

## DIRECTORS REPORT

To the Members

The Directors have pleasure in presenting their 8<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2013.

## FINANCIAL RESULTS

The highlights of the financial result for the year 2012-13 are as follows:-

PARTICULARS	Amount in (Rs)	
	31.03.2013	31.03.2012
Sales & Other Income	412,249,924	423,736,976
<b>Gross Profit before Interest, depreciation &amp; tax</b>	<b>45,999,317</b>	<b>36,691,959</b>
Less : Interest	1,209,426	5,845,447
<b>Gross profit after Interest but before Depreciation and Taxation</b>	<b>44,789,891</b>	<b>30,846,512</b>
Less : Depreciation	736,265	715,830
<b>Profit before Tax</b>	<b>44,053,626</b>	<b>30,130,682</b>
Less : Provision for tax	14,000,000	9,250,000
Provision for deferred tax	537,702	534,535
Adjustment for Earlier Year Provision	481,522	29,517
<b>Profit After Tax</b>	<b>29,034,402</b>	<b>20,316,630</b>
Add: Surplus brought forward	65,459,936	45,143,306
<b>Balance Carried to Balance Sheet</b>	<b>94,494,338</b>	<b>65,459,936</b>

## OPERATIONS

The Sales & Other Income of the Company during the period under review are ₹ 412,249,924 (Previous Year ₹ 423,736,976/-). The Company has earned a Profit after Tax of ₹ 29,034,402 (Previous Year ₹ 20,316,630/-).

## 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 Sushil Patwari, Director retire by rotation at the ensuing Annual General Meeting and being eligible offers 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 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.

Place: Kolkata  
Date: May 28, 2013

**For and on behalf of the Board**

EURO FASHION INNERS INTERNATIONAL PVT. LTD.

.....  
*[Signature]*  
Director / Authorised Signatory  
**Director**

EURO FASHION INNERS INTERNATIONAL PVT. LTD.

.....  
*[Signature]*  
Director / Authorised Signatory  
**Director**



## AUDITORS' REPORT

TO THE MEMBERS OF EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED** ("the company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, and the statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of financial position and financial performance of the company in accordance with the accounting principles generally accepted including Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013; and
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.

1. As required by Section 227(3) of the Act, 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 purpose of our audit;
  - b) In our opinion proper books of accounts 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 Statement of Profit and Loss dealt with by this Report are in agreement with books of account.
  - d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

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 28<sup>th</sup> day of May, 2013



## ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph under the heading "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" of our report of even dated on the accounts for the year ended on 31<sup>st</sup> March, 2013 of **EURO FASHION INNERS INTERNATIONAL PRIVATE 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 Company has not disposed off any part of the fixed assets during the year.
- (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 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, 2013 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 31<sup>st</sup> March, 2013, 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
E.S.I. Act, 1948	Employees State Insurance	39,967/-	F.Y. 2007-08	Employees' Insurance Court, West Bengal, 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

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

Place: Kolkata  
Dated: The 28th day of May, 2013



**EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED**

**Balance Sheet as at 31st March, 2013**

	Note	As At	
		March 31, 2013	March 31, 2012
<b>Equity &amp; Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	41,000,000	41,000,000
Reserves & Surplus	4	94,494,338	65,459,936
<b>Total Shareholders' Funds (i)</b>		<b>135,494,338</b>	<b>106,459,936</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (Net)	5	3,045,969	2,508,267
Other Long Term Liabilities	6	3,098,249	2,131,249
<b>Total Non -Current liabilities (ii)</b>		<b>6,144,218</b>	<b>4,639,516</b>
<b>Current Liabilities</b>			
Short Term Borrowings	7	55,171,468	52,554,338
Trade Payables	8	35,636,544	22,475,540
Other Current Liabilities	9	36,738,656	24,406,765
<b>Total Current Liabilities (iii)</b>		<b>127,546,668</b>	<b>99,436,643</b>
<b>Total Equity &amp; Liabilities (i)+(ii)+(iii)</b>		<b>269,185,224</b>	<b>210,536,095</b>
<b>Assets</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	32,204,862	32,454,818
Intangible Assets	11	199,863	249,863
Non Current Investments	12	3,000	-
Long Term Loans & Advances	13	8,100,000	8,100,000
<b>Total Non Current Assets (iv)</b>		<b>40,507,725</b>	<b>40,804,681</b>
<b>Current Assets</b>			
Inventories	14	207,414,968	145,600,793
Trade Receivables	15	15,721,810	12,605,011
Cash & Cash Equivalents	16	120,187	1,383,813
Short Term Loans & Advances	17	5,420,534	10,141,797
<b>Total Current Assets (v)</b>		<b>228,677,499</b>	<b>169,731,414</b>
<b>Total Assets (iv)+(v)</b>		<b>269,185,224</b>	<b>210,536,095</b>

The notes are an integral part of these financial statements

EURO FASHION INNERS INTERNATIONAL PVT. LTD.

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

Dated: The 28th Day of May 2013

*Ran*  
Director / Authorised Signatory

**RAJNISH AGARWAL**

Director

EURO FASHION INNERS INTERNATIONAL PVT. LTD.

*Ran*  
Director / Authorised Signatory

**RAMESH AGARWAL**

Director

**EURO FASHION INNERS INTERNATIONAL PRIVATE LIMITED**

**Statement of Profit & Loss for the period ended 31st March, 2013**

	Note	March 31, 2013	March 31, 2012
<b>Revenue</b>			
Revenue From Operations (Gross)	18	433,203,166	456,073,419
Less: Excise Duty		21,143,330	32,729,031
Revenue From Operations (Net)		412,059,836	423,344,388
Other Income	19	190,088	392,588
<b>Total Revenue</b>		<b>412,249,924</b>	<b>423,736,976</b>
<b>Expenses</b>			
Cost of materials consumed	20	253,081,753	182,790,086
Changes in inventories of Finished Goods, Work -in-progress and stock-in-trade	11	(45,958,085)	78,010,377
Employee Benefits Expense	22	7,909,801	4,847,056
Finance Cost	23	1,209,426	5,845,447
Depreciation & Amortisation expense	24	736,265	715,830
Other expenses	25	151,217,138	121,397,498
<b>Total Expenses</b>		<b>368,196,298</b>	<b>393,606,294</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>44,053,626</b>	<b>30,130,682</b>
Exceptional Items		-	-
<b>Profit before extraordinary items and tax</b>		<b>44,053,626</b>	<b>30,130,682</b>
Extraordinary Item		-	-
<b>Profit before tax</b>		<b>44,053,626</b>	<b>30,130,682</b>
<b>Tax Expense</b>			
Current Tax		14,000,000	9,250,000
Deferred Tax		537,702	534,535
Adjustment of Earlier year provision		481,522	29,517
<b>Profit/(Loss) for the period from continuing operations</b>		<b>29,034,402</b>	<b>20,316,630</b>
<b>Profit/(Loss) for the period</b>		<b>29,034,402</b>	<b>20,316,630</b>
<b>Earnings per Equity Share:</b> (Nominal value per equity share Rs 10/-)			
Basic & Diluted		7.08	4.96
<b>The notes are an integral part of these financial statements</b>			

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 28th Day of May 2013

EURO FASHION INNERS INTERNATIONAL PVT. LTD.

*Rajnish Agarwal*  
Director / Authorised Signatory

**RAJNISH AGARWAL**

Director

EURO FASHION INNERS INTERNATIONAL PVT. LTD.

*Ramesh Agarwal*  
Director / Authorised Signatory

**RAMESH 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 Plants in Tirupur, India and also gets various manufacturing done at Domjur Plant. The company primarily sells its product in India through own retail outlets as well as independent retailers.

### **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.

#### **2.3 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 Investments**

Investments are classified as Long Term Investments. They are carried at Cost. However provision for diminution is made to recognise a decline, other than temporary, in the value of investments, such reduction being determined and made for each investment individually.

#### **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 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 April to March 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".

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 28th Day of May 2013

EURO FASHION INNERS INTERNATIONAL PVT. LTD.

*Rajnish*

Authorized Signatory

RAJNISH AGARWAL  
Director  
EURO FASHION INNERS INTERNATIONAL PVT. LTD.

*Ramesh*

RAMESH AGARWAL  
Director



NOTES TO THE FINANCIAL STATEMENTS

		Year Ended			
		March 31, 2013		March 31, 2012	
3	<b>Share Capital</b>				
	<b>Authorised:</b>				
	5000000 Equity Shares of ₹ 10/- each	50,000,000		50,000,000	
	<b>Issued:</b>				
	4100000 Equity Shares of ₹ 10/- each fully Paid up	41,000,000		41,000,000	
	<b>Subscribed and paid up:</b>				
	4100000 Equity Shares of ₹ 10/- each Fully Paid up	41,000,000		41,000,000	
		41,000,000		41,000,000	
(a)	<b>Reconciliation of number of shares</b>				
	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)	<b>Rights, preferences and restrictions attached to shares</b>				
	<b>Equity Shares:</b> 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, 2013		March 31, 2012	
		4100000		4100000	
(d)	Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company				
		March 31, 2013		March 31, 2012	
		No of Shares	%	No of Shares	%
	<b>Promoter &amp; Promoter Group:</b>				
	Rupa & Company Limited	4100000	100.00	4100000	100.00
4	<b>Reserves &amp; Surplus</b>				
		March 31, 2013		March 31, 2012	
	<b>Surplus in Statement of Profit &amp; Loss:</b>				
	Balance as at the beginning of the year	65,459,936		45,143,306	
	Add: Profit for the year	29,034,402		20,316,630	
	<b>Total</b>	<b>94,494,338</b>		<b>65,459,936</b>	
5	<b>Deferred Tax Liabilities (Net)</b>				
		March 31, 2013		March 31, 2012	
	Deferred Tax Liabilities (related to fixed assets)	3,045,969		2,508,267	
	<b>Total</b>	<b>3,045,969</b>		<b>2,508,267</b>	



6	Other Long-term liabilities	Year Ended	
		March 31, 2013	March 31, 2012
	Security Deposits from Customers	3,098,249	2,131,249
	<b>Total</b>	<b>3,098,249</b>	<b>2,131,249</b>

7	Short-term Borrowings	Year Ended	
		March 31, 2013	March 31, 2012
	<b>Secured:</b>		
	From Banks		
	Working Capital Loans	49,436,465	52,554,338
	Total secured Loans	<b>49,436,465</b>	<b>52,554,338</b>
	<b>Unsecured:</b>		
	From Holding Company	5,735,003	-
		<b>5,735,003</b>	
	<b>Total</b>	<b>55,171,468</b>	<b>52,554,338</b>

(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, 2013	March 31, 2012
	Trade payables (including acceptances)	35,636,544	22,475,540
	<b>Total</b>	<b>35,636,544</b>	<b>22,475,540</b>

9	Other Current Liabilities	Year Ended	
		March 31, 2013	March 31, 2012
	Provison of Income tax (Net of Payments)	4,500,000	3,250,000
	Statutory dues	881,299	4,591,714
	Temporary Book Debt from Bank due to Reconciliation	1,124,294	-
	Other Liabilities	30,233,063	16,565,051
	<b>Total</b>	<b>36,738,656</b>	<b>24,406,765</b>

12	Non Current Investments Unquoted Equity Shares: Investment in Joint Stock companies West Bengal Hosiery Park Infrastructure Ltd. of Face Value of Rs. 10/-	Year Ended	
		March 31, 2013	March 31, 2012
		300	3,000
			-
		<b>3,000</b>	<b>-</b>

13	Long-term loans and advances	Year Ended	
		March 31, 2013	March 31, 2012
	Unsecured, considered good (unless otehrwise stated):		
	Capital Advances	8,100,000	8,100,000
	<b>Total</b>	<b>8,100,000</b>	<b>8,100,000</b>



NOTES TO THE FINANCIAL STATEMENTS

10 Tangible Assets	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
<b>Gross Block</b>							
As at 1 April 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 31 March 2012	4,688,520	27,125,308	1,795,864	93,211	746,719	347,252	34,796,874
Additions	-	-	436,309	-	-	-	436,309
Disposals	-	-	-	-	-	-	-
As At 31 March 2013	4,688,520	27,125,308	2,232,173	93,211	746,719	347,252	35,233,183
<b>Depreciation:</b>							
As at 1 April 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 31 March 2012	-	1,318,439	355,891	12,373	398,351	257,002	2,342,056
Additions	-	442,143	110,994	5,900	70,938	56,290	686,265
Disposals	-	-	-	-	-	-	-
As At 31 March 2013	-	1,760,582	466,885	18,273	469,289	313,292	3,028,321
<b>Net Block</b>							
At 31 March 2013	4,688,520	25,364,726	1,765,288	74,938	277,430	33,960	32,204,862
At 31 March 2012	4,688,520	25,806,869	1,439,973	80,838	348,368	90,250	32,454,818

Note: All assets are own assets.

11 Intangible Assets:

Gross Block:

As at 1 April 2011

Purchase

At 31 March 2012

Purchase

As At 31 March 2013

Amortisation:

As at 1 April 2011

Charge for the year

At 31 March 2012

Charge for the year

As At 31 March 2013

Net Block

At 31 March 2012

At 31 March 2013

Copyrights and Trademarks

500,000

-

500,000

-

500,000

200,137

50,000

250,137

50,000

300,137

249,863

199,863

Note: All assets are own assets.



14 Inventories	Year Ended			
	March 31, 2013		March 31, 2012	
	Raw Materials	44,640,591		30,093,275
Work In Progress	20,618,648		22,290,046	
Finished Goods	138,012,009		90,382,526	
Packing Material	4,143,720		2,834,946	
<b>Total</b>	<b>207,414,968</b>		<b>145,600,793</b>	

15 Trade Receivables	Year Ended			
	March 31, 2013		March 31, 2012	
	Unsecured, considered good			
Outstanding for a period exceeding 6 months from the date they are due for payment	237,450		1,861,680	
Others	15,484,360		10,743,331	
<b>Total</b>	<b>15,721,810</b>		<b>12,605,011</b>	

16 Cash and Cash Equivalents	Year Ended			
	March 31, 2013		March 31, 2012	
	Bank balances			
In current accounts	22,733		1,328,645	
Cash and Cash equivalents				
Cash in hand	97,454		55,168	
<b>Total</b>	<b>120,187</b>		<b>1,383,813</b>	

17 Short-term loans and advances	Year Ended			
	March 31, 2013		March 31, 2012	
	Unsecured considered good, unless otherwise stated:			
Loans and advances: Considered good				
Holding Company			2,088,647	
Advance recoverable in cash or Kind	5,270,034		7,940,650	
Other Loans and Advances				
Advance to Employees	150,500		112,500	
<b>Total</b>	<b>5,420,534</b>		<b>10,141,797</b>	



18 Revenue	Year Ended	
	March 31, 2013	March 31, 2012
<b>Revenue from Operations:</b>		
Sale of products		
Finished goods	433,203,166	456,073,419
<b>Revenue from Operations (Gross)</b>	<b>433,203,166</b>	<b>456,073,419</b>
Less: Excise Duty	21,143,330	32,729,031
<b>Revenue from Operations (Net)</b>	<b>412,059,836</b>	<b>423,344,388</b>

Details of product sold	Year Ended	
	March 31, 2013	March 31, 2012
<b>Finished Goods Sold</b>		
Knitwear	408,683,128	420,342,583
Fabric	24,520,038	35,730,836
<b>Total</b>	<b>433,203,166</b>	<b>456,073,419</b>

19 Other Income	Year Ended	
	March 31, 2013	March 31, 2012
Interest Income on-		
on Receivables	190,088	360,026
on Others	-	32,562
<b>Total</b>	<b>190,088</b>	<b>392,588</b>

20 Cost of materials consumed	Year Ended	
	March 31, 2013	March 31, 2012
<b>Raw material consumed*</b>		
Opening inventory	30,093,275	43,110,785
Less: Cenvat Credit Utilised on opening Stock	-	236,057
Add : Purchases (net)	234,443,772	139,583,386
Less : Inventory at the end of the year	44,640,591	30,093,275
<b>Cost of raw materials consumed during the year</b>	<b>219,896,456</b>	<b>152,364,839</b>
<b>Packing material consumed</b>		
Opening inventory	2,834,946	10,537,073
Less: Cenvat Credit Utilised on opening Stock	-	896,170
Add : Purchases (net)	34,494,071	23,619,290
Less : Inventory at the end of the year	4,143,720	2,834,946
<b>Cost of packing materials consumed during the year</b>	<b>33,185,297</b>	<b>30,425,247</b>

\* Raw Material Consumed are of 100% Indegenous goods



21 Changes in inventory of finished goods and work in progress	Year Ended	
	March 31, 2013	March 31, 2012
(Increase)/decrease in stocks		
Stock at the end of the year:		
Finished Goods	138,012,009	90,382,526
Work-in progress	20,618,648	22,290,046
<b>Total A</b>	<b>158,630,657</b>	<b>112,672,572</b>
Less: Stock at the beginning of the year:		
Finished Goods	90,382,526	130,355,855
Work-in progress	22,290,046	60,327,094
<b>Total B</b>	<b>112,672,572</b>	<b>190,682,949</b>
<b>Increase/Decrease in Stocks (B-A)</b>	<b>(45,958,085)</b>	<b>78,010,377</b>
<b>Details of Inventory</b>		
<b>Work-in-Progress</b>		
Knit wear	20,618,648	22,290,046
<b>Finished Goods</b>		
Knit wear	138,012,009	90,382,526

22 Employee Benefits Expenses	Year Ended	
	March 31, 2013	March 31, 2012
Salaries, Wages and Bonus	7,280,429	4,441,227
Contribution to Provident and Other Funds	164,472	124,532
Staff Welfare Expenses	464,900	281,297
<b>Total</b>	<b>7,909,801</b>	<b>4,847,056</b>

23 Finance Costs	Year Ended	
	March 31, 2013	March 31, 2012
Interest on Short Term borrowings	437,909	4,702,716
Interest on shortfall of advance tax	438,742	770,821
Other borrowing costs	179,229	228,260
Bank Charges	153,546	143,650
<b>Total</b>	<b>1,209,426</b>	<b>5,845,447</b>

24 Depreciation and Amortization Expense	Year Ended	
	March 31, 2013	March 31, 2012
Depreciation on Tangible assets	686,265	665,830
Amortisation of Intangible assets	50,000	50,000
<b>Total</b>	<b>736,265</b>	<b>715,830</b>

25 Other Expenses	Year Ended	
	March 31, 2013	March 31, 2012
Sub-contracting /Jobbing expenses	86,160,297	55,487,717
(Increase)/Decrease of excise duty on inventory	(4,062,012)	4,062,012
Electricity Charges	354,562	157,861
Freight Outward	833,127	682,145
Freight and Forwarding expenses	1,761,397	1,084,950
Rent, Rates and Taxes	286,691	61,711
Insurance	154,336	132,522
Repairs and Maintenance		
Others	527,900	562,767
Office Maintenance	300,901	276,339
Vehicle Maintenance Expenses	223,021	177,254
Advertisement Expenses	35,276,144	25,867,589
Sales Promotion	-	13,418,038
Business Convention	114,816	-
Sales Commission	1,402,723	43,880
Marketing Expenses	9,386,130	8,567,645
Travelling and Conveyance	6,520	1,209
Communication Costs	30,849	36,844
Printing and Stationery	421,398	52,613
Legal and Professional fees	441,396	232,612
Dealers Incentive	15,351,139	9,486,168
Payment to auditor (refer note below)	35,257	27,500
Quality Development expenses	557,810	352,523
Bad Debts/ Advance written off	1,415,393	335,379
Miscellaneous Expenses	237,343	290,220
<b>Total</b>	<b>151,217,138</b>	<b>121,397,498</b>

Payment to Auditor:	Year Ended	
	March 31, 2013	March 31, 2012
<b>As auditor:</b>		
Audit fees & Tax audit fees	25,257	25,000
<b>In other capacity:</b>		
Other services including certification fees	10,000	2,500
<b>Total</b>	<b>35,257</b>	<b>27,500</b>



26.1 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.

26.2 Contingent Liabilities	Year Ended	
	March 31, 2013	March 31, 2012
Income Tax Demand (Under Appeal)	558,150	558,150
ESI (F.Y 2007-08) (Under Appeal)	39,967	
(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		

26.3 Calculation of Deferred Tax Liabilities:	Deferred tax	Deferred tax
	Liabilities as on 31.03.2013	Liabilities as on 31.3.2012
Arising on account of difference between Book Value of Depreciable assets as per books of Account and Written Down value for tax purpose	3,045,969	2,508,267
Net impact taken into Profit & Loss Account	537,702	534,535

26.4 Earnings in foreign currency	Year Ended	
	March 31, 2013	March 31, 2012
	-	-

26.5 Expenditure in foreign currency	Year Ended	
	March 31, 2013	March 31, 2012
Professional fees for Trade Mark Registration	-	47,532

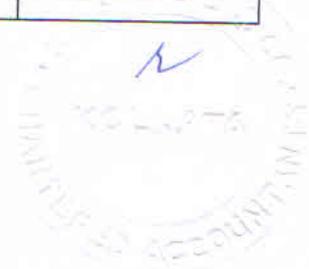
26.6 Earnings Per Share	Year Ended	
	March 31, 2013	March 31, 2012
(a) Basic		
i). Number of Equity Shares at the beginning of the year.	4100000	4100000
ii) Number of Equity Shares at the end of the year.	4100000	4100000
iii) Weighted average number of Equity Shares Outstanding during the year	4100000	4100000
iv) Face Value of Equity Shares ₹	10.00	10.00
v) Profit after Tax for Equity Shareholders ₹	29,034,402	20,316,630
vi) Basic & Diluted Earnings Per Share (v/iii) ₹	7.08	4.96

26.7 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	
	2012-13	2011-12	2012-13	2011-12
Purchase	-	-	-	-
Sale	292,599,792.00	302,755,293.00		



**26.8 Previous Year Figures**

Figures of Previous year have been re-grouped/re-arranged wherever considered necessary to confirm to current year's grouping and classification.

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 28th Day of May 2013

*Ram*  
\_\_\_\_\_  
**RAJNISH AGARWAL**  
Director

*Ram*  
\_\_\_\_\_  
**RAMESH AGARWAL**  
Director

