



CREW B.O.S. PRODUCTS LTD.



# ANNUAL REPORT 2011-2012



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# CHAIRMAN'S AND MANAGING DIRECTORS' LETTER

Dear Shareholders

It is with some satisfaction I report to you that in spite of a difficult year with respect to the economic sentiments across the US and Europe, Crew B.O.S has posted reasonable growth, although has seen some pressures on the bottom line. It been a difficult year for manufacturing and conditions continue to be difficult with the fear of the major retailers and brands all over the world performing below expectation.

FY11 was a year in which Crew B.O.S. was trying to consolidate its business into more efficient, productive factories. During the year we continued to expand our capacities in hand bags and shoes. Crew B.O.S. is forging long term and strategic relationships with customers to best utilize the capacities it has created.

## Industry overview

In spite of the fact that the conditions are difficult, the opportunities for Indian manufacturers of leather goods are very good. It is hoped that the foreign participants take note of the highly conducive climate in India for investment on a big scale and the returns that these can offer. The strength of the Indian leather sector has been low capital investment, high ratio of value addition with negligible import content, wide raw material base and high export potential. Most of all, the sector is one of the largest providers of employment particularly in the rural and semi-urban areas and millions from all corners of the country depend on them for their livelihood directly and indirectly. In India, we focused on increasing operational efficiencies in our businesses and saw improvement in several metrics although the softness in the market during the second half of the year has some dampening effect. As the Indian economy stands in the midst of a multi year growth cycle, the Indian leather industry sector in general, and Crew B.O.S. Products in particular, are set to benefit immensely from this structural buoyancy, notwithstanding short periods of dampened sentiments as we saw in the second half of fiscal 2012. At the same time, we will remain vigilant, close to our markets and responsive, a stance made possible thanks to our decentralized organization. We will also persevere with our program of selective investments in our businesses. Crew B.O.S Products has always grown stronger in periods of uncertainty, while remaining true to the Group's values: creativity, high quality craftsmanship and entrepreneurial spirit.

## Financial & Business review

Your Company's gross income for the year ended 31st March, 2012 stood at Rs. 43,903.56 Lakhs, as against Rs. 63,076.01 lakhs for the previous year. The net income from operations was Rs. 43,204.05 lakhs during FY12, as against Rs. 62,100.54 lakhs for the previous year. However, an increase in the total expenditure (with increased interest costs, finance charges, higher depreciation and staff and other costs going up) affected net profits during the year under review. Your company is confident of increasing its business during the current fiscal and steps taken in the form of consolidations, expansion plans encompassing the high adherence to world class quality standards shall contribute in realizing its aspirations.

## Going ahead: Overview and Opportunity

Crew B.O.S. Products Ltd. is nurturing creativity, building competencies and continuously seeking unexplored new highways of growth. Outstanding growth at Crew B.O.S. has been a direct upshot of innovations and endeavors on the ground. In general, your company enjoys great brand pull in the foreign market. Demand is robust and the company is likely to maintain growth momentum. Crew B.O.S. is forging long term and strategic relationships with customers in the past year who would add significantly to our top and bottom lines.

Our long standing relationship with leading fashion brands over the world continue to remain strong. We continue to service reputed international retail brands like Fossil, Mark & Spencer, Coach Services, LIZ Claiborne, Chicos, Debenhams, Accessories, American Eagle, Old Navy, Next plc, Esprit, Zara, Massimodutti, Armani Exchange, H&M, Gap USA and Banana Republic. In the coming years we are making special efforts to optimize our capacities by engaging with customers that would provide higher margins. In an environment that looks tough for retailers it is an important initiative for us to be able to get a better price for our product.

I would also like to add that markets are no longer about buying and selling: they're about conversation, connection and interaction. And it's these that fuel innovation, build customer relationships and drive long-term business value. For us establishing a dialogue with customers and listening to what they have to say is the best way to keep our business strategies fresh, current and compelling – and customer-focused. After all, who knows us better than our customers and our most loyal ones at that?



We also realize that it's no longer the product or service that differentiates our brand; rather it's the customer's experience with that product or service that sets our brand apart from the competition. It's this change of perspective from inside-out to outside-in that's a key constituent of our strategy to boost our growth in the marketplace. And of course it's the enthusiasm, drive and hard work of our employees and business partners that's also helping push up our sales and earnings.

**Retail Strategy- An update**

With an exciting product range, brand "Crew Republica" targeting the Generation Y (people in the fast growing target 18-35 year age bracket). This generation represents the fashion conscious generation of people who are also decision makers, key influences and enjoy the propensity to spend. With rising incomes, multiple income households, exposure to premium lifestyle & media and easier financial credit, fashion occupies maximum share of discretionary spends, all of which represents a huge opportunity for us in retail.

**A word of thanks**

I take this opportunity to thank all team members for their dedication, commitment and drive which has played a key role in shaping the company. I am confident that, together, we will continue to achieve many more momentous years and decades of growth and performance. I would also thank our shareholders, bankers and customers for their continued faith and support.

Yours truly,

**Tarun Oberoi**  
Chairman & MD

# CORPORATE INFORMATION

## CORPORATE INFORMATION

Board of Director	Mr. Tarun Oberoi Mr. Robin Bartholomew Mr. Deepak Manchanda Mr. Gautam Nair Mr. Jitindar Bir Singh	Managing Director Whole Time Director Independent Director Independent Director Independent Director
Chief Financial Officer	Mr. Rakesh Diwan	
Company Secretary	Mr. Ashish Goel	
Auditors	Anil K. Goyal & Associates Chartered Accountants 204-206, Siddharth Chambers, Hauz Khas, New Delhi - 110016	
Auditors	Arora & Choudhary Associates Chartered Accountants 8/28, W.E.A. Abdul Aziz Road, Karol Bagh, New Delhi - 110005	
Bankers	Citi Bank N.A. Canara Bank Allahabad Bank Standard Chartered Bank IDBI Bank Bank of Baroda State Bank of India ICICI Bank Axis Bank Bank of India	
Registrar & Share Transfer Agent	Skyline Financial Services Pvt. Ltd D-153/A, 1st Floor Okhla Industrial Area , Phase-1 , New Delhi -110020 Tel. No 011-26812682-83-84 Fax.011-26292681	
Registered Office	304A, Jaina Tower 1, District- Centre Janak Puri New Delhi - 110058	
Corporate Office	199, Udyog Vihar, Phase - 1, Gurgaon - 122016 (Haryana) India E-mail: communication@crewbos.com www.crewbos.com	



## DIRECTORS' REPORT

To the Members,  
Crew B.O.S. Products Limited

Your Directors have pleasure in presenting this Twenty-Third Annual Report and Audited Accounts for the financial year ended 31st March, 2012.

### FINANCIAL RESULTS

	(Rs. In Lacs)	
	Year ended March 31, 2012 (Rs.)	Year ended March 31, 2011 (Rs.)
<b>Income from Operation</b>	<b>43204.05</b>	62100.54
Profit before interest and depreciation	<b>5740.27</b>	6958.29
Less: Interest	<b>4060.18</b>	2939.02
Depreciation	<b>3873.50</b>	957.31
<b>Profit before taxation</b>	<b>687.60</b>	<b>3061.96</b>
(Less) : Current Tax	<b>(205.00)</b>	(750.00)
Add / (Less) : Deferred tax	<b>77.00</b>	(47.75)
Add / (Less) : Extra ordinary Item	<b>103.77</b>	-
Add / (Less) : Adjustment for prior years	<b>(143.03)</b>	(21.38)
<b>Profit after taxation</b>	<b>520.34</b>	2242.83
Add: Balance in Profit and Loss account	<b>11067.94</b>	8825.09
<b>Balance available for appropriation</b>	<b>11588.28</b>	11067.92
Appropriation	-	-
Transfer to General Reserve	-	-
<b>Balance carried to Balance Sheet</b>	<b>11588.28</b>	11067.92

### PERFORMANCE REVIEW

Your company is engaged in fashion accessories products, footwear and finished leather business. The income from operation is Rs. 43204.04 Lacs and the net profit is Rs 520.32 Lacs in the financial year 2011-2012. The Company expects healthy trend in the financial year 2012-13 on the basis of diversified product range and growing strategies adopted.

### DIRECTORS

Mr. Tarun Joshi, Independent Director & Mr. Naveen Ganzu, Independent Director of the Company have resigned from the post of Directorship and approve the same by Board of Directors of the Company during the year.

Mr. Deepak Manchanda, Independent Director, retires by rotation and being eligible offers himself for re-appointment.

Brief profile of the Director who are reappointed/resigned is given in the Corporate Governance Report as Annexure 1 to this Report.

### DIVIDEND

The Board has not recommended any Dividend during the financial year under review keeping in view its expansion plans and future growth.

### CAPITAL STRUCTURE

#### Authorised Capital

During the year there is no change in the authorised capital of the Company, hence it remains the same i.e. **INR 30 crores**.

#### Paid Up Capital

Pursuant to the issue of 75000 equity shares & 1025267 equity shares upon the conversion of preferential warrants to an allottee, the paid up capital of the Company during the year increased from INR 128932000/- comprising of 12893200 equity shares of Rs10/- each to INR 139934670/- comprising of 13993467 equity shares of Rs10/- each

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation;
- Prudent accounting policies have been selected and have made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the Profit of the Company for the financial year ended 31st March, 2012;
- Proper and sufficient care has been taken 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;
- Annual accounts have been prepared on a going concern basis.

### AUDITORS & AUDITOR'S OBSERVATION

The Statutory Auditors of the Company, M/s Anil K. Goyal & Associates, Chartered Accountants holds office until the conclusion of this Annual General Meeting, and being eligible offer themselves for re-appointment. They have furnished a certificate that their appointment, if made, shall be within the statutory limits as specified in Section 224(1B) of the Companies Act, 1956.

The observation of the Auditors in the Auditors' Report is explained, wherever necessary, in the appropriate notes to the accounts.

### CORPORATE GOVERNANCE

As required by Clause – 49 of the Listing Agreement, a Report on Corporate Governance along with Certificate on Corporate Governance confirming compliances with the conditions of Corporate Governance obtained from the Statutory Auditors of the Company is annexed to this Report. (Annexure-1)

### MANAGEMENT DISCUSSION & ANALYSIS

The Report as required by Clause-49 of the Listing Agreement is annexed herewith. (Annexure-2)

### LISTING AT STOCK EXCHANGE

The Equity Shares of the Company continues to be listed on Bombay Stock Exchange Limited and The National Stock Exchange. Global Depository Receipts are listed on the Stock Exchange at Luxembourg. The Annual Listing Fees for the financial year 2012-13 have been paid to the Stock Exchanges.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

Information in accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of Energy, technology absorption, foreign exchange earnings and outgo is given in the 'Annexure A' forming part of this report.

#### **SUBSIDIARY COMPANIES**

##### **VOGUE HOME PRODUCTS LIMITED**

Vogue Home Products Limited, wholly owned subsidiary of Crew B.O.S. Products Limited is engaged in manufacture and export of home furnishing and small leather goods.

##### **CREW B.O.S. ENTERPRISES LIMITED**

This is a wholly owned subsidiary of Crew B.O.S. Products Limited, carrying on the business of creative and stylish designing of lifestyle products, wearing apparels made of leather or non leather, consumer products, cosmetics, artificial furniture, beauty products and designer goods and furnishing.

##### **EMPORIO B.O.S. DESIGN LIMITED**

A wholly owned subsidiary of Crew B.O.S. Products Limited, with the main objects of carrying on the business of creative and stylish designing of lifestyle products, wearing apparels made of leather or non leather, consumer products, cosmetics, artificial furniture, beauty products and designer goods and furnishing.

##### **CREW ROR PRODUCTS LIMITED**

Incorporated as a wholly owned subsidiary of Crew B.O.S. Products Limited with the main objects of carrying on the business of manufacturing and trading including import and export of all kinds of fashion accessories made from leather, wood, metal, poly-urethane and fabrics including leather bags, portfolios, travel bags, shoes, wallets, leather garments and belts of all kinds, wearing apparel of leather and fabric, garments, textile, furniture.

##### **CREW REPUBLICA RETAIL LIMITED**

Incorporated as a subsidiary of Crew B.O.S. Products Limited with the main objects to establish/manage/carry retail business or trade in India through retail outlets, showrooms for retailing in house manufactured leather goods and apparels as well as manufactured by other popular brands.

##### **CREW P.P.O LEATHERS LIMITED**

Incorporated as a wholly owned subsidiary of Crew B.O.S. Products Limited with the main objects to carry on the manufacturing of leather products and accessories

##### **I.BIZ TRADE POST**

The wholly owned subsidiary incorporated in Mauritius is engaged in International trading.

##### **ALCHEMY TRADE POST**

The wholly owned subsidiary incorporated in Mauritius is engaged in International trading.

#### **JOINT VENTURE COMPANIES**

##### **CENTRE OF EXCELLENCE IN DESIGN LIMITED**

Centre of Excellence in Design Limited is a joint venture between the Crew B.O.S. Products Limited and Matrix Clothing Pvt Ltd. The object of the Company is to carry on the business of creative and stylish designing of lifestyle products, retailing, processing, assembling and crafting all type of apparel and wearing apparels made from all type of leather and non leather materials.

##### **CREW MAG EXPORTS LIMITED**

Crew MAG Exports Ltd. is a joint venture between Crew B.O.S. Products Limited and Leather Crafts (India) Pvt. Ltd. and it is engaged in the manufacturing of leather footwear. The annual accounts of the Company are appended herewith.

#### **PUBLIC DEPOSIT**

The Company has neither invited/nor accepted any deposits during the year within the meaning of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

#### **CONSOLIDATED FINANCIALS**

As required by Accounting Standard-21 on Consolidation of Financial Statements, Consolidated Financial Statements and Cash Flow Statement are appended.

#### **PARTICULARS OF EMPLOYEES**

During the year under review no employee, whether employed whole or part of the year, was drawing remuneration exceeding the limits as laid down under Section 217(2A) of the Companies act,1956 read with Companies (Particulars of Employees) Amendment Rules,2011

#### **ACKNOWLEDGEMENTS**

Your Directors acknowledge with gratitude the co-operation and assistance received from our valued customers, bankers and financial institutions, business associates, shareholders, suppliers and other statutory authorities who have extended their precious continued support and encouragement to your company. Your Directors look forward for the same to whom the Company regards as the partners in its success and growth.

The Board wishes to place on record its appreciation for the dedication and commitment of your Company's employees at all levels, which has continued to be our major strength.

For and on behalf of the Board

sd/-  
**Tarun Oberoi**  
(Managing Director)

sd/-  
**Robin Bartholomew**  
(Director)

Place: Gurgaon  
Date: 09.08.2012



## ANNEXURE TO DIRECTORS' REPORT Annexure-A

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

### 1. CONSERVATION OF ENERGY

#### A. ENERGY CONSERVATION MEASURES TAKEN

The manufacturing operations of the Company are not energy intensive and do not consume high level of power, however the Company has undertaken appropriate steps to conserve the energy thereby enhancing energy conservation. These are:

1. Replacement of Copper chokes with Electronic blasts.
2. Installation of switches on each table so as to ensure that light is switched on as per requirement.
3. Installation of Power Factor panel so as to achieve UNITY power factor.
4. Introducing concept of task lighting vis-à-vis ambient lighting.

#### B. ADDITIONAL INVESTMENT AND PROPOSAL, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY-

#### C. IMPACT OF ABOVE MEASURES

Implementation of Energy Conservation measures have resulted-

1. In reduction of energy cost and thereby production cost.
2. In the increase of awareness in the employees.
3. Reduction of Carbon footprints

#### FORM 'A'

Form for Disclosure of Particulars with respect to Conservation of Energy:

#### POWER AND FUEL CONSUMPTION

#### 1. Electricity Current Year Previous Year

	31.3.2012	31.3.2011
(a) Purchased from Electricity Board		
Total Units	2184419	3397565
Total Amount(Rs)	(Rs) 1,37,40,000	1,90,26,364
Rate per unit(Rs/units)	6.29	5.6
(b) Own Generation		
HSD/F.Oil/LSHS & LDO(Ltrs)	199009	325633
Cost of HSD/F.Oil/LSHS & LDO	(Rs) 80,40,000	1,19,18,167
Rate per ltr	40.4	36.6

#### 2. Furnance Oils/LSHS/LDO/HSD Qty.(Ltrs.)

Total Amount	21,600	21,600
Total Quantity(Ltrs)	(Rs) 210	210
Average Rate(Rs/Ltrs)	102.85	102.85



## FORM 'B'

### Form for Disclosure of Particulars with respect to:

#### A) RESEARCH AND DEVELOPMENT (R & D)

Company has been giving thrust on R & D activities in the following areas:

1. New Product innovations
2. Increased efficiencies
3. Energy conservation
4. Improving yields
5. Improving quality

#### B) BENEFITS DERIVED AS THE RESULT OF THE ABOVE R&D

Increasing productivity and addition to value added products for better products quality and process efficiency to the stakeholder's satisfaction.

#### C) FUTURE PLAN OF ACTION

Steps are continuously taken for upgradation of technology which results in lower costs, improvement of production yields and improvement in quality.

#### D) EXPENDITURE ON R&D

No specific account is kept.

### 2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

#### a) Efforts in brief made towards technology absorption, adaptation and innovation

Company uses latest Technology to keep the manufacturing process more automated to upgrade itself to the pertinent development as they occur.

#### Benefits derived as result of the above efforts.

Benefits derived from these efforts are improved product quality and higher efficiencies.

### 3. Foreign Exchange earnings and outgo

#### a) Export initiatives, development of new export markets for products and export plans

The Company's products continue to be well recognized and accepted in the international market due to its exclusive superiority and diversified array. The Company is continuously pursuing its proposals dynamically to further augment its existence in the overseas market through tapping new customers and new markets. Going forward the Company intends to keep its focus on finest leather products across the established markets., The Company would continue to emphasis on giving customized service and its commitment to excellence.

#### b) Foreign Exchange earning (on FOB basis) and outgo

	<b>2011-12</b>	<b>Rs/Million</b> 2010-11
Earning	3035.07	4245.16
Outgo	1618.77	2058.89



# CORPORATE GOVERNANCE

Annexure-1

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

Crew B.O.S Products Limited believes that for a company to succeed on a sustained basis, it must maintain global standards of corporate conduct towards its employees, shareholders, consumers and society.

The Company's philosophy of Corporate Governance is based on preserving core values and ethical business conduct and commitment to maximize shareholders value on a continuous basis while looking after the welfare of all the other stakeholders. The Company complies with the requirement regarding corporate governance as stipulated under clause 49 of the listing agreement of the Stock Exchanges where its shares are listed and a report on the same is as follows;

## 2. BOARD OF DIRECTORS

### a) Composition

The Board of Directors has an optimum combination of executive and non-executive Directors. As on 31st March 2012, the Board comprised Five Directors out of which two are whole-time functional Directors including the Managing Director. The Directors bring to the Board wide range of experience and skills. Brief profile of the Directors is set out elsewhere in the Annual Report. The listing agreements with stock exchanges stipulate half of the Board members to be independent directors. We are compliant with Clause 49 (IA) of the Listing Agreement regarding composition of the Board of Directors.

### b) Board Meetings

During the year ended 31st March, 2012, the Board met 8 (Eight) times on 28th May, 2011, 15th July, 2011, 10th August, 2011, 10th October, 2011, 21st October, 2011, 10th November, 2011, 28th January, 2012, 11th February, 2012. Directors attending the meetings actively participate in the deliberations at these meetings

The Composition of Board of Directors, Attendance of Directors at the Board Meeting and Last Annual General Meeting, Directorship in other Public Limited Companies and Membership in Committees as on 31st March, 2012 are as follows:

Name of Directors	Category of Directorship/ Promoters/ Independent	Director No. of Board Meetings Attended	Attendance at Last AGM held on 19th September, 2011	No. of Directorship held in other Companies*	No. of Committee Memberships/ Chairmanships held in other Companies.**
Mr. Tarun Oberoi	Promoter / Executive Director	8	Yes	7	Nil
Mr. Robin Bartholomew	Promoter / Executive Director	7	Yes	8	Nil
Mr. Deepak Manchanda	Non Executive Independent Director	6	Yes	Nil	Nil
Mr. Jitindar Bir Singh	Non Executive Independent Director	4	No	Nil	Nil
Mr. Gautam Nair	Non Executive Independent Director	2	No	3	Nil
Mr. Tarun Joshi #	Director	NIL	No	1	Nil
Mr. Naveen Ganzu@	Non Executive Independent Director	1	No	1	Nil

\* Excluding private/foreign Companies and Companies registered under section 25 of the Companies Act, 1956

\*\* Committees here means the Audit and Shareholders'/Investors' Grievance Committee of Companies apart from Crew B.O.S. Products Limited

# Resigned from the directorship of the Company w.e.f 20th September, 2011

@ Resigned from the directorship of the Company w.e.f 11th February, 2012

### c) Brief resume of Directors seeking appointment / re-appointment

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956, one third of its rotational Directors retire every year and if, eligible offers themselves for re-election at every Annual General Meeting of the Company. Consequently, Mr. Deepak Manchanda would retire this year and being eligible, offer him for re-appointment

#### Mr. Deepak Manchanda

"Mr. Deepak Manchanda (64) holds an engineering degree from Birla Institute of Technology and Science, Pilani, Rajasthan. He also has a Diploma in Human Factors in Engineering from Polytechnic of Milan, Italy. Mr. Manchanda specialises in the field of packaging and offers complete solutions in development, design and technology to several FMCGs, Pharma and SME clients from his company, Autumn Design Consultants. He has been closely associated with the Indian Institute of Packaging as Member of the Northern Regional Committee as well as the Governing Body. He also writes regularly for packaging journals and lectures