



Euro Fashion Inners International Pvt Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Rajnish Agarwal
Shri Ramesh Agarwal
Shri Vikash Agarwal
Shri Sushil Patwarl

AUDITORS

M/s K. Agrawal & Co.
Chartered Accountants
34, Ezra Street, Kolkata - 700 001

BANKERS

Indusind Bank Ltd.

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
E-mail : info@rupa.co.in

DIRECTORS' REPORT

To The Members

Your Directors have pleasure in presenting the Fifth Annual Report of your Company along with the audited Statement of Accounts for the financial year ended 31st March, 2010

FINANCIAL RESULTS

The highlights of the financial results for the year 2009-2010 are as follows :

	Year Ended 31.03.2010	Year Ended 31.03.2009
Sales & Other Income	310,124,722	244,206,443
Gross Profit before Interest, Depreciation and Tax	17,967,766	12,268,484
Less : Interest	1,318,517	2,949,011
Gross Profit after Interest but before Depreciation and Taxation	16,649,249	9,319,473
Less : Depreciation	684,921	217,481
Profit before Tax	15,964,328	9,101,992
Less : Provision for Taxation	4,680,000	2,350,000
Provision for Fringe Benefit Tax	-	140,000
Provision for Deferred Tax	808,199	463,949
Prior Period Adjustment	27,267	276,874
Profit after Tax	10,448,862	5,871,169
Add : Surplus brought forward	17,915,659	12,044,490
Balance carried to Balance Sheet	28,364,521	17,915,659

OPERATIONS

The Sales & Other Income of the Company during the period under review are Rs. 310,124,722/- (Previous Year Rs. 244,206,443/-). The Company has earned a Profit after Tax of Rs. 10,448,862/- (Previous Year Rs. 5,871,169/-).

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

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 :

- (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 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 2009-2010, 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

Place : Kolkata

Dated : The 6th day of September, 2010

Rajnish Agarwal
Director

Ramesh Agarwal
Director

ANNEXURE - I 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 not applicable to your Company.

For & on behalf of the Board

Place: Kolkata

Dated : The 6th day of September, 2010

Rajnish Agarwal
Director

Ramesh Agarwal
Director

AUDITORS' REPORT

To the members of

Euro Fashion Inners International Privata Limited

1. We have audited the attached Balance Sheet of **EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED** as at 31st March, 2010 and the related Profit & 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 & 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 March 31st, 2010 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 sub-section (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 & 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, 2010; and
 - (ii) in case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

Place : Kolkata

Dated : The 6th day of September, 2010

For **K. AGRAWAL & CO.**
Chartered Accountants
Firm Registration No. 306104E
CA K. C. Agrawal
Partner
Membership No. 10277

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even dated on the accounts for the year ended on 31st March, 2010 of Euro Fashion Inners International Private Limited

- (i) In respect of its fixed assets :
- The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - 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.
 - The Company has not disposed off any part of the fixed assets during the year.
- (ii) In respect of its inventories :
- 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.
 - 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.
 - 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 and granted by the Company from/to 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 :
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.
- (iv) In our opinion and according to Information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods. Further based on our checking we have not come across any major weakness in the internal control.
- (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 :
- 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.
 - In our opinion and according to the explanation given to us, these transactions made in pursuance of such contracts have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (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.

ANNEXURE TO THE AUDITORS' REPORT

- (ix) In respect of statutory dues :
- 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.
 - 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, 2010 for a period of more than six months from the date they become payable.
 - 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, 2010.
- (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.

Place : Kolkata

Dated : The 6th day of September, 2010

For **K. AGRAWAL & CO.**
Chartered Accountants
Firm Registration No. 306104E
CA K. C. Agrawal
Partner
Membership No. 10277

BALANCE SHEET as at 31st March, 2010

(Amount in Rs.)

	Schedule	31st March, 2010	31st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	41,000,000	41,000,000
Reserves and Surplus	2	28,364,521	17,915,659
Loan Funds			
Secured Loans	3	24,786,276	1,345,401
Unsecured Loans	4	—	34,137,036
Deferred Tax Liability		1,416,356	608,157
TOTAL		95,589,153	95,006,253
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	34,589,818	34,478,049
Less : Depreciation		1,170,027	485,106
Net Block		33,419,791	33,992,943
Current Assets, Loans and Advances			
Inventories	6	46,352,677	51,547,689
Sundry Debtors	7	20,406,737	25,107,716
Cash and Bank Balances	8	268,966	279,148
Loans, Advances and Deposits	9	35,126,392	12,598,175
		102,154,772	89,532,728
Less : Current Liabilities and Provisions			
(a) Current Liabilities	10	37,900,410	28,184,068
(b) Provisions	11	2,105,000	367,250
		40,005,410	28,551,318
Net Current Assets		62,149,362	60,981,410
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Preliminary Expenses		—	31,900
TOTAL		95,589,153	95,006,253

Notes Forming Part of the Accounts 19

As per our Report of even date

For K. AGRAWAL & CO.

Chartered Accountants

Firm Registration No. 306104E

CA K. C. Agrawal

Partner

Membership No. 10277

Place : Kolkata

Date : The 6th day of September, 2010

Rajnish Agarwal
DirectorRamesh Agarwal
Director

PROFIT & LOSS ACCOUNT for the year ended 31st March, 2010

(Amount in Rs.)

	Schedule	31st March, 2010	31st March, 2009
INCOME			
Sales		309,709,299	243,855,572
Other Income	12	415,423	350,871
Increase (Decrease) in Stock	13	(14,768,059)	6,738,273
		295,356,663	250,944,716
EXPENDITURE			
Raw Materials Consumed	14	144,396,969	129,801,022
Manufacturing Expenses	15	67,198,334	54,473,810
Payments to and Provision for Employees	16	2,259,054	1,897,046
Selling, Distribution, Administration and Other Expenses	17	63,534,540	52,504,354
Finance Charges	18	1,318,517	2,949,011
Depreciation		684,921	217,481
		279,392,335	241,842,724
Profit before Tax		15,964,328	9,101,992
Less : Provision for Taxation		4,680,000	2,350,000
Less : Provision for Fringe Benefit Tax		-	140,000
Less : Provision for Deferred Tax		808,189	483,949
Less : Prior Period Adjustment		27,267	276,874
Profit after Tax		10,448,862	5,871,169
Balance Brought from Previous Year		17,915,659	12,044,490
Balance Carried to Balance Sheet		28,364,521	17,915,659
Earning Per Share - Basic and Diluted (Rs.)		2.55	1.43
Number of Weighted equity share		4,100,000	4,100,000
Notes Forming part of the Accounts	19		

As per our Report of even date

 For **K. AGRAWAL & CO.**

Chartered Accountants

Firm Registration No. 306104E

CA K. C. Agrawal

Partner

Membership No. 10277

Place : Kolkata

Date : The 6th day of September, 2010

Rajnish Agarwal
 Director

Ramesh Agarwal
 Director

SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

	31st March, 2010	31st March, 2009
SCHEDULE 1 SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	50,000,000	50,000,000
Issued		
41,00,000 Equity Shares of Rs. 10/- each	41,000,000	41,000,000
Subscribed & Paid-up		
41,00,000 Equity Shares of Rs. 10/- each	41,000,000	41,000,000
SCHEDULE 2 RESERVES AND SURPLUS		
Profit & Loss Account	28,364,521	17,915,659
	28,364,521	17,915,659
SCHEDULE 3 SECURED LOANS		
From Bank		
Working Capital Loan	24,788,276	1,345,401
	24,788,276	1,345,401
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.		
SCHEDULE 4 UNSECURED LOANS		
Short Term Loans		
From Holding Company	-	34,137,036
	-	34,137,036

SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

SCHEDULE 5		FIXED ASSETS									
Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	As on 1st April 2009	Additions	Sale	As at 31st March 2010	Upto 31st March 2009	For the year	Adjustment	As at 31st March 2010	As at 31st March 2009	As at 31st March 2010	
INTANGIBLE ASSETS											
Copy Right & Trade Mark	500,000	-	-	500,000	100,137	50,000	-	150,137	399,863	349,863	
TANGIBLE ASSETS											
Land	4,688,520	-	-	4,688,520	-	-	-	-	4,688,520	4,688,520	
Building	26,835,371	-	-	26,835,371	1,198	437,417	-	438,615	26,834,173	26,898,756	
Furniture & Fixtures	3,432	56,269	-	59,701	868	510	-	1,378	2,564	58,329	
Office Equipment	335,252	12,000	-	347,252	90,073	54,349	-	144,422	245,179	202,830	
Plant & Machinery	1,397,734	43,500	-	1,441,234	103,967	74,460	-	178,427	1,293,767	1,262,807	
Vehicles	717,740	-	-	717,740	188,863	68,185	-	257,048	528,677	460,692	
Total	34,478,049	111,769	-	34,589,818	485,106	584,921	-	1,170,027	33,992,843	33,419,791	
Previous Year	8,945,689	27,532,360	-	34,478,049	267,625	217,481	-	485,106	6,678,064	33,992,843	

31st March, 2010 31st March, 2009

SCHEDULE 6		INVENTORIES	
(As taken, valued and certified by the management)			
Finished Goods		16,583,747	31,351,806
Raw Materials		21,499,531	14,736,972
Materials under process		6,294,502	3,357,010
Packing Materials		1,974,897	2,101,901
		46,352,677	51,547,689

SCHEDULE 7		SUNDRY DEBTORS (UNSECURED)	
Debtors outstanding for a period exceeding six month			
Considered Good		2,599,478	4,759,246
Other Debts			
Considered Good		17,807,259	20,346,470
		20,406,737	25,107,716

SCHEDULE 8		CASH AND BANK BALANCE	
Cash Balance in Hand		181,878	164,979
Balance with Schedule Banks			
In Current Account		87,088	114,169
		268,966	279,148

SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

	31st March, 2010	31st March, 2009
SCHEDULE 9	LOANS, ADVANCES & DEPOSITS	
<i>(Unsecured, Considered Good)</i>		
Advance for Capital Goods	5,280,000	5,280,000
Advances - Recoverable in cash or in kind or for value to be received	7,009,332	5,420,675
Income Tax Refundable	1,782,193	-
Advance Tax (Net of Provision)	375,200	1,897,500
Advance to Holding Company	20,679,667	-
	35,126,392	12,598,175
SCHEDULE 10	CURRENT LIABILITIES	
Sundry Creditors		
- For Goods	13,948,076	14,562,030
- For Expenses	20,658,797	9,704,104
- For Advances, Deposits & Credit Balances	3,053,837	3,311,804
Book Debt Balance with Bank	241,700	606,130
	37,900,410	28,184,068
SCHEDULE 11	PROVISIONS	
For Taxation (Net of Payments)	2,105,000	367,250
	2,105,000	367,250

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	31st March, 2010	31st March, 2009
SCHEDULE 12 OTHER INCOME		
Interest	415,423	350,871
	415,423	350,871
SCHEDULE 13 INCREASE (DECREASE) IN STOCK		
Opening Stock	31,351,806	24,613,533
Less : Closing Stock	18,583,747	31,351,806
	(14,768,059)	6,738,273
SCHEDULE 14 RAW MATERIALS CONSUMED		
Opening Stock	18,093,982	17,691,030
(Includes Material Under Process Rs. 3,357,010/- Previous Year Rs. 2,062,298/-)		
Add : Purchases	154,097,020	130,203,974
	172,191,002	147,895,004
Less : Closing Stock	27,794,033	18,093,982
(Includes Material Under Process Rs. 6,294,502/- Previous Year Rs. 3,357,010/-)		
	144,396,969	129,801,022
SCHEDULE 15 MANUFACTURING EXPENSES		
Processing Charges	66,066,749	53,462,420
Carriage Inwards	1,131,585	1,011,390
	67,198,334	54,473,810
SCHEDULE 16 PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages, Bonus & Leave Pay	2,015,084	1,804,397
Contribution to Provident Fund	76,420	23,689
Staff Welfare	167,550	68,960
	2,259,054	1,897,046
SCHEDULE 17 SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES		
A) Selling and Distribution Expenses		
Packing Materials Consumed	24,700,167	20,771,561
Carriage Outward	1,587,872	405,158
Brokerage & Commission	316,786	232,374
Advertisement	26,789,530	20,239,766
Marketing Expenses	6,697,634	6,172,194
Sales Promotion Expenses	152,953	—
	59,224,962	47,821,053

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	31st March, 2010	31st March, 2009
SCHEDULE 17 SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES		
B) Administration and Other Expenses		
Rent, Rates & Taxes	172,273	522,074
Telephone, Telex & Fax	1,131	4,393
Electricity Charges	39,469	143,470
Printing & Stationery	111,438	193,047
Postage & Courier	156,997	72,851
Travelling & Conveyance	31,061	29,732
Legal & Professional Charges	121,366	206,766
Repair and Maintenance		
- For Other	466,772	208,012
Vehicles Maintenance Expenses	122,980	118,898
Auditors' Remuneration		
- As Audit Fees	22,060	22,060
- As Tax Audit Fees	5,515	5,515
Office Maintenance	247,725	322,482
Insurance	44,052	49,353
Other Expenses	89,325	350,200
Quality Development Expenses	301,894	268,548
Dealer's Incentive	657,120	2,134,000
Preliminary Expenses Written off	31,900	31,900
Bad Debts	1,686,500	-
	4,309,578	4,663,301
Total (A) + (B)	63,534,540	52,504,354

SCHEDULE 18 FINANCE CHARGES		
Interest		
- To Bank	1,019,465	2,748,982
- To Others	427,536	178,242
Other Financial Charges	171,516	21,787
	1,318,517	2,949,011

SCHEDULES TO THE ACCOUNTS

SCHEDULE 19 NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

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 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.

d) Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization.

e) Depreciation & Amortisation

(i) 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.

(ii) Copy Right & Trade Marks are amortized over a period of ten years.

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) Employees 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) Prior Period Adjustment

Income/Expenditure pertaining to prior periods is reflected as "Prior Period Adjustment".

k) 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 recognized as an expense in the period in which they are incurred.

SCHEDULES TO THE ACCOUNTS

l) 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.

m) Contingent Liabilities

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

n) 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

- Contingent Liabilities not provided for : Rs. Nil.
- In the absence of any intimation from vendors regarding the status of their registration under the "Micro, Small and Medium Enterprises Development Act, 2006", the Company is unable to comply with the disclosures required to be made under the said Act.
- 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 impairment of Assets. Accordingly, no adjustment in respect of loss on impairment of Assets is required to be made in the Accounts.
- Deferred Tax Liabilities :**

Calculation of Deferred Tax Liabilities as at 31st March, 2010 and 31st March, 2009 is as given below :

(Amount in Rs.)

	Deferred Tax Liabilities as on 31.3.2010	Deferred Tax Liabilities as on 31.3.2009
Arising on account of difference between Book Value of Depreciable assets as per books of Account and Written Down value for tax purpose	1,416,356	608,157
Net Impact taken into Profit & Loss Account	808,199	463,949

SCHEDULES TO THE ACCOUNTS

6. Earning Per Shares (EPS)

Calculation of earning per shares as given below :

	2009-2010	2008-2009
a. Net profit after Tax available for equity shareholder (Rs.)	10,448,862	5,871,169
b. Number of Equity Share outstanding during the year	4,100,000	4,100,000
c. Weighted average number of Equity Share outstanding during the year	4,100,000	4,100,000
d. Basic/Diluted Earning Per Share (Rs.)	2.55	1.43
e. Nominal Value Per Share (Rs.)	10.00	10.00

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

7. 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 :

Particulars	Holding Company		Other Associates	
	2009-2010	2008-2009	2009-2010	2008-2009
Purchases	3,446,860	48,551,103	NIL	NIL
Sales	1,808,04,793	1,026,62,086	NIL	NIL
Rent Paid	160,000	480,000	NIL	NIL

8. 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.	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
I) Yarn				
Opening Stock	10,864	18,400	2,037,552	2,189,600
Purchases	692,237	417,844	94,109,024	50,999,439
	709,301	436,244	96,146,576	53,189,039
Consumption	683,040	419,380	91,898,626	51,151,487
Closing Stock	26,061	16,864	4,247,950	2,037,552

SCHEDULES TO THE ACCOUNTS

	Quantity in Kg.		Amount in Rs.	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
ii) Than				
Opening Stock	80,302	72,446	10,617,452	10,581,240
Purchases	261,739	451,640	37,930,792	59,509,587
Production	683,040	419,380	91,898,626	51,151,487
	1,024,481	943,466	140,446,870	121,242,314
Consumption	817,060	831,066	105,516,344	106,452,182
Sales	129,924	32,098	19,586,113	4,299,311
Closing Stock	77,497	80,302	15,344,413	10,617,452

	Quantity in Mtrs.		Amount in Rs.	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
iii) Elastic				
Opening Stock	1,203,006	1,433,229	1,443,607	2,086,781
Purchases	11,475,507	10,511,978	15,598,568	12,645,861
	12,678,513	11,945,207	17,042,175	14,732,642
Consumption	11,782,546	10,742,201	15,787,821	13,289,035
Closing Stock	895,967	1,203,006	1,254,354	1,443,607

B. Finished Products - Knitwear

	Quantity in Dzs.		Amount in Rs.	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Opening Stock	105,651	105,796	31,351,806	24,613,533
Purchases	2,935	-	694,969	-
Production	674,287	666,425	236,295,490	205,046,393
	782,873	772,221	268,342,265	2,229,659,926
Sales	732,010	866,570	290,123,186	239,556,261
Closing Stock	50,863	105,651	16,583,747	31,351,806

SCHEDULES TO THE ACCOUNTS

OTHER INFORMATION

	Current Year	Previous Year
a) Expenditure in Foreign Currency	NIL	NIL
b) C.I.F. Value of Imports	NIL	NIL
c) Earning in Foreign Currency	NIL	NIL

SIGNATURES TO SCHEDULES 1 TO 19

As per our Report of even date

For **K. AGRAWAL & CO.**

Chartered Accountants

Firm Registration No. 306104E

CA K. C. Agrawal

Partner

Membership No. 10277

Place : Kolkata

Date : The 6th day of September, 2010

Rajnish Agarwal
Director

Ramesh Agarwal
Director

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