

EURO FASHION INNERS INTERNATIONAL PVT LTD

Board of Director

*Mr. Rajnish Agarwal
Director*

*Mr. Ramesh Agarwal
Director*

*Mr. Vikash Agarwal
Director*

*Mr. Sushil Patwari
Director*

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-400053*

Corporate Office

*Metro Tower, 8th Floor
1, Ho Chi Minh Sarani
Kolkata-700 071
Email : feedback@eurofashions.in*

ANNUAL REPORT 2011-2012

DIRECTORS REPORT

To the Members

The Directors have pleasure in presenting their 7th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

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

	Amount in (Rs)	
	31.03.2012	31.03.2011
Sales & Other Income	423,736,976	343,524,742
Gross Profit before Interest, depreciation & tax	36,691,959	29,724,344
Less : Interest	5,845,447	4,011,847
Gross profit after Interest but before Depreciation and Taxation	30,846,512	25,712,497
Less :Depreciation	715,830	706,336
Profit before Tax	30,130,682	25,006,161
Less : Provision for tax	9,250,000	7,670,000
Provision for deferred tax	534,535	557,376
Adjustment of Earlier Year Provision .	29,517	--
Profit After Tax	20,316,630	16,778,785
Add: Surplus brought forward	45,143,306	28,364,521
Balance Carried to Balance Sheet	65,459,936	45,143,306

OPERATIONS

The Sales & Other Income of the Company during the period under review are ₹ 423,736,976/- (Previous Year ₹ 343,524,742/-). The Company has earned a Profit after Tax of ₹ 20,316,630/- (Previous Year ₹ 16,778,785/-).

DIVIDEND

As the funds are required to be plucked to strengthen the financial position of the Company, the Board has decided not to recommend any dividend.

DEPOSITS

Your company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the rule made there under.

AUDITORS REPORT

The observations made in the Auditors Report with Notes to the Accounts in Schedules are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

DIRECTORS

Shri Rajnish Agarwal, director retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves 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 reappointment.

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) We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the financial year 2011 – 2012, and of the profit of the Company for that period ;
- (c) We 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

No employee 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.

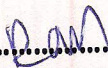
ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

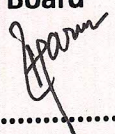
As required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made therein, the concerned details relating to energy conservation, technology absorption, foreign exchange earnings and outgo are given in Annexure – I attached hereto, which forms part of this Directors' Report.

ACKNOWLEDGEMENTS

Your Directors express their deep and sincere appreciation for the continued cooperation and support extended to the Company by the Government authorities, Company's 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


.....
Ramesh Agarwal
Director


.....
Rajnish Agarwal
Director

Place: Kolkata

Date: The 26th Day of May, 2012

ANNEXURE TO THE DIRECTORS REPORT

ANNEXURE - 1

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.

Foreign Exchange Earnings & Outgo	(Amount in ₹)
Foreign Exchange Earning	NIL
Foreign Exchange Outgo	47,532



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, 2012 and the related Statement of profit and loss 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 Statement of profit and loss 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, 2012 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 Statement of profit and loss 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, 2012; and
 - (ii) in case of the Statement of profit and loss, of the profit of the Company for the year ended on that date.

For: **K.AGRAWAL & CO.**
Chartered Accountants
Firm Registration No. 306104E


(CA. K.C.AGRAWAL)
Partner
Membership No. 010277

Place: Kolkata
Dated: The 26th day of May, 2012



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, 2012 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) According to the explanation provided by the management, we are of the opinion that there are no transaction made in pursuance of contract or arrangement that need to be entered in the register maintained u/s 301 of companies Act, 1956.



- (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:
- According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, 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, 2012 for a period of more than six months from the date they become payable.
 - According to the information and explanations given to us and the records of the company examined by us at 31st March, 2012, there were no dues in respect of Sales-Tax and Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable which have not been deposited in account of any dispute other than disputed income tax as indicated below :-

Name of Statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	5,58,150/-	A.Y. 2009-10	CIT (Appeals), Kolkata

- (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
Firm Registration No. 306104E


(CA. K.C.AGRAWAL)
Partner
Membership No. 010277

Place: Kolkata
Dated: The 26th day of May, 2012

EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED

Balance Sheet as at 31st March, 2012

	Note	(Amount in ₹)	
		March 31, 2012	March 31, 2011
Equity & Liabilities			
Shareholders' Funds			
Share Capital	3	41,000,000	41,000,000
Reserves & Surplus	4	65,459,936	45,143,306
Total Shareholders' Funds (i)		106,459,936	86,143,306
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	5	2,508,267	1,973,732
Other Long Term Liabilities	6	2,131,249	2,652,200
Total Non -Current liabilities (ii)		4,639,516	4,625,932
Current Liabilities			
Short Term Borrowings	7	52,554,338	130,528,922
Trade Payables	8	22,475,540	42,575,810
Other Current Liabilities	9	24,406,765	30,421,825
Total Current Liabilities (iii)		99,436,643	203,526,557
Total Equity & Liabilities (i)+(ii)+(iii)		210,536,095	294,295,795
Assets			
Non Current Assets			
Fixed Assets			
Tangible Assets	10	32,454,818	32,916,929
Intangible Assets	11	249,863	299,863
Long Term Loans & Advances	12	8,100,000	6,600,000
Total Non Current Assets (iv)		40,804,681	39,816,792
Current Assets			
Inventories	13	145,600,793	244,330,807
Trade Receivables	14	12,605,011	4,425,265
Cash & Cash Equivalents	15	1,383,813	422,609
Short Term Loans & Advances	16	10,141,797	5,300,322
Total Current Assets (v)		169,731,414	254,479,003
Total Assets (iv)+(v)		210,536,095	294,295,795

The notes are an integral part of these financial statements

As per our Report of even date

For and on behalf of Board

For **K.AGRawal & CO.**

Chartered Accountants

Firm Registration No. 306104E

K.C. Agrawal

CA. K.C.AGRawal

Partner

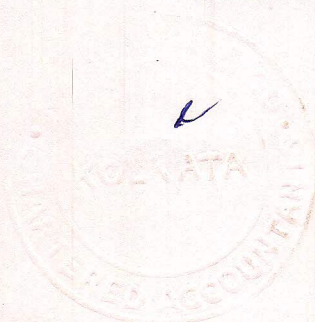
Membership No.10277

Place: Kolkata

Dated: The 26th Day of May, 2012

RAM
RAMESH AGARWAL
Director

Rajnish
RAJNISH AGARWAL
Director



EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED

Statement of Profit & Loss for the year ended 31st March 2012

	Note	(Amount in ₹)	
		March 31, 2012	March 31, 2011
Revenue			
Revenue From Operations (Gross)	17	456,073,419	343,384,221
Less: Excise Duty		32,729,031	-
Revenue From Operations (Net)		423,344,388	343,384,221
Other Income	18	392,588	140,521
Total Revenue		423,736,976	343,524,742
Expenses			
Cost of materials consumed	19	182,790,086	332,955,615
Changes in inventories of Finished Goods, Work -in-progres and stock-in-trade	20	78,010,377	(167,804,700)
Employee Benefits Expense	21	4,847,056	2,986,295
Finance Cost	22	5,845,447	4,011,847
Depreciation & Amortisation expense	23	715,830	706,336
Other expenses	24	121,397,498	145,663,188
Total Expenses		393,606,294	318,518,581
Profit before exceptional and extraordinary items and tax		30,130,682	25,006,161
Exceptional Items		-	-
Profit before extraordinary items and tax		30,130,682	25,006,161
Extraordinary Items		-	-
Profit before tax		30,130,682	25,006,161
Tax Expense			
Current Tax		9,250,000	7,670,000
Deferred Tax		534,535	557,376
Adjustment of Earlier year provision		29,517	-
Profit/(Loss) for the period from continuing operations		20,316,630	16,778,785
Profit/(Loss) for the period		20,316,630	16,778,785
Earnings per Equity Share: (Nominal value per equity share Rs 10) Basic and Diluted		4.96	4.09

The notes are an integral part of these financial statements

As per our Report of even date

For **K.AGRAWAL & CO.**
Chartered Accountants
Firm Registration No. 306104E

K.C. Agrawal

CA. K.C.AGRAWAL
Partner

Membership No.10277

Place: Kolkata

Dated: The 26th Day of May 2012

For and on behalf of Board

Ramesh
RAMESH AGARWAL
Director

Rajnish
RAJNISH AGARWAL
Director

NOTES TO THE FINANCIAL STATEMENTS

1 General Information:

Euro Fashion Inners International Private Limited (the Company) is a 100% subsidiary of Rupa & Company Limited and is engaged in manufacture of premium men's knitted inner wear products under the brand name "EURO" . It caters to high end premium segment across the whole country. The Company has manufacturing Plant in Tirupur, India.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

2.2 Use of Estimates

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

2.3 Tangible Asset

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

2.4 Depreciation

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

2.5 Intangible Assets

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

2.6 Impairments

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.

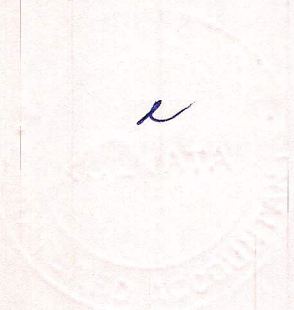
2.7 Borrowing Costs

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.

2.8 Inventories

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

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



2.9 Revenue Recognition

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

2.10 Other Income

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

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

2.11 Employee Benefits

(i) Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. Company's Contributions to Provident Fund are charged to Profit & Loss account as and when they become payable.

ii) Leave encashment: Such benefits of compensated absences are accrued and settled on a 12-month period of September to August and are accounted for as and when paid.

2.12 Deferred Tax

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

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

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

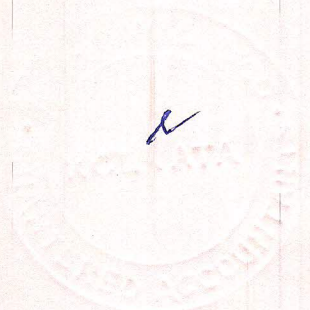
Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

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

2.13 Provisions and Contingent Liabilities

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

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

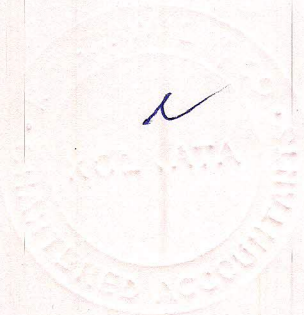


2.14 Earnings Per Share

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

2.15 Prior Period Adjustments

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

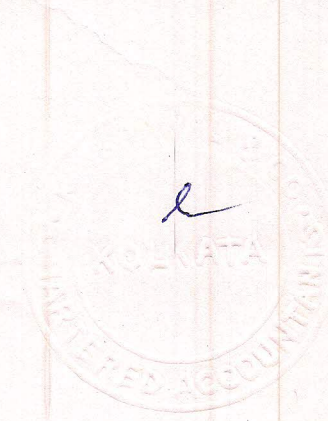


NOTES TO THE FINANCIAL STATEMENTS

	Year Ended				
	March 31, 2012		March 31, 2011		
3 Share Capital					
Authorised: 5000000 Equity Shares of ₹ 10/- each		50,000,000		50,000,000	
Issued: 4100000 Equity Shares of Rs. 10/- each fully Paid up		41,000,000		41,000,000	
Subscribed and paid up: 4100000 Equity Shares of Rs. 10/- each Fully Paid up	41,000,000	41,000,000	41,000,000	41,000,000	
		41,000,000		41,000,000	
(a) Reconciliation of number of shares					
Balance as at the beginning of the year		4,100,000		4,100,000	
Balance as at the Close of the year		4,100,000		4,100,000	
(b) Rights, preferences and restrictions attached to shares					
Equity Shares: The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.					
(c) Shares held by holding company, its ultimate holding company or any subsidiary of the holding company/ultimate holding company and subsidiary of holding company		March 31, 2012		March 31, 2011	
		4100000		4100000	
(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company					
		March 31, 2012		March 31, 2011	
	No of Shares	%	No of Shares	%	
Promoter & Promoter Group: Rupa & Company Limited	4100000	100.00	4100000	100.00	

	Year Ended			
	March 31, 2012		March 31, 2011	
4 Reserves & Surplus				
Surplus in Statement of Profit & Loss:				
Balance as at the beginning of the year	45,143,306		28,364,521	
Add: Profit for the year	20,316,630	65,459,936	16,778,785	45,143,306
Total		65,459,936		45,143,306

	Year Ended			
	March 31, 2012		March 31, 2011	
5 Deferred Tax Liabilities (Net)				
Deferred Tax Liabilities (related to fixed assets)		2,508,267		1,973,732
Total		2,508,267		1,973,732



6 Other Long-term liabilities	Year Ended			
	March 31, 2012		March 31, 2011	
	Security Deposits from Customers		2,131,249	
Total		2,131,249		2,652,200

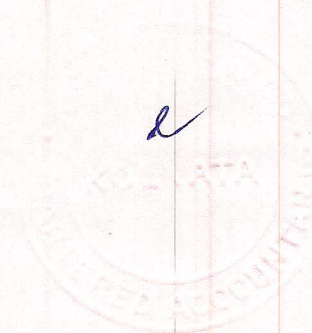
7 Short-term Borrowings	Year Ended			
	March 31, 2012		March 31, 2011	
	Secured:			
From Banks				2,703,807
Working Capital Loans		52,554,338		2,703,807
Total secured Loans		52,554,338		
Unsecured:				
Loans from related parties		-		127,825,115
Total unsecured loans		-		127,825,115
Total		52,554,338		130,528,922

(a) Nature of Security and terms of repayment for secured borrowings

Borrowings	Terms of Repayments
The Working Capital Loan is Secured by hypothecation of entire Current Assets of the Company, Equitable Mortgage of Land at Tirupur and Personal Gurantee of Promoters Director of the Company	Repayable on demand and carries interest as Mutually agreed from time to time.
The Unsecured Loan is taken from Holding Company, Rupa & Company Limited.	Interest Free Loan Repayable on demand

8 Trade Payables	Year Ended			
	March 31, 2012		March 31, 2011	
	Trade payables (including acceptances)		22,475,540	
Total		22,475,540		42,575,810

9 Other Current Liabilities	Year Ended			
	March 31, 2012		March 31, 2011	
	Provison of Income tax (Net of Payments)		3,250,000	
Statutory dues		4,591,714		280,365
Temporary Overdraft from Bank due to Reconciliation		-		10,457,810
Other Liabilities		16,565,051		12,013,650
Total		24,406,765		30,421,825



10

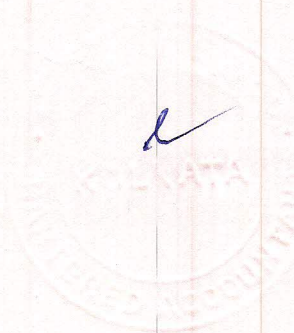
Tangible Assets	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block							
As at April 1, 2010	4,688,520	26,835,371	1,441,234	59,701	717,740	347,252	34,089,818
Additions	-	124,827	316,021	33,510	28,979	-	503,337
Disposals	-	-	-	-	-	-	-
As at March 31, 2011	4,688,520	26,960,198	1,757,255	93,211	746,719	347,252	34,593,155
Additions	-	165,110	38,609	-	-	-	203,719
Disposals	-	-	-	-	-	-	-
As at March 31, 2012	4,688,520	27,125,308	1,795,864	93,211	746,719	347,252	34,796,874
Depreciation:							
As at April 1, 2010	-	438,615	178,427	1,378	257,048	144,422	1,019,890
Additions	-	438,596	85,990	5,095	70,365	56,290	656,336
Disposals	-	-	-	-	-	-	-
As at March 31, 2011	-	877,211	264,417	6,473	327,413	200,712	1,676,226
Additions	-	441,228	91,474	5,900	70,938	56,290	665,830
Disposals	-	-	-	-	-	-	-
As at March 31, 2012	-	1,318,439	355,891	12,373	398,351	257,002	2,342,056
Net Block							
At March 31, 2012	4,688,520	25,806,869	1,439,973	80,838	348,368	90,250	32,454,818
At March 31, 2011	4,688,520	26,082,987	1,492,838	86,738	419,306	140,540	32,916,929

Note: All assets are own assets

11

Intangible Assets:	Copyrights and Trademarks
Gross Block:	
At April 1, 2010	500,000
Purchase	-
At March 31, 2011	500,000
Purchase	-
At March 31, 2012	500,000
Amortisation:	
At April 1, 2010	150,137
Charge for the year	50,000
At March 31, 2011	200,137
Charge for the year	50,000
At March 31, 2012	250,137
Net Block	
At March 31, 2012	249,863
At March 31, 2011	299,863

Note: All assets are own assets



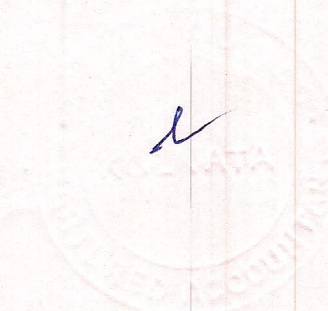
12 Long-term loans and advances	Year Ended			
	March 31, 2012		March 31, 2011	
	Unsecured, considered good (unless otherwise stated):			
Capital Advances		8,100,000		6,600,000
Total		8,100,000		6,600,000

13 Inventories	Year Ended			
	March 31, 2012		March 31, 2011	
	Raw Materials		30,093,275	
Work In Progress		22,290,046		60,327,094
Finished Goods		90,382,526		130,355,855
Packing Material		2,834,946		10,537,073
Total		145,600,793		244,330,807

14 Trade Receivables	Year Ended			
	March 31, 2012		March 31, 2011	
	Unsecured, considered good			
Outstanding for a period exceeding 6 months from the date they are due for payment		1,861,680		2,065,192
Others		10,743,331		2,360,073
Total		12,605,011		4,425,265

15 Cash and Cash Equivalents	Year Ended			
	March 31, 2012		March 31, 2011	
	Bank balances			
In current accounts		1,328,645		234,211
Cash and Cash equivalents				
Cash in hand		55,168		188,398
Total		1,383,813		422,609

16 Short-term loans and advances	Year Ended			
	March 31, 2012		March 31, 2011	
	Unsecured considered good, unless otherwise stated:			
Loans and advances to related parties				
Considered good		2,088,647		-
Advance recoverable in cash or Kind		7,940,650		5,171,590
Other Loans and Advances				
Loans to Employees		112,500		128,732
Total		10,141,797		5,300,322



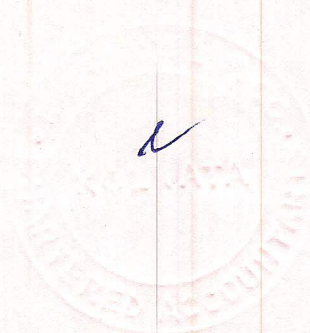
17 Revenue	Year Ended	
	March 31,2012	March 31, 2011
Revenue from Operations:		
Sale of products		
Finished goods	456,073,419	343,384,221
Revenue from Operations (Gross)	456,073,419	343,384,221
Less: Excise Duty	32,729,031	-
Revenue from Operations (Net)	423,344,388	343,384,221
Note : Excise Duty on sales amounting to Rs 32,729,031/- (March 31, 2011 Rs. Nil) has been reduced from sales in profit and loss account and excise duty on increase/decrease in stock amounting to Rs. 40,62,012/- (March 31, 2011, Rs. Nil) has been considered as income/expense in Note 24 of financial statements)		

Details of product sold	Year Ended	
	March 31,2012	March 31, 2011
Finished Goods Sold		
Knitwear	420,342,583	341,847,117
Fabric	35,730,836	1,537,104
Total	456,073,419	343,384,221

18 Other Income	Year Ended	
	March 31,2012	March 31, 2011
Interest Income on Recievables	360,026	140,521
on Others	32,562	
Total	392,588	140,521

19 Cost of materials consumed	Year Ended	
	March 31,2012	March 31, 2011
Raw material consumed*		
Opening inventory	43,110,785	21,499,531
Less: Cenvat Credit Utilised on opening Stock	236,057	-
Add : Purchases (net)	139,583,386	326,966,612
Less : Inventory at the end of the year	30,093,275	43,110,785
Cost of raw materials consumed during the year	152,364,839	305,355,358
Packing material consumed		
Opening inventory	10,537,073	1,974,897
Less: Cenvat Credit Utilised on opening Stock	896,170	
Add : Purchases (net)	23,619,290	36,162,433
Less : Inventory at the end of the year	2,834,946	10,537,073
Cost of packing materials consumed during the year	30,425,247	27,600,257

* Raw Material Consumed are of 100% Indegenous goods

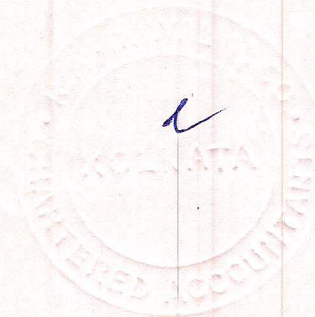


Details of Raw Materials Consumed*	Year Ended	
	March 31,2012	March 31, 2011
	Yarn /Than	134,795,259
Elastic ,Labels & Other Material	17,569,580	35,070,035
Total	152,364,839	305,355,358

20 Changes in inventories of Finished Goods, Work -in-progres and stock-in-trade	Year Ended	
	March 31,2012	March 31, 2011
	(Increase)/decrease in stocks	
Stock at the end of the year:		
Finished Goods	90,382,526	130,355,855
Work-in progress	22,290,046	60,327,094
Total A	112,672,572	190,682,949
Stock at the beginning of the year:		
Finished Goods	130,355,855	16,583,747
Work-in progress	60,327,094	6,294,502
Total B	190,682,949	22,878,249
Increase/Decrease in Stocks (B-A)	78,010,377	(-67,804,700)
Details of Inventory		
Work-in-Progress		
Knit wear	22,290,046	60,327,094
Finished Goods		
Knit wear	90,382,526	130,355,855

21 Employee Benefits Expenses	Year Ended	
	March 31,2012	March 31, 2011
	Salaries, Wages and Bonus	4,441,227
Contribution to Provident and Other Funds [Refer note (a) below]	124,532	101,358
Staff Welfare Expenses	281,297	212,011
Total	4,847,056	2,986,295
(a) Defined Contribution Plans		
(i) Provident fund paid to the authorities	124,532	101,358
(iii) Employees State Insurance Fund	2,590	-

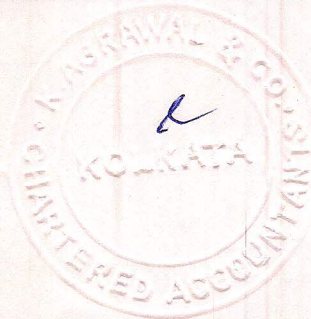
22 Finance Costs	Year Ended	
	March 31,2012	March 31, 2011
	Interest on Short Term borrowings	4,702,716
Interest on shortfall of advance tax	770,821	336,768
Other borrowing costs	228,260	183,821
Bank Charges	143,650	20,134
Total	5,845,447	4,011,847



23 Depreciation and Amortization Expense	Year Ended	
	March 31,2012	March 31, 2011
Depreciation on Tangible assets	665,830	656,336
Amortisation of Intangible assets	50,000	50,000
Total	715,830	706,336

24 Other Expenses	Year Ended	
	March 31,2012	March 31, 2011
Sub-contracting /Jobbing expenses	55,487,717	92,072,077
Increase/Decrease of excise duty on inventory	4,062,012	-
Electricity Charges	157,861	118,944
Freight Outward	682,145	624,665
Freight and Forwarding expenses	1,084,950	1,154,556
Rates and taxes	61,711	120,848
Insurance	132,522	99,608
Repairs and Maintenance		
Others	562,767	840,281
Office Maintenance	276,339	421,012
Veichle Maintenance Expenses	177,254	142,579
Advertising and Sales promotion	25,867,589	29,927,359
Sales Promotion Expenses	13,418,038	9,174,466
Sales commission	43,880	2,054,503
Marketing Expenses	8,567,645	7,506,148
Travelling and conveyance	1,209	2,413
Communication costs	36,844	32,553
Printing and stationery	52,613	94,363
Legal and professional fees	232,612	58,237
Dealers Incentive	9,486,168	495,977
Payment to auditor (refer note (a) below)	27,500	27,575
Quality Development expenses	352,523	450,523
Bad Debts/ advance written off	335,379	34,012
Miscellaneous expenses	290,220	210,489
Total	121,397,498	145,663,188

(a) Payment to Auditor:	Year Ended	
	March 31,2012	March 31, 2011
As auditor:		
Auidt fees	20,000	22,060
Tax audit fees	5,000	5,515
In other capacity:		
Other services including certification fees	2,500	-
Total	27,500	27,575



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

25.2	Contingent Liabilities	Year Ended	
		March 31, 2012	March 31, 2011
	Income Tax Demand (Under Appeal)	558,150	-

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

25.3	Calculation of Deffered Tax Liabilities:	Deffered tax Liabilities as on 31.3.2012	Deffered tax Liabilities as on 31.3.2011
		Arising on account of difference between Book Value of Depreciable assets as per books of Account and Written Down value for tax purpose	2,508,267
	Net Impact taken into Profit & Loss Account	534,535	557,376

25.4	Earnings in foreign currency	Year Ended	
		March 31, 2012	March 31, 2011
		-	-

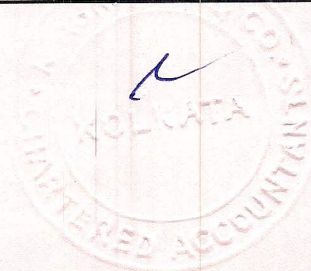
25.5	Expenditure in foreign currency	Year Ended	
		March 31, 2012	March 31, 2011
	Professional fees for Trade Mark Registration	47,532	-

25.6	Earnings Per Share	Year Ended	
		March 31, 2012	March 31, 2011
(a) Basic			
i). Number of Equity Shares at the beginning of the year.	4100000		4100000
ii) Number of Equity Shares at the end of the year.	4100000		4100000
iii) Weighted average number of Equity Shares Outstanding during the year	4100000		4100000
iv) Face Value of Equity Shares ₹	10.00		10.00
v) Profit after Tax for Equity Shareholders ₹	20316630		16778785
vi) Basic & Diluted Earnings Per Share (v/iii) ₹	4.96		4.09

25.7 **Related Party Disclosures:**
As Per Accounting Standard -18 on 'Related Party Disclosure' notified under sub-section 3 (C) of Section 211 of the Companies Act, 1956, the related Parties of the Companies as Follows:

Holding Company : Rupa & Company Limited
Other Associates: Nil

Particulars	Holding Company		Other Associates	
	2011-12	2010-11	2011-12	2010-11
Purchase	-	-	-	-
Sale	302,755,293	228,082,297	-	-



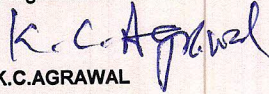
25.8 Previous Year Figures

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

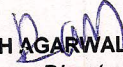
As per our Report of even date.

For and on behalf of Board

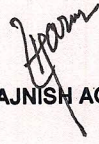
For **K.AGRAWAL & CO.**
Chartered Accountants
Firm Registration No. 306104E



CA. K.C.AGRAWAL
Partner
Membership No.10277
Place: Kolkata
Dated: The 26th Day of May 2012



RAMESH AGARWAL
Director



RAJNISH AGARWAL
Director

