecured loans	4	57,80,55,185	49,08,95,255
Deferred tax liability		5,89,80,844	4,51,18,060
Total		1,76,44,24,068	1,27,68,11,846
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	55,42,65,220	43,23,89,389
Less: Depreciation		9,74,02,192	7,22,18,321
Net block		45,68,63,028	36,01,71,068
Capital work in progress		1,57,32,921	28,04,769
		47,25,95,949	36,29,75,837
Investments	6	1,00,000	1,00,000
Current assets, loans & advances			
Inventories	7	98,22,12,496	91,67,28,793
Sundry debtors	8	57,07,35,859	49,64,73,834
Cash and bank balances	9	4,69,62,639	3,24,46,868
Loans, advances & deposits	10	18,75,39,957	9,02,17,899
		1,78,74,50,951	1,53,58,67,394
Less: Current liabilities & provisions			
Current liabilities	11	47,69,22,788	60,38,86,546
Provisions	12	1,88,95,744	1,83,72,439
		49,58,18,532	62,22,58,985
Net current assets		1,29,16,32,419	91,36,08,409
Miscellaneous expenditure (to the extent not written off or adjusted)		95,700	1,27,600
Total		1,76,44,24,068	1,27,68,11,846
Notes forming part of the accounts	21	-	-

As per our report of even date attached.

For K. Agrawal & Co.

Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277
Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director

Consolidated Profit and Loss Account

For the year ended 31st March, 2007

(Amount in Rs.)

	Schedule	31st March, 2007	31st March, 2006
INCOME			
Sales / income from operations	13	3,20,04,73,468	2,86,07,59,445
Other income	14	47,26,395	58,96,373
Increase (decrease) in stock	15	(6,29,58,238)	31,48,79,567
		3,14,22,41,625	3,18,15,35,385
EXPENDITURE			
Raw materials consumed	16	1,40,11,22,350	1,44,49,87,668
Manufacturing expenses	17	68,22,39,404	70,53,99,100
Payments to and provision for employees	18	2,28,40,012	1,92,20,806
Selling, distribution, administration and other expenses	19	77,89,63,641	78,79,65,813
Finance charges	20	7,68,00,445	9,51,62,900
Depreciation		2,63,08,541	1,83,29,216
		2,98,82,74,393	3,07,10,65,503
Profit before tax		15,39,67,232	11,04,69,882
Less: Provision for taxation		3,83,90,000	2,62,18,600
Less: Provision for fringe benefit tax		23,92,882	21,16,386
Less: Provision for deferred tax		1,38,62,784	87,81,532
Less: Earlier year taxation		1,15,809	–
Profit after tax		9,92,05,757	7,33,53,364
Balance brought from previous year		10,40,44,946	6,40,04,510
		20,32,50,703	13,73,57,874
APPROPRIATIONS			
General reserve		1,00,00,000	50,00,000
Debenture redemption reserve		–	1,00,00,000
Proposed dividend		1,60,26,850	1,60,60,450
Corporate dividend tax		27,23,763	22,52,478
Balance carried to balance sheet		17,45,00,090	10,40,44,946
		20,32,50,703	13,73,57,874
Notes forming part of the accounts	21		
Earning per share-basic and diluted (Rs.)		21.66	15.99
Number of equity share		45,79,100	45,88,700

As per our report of even date attached.

For K. Agrawal & Co.

Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277
Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director

Schedules to the Consolidated Accounts

Schedules 1 to 21 annexed to and forming part of Balance Sheet as at 31st March, 2007 and Profit and Loss Account for the year ended on that date.

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 1 SHARE CAPITAL		
Authorised		
2,00,00,000 (50,00,000) Equity shares of Rs. 10/- each	20,00,00,000	5,00,00,000
Issued		
46,00,000 Equity shares of Rs. 10/- each	4,60,00,000	4,60,00,000
Subscribed & Paid Up		
45,79,100 (46,00,000) Equity shares of Rs. 10 each	4,57,91,000	4,60,00,000
Less; Calls unpaid (other than Directors)	–	1,13,000
Add; Forfeited shares (20,900 nos.)	1,04,500	–
	4,58,95,500	4,58,87,000

Note:

Of the above 50,000 equity shares of Rs. 10 each have been allotted as fully paid up bonus shares by capitalisation of general reserve.

Schedule – 2 RESERVES AND SURPLUS		
i) Share premium account brought forward	4,70,80,500	4,70,80,500
Add: Received during the year	12,750	–
	4,70,93,250	4,70,80,500
ii) Debenture redemption reserve brought forward	7,00,00,000	6,00,00,000
Add: Transferred from profit & loss account	–	1,00,00,000
	7,00,00,000	7,00,00,000
iii) General reserve:		
As per last balance sheet	1,51,74,041	1,01,74,041
Add: Transferred from profit & loss account	1,00,00,000	50,00,000
	2,51,74,041	1,51,74,041
iv) Balance in profit & loss account	17,45,00,090	10,40,44,946
Total (I) +(ii) + (iii) + (iv)	31,67,67,381	23,62,99,487

Schedule – 3 SECURED LOANS		
From bank		
Working capital account	64,97,86,269	45,86,12,044
From Industrial Development Bank of India		
Term loan	11,49,38,889	–
	76,47,25,158	45,86,12,044

Note:

- The working capital is secured by hypothecation of the entire current assets of the Company, equitable mortgage of certain property at Tirupur and Property at Kolkata of Rupa Global (P) Limited and corporate guarantee of Rupa Global (P) Limited and second charge on Domjur Unit.
- The term loan is secured by all movable & immovable assets of Domjur and Tirupur units of the Company and first charge on wind turbine generator including land & building at Dhule in the State of Maharashtra
- The above loans are further secured by personal guarantee of Promoter Directors of the Company.

Schedules to the Consolidated Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 4 UNSECURED LOANS		
i) Deep Discount Debentures convertible into equity shares (Note-7)	38,96,75,874	38,96,75,874
ii) Short term loans From body corporates	18,83,79,311	10,12,19,381
	57,80,55,185	49,08,95,255

Note:

As per the consent of the debentureholders, the Board has decided to convert Deep Discount Debentures aggregate amounting to Rs.38,96,75,874 into equity shares at the rate to be determined as per SEBI guidelines. In view of the same, no discount has been written off during the year.

Schedule – 5 FIXED ASSETS										
Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.04.2006	Addition	Sale	As at 31.03.2007	Upto 31.03.2006	For the year	Adjustment	As at 31.03.2007	As at 31.03.2006	As at 31.03.2007
Intangible assets										
Copy write & trade mark	6,00,00,000	55,00,000	–	6,55,00,000	1,80,00,000	60,01,507	–	2,40,01,507	4,20,00,000	4,14,98,493
Computer software	1,55,00,000	4,68,790	–	1,59,68,790	32,69,863	15,57,706	–	48,27,569	1,22,30,137	1,11,41,221
Tangible assets										
Land	2,40,43,173	89,39,694	10,90,000	3,18,92,867	–	–	–	–	2,40,43,173	3,18,92,867
Furniture & fixture	2,71,68,250	12,91,498	–	2,84,59,748	82,89,948	17,82,863	–	1,00,72,811	1,88,78,302	1,83,86,937
Office building	11,28,84,551	94,29,453	–	12,23,14,004	93,80,709	25,60,748	–	1,19,41,457	10,35,03,842	11,03,72,547
Plant & machinery	10,44,46,542	9,32,12,643	6,35,615	19,70,23,570	2,14,96,202	79,48,845	2,26,554	2,92,18,493	8,29,50,340	16,78,05,077
Office equipment	1,41,39,331	20,94,709	67,500	1,61,66,540	64,49,119	18,05,470	11,707	82,42,882	76,90,212	79,23,658
Vehicles	1,63,28,986	47,80,990	20,48,831	1,90,61,145	53,24,108	15,95,414	8,86,409	60,33,113	1,10,04,878	1,30,28,032
Wind turbine generator	5,78,78,556	–	–	5,78,78,556	8,372	30,55,988	–	30,64,360	5,78,70,184	5,48,14,196
Total	43,23,89,389	12,57,17,777	38,41,946	55,42,65,220	7,22,18,321	2,63,08,541	11,24,670	9,74,02,192	36,01,71,068	45,68,63,028
Previous year	33,33,28,335	10,06,11,816	15,50,762	43,23,89,389	5,41,76,652	1,83,29,216	2,87,547	7,22,18,321	27,91,51,683	36,01,71,068
Capital work in progress									28,04,769	1,57,32,921

	Face Value	31 March, 2007	31 March, 2006
Schedule – 6 INVESTMENTS			
Long term-traded			
Quoted			
In mutual fund			
Morgan Stanley Growth Fund	10	1,00,000	1,00,000
		1,00,000	1,00,000
Aggregate market value of quoted investment		4,27,000	2,27,000

Schedule – 7 INVENTORIES		
(As taken, valued and certified by the management)		
Finished goods	50,53,82,910	56,83,41,148
Raw materials	42,79,16,693	22,40,51,213
Materials under process	2,90,22,112	9,68,43,985
Packing materials	1,98,90,781	2,74,92,447
	98,22,12,496	91,67,28,793

Schedules to the Consolidated Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 8 SUNDRY DEBTORS (UNSECURED)		
Debtors outstanding for a period exceeding six month -		
Considered good	3,74,40,709	1,83,33,485
Other debts -		
Considered good	53,32,95,150	47,81,40,349
	57,07,35,859	49,64,73,834

Schedule – 9 CASH AND BANK BALANCES		
Cash balance in hand (including cheque of Rs.15,49,494 /= (Previous year Rs.4,17,642/=)	17,91,333	23,41,523
Balance with schedule banks		
In current account	3,83,43,997	1,32,91,085
In unpaid dividend account	3,30,995	3,53,225
On fixed deposit including interest accrued thereon	64,96,314	1,64,61,035
	4,69,62,639	3,24,46,868

Schedule – 10 LOANS, ADVANCES & DEPOSITS		
(Unsecured, considered good)		
Advances - Recoverable in cash or in kind or for value to be received	15,82,19,241	7,06,04,075
Advances for capital goods	1,55,93,241	52,99,509
Advance income tax (net of payments)	51,75,797	21,20,354
Security deposits	85,51,678	1,21,93,961
	18,75,39,957	9,02,17,899

Schedule – 11 CURRENT LIABILITIES		
Sundry creditors		
For goods	22,16,69,031	28,05,59,176
For expenses	15,74,47,034	22,23,29,670
For advances, deposits & credit balances	9,74,98,481	10,06,54,790
Unclaimed dividend (refer note no. 6)	3,08,242	3,42,910
	47,69,22,788	60,38,86,546

Schedule – 12 PROVISIONS		
For fringe benefit tax (net of payments)	1,45,131	59,511
For proposed dividend	1,60,26,850	1,60,60,450
For corporate dividend tax	27,23,763	22,52,478
	1,88,95,744	1,83,72,439

Schedules to the Consolidated Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 13 SALES / INCOME FROM OPERATIONS		
Sales	3,13,00,20,356	2,80,85,25,102
Services (tax deducted at source Rs.11,77,798/=) Previous year Rs. 10,18,567/=)	5,62,66,897	4,77,01,871
Export incentives	78,60,708	45,32,336
Electricity charges	63,25,507	136
	3,20,04,73,468	2,86,07,59,445

Schedule – 14 OTHER INCOME		
Interest (tax deducted at source Rs.1,45,283/=) Previous year Rs.4,31,217/=)	33,20,005	39,54,377
Liability no longer required written back	2,76,924	–
Miscellaneous income	11,29,466	19,41,996
	47,26,395	58,96,373

Schedule – 15 INCREASE (DECREASE) IN STOCKS		
Opening stock	56,83,41,148	25,34,61,581
Less: Closing stock	50,53,82,910	56,83,41,148
	(6,29,58,238)	31,48,79,567

Schedule – 16 RAW MATERIALS CONSUMED		
Opening stock	32,08,95,199	30,79,68,913
Less: Value added tax (includes materials under process Rs.9,68,43,985; Previous year Rs. 4,04,69,573)	–	32,147
	32,08,95,199	30,79,36,766
Add: Purchases	1,53,71,65,956	1,45,79,46,100
	1,85,80,61,155	1,76,58,82,866
Less: Closing stock (includes materials under process Rs.2,90,22,112; Previous year Rs.9,68,43,985)	45,69,38,805	32,08,95,198
	1,40,11,22,350	1,44,49,87,668

Schedule – 17 MANUFACTURING EXPENSES		
Processing charges	62,46,39,055	64,58,92,923
Store & spares	6,12,024	4,02,696
Power & fuel	2,16,36,919	2,66,91,267
Carriage inwards	2,75,05,716	2,54,91,886
Factory maintenance	78,45,690	69,20,328
	68,22,39,404	70,53,99,100

Schedule – 18 PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, wages, bonus & leave pay	2,13,53,516	1,73,91,103
Contribution to provident fund	8,44,985	6,29,102
Contribution to gratuity fund	2,43,536	7,72,633
Staff welfare	3,97,975	4,27,968
	2,28,40,012	1,92,20,806

Schedules to the Consolidated Accounts

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Schedule – 19 SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES		
A) Selling and distribution expenses		
Packing materials consumed	25,82,72,829	26,60,34,341
Carriage outward	2,75,59,188	2,08,17,822
Brokerage & commission	4,55,68,038	4,10,43,828
Advertisement	31,79,84,638	32,26,49,649
Marketing expenses	2,36,35,261	1,88,78,597
Royalty	1,50,52,248	1,54,89,311
Sales promotion expenses	1,00,000	29,80,798
	68,81,72,202	68,78,94,346
B) Administration and other expenses		
Rent, rates & taxes	37,28,296	28,27,019
Insurance	12,99,198	9,02,285
Telephone, telex & fax	39,00,473	38,20,884
Electricity charges	16,24,847	14,39,481
Printing & stationery	55,70,823	46,13,794
Postage & courier	28,04,804	24,66,897
Travelling & conveyance	39,48,488	72,01,826
Legal & professional charges	1,05,80,790	1,03,57,181
Repair and maintenance		
For machinery	28,92,040	22,98,263
For building	38,791	70,524
For other	28,29,420	57,76,816
Vehicles maintenance expenses	31,40,205	25,73,316
Subscription and membership	18,16,990	4,28,853
Directors' sitting fees	2,92,500	2,40,000
Directors' remuneration	82,53,969	43,21,504
Auditors' Remuneration		
As audit fees	1,57,304	1,57,136
As tax audit fees	28,090	28,060
Office maintenance	19,89,435	15,33,810
Other expenses	55,44,433	54,79,844
Preliminary expenses written off	31,900	31,900
Foreign exchange difference	8,60,320	(3,10,540)
Loss on sale of fixed assets	8,68,276	4,13,215
Quality development expenses	38,12,833	28,94,284
Bad debts written off	13,47,631	2,73,106
Dealers' incentive	1,50,29,793	3,77,07,163
Business convention	83,99,790	25,24,846
	9,07,91,439	10,00,71,467
Total (A) + (B)	77,89,63,641	78,79,65,813

Schedule – 20 FINANCE CHARGES		
Interest		
To bank	5,88,24,113	2,31,43,231
To others	1,40,85,277	1,20,30,773
Proportionate discount on debentures written off	–	5,79,29,248
Other financial charges	38,91,055	20,59,648
	7,68,00,445	9,51,62,900

Schedules to the Consolidated Accounts

Schedule – 21 NOTES ON ACCOUNTS

1) Principles of consolidation

- a. The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).
 - b. Consolidated financial statements relates to Rupa & Company Limited, the Company and its subsidiary. The Consolidated Financial Statements are in conformity with the Accounting Standard 21-Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and are prepared on the following:
 - i. The financial statement of the Company and its Subsidiary 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.
 - ii. The consolidated financial statements are prepared by adopting uniform accounting policies for like transaction and other events in similar circumstances and presented to the extend possible, in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.
 - iii. The cost to the Company of its investment in the subsidiary and the Company's portion of equity of subsidiary at the dates on which investment in the subsidiary is made, is eliminated.
 - iv. The financial statement of the subsidiary in the consolidation are drawn up to the same reporting date as that of the Company i.e, 31st March 2007.
 - c. Accounting policies and notes on accounts of the Company and its subsidiary are set out in their respective financial statements.
2. The consolidated financial statement comprise the financial statements of Rupa & Company Limited and its Subsidiary as on 31st March, 2007, which are as under:

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

3. Contingent liabilities not provided for in respect of -

(Amount in Rs.)

	31st March, 2007	31st March, 2006
a. Bank guarantee	47,04,000	2,39,98,064
b. Letter of credit	NIL	5,40,70,440
c. Sales tax demand (under appeal)	2,07,82,515	8,96,71,654
d. Income tax demand (under appeal)	25,18,740	27,82,357
e. Central excise (appeal)	1,18,59,815	1,18,59,815

4. Managing and whole time Directors' remuneration

	31st March, 2007	31st March, 2006
Salaries & allowances	66,12,029	32,97,036
Other perquisites	11,35,355	10,96,257
Commission	12,00,000	6,00,000
	89,47,384	49,93,293

5. Sales tax incentives of Rs.60,27,946/- (Previous year Rs.1,00,98,925/-) granted by the Government of West Bengal, Finance (Taxation) department under West Bengal Industrial Promotion (Assistant to Industrial Unit) scheme 1994 against payment of Value Added Tax Act, 2003 and Central Sales Tax Act, 1956, has been taken in sales.
6. Sundry creditors incude Rs.3,40,11,336/- (Previous year Rs.1,70,80,768/-) due to small scale industrial undertakings to the extent such parties have been identified from available documents information. As confirmed by the management which are outstanding for more than 30 days to small scale industrial undertakings.

Schedules to the Consolidated Accounts

Schedule – 21 NOTES ON ACCOUNTS (CONTD.)

7. Particulars of Deep Discount Debentures

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Series- I issued during financial year 1997-98 aggregating Rs.4,000 Lacs at discounted price of Rs.800 lacs redeemable at par at the end of 10 years from the date of allotment i.e 1st September, 1997.	40,00,00,000	40,00,00,000
Series-II issued during financial year 1998-99 aggregating Rs.1,000 Lacs at discounted price of Rs.200 Lacs redeemable at par at the end of 10 year from the date of allotment i.e 15th June, 1998.	10,00,00,000	10,00,00,000
	50,00,00,000	50,00,00,000
Less: Discount on issue of debenture to the extent not Not written off or adjusted	11,03,24,126	11,03,24,126
	38,96,75,874	38,96,75,874

8. The Institute of Chartered Accountant of India (ICAI) has made Accounting Standard-Impairment of Assets-AS 28 mandatory and the Company has carried out comprehensive exercise to assess the impairment loss of Assets, Based on such exercise, there is no impairments of Assets. Accordingly, no adjustment in respect of loss on impairment of Assets is required to be made in the Accounts.

9. Deferred tax liabilities

Calculation of deferred tax liabilities as at 31st March, 2007 and 31st March, 2006 is as given below

	Deferred tax Liabilities as on 31st March, 2007	Deferred tax Liabilities as on 31st March, 2006
Arising on account of difference between book value of depreciable assets as per books of account and written down value for tax purpose	5,89,80,844	4,51,18,060
Net impact taken into profit & loss account	1,38,62,784	87,81,532

10. Segment information:

i) Primary segment (business segments)

Particulars	Sales	Services	Electricity	Elimination	Total
Revenue (sales & services)	3,13,78,81,064 (2,81,30,57,436)	5,62,66,897 (4,77,01,871)	63,25,507 (136)		3,20,04,73,468 (2,86,07,59,445)
Inter segment services		4,77,01,556 (4,36,70,550)		4,77,01,556 (4,36,70,550)	
Segment result (PBIT)	20,75,00,991 (18,26,79,421)	1,93,75,631 (2,08,93,717)			22,68,76,622 (20,35,73,138)
Interest	6,64,98,362 (9,30,03,070)	64,11,028 (1,00,182)			7,29,09,390 (9,31,03,252)
Profit before tax					15,39,67,232 (11,04,69,882)
Provision for taxation					3,83,90,000 (2,62,18,600)
Provision for fringe benefit tax					23,92,882 (21,16,386)
Provision for deferred tax					1,38,62,784 (87,81,532)
Profit after tax					9,92,05,757 (7,33,53,364)
Other information					
Assets					2,26,02,42,600 (1,89,90,70,831)
Liabilities					1,89,75,79,719 (1,61,68,84,345)
Depreciation	1,42,81,871 (1,42,81,871)	40,38,973 (40,38,973)	(8,372)		2,63,08,541 (1,83,29,216)

Schedules to the Consolidated Accounts

Schedule – 21 NOTES ON ACCOUNTS (CONTD.)

ii) Secondary geographical segment- revenue

(Amount in Rs.)

	Domestic	Export	Total
Revenue	3,08,82,35,287 (2,75,74,78,830)	11,22,38,181 (10,32,80,615)	3,20,04,73,468 (2,86,07,59,445)

Note:

- Assets used in the Company's operations or liabilities contracted have not been identified to any of the reportable segments, as the assets and liabilities are used interchangeably between segments.
- Previous year figures are given under current year figures.

11. As per the Accounting Standard on 'Related party disclosure' issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

Key management personnel	:	Mr. P. R. Agarwala Mr. G. P. Agarwala Mr. K. B. Agarwala Mr. S. P. Saraf
Relatives of key managerial person	:	Shri Bajinath Agarwal Mr. Ramesh Agarwal Mr. Mukesh Agarwal Mr. Manish Agarwal Mr. Ravi Agarwal Mr. Vikash Agarwal Mr. Rajnish Agarwal Smt. Puspa Devi Agarwal
Other associates	:	M/s. Binod Hosiery M/s. Salasar Projects and Estates Pvt. Ltd. M/s. Siddhant Flats & Apartments Pvt Ltd. M/s. Sidhant Credit Capital Ltd.

Information on related party transactions as required by Accounting Standards (AS-18) For the year ended 31st March, 2007 :

Particulars	Key management personnel		Relatives of key management personnel		Other associates	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Rent	3,09,600	3,09,600	1,92,000	2,28,000	96,000	96,000
Salary & perquisites	70,53,969	43,93,293	54,00,000	28,80,000	–	–
Commission	12,00,000	6,00,000	–	–	–	–
Royalty	–	–	–	–	1,50,52,248	1,44,05,451
Copy right & trade marks	–	–	–	–	55,00,000	–
Loan repayment	–	–	–	–	35,58,38,850	83,03,08,000
Loan taken	–	–	–	–	45,61,84,000	68,19,24,578
Interest paid	–	–	–	–	90,28,101	81,44,483
Balance standing	–	–	–	–	18,83,79,306	8,10,31,961

Schedules to the Consolidated Accounts

Schedule – 21 NOTES ON ACCOUNTS (CONTD.)

12. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the company's financial statement.
13. Figures of previous year have been regrouped/ rearranged wherever considered necessary.
14. Euro Fashion Inners International Pvt. Ltd. is wholly owned Subsidiary of the Company. The financial position and results of the subsidiary are given below;

(Amount in Rs.)

	31st March, 2007	31st March, 2006
Funds employed		
Share capital	4,10,00,000	4,10,00,000
Reserves & surplus	78,79,794	63,85,200
Secured loan	1,67,64,570	–
Unsecured loan	9,75,64,379	8,51,69,431
Deferred tax liability	56,802	815
Current liability	4,56,77,671	5,52,01,042
Provisions	90	4,28,242
Application of funds		
Fixed assets	63,32,071	25,22,975
Current assets	19,56,59,326	18,16,60,651
Loans & advances	68,56,209	38,73,504
Miscellaneous expenditure (to the extent not written off)	95,700	1,27,600
Income		
Sale of products	22,30,31,983	21,84,49,374
Other income	11,63,637	12,67,890
Expenses		
Manufacturing and other expenses	23,43,56,931	26,18,50,200
Depreciation	84,894	1,577
Profit before tax	28,05,448	1,01,58,690
Provision for taxation	8,90,000	34,18,600
Provision for fringe benefit tax	2,49,058	3,54,075
Provision for deferred tax	55,987	815
Profit after tax	14,94,594	63,85,200

As per our report of even date attached.

For K. Agrawal & Co.
Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277
Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director

Consolidated Cash Flow Statement

For the year ended 31st March, 2007

(Amount Rs. in Lacs)

	31st March, 2007		31st March, 2006	
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES				
Net profit before tax & extra-ordinary items		1,539.67		1,104.70
Adjustment:				
(a) Depreciation charges	263.09		183.29	
(b) Interest charges	729.09		931.03	
(c) Pubsic issue expenses written off	–		–	
(d) Preliminary expenses written off	0.32		–	
(e) Loss on sale of fixed assets	8.68		4.13	
		1,001.18		1,118.45
		2,540.85		2,223.15
Adjustment:				
(a) Interest income	(21.56)		(39.54)	
		(21.56)		(39.54)
Operating Profit before working capital changes		2,519.29		2,183.61
Adjustment:				
(a) Increase in trade & other receivable	(2,784.22)		233.27	
(b) Increase in inventories	(654.83)	(3,439.05)	(3,340.88)	(3,107.61)
		(919.76)		(924.00)
Adjustment:				
(a) Increase in trade payables		611.54		271.31
Cash inflow/(outflow) from operations		(308.22)		(652.69)
Adjustment:				
(a) Interest paid	(639.09)		(259.90)	
(b) Direct taxes paid	(439.33)		(278.99)	
		(1,078.42)		(538.89)
		(1,386.64)		(1,191.58)
Adjustment:				
(a) Interest received from operating activities		14.71		20.57
Net cash inflow/(outflow) from operating activities		(1,371.93)		(1,171.01)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES				
Inflow				
(a) Sale of fixed assets	18.49		5.00	
		18.49		5.00
Outflow				
(a) Purchase of fixed assets	(1,386.46)		(1,020.93)	
		(1,386.46)		(1,020.93)
Net cash inflow/(outflow) from investing activities		(1,367.97)		(1,015.93)



Consolidated Cash Flow Statement (CONTD.)

(Amount Rs. in Lacs)

	31st March, 2007		31st March, 2006	
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES				
Inflow				
(a) Proceeds from share capital	0.21		–	
(b) Dividend and dividend tax paid	(183.13)		(155.29)	
(c) Interest received form financing activities	6.85		18.97	
(d) Rent income	–		–	
(e) Increase/(decrease) in borrowing capital	3,061.13	2,885.06	2,449.63	2,313.31
Net cash inflow/(outflow) from financing activities		2885.06		2313.31
Net increase/(decrease) in cash/cash equivalent (A+B+C)	–	145.16	–	126.37
Cash /cash equivalents at the beginning of the year		324.47		198.10
Cash /cash equivalents at the end of the year		469.63		324.47

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 issued by the Institute of Chartered Accountants of India.
- 2) Significant accounting policies and other notes to accounts (Schedule 21) form an integral part of the cash flow statement.
- 3) Previous year figures have been regrouped/reclassified to confirm to current year's classification.

As per our report of even date attached.

For **K. Agrawal & Co.**
Chartered Accountants

CA. K. C. Agrawal
Partner
Membership No.: 10277
Place: Kolkata
Dated : 29th June, 2007

P. R. Agarwala
Chairman

G. P. Agarwala
Vice-Chairman

K. B. Agarwala
Managing Director