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Fuelled by innovation

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ANNUAL REPORT 2011-12

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### Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



**CATALYSING OUR GROWTH**

# THE POWER OF 7... CATALYSING OUR GROWTH



In a world where globalisation has enabled customers to find, evaluate, and purchase just about anything, anywhere, anytime, knowing how to get and keep customers is an essential business strategy. For many businesses this means developing new methods to monitor measure and improve their sales development systems. For Kewal Kiran Clothing Limited (KKCL), these values are at the heart of our identity as a socially responsible Company. We have adopted the seven core values of wisdom, innovation, stability, sustainability, scalability, passion & long-term vision and responsibly developing communities.

These seven powerful values enable us to stay focused and grow our business.

Today, we have secured our position as one of the largest Indian apparel Company, with a diversified portfolio of premier lifestyle apparel brands focused on global growth while staying true to our core values.

‘Living our values’ states our focus on consistently doing the right thing and acting responsibly through a simple yet compelling promise.

KKCL is aiming to carve a niche with a diversified portfolio of brands matching the present and the future needs of customers resulting in development of stronger stakeholder relationships and building competitive advantages.



# CORPORATE IDENTITY

A premier Indian entity established in 1989, leverages its rich heritage, proven strategies and talented team to assure sustainable and profitable growth.

Over two decades of experience in readymade fashion apparel with a strong character whose style, quality and passion are clearly seen in its brands - 'Killer', 'Lawman Pg<sup>3</sup>', 'Integriti' and 'Easies'.

Our core values are aimed at creating value for stakeholders and achieving financial continuity, now and into the future.

## Company philosophy

To be a world-class business enterprise, creating values, excellence in every business and service to consumers, stakeholders and society.

We look ahead with the young eyes of the future. Our story is built on innovation and seeing where others fail to see. KKCL has successfully made its presence felt with fashionable denim apparel and gradually expanded the offerings to trousers, t-shirts and jackets. The organisation has solidified its unique democratic positioning within the retail arena by entering lifestyle accessories segment-shoes, belts, watches, bracelets, wallets, caps, bags, sunglasses and deodorants, perfumes and cosmetics to name a few.

# CMD'S MESSAGE



Dear Shareholders,  
It is my pleasure to present to you the 21st Annual Report of your Company and the 7<sup>th</sup> Annual Report since the IPO.

Our journey since the listing has been very encouraging, despite the sector facing several challenges along the way. On the apparel business front, KKCL is facing issues like subdued demand due to excise duty levy and higher inflation affecting discretionary spends. With strong fundamentals, an asset light business model and virtually debt-free status of KKCL, we are well-positioned for the future. The dual impact of higher product prices in 2011-12 driven by excise duty and high cotton prices along with continuing headwinds in the form of stubborn inflation and high interest rates have impacted the consumer wallet share for discretionary expenditure. The slower volume growth was partially offset by higher prices and sales in 2011-12 stood at ₹ 301.90 Crores, a growth of approximately 28% over previous year, while Profit after Tax at ₹ 52.14 Crores registered a marginal increase of 12.78 %. KKCL enjoys strong cash flows and declared interim dividends of ₹ 7 per share and ₹ 6 per share and has recommended a final dividend of ₹ 4 per share taking the total dividend to ₹ 17 per share. From the sale of ₹ 85.96 Crores in 2005-06, the Company has grown over 250% and achieved sales of ₹ 301.90 Crores in 2011-12. Profit after Tax during this period have increased 348% from ₹ 11.65 Crores to ₹ 52.14 Crores.

We continue to execute the strategy of creating innovative fashion apparel that is at par with the global fashion trends. KKCL is reaching out to fashion conscious consumers across India through various channels including Exclusive Business Outlets, Multi-Brand Outlets, Large Format Stores and K-Lounge stores.

The presence of retail stores has increased from 31 stores in 2005-06 to 252 stores as on 31st March, 2012. With this, the Company has a presence in over 138 cities in 21 states across India. The growth has been driven by the strength of the key brands of the Company, expansion of manufacturing infrastructure, continuous innovation in product design and an aggressive retail role-out. What has not changed during this period is our relentless and single-minded focus on the 'consumer' – the basic foundation of our business. The Company's strong fashion forecasting and trendsetting abilities have created brands which are vibrant, trendy and fashionable. We have the ability to understand consumer behavior and with more than 3 decades of presence and experience in the fashion apparel industry we are well positioned to leverage on our understanding of consumer behavior to propel future growth.

**The presence of retail stores has increased from 31 stores in 2005-06 to 252 stores as on 31st March, 2012. With this, the Company has a presence in over 138 cities in 21 states across India.**

India with its vast demographics, varied culture and fast changing lifestyle presents opportunities and challenges in equal measure. Growing urbanisation and rising brand consciousness are paving the way for the fashion apparel industry. With India's GDP dropping to a nine year low, rising inflation and depreciation of the rupee are painting a very bleak scenario. This is further aggravated by rising inflation, soaring real estate prices and falling rupee, leaving a meager disposable income in the hands of consumers for discretionary spend. In my previous letter in the last annual report I have shown a vision to touch ₹ 1000 Crores Net Revenues by 2015-16. It is our persistent endeavour to head towards the set target and we continuously strive to achieve the same within scheduled time frame subject that consumers sentiments improves and overall economy normalise to usual growth trajectory.

Formula One (F1) made a grand debut last year in our country. The event signified India's capability to build, organise and execute a world-class sporting spectacle as well as the overwhelming response it received from over 95,000 spectators. I feel that managing the fashion apparel business is similar to F1. The excitement and thrill to succeed, growth opportunity giving an adrenaline rush, astutely tackling the twists and turns along the way and accelerating ahead with confidence to win the race. Presence of strong global competition entails keeping a sharp lookout in the rear view while focusing on the road ahead. The ability to anticipate the way forward and synchronise the speed makes the difference between a winner and a casualty.

The multiple casualties in the apparel and retail business in India are evidence of the criticality of managing growth and profitability in this business without getting in the way of danger. As we move towards our vision of achieving a turnover of ₹ 1,000 Crores, we firmly believe that both man and machine are important and have to be robust to win the race. We have endeavoured to build an organisation that is capable of reaching high speeds but at the same time has internal strength and construct to survive potential collisions without fatally

impacting the Company. This is being done in the form of building an integrated business model and creating a strong financial position which is not leveraged.

We are proud to say that KKCL follows the best practices and adheres to all the financial accounting standards and disclosures. This is not good enough in the fashion industry.

The unique dynamics of this business require a comprehensive risk management approach whereby we would want to create adequate reserves to safeguard against potential risks associated with pursuing a higher growth trajectory. Needless to say, we have and will continue to remain a bottom line driven company and strive for being the industry benchmark in terms of performance and governance.

Our brands remain as the strong pillars of the business and continue to build on their customer loyalty with continued product innovation and brand promotion. ADDITIONS – the accessories business which is at promotional stage has shown encouraging results and achieved sales of ₹ 19.62 Crores, a 287% growth over the previous year. This business has the potential to expand significantly and emerge as an equal with the existing products of the Company. We are optimistic about the forthcoming financial year and expect trends to turn favorable enabling the Company to passionately pursue its growth plans.

I thank all the stakeholders for the trust that they have reposed in KKCL and look forward to continued support and participation in the growth of the Company.

**Kewalchand P. Jain**  
Chairman & Managing Director

# KKCL - A FASHION BRAND

## - NOT JUST A FASHION RETAILER



Our brands have evolved from a few stores to a wide range of stores across the country. Our brands appeal to diverse customer needs, providing superior quality products at competitive prices. We remain dedicated to growing our brands and executing our strategic plans, with the ultimate goal of maximising value for our stakeholders.

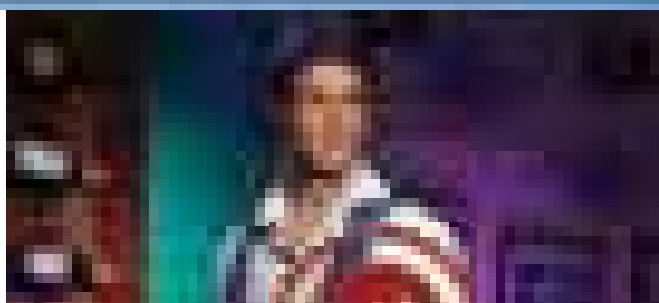
### Killer

Youthful, trendy, vibrant and dynamic

One of the best known designer names in the country offering a modern design aesthetic.

**Range:** Women and men's ready-to-wear denims, trousers, cargos, capris, shirts, jackets, t-shirts, innerwear (vests and briefs), footwear (shoes and socks), eye-wear and other attractive accessories (belts, bracelets, sun glasses, deodorants, personal care products and so on).

**Age bracket:** 16-25 years



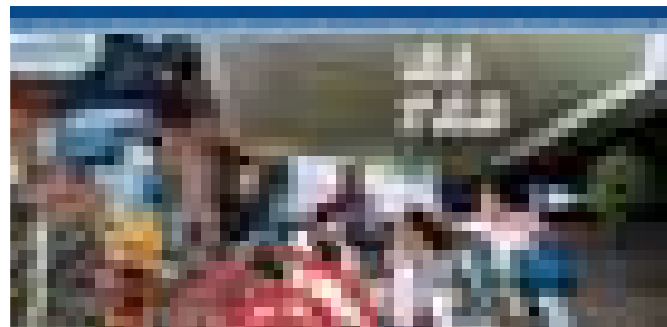
### Lawman Pg<sup>3</sup>

The classic and cool

Leading designer lifestyle brand that delivers 'preppy with a twist' designs that appeal to a diverse range of consumers

**Range:** Shirts, blazers, jackets, denim and cotton trousers, t-shirts, cargos, capris, drapes, jeggings, skirts, shorts and fashion forward accessories complement the collection - innerwear, socks, footwear, headwear, sunglasses, trinklets and the likes.

**Age bracket:** 18-28 years



### Integriti

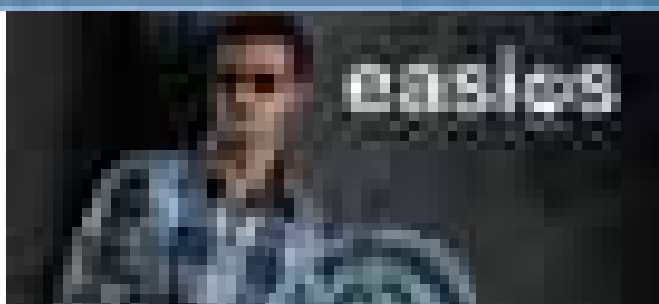
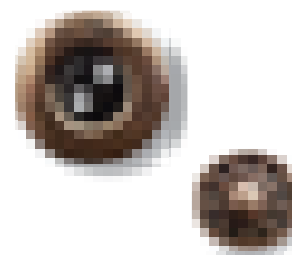
Stylish, affordable and superior-quality

Brand for the masses

**Range:** Casuals and formal shirts, t-shirts, jeans, cotton and formal trousers, blazers, ties and cufflinks, and so on.

**Age bracket:** 16-26 years





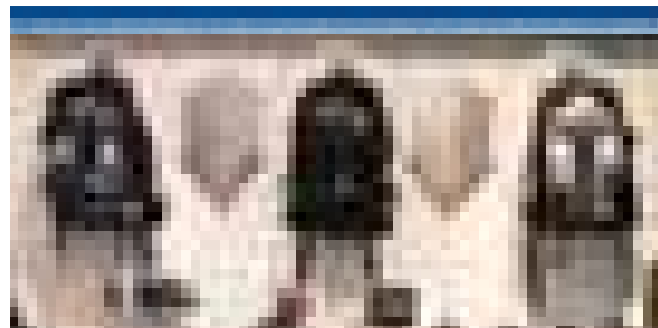
## Easies

### Fashionable yet functional

Semi-formal range for the new young executives

**Range:** Shirts, trousers, blazers, etc.

**Age bracket:** 25-40 years



## Addictions

### The accessories shoppe

**Range:** Deodorants, cosmetics, perfumes, footwear, belts, gym wear, swimwear, eyewear, trinklets, formal accessories and more.

## K-Lounge stores

### Shop in style

KKCL creates desires and makes them achievable. The purpose of the direct sales distribution channel is to develop a presence in areas of high growth potential and to open iconic sales outlets that are attractive to end consumers and serve as a benchmark in the industry. Trend-setting retail chain promoted by KKCL, retails all its brands under one roof.



KKCL markets its products through a chain of:

138

K-Lounge showrooms

2

K-Lounge for her

110

Exclusive Brand Outlets (EBOs)

43 Integriti

56 Killer

10 Lawman

1 Lawman/Integriti

2

Addictions - lifestyle accessories stores

Multiple

National Chain Stores (NCSs), Multi Brand Outlets (MBOs)

Distributors, master stockists, licensees and online modes are other modes of distribution.

#### Manufacturing facilities

KKCL's designing and manufacturing facilities are mainly located at Dadar and Goregoan (Mumbai); Daman and Vapi in Western India.



# 5 YEAR FINANCIAL HIGHLIGHTS

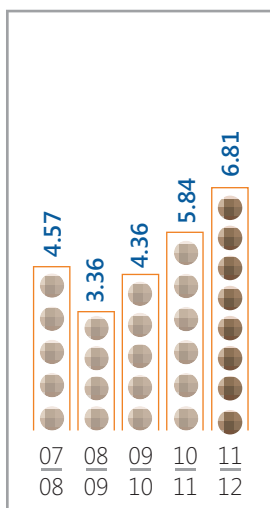
(₹ in Lakhs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Sales and Other Income</b>	16,832	15,294	18,631	24,496	31,368
EBITDA	3,915	2,847	5,692	6,869	7,336
Profit before Interest & Tax (PBIT)	3,523	2,343	5,108	7,132	7,891
<b>Profit before Tax (PBT)</b>	<b>3,239</b>	<b>2,072</b>	<b>4,875</b>	<b>6,926</b>	<b>7,632</b>
<b>Profit after Tax (PAT)</b>	<b>2,110</b>	<b>1,426</b>	<b>3,252</b>	<b>4,623</b>	<b>5,214</b>
Cash Profits (Profits after Current Tax + Depreciation + Amortisation)	2,503	1,930	3,836	5,196	8,255
Net Fixed Assets	3,679	4,555	4,308	4,272	4,432
Investments	1,105	3,082	3,290	2,685	5,264
Net Current Assets	11,951	9,706	11,335	13,784	16,942
Deferred Tax Assets	145	144	166	164	173
<b>Total Capital Employed</b>	<b>16,881</b>	<b>17,488</b>	<b>19,099</b>	<b>20,906</b>	<b>24,044</b>
<b>Networth</b>	<b>14,136</b>	<b>15,130</b>	<b>17,519</b>	<b>19,776</b>	<b>22,555</b>
<b>Borrowed Funds</b>	<b>2,745</b>	<b>2,359</b>	<b>1,580</b>	<b>557</b>	<b>1,489</b>
<b>Total Funds Employed</b>	<b>16,881</b>	<b>17,488</b>	<b>19,099</b>	<b>20,333</b>	<b>24,044</b>

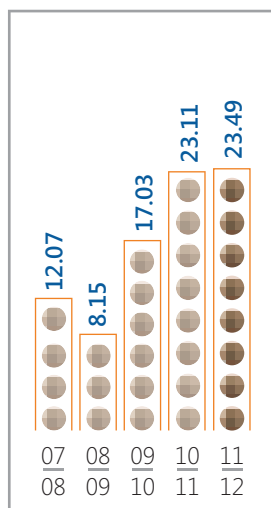
# KEY PERFORMANCE INDICATORS



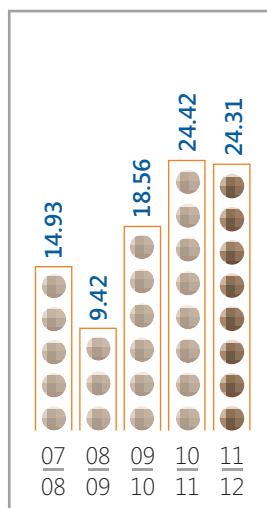
Fixed Assets Turnover Ratio



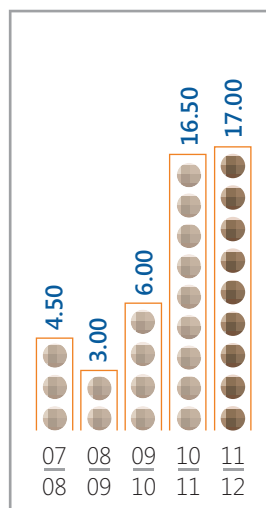
Return on Capital Employed (ROCE) %



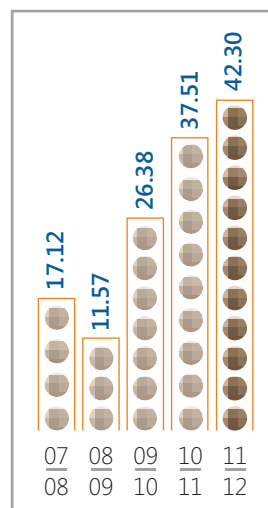
Return on Net Worth (RONW) %



Dividend Per Share (₹)



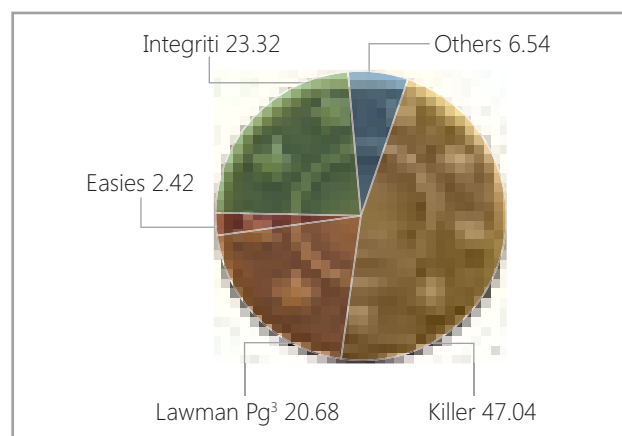
Earnings Per Share (₹)



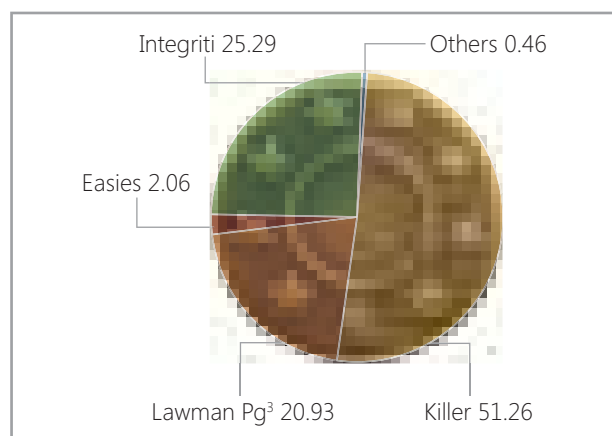
## Strong brands. Stronger performance.

Unified and passionate teams are responsible for maintaining the integrity and vitality of powerful brands while continuing to develop a business which remains relevant to ever-evolving markets and consumer tastes.

Brand-wise revenue 2012 (%)



Brand-wise revenue 2011 (%)



# OUR STRONG VALUES

- UNLEASHING THE POWER OF SEVEN

Our value system reflects what is truly important to us as an organisation. These are not values that change from time to time, situation to situation or person to person, but rather they are the underpinning of our company culture. These seven values guide our culture and business practice. Today, they are the root of our identity and as we are evolving, these seven values remain vital to our development.





I. Building our brands



II. Fuelled by innovation



III. Leveraging stable strategies



IV. Strengthening our sustainability



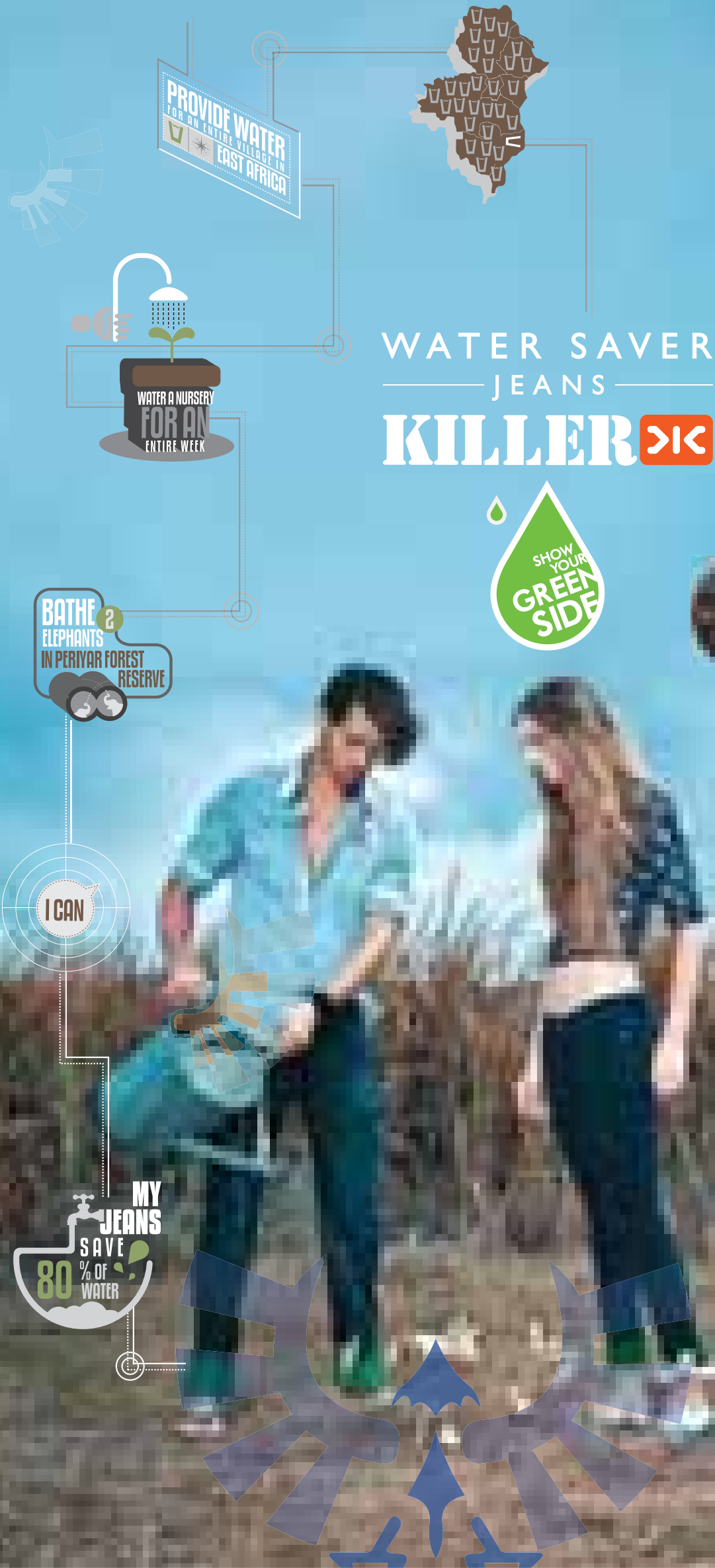
V. Scalable solutions



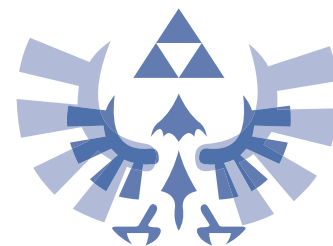
VI. Passion and long-term vision



VII. Responsible development of communities



# WATER SAVER JEANS KILLER >K



## I. Building our brands

At KKCL, we are guided by our core values. Our seven values represent a divine tree with strong roots. Building brands as strong as this tree, has been KKCL's aim.

Growing our business in all our markets is a strategic priority for us and it shows how we are adapting to our customers' changing needs. Our core values signify the roots, helping us remain focused, allowing us the power to grow and expand our various brands overcoming geographical, political and ideological boundaries. This is an area of substantial and growing strategic importance for us, as we recognise the role that our brands play in attracting customers and as we start to leverage our expertise in brand management across our markets.



# WE GROW POWERFUL LIFESTYLE BRANDS

We believe in our brands. By staying true to their unique positions, we seek to harness their power to inspire deep, enduring relationships with customers. With the aid of our operational excellence and fashion forward designs, our brands have the potential to create growth opportunities.

The Company has successfully built iconic brands of international stature for both, the masses and the classes. 'Think global, act local' is our motto.

The Company has always spread awareness by engaging in various prestigious branding activities.

## ● **Killer**

One of the key sponsors for the second consecutive year for Pune Warriors team during the Indian Premier League (IPL) Season 2012.

Also, KKCL was associated with the team Auckland Aces during the Champions League.

## ● **Lawman Pg<sup>3</sup>**

Linked with movies such as Rascals, Murder 2, Ek Deewana Tha, Blood Money, Jannat 2, 3 (with the famous song, Kolaveri Di).

Sponsored various Fashion weeks in the year, including Chennai, Hyderabad and Bengaluru Fashion weeks. KKCL was also associated with various fashion award shows.

Associated with the famous talent show on TV, Sa Re Ga Ma and instadia advertising for Cricket

## ● **Integriti**

Associated with movies such as Jihne Mera Dil Luteya and Khushiya.



## II. Fuelled by innovation

We believe in the significance of innovation and it has been our guiding force since inception. We can only maintain our market position if we are continually searching for innovative solutions for our customers.

A constant commitment to innovation, a crucial factor for development, has always characterised KKCL's business.

more than **1,500** new designs for every season


**3<sub>on</sub>3**

Three innovations in three years

**Y-fi Stitch** - Making stitch fashionable

**Vertebrae** - Washing and stitching with precision

**Emboss** - Stitch and wash




Fashion changes every season and keeping in mind the dynamic fashion trends, KKCL launches new and contemporary designs to suit the needs of the customers.

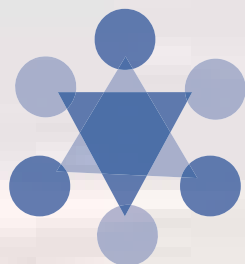
KKCL launches new designs from time-to-time, dictated by the current trends in vogue. The Company continues to tap the market with its alluring designs, surpassing the customers' expectations.

Our in-house expertise also helps us understand the customer's pulse and predict new and upcoming fashion trends.

Designers search for new raw materials based on key concepts such as functionality, durability of the garment, ease-of-use and care. At KKCL, the designers have worked on very basics of the designs and ensured that they look special and appealing. Using these basics, KKCL has pioneered and offered a unique look to the brand loyal customer, time and again. We are designing for today and tomorrow.



KKCL has an exclusive team of designers in-house, who possess strong designing expertise. Our designers seek out ways of dressing, living and leading ahead of time: a global vision of style. Its inspiration comes from life as well as art, architecture and the world of the Internet and expressions of our time.



### III. Leveraging stable strategies

**Stability is one of the most important ingredients of our corporate well-being. We must be a stable organisation that is willing to learn, create new ideas and adapt to new environment.**

During a year when global financial markets experienced tremendous volatility and the Eurozone struggled with an economic and fiscal crisis, we leveraged our stable strategies. We remain firm in our belief that the sound execution of our stable business strategies, investment in our world-class brands and concentration on a strong balance sheet will continue to drive our long-term growth and improvements in financial metrics and business returns.



**Values** The pillars of trust and transparency have catalysed stability for more than two decades.

**Healthy balance sheet** Profitability fuels our success and creates value for all our stakeholders.

KKCL has always maintained its profits marked by low gearing and a strong liquidity position. As on 31st March, 2012, the Company had a total debt of ₹ 148.90 Million and a Net Worth of ₹ 2,255.46 Million converting into a Debt-Equity of 0.07, which is almost like a zero-debt Company.

The Company also has a comfortable liquidity position with cash balance of over ₹ 1 Billion. This strategy has acted like a cushion against the risks arising out of the changing fashion cycles and trends or any other economic slowdown.

**Asset light model** The Company's increased focus on maintaining an asset light model has helped diminish overhead costs. At the same time, the Company has ensured that the product and service standards are maintained.

**Excellent inventory and supply chain management** The Company's core competency lies in manufacturing and design skills. Sourcing of raw material, apparel designing, and majority of manufacturing is all done in-house. A part of the entire production is sold directly through exclusive stores. This has effectively helped the Company to control inventory levels and streamline production processes. KKCL has a well-equipped IT system to ensure real time information available through faster and efficient transmission of data. It has helped the Company, achieve optimal capacity utilisation as well as maintain lower costs. This has subsequently led to maintenance of healthy margins.

**The result of all of the above:**

**13.26%**

CAGR of  
Revenue over  
the last five  
years

**24.30%**

EBITDA margin  
recorded for the  
year 2011-12

**16.62%**

PAT margin  
recorded for the  
year 2011-12

**19.83%**

CAGR of PAT  
over the last  
five years

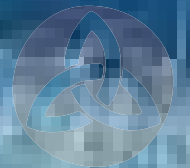
LAWMAN Pg3



#### IV. Strengthening our sustainability



**Our culture and values are deeply embedded within the organisation. Our culture stimulates transparency, accountability and collaboration. KKCL creates value and aims at growth, not as an end in itself, but as a means for contributing to progress.**





The year gone by was full of economic uncertainties. There were moderations in consumer spending across all segments, persistent inflationary pressures and significant price increases taken by the industry. The industry was facing tremendous pressure to pass on the increase in input costs to the customers. The year also witnessed unstable cotton prices-the raw material for apparels. The regulatory changes, like the imposition of excise duty on apparel goods in 2011-12, also had an impact on the overall growth of the industry.

Notably, we managed through an unprecedented and volatile inflationary cost and difficult consumer-spending environment by generating increase in sale of apparels and increased realisations per unit. This has been achieved on the back of strengthening the sustained strategies/initiatives taken by the Company. Fully integrating sustainability into our business strategy and operations at all levels enables success for the long-term.

The Company's focus on growth forms the centre of all activities. This enables us to sustain strong business performance for the long-term.

The Company has always sustained towards working on:

**Values and cost control;**

**Investing in people and marketing activities;**

**Continuous expansion strategies and so on.**

These have catalysed the Company to sustain the pressures of an uncertain environment and vulnerabilities.



#### V. Scalable solutions

KKCL has always focused on a continuous and profitable growth through an increased penetration. It has careful store expansion strategies in place to ensure healthy profitability indicators from each store.

The Company now has an overwhelming presence in 138 cities in 21 states across India.

The Company holds a very strong position to benefit from its expansive presence.

Presence in metros, mini-metros and large towns through owned stores, retailers and distributors. KKCL also enjoys a first-movers advantage in tier-II and tier-III cities. It has an increased penetration in lesser-known regions as well.







**In 2012, KKCL inaugurated  
99 new retail stores comprising**

**36**

K-Lounge

**2**

K-lounge for her

**28**

Killer EBOs

**25**

Integriti stores

**7**

Lawman Pg<sup>3</sup> stores

**1**

ADDICTIONS store



## VI. Passion and long-term vision

**Our diverse portfolio of brands, passion for marketplace execution and long-term vision underpin our strong commitment towards sustainable business growth in a responsible way.**

The Company has always been passionate to understand the customer and surpass their expectations. This passion along with the promoter's long-term vision has truly evolved the Company. KKCL's brand portfolio, wide-spread presence, passion and commitment towards achieving a sustainable business growth in a very responsible manner are key drivers of success.





We are committed to a set of shared values that shape how we work every day. We believe that clear and consistent commitment to these values is vital for sustainable business success. Our values are an essential part of our culture. They are also the basis for earning the confidence of all our stakeholders. We are continuing to live our core values and show that we are passionate about our community and environment.



## VII. Responsible development of communities

We strive to ensure continuous and sustainable growth of our business and believe in contributing to the development of our communities at large. We continue to operate our business in a manner that clearly incorporates our guiding principles and values.

### ■ Environment consciousness

KKCL follows an environment-friendly culture. Keeping in mind, the nature's scarce resources, we ensure minimum use of paper, water and power. We have maintained the policy of 'Daylight Saving'. We feel it is not only our social responsibility but also an essential economic measure.

## Employee welfare

KKCL's employees are its most valuable assets. They are the important drivers of the brand value of the organisation. Many of Human Resource Department's initiatives are increasingly targeted to ensure that KKCL is the best work place for everyone. Emphasis is given to employee engagement activities, employee motivation, training and development and corporate social responsibility.

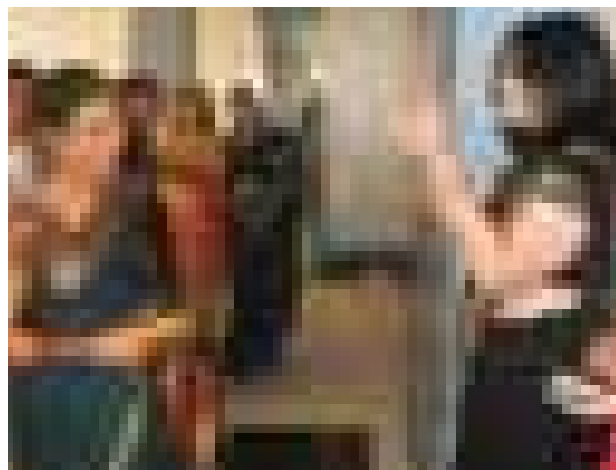
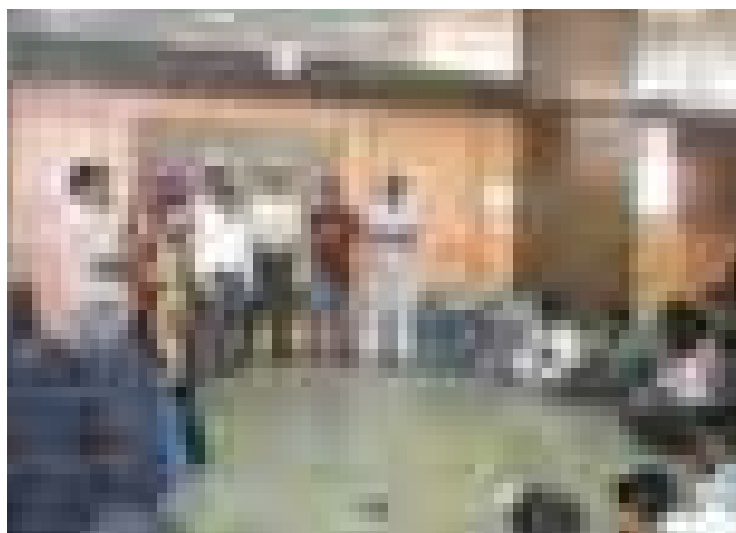
Numerous initiatives were carried out during the year to promote staff welfare through an improved focus on various healthcare measures, financial investment awareness and enhancement of individual skills.

### Women empowerment

There is a continuous effort on KKCL's part to increase the number of women employees at all levels and units. They are given equal opportunities through an increased focus on safety, security and healthy working environment for the women employees. It is important to note that women employees who left their jobs for marriage or childbirth have even rejoined after their sabbatical! Special counselling sessions are also held to ensure a safe and comfortable work environment.

### Student initiatives – Project Student Samarthan

Under this project, KKCL conducts various internship programmes for students (across various departments), pursuing their academics. Improving knowledge base, factory visits, training sessions, participation in retail conferences, and interaction with top management form a key part of this project. KKCL also provides them with an opportunity to become a part of the organisation after completion of training. To date, 29 interns have successfully completed their internship and 12 have been absorbed into KKCL.



### Employees Children Referral Policy

To enhance the sense of belongingness among the employees and to encourage their loyalty, employee's children and relatives are considered for employment/ given priority for employment. To date, approximately 27 of these referrals have already been absorbed into the Organisation. This has also resulted into an increase in employee morale.

### Financial Awareness programs – 'Small drops make mighty oceans'

KKCL took an initiative to encourage savings amongst all employees. Employees were educated about various saving schemes and financial planning measures.

### SBI Helpdesk - 'Life is Unpredictable'

For the benefit of all KKCL employees and to ensure their security, Life Insurance and Accident Policy Scheme was introduced by the SBI (State Bank of India). All SBI account holders were covered under the scheme. They were given a coverage of ₹ 4,00,000 on a nominal premium of ₹ 100 p.a. About 1,000 employees derived benefits out of this facility.



### ● **Training and development**

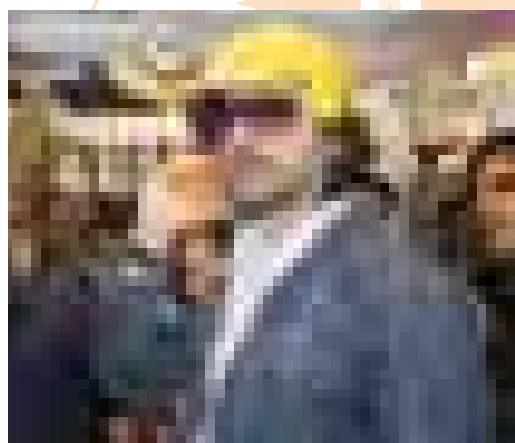
Various training and development initiatives are carried out at KKCL.

Training for retail and marketing staff is conducted every Saturday by international experts at CHO.

In order to brush up the knowledge and skills of all the employees, KKCL organised IT (Logic) training for all the employees at the CHO and also at the stores.

To educate the employees on how to deal with fire hazards, comprehensive training sessions were carried out at the CHO and factories.

World Global Style Networks (WGSN) organised a training seminar called 'Seminar on Fashion Forecast Spring Summer 2013' for designers. The seminar offered creative ideas and information on the upcoming trends and fashion coupled with details for product development.



### ● **Events at KKCL**

#### Promotional events

Various promotional events are held to create a healthy and a dynamic work environment. The Company invites various film stars to visit the CHO (Corporate Head Office) and the retail stores for their film promotions. These included film promotions of movies like Murder 2, Rascals, Jihne Mera Dil Luteya, Ek Deewana Tha, Blood Money to name a few. Also, singer Gajendra Varma was invited to CHO for an audio treat for all the employees.

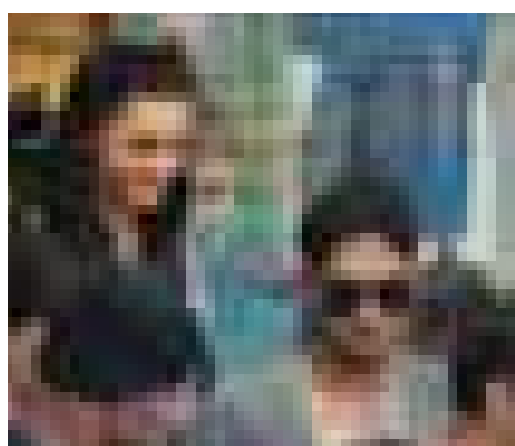
#### Contests

Various motivational contests are held to enhance the productivity of all the employees. In order to increase their drive for an improved performance, this year's focus was on the employees forming the bottom layer of the employee pyramid. KKCL organises various contests and events at regular intervals for the benefit of the staff, so that they enjoy their work. This is in line with the 'Happiness Quotient' that the Company always strives to offer.

Contests such as 'Team Work Pays', '50-50', 'Dispatch Champion', 'Yellow Man', 'Star Performance of the Year' were organised throughout the year to motivate the employees to perform better.

#### Team Work Pays Contest

In this contest, all the dispatch assistants who showed maximum productivity were given prizes. The best team to attain the highest target achievement was also awarded.



### 50-50 Contests

In this contest, each team was supposed to achieve 50% of their target by 50% of the month. Through this, teams were motivated to give a better performance.

### Dispatch Champion Contest

The contest was organised for the back office staff. Attractive prizes and gifts were given to the employees who achieved maximum delivery orders.

### Yellow Man Contest

To bring innovative ideas to the core and enhance creativity in the employees, the Yellow Man Contest was held at the CHO.

### Star Performers of the Month

In order to motivate the marketing teams and the production units to perform better, a special measure is followed – 'Star Performers of the Month'. These highlight the achievements of those teams that successfully complete their monthly targets. Each team's achievements are officially announced and this brings out the healthy competitive spirit within the organisation and it has indeed helped increase productivity to a considerable extent.

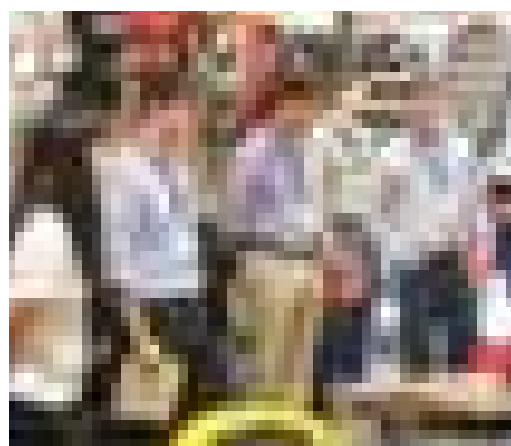
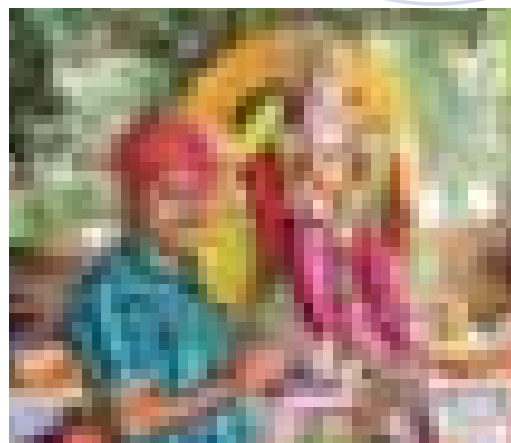
## Special occasions and festivities

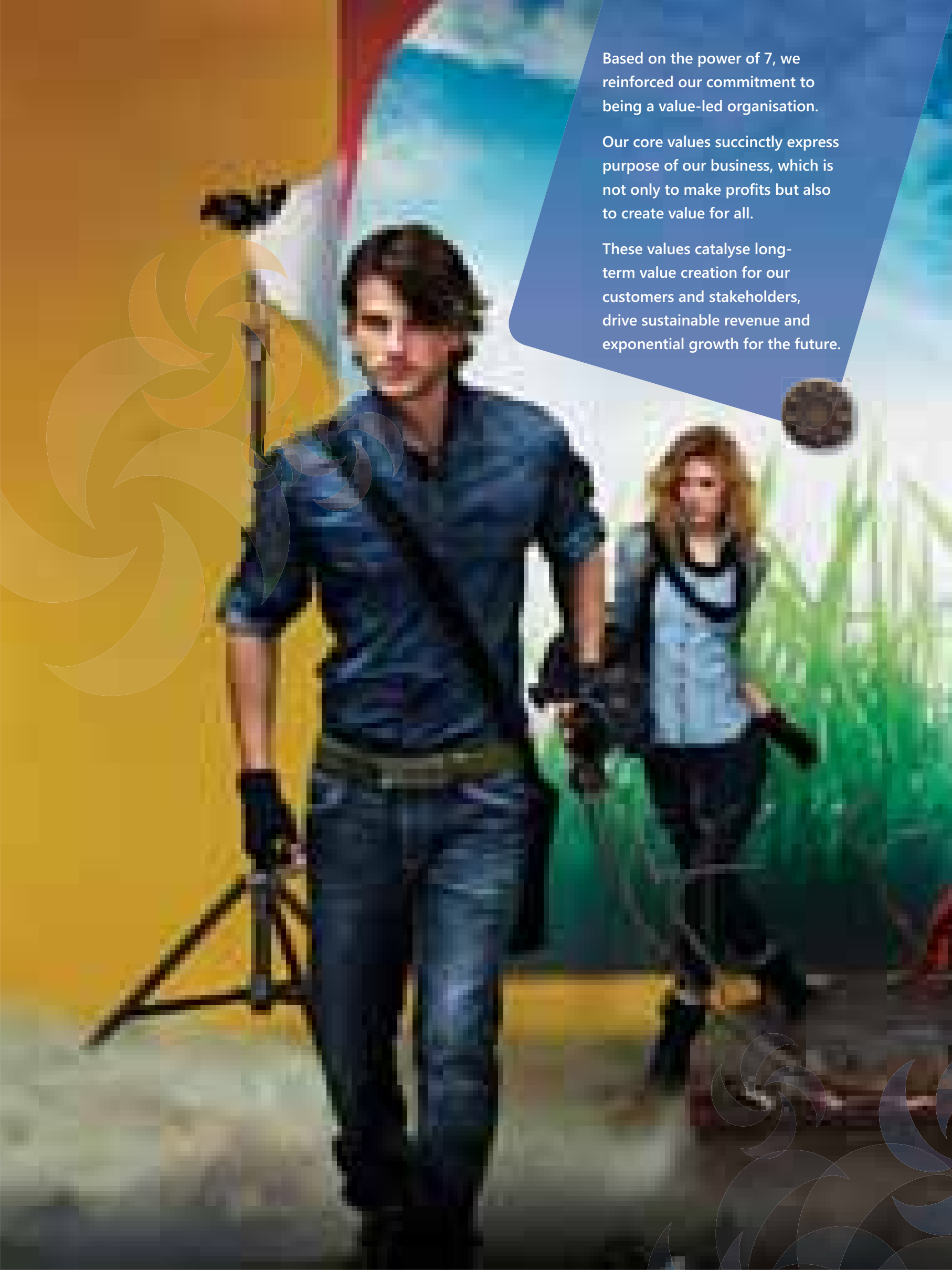
### Festivals

Various festivals and days are celebrated at KKCL. These include Diwali, Dussera, Christmas, New Year, Makar Sankranti, Republic Day, Holi, Gudi Padwa and Women's Day. 'Ganesh Sthapana' was done at the Daman factory on the auspicious occasion of Ganesh Chaturthi. Diwali and Dussera were celebrated with great pomp and show at the Daman, Vapi and the Mumbai factories. These festivals bring together people from all faiths.

### Others

KKCL rightfully capitalised on a great opportunity to promote India's rich culture and give a brief snapshot about the Company. International investor's of the Nalanda Capital Group were cordially invited to be acquainted with the long-term vision and mission of the Company. All the investors visited the CHO and the swanky showrooms to learn about the products. The respective brand heads gave precise presentations on the current and upcoming brands. At the CHO, CMD, Shri Kewalchand Jain gave a comprehensive presentation about the Company's evolving success and future plans.





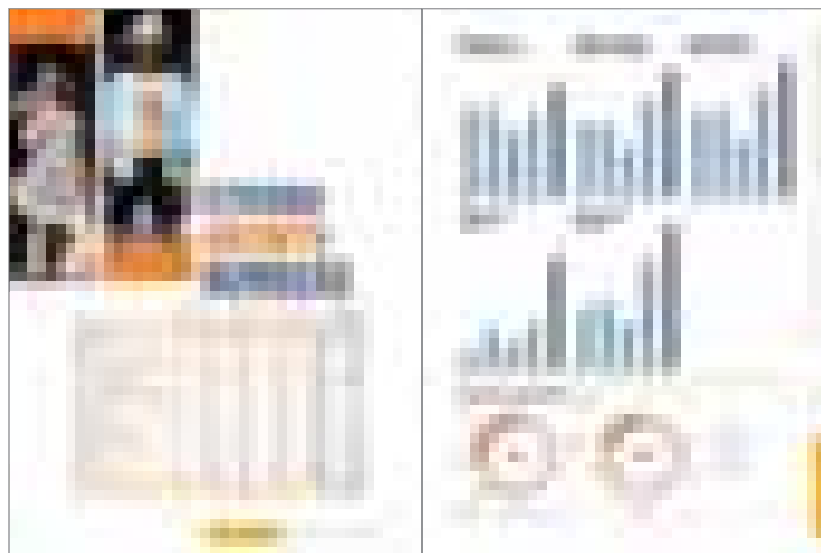
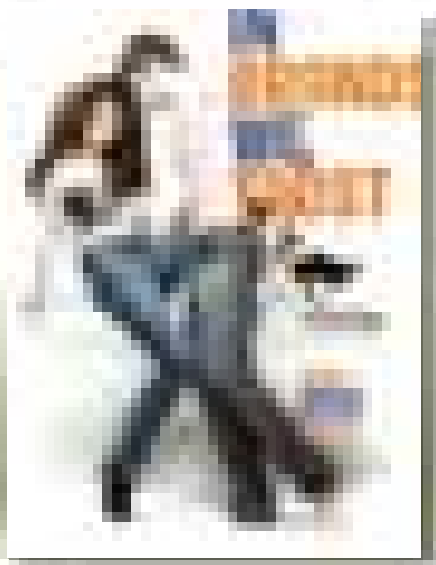
Based on the power of 7, we reinforced our commitment to being a value-led organisation.

Our core values succinctly express purpose of our business, which is not only to make profits but also to create value for all.

These values catalyse long-term value creation for our customers and stakeholders, drive sustainable revenue and exponential growth for the future.



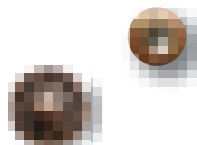
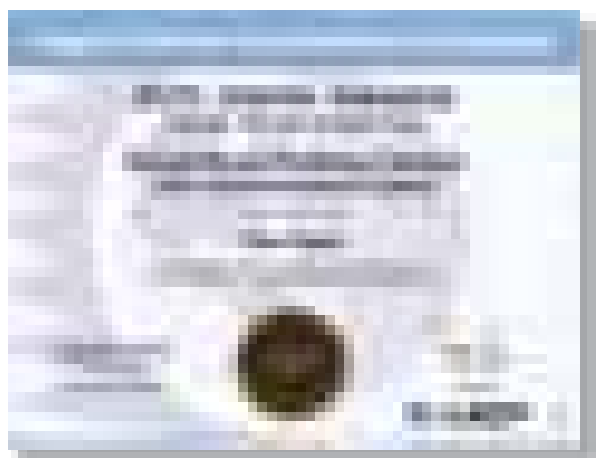
# AWARD



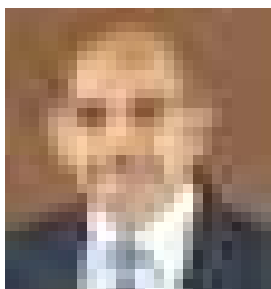
## Global acclaim for Kewal Kiran Clothing Limited's Annual Report 2010-11



Won the Silver award at 'The League of American Communications Professionals (LACP) - Vision Awards' - The World's largest annual report competition, featuring more than 5,500 entries from two-dozen countries.



# DIRECTORS' PROFILE



**Mr. Kewalchand P. Jain**  
Chairman & Managing Director

## Achievements and contribution

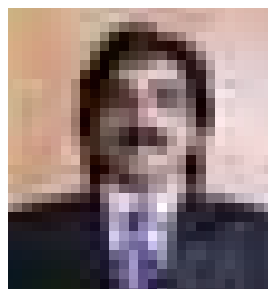
Spearheaded the groups' foray in to branded apparel business

A keen student of finance and a hands-on manager, he heads the finance functions and is responsible for the overall management of the affairs of the Company

## Other posts

Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust

Treasurer of Shree Jain Vyapar Udyog Seva Sansthan



**Mr. Hemant P. Jain**  
Whole-time Director

## Achievements and contribution

Leads the marketing functions of the Company

Was instrumental in launching the new brands of the Company. An avid traveler and field person, he keeps a keen eye on the latest trends in international men's fashion

Responsible for marketing of Killer and Easies brands.

Also looks after the retail business of the Company

## Other posts

Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust



**Mr. Dinesh P. Jain**  
Whole-time Director

## Achievements and contribution

Joined the business in 1990

Heads the manufacturing operations of the Company

Specialises in production and HR related issues

Responsible for ensuring optimum utilisation of production facilities of the Company at its units at Dadar, Goregaon, Daman and Vapi

## Other posts

Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust

Treasurer of Daman Industries Association



**Mr. Vikas P. Jain**  
Whole-time Director

## Achievements and contribution

Joined the business in 1992

Heads the operations and distribution functions of the Company

Responsible for marketing of Lawman and Integrity brands

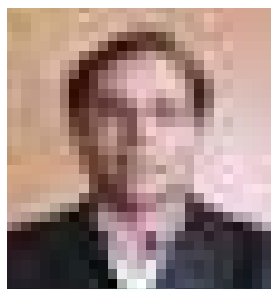
Looks after the retail business of the Company

Spearheads the lifestyle accessories business under the brand 'Addictions'

Travels extensively and scouts for new technologies in garment manufacturing

## Other posts

Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust



**Mr. Popatlal F Sundesha**  
Independent Director

#### Education

Bachelor of Science (B. Sc.)

#### Experience

Reputed exporter of garments and has a wide range of experience in the field of marketing, finance and general administration

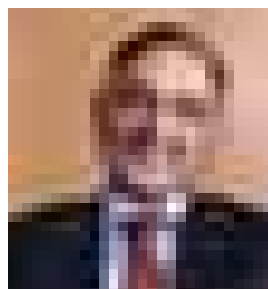
#### Awards

President's award in exports and also Apparels Export Promotion Council Award for six years

#### Other posts

Director of Apaksh Broadband Ltd

Director of Aksh Opti Fibre Ltd



**Dr. Prakash A. Mody**  
Independent Director

#### Education

Doctorate (Ph.D.) in Organic Chemistry from the University of Mumbai

Pursued Marketing Management from Jamnalal Bajaj Institute of Management Studies, University of Mumbai

Also a Graduate Alumni of Harvard Business School having undergone the Owner Presidents' Management Program

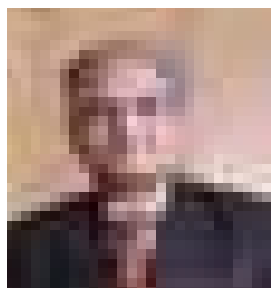
#### Experience

Rich experience in the field of marketing, research and production

#### Other posts

Chairman and Managing Director of Unichem Laboratories Limited

Member of Executive Committee of the Indian Drug Manufacturers Association



**Mr. Nimish G. Pandya**  
Independent Director

#### Education

Bachelor's Degree in Law from University of Mumbai.

Member of the Bar Council of Maharashtra and was appointed as a Notary Public by the Government of Maharashtra in the year 1993

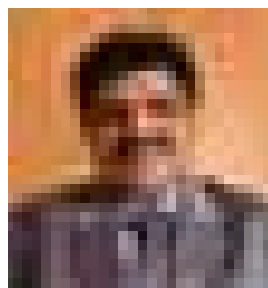
#### Experience

Specialises in Mergers & Acquisitions, Litigation & Arbitration, Trusts and Charities, Corporate, Commercial & Financial Planning & Execution, including Transaction Support & Contracts, Intellectual Property, Technology, Media & Communications, Competition & Trade, Conveyancing & Real Estates and Family & Personal Law

#### Other posts

Proprietor at Pandya & Co., Advocates and Notary

Member of council of management of Shree Sathya Sai Trust, Maharashtra



**Mr. Mrudul D. Inamdar**  
Independent Director

#### Education

Member of the Institute of Chartered Accountants of India (ICAI)

#### Experience

Practitioner for over 28 years in the field of Corporate and Individual taxation; with special emphasis on representation before Income-tax appellate authorities at all levels; Tax Audits; Tax and Legal Due Diligence and Corporate Tax planning

#### Other posts

Senior Partner in Bansi S. Mehta & Co., a reputed Chartered Accountancy firm in Mumbai

# Management Discussion and Analysis

## KEY PERFORMANCE INDICATORS

- Net sales surpassed the ₹ 300 Crores milestone registering an increase of 28% from ₹ 235.31 Crores in FY 2010-11
- EBITDA increased by 7% to ₹ 73.36 Crores
- Profit after Tax increased by 13% to ₹ 52.14 Crores
- Total dividend increased to ₹ 17 per share in FY 2011-12 from ₹ 16.50 per share in FY 2010-11 (which included a one-time special dividend of ₹ 6 per share)

Particulars	FY 2012		FY 2011		Growth
	(₹ crore)	% of sales	(₹ crore)	% of sales	
Total sales	301.90	100.00	236.63	100.00	28%
Operating EBITDA	73.36	24.30	68.7	29.03	7%
Profit before tax (PBT)	76.32	25.28	69.26	29.27	10%
Profit after tax (PAT)	52.14	17.27	46.23	19.54	13%

Volume and Realisation growth (over FY 2011)	%
Volume growth	12.36
Realisation growth	9.03

Stores	Nos.
Opened	99
Closed	23
No. of stores as on 31 <sup>st</sup> March, 2012	252

## OVERVIEW

FY 2011-12 was a year of challenges and started with the backdrop of the imposition of excise duty on branded apparel. Despite several efforts the industry was not able to get a roll back. Left with no choice the additional burden of excise duty resulted in significant increase in prices across all branded apparel. Coupled with the rising cost of materials, this led to a more than 20% increase in the MRP of most branded apparel products causing softening of demand and wholesale margins and realisations.

The industry had sent representations ahead of the Budget 2012 and was hopeful of exemption or reduction of excise duty and a reduction in service tax on rent which would have given a much needed boost to the garment and retailing industry. While the budget proposal resulted in a marginal decrease in the effective excise duty of 0.93% on MRP, none of the other developments materialised and the industry has had to face the added challenge of a slowing economy and uncertain consumer sentiments.

Notwithstanding the challenges, your company continued its growth path and registered an increase in sales of 28%. This has been possible due to your Company's strategy of taking every hurdle in its stride and overcoming the challenges by:

- Focusing on the key brands across the value chain
- Enhancing product portfolio
- Expanding presence and reach across India
- Cost optimisation

## FOCUSING ON KEY BRANDS

Over the years, KKCL has launched brands keeping in mind the needs and aspirations of the consumer. Each of KKCL brands have been at the forefront of the changing fashion in the industry and cater to a relevant segment which has strengthened its association with consumers.

**Killer** – The cornerstone brand of your Company continued its strong growth momentum of 19% and has accounted for 47% of net sales. The strong appeal of the brand was strengthened further with 'Killer' brand being one of the principal sponsors for the Pune Warriors team for the second consecutive year in the IPL season of 2012. With a high viewership of IPL in India and abroad we are confident that the Killer brand will continue to benefit significantly from this event.

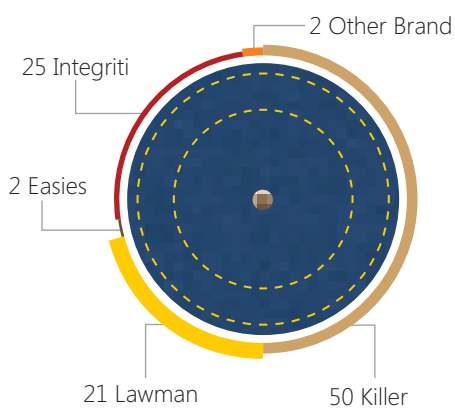
**Integriti** – The brand which caters to the masses by offering affordable yet exciting portfolio of fashion wear has shown robust growth during this year. Integriti is the second largest brand and grew at a rate of 21% and accounts for 23% of the net sales of your Company.

**Lawman Pg3** – The fashionable, trendy and youthful brand caters to the 16 to 26 years segment and has a strong glamour image. Lawman Pg3 is a close third accounting for 21% of the net sales and recorded smart growth of 27%. Your Company in earlier season had launched Y-Fi and Vertebrae and applied for registration under the Patents Act, Design Act, Copyright Act and Trademark Act. In the same series your Company has launched Emboss denims which has stitch and wash effect.

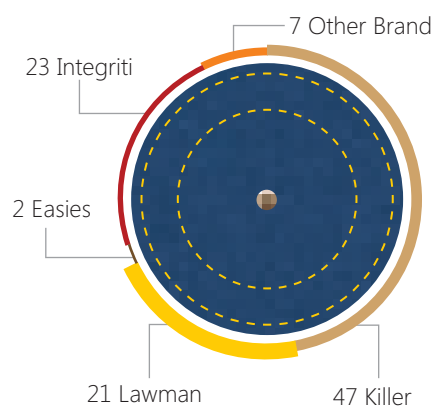
**Easies** – This brand serving young executives with semi formal range of menswear in the 25 to 40 years age group has recorded a growth rate of 56% and accounted for 2% of the total sales. Considering the benign demand scenario for semi formal wear, your Company is not investing significantly in this brand in the prevailing environment.

**ADDICTIONS** – This is the newest business endeavor of your Company which is synergistic with its existing product line and business. ADDICTIONS is the lifestyle accessories business of your Company and various products are sold under the iconic brands of your Company. The foray and efforts in this new growth area have yielded very encouraging results and sales of ADDICTIONS products have reached close to ₹ 20 Crores and constitute 7% of total sales.

FY 2011 (%)



FY 2012 (%)





### ENHANCING PRODUCT PORTFOLIO

The core product portfolio of your Company across apparel includes jeans, t-shirts, shirts, trousers and jackets.

**ADDICTIONS Lifestyle accessories:** With a view to leveraging the brand loyalty amongst customers and enriching their experience across lifestyle products, your Company had launched lifestyle accessories under the ADDICTIONS umbrella. The product range includes deodorants, personal care products, wallets, bags, watches, belts, undergarments, socks, handkerchiefs, sipper bottles, caps, eye wear etc. These products have seen strong growth and sales of ADDICTIONS accessories touched ₹ 19.7 Crores comprising 7% of net sales and representing a 282% increase over the previous year.

**Jeans :** Jeans continue to be the largest and the flagship product of your Company comprising 56% of net sales. Sales of jeans continued to register robust growth of 25% over the previous year.

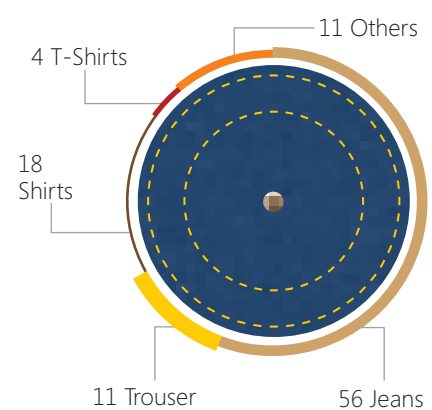
**Shirts and T-Shirts :** Sales of Shirts and T-Shirts grew by 11% and 32% respectively and represented 18% and 4% of the net sales respectively.

**Trousers:** Trousers accounted for 11% of the sales declined by 3%.

#### FY 2011 (%)



#### FY 2012 (%)



### EXPANDING PRESENCE AND REACH ACROSS INDIA

Your Company has extended its reach across the country through various retail formats as well as enhanced the distribution process by appointing Master Stockiest in key regions.

**Multi Brand Outlets (MBOs)** – MBOs continue to dominate the distribution strength of your Company and also provide your Company with an unparalleled and diverse footprint across the country. MBOs account for the largest portion of net sales at 58% and recorded a growth of 24% over last year.



**K Lounge** – The flagship retail chain and fashion destination, providing a one stop access to discerning consumers to all your Company brands, along with brand specific Exclusive Brand Outlets (EBOs) of your Company accounted for 29% of net sales and registered a robust growth of 46%. K Lounge stores are increasingly accounting for a higher share of sales. These stores provide a world class shopping experience and allow consumers to choose from a wide range of apparel and accessories to match their fashion quotient.

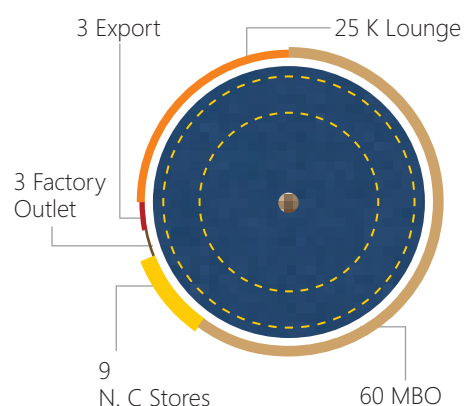
**National Chain Stores** – The large format stores accounted for 6% of the total sales and sales through this format declined by 7%. This reflects your Company's primary focus on creating a distribution model that is sustainable and profitable and achieves the dual objective of brand visibility and access.

**Factory outlets** – Factory outlets accounted for 3% of net sales and grew 12%.

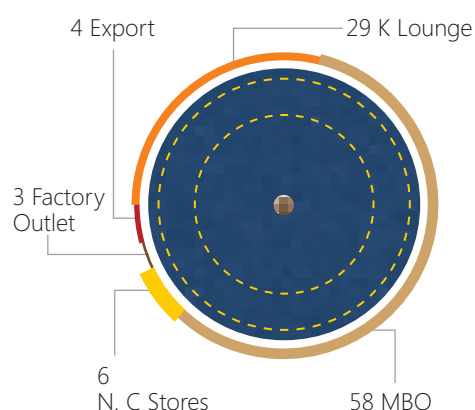
**Exports** – Exports accounted for 4% of the total sales and registered a growth of 64%.

**ADDICTIONS** – Your Company has initiated the launch of ADDICTION stores which will retail lifestyle accessories. These are smaller stores and will house over 50 fashion paraphernalia to complement the look and feel for the fashion conscious consumer while adding to the visibility of the brands of your Company. This format is at an early promotional stage and is expected to pick up with the growth in the accessories business.

FY 2011 (%)



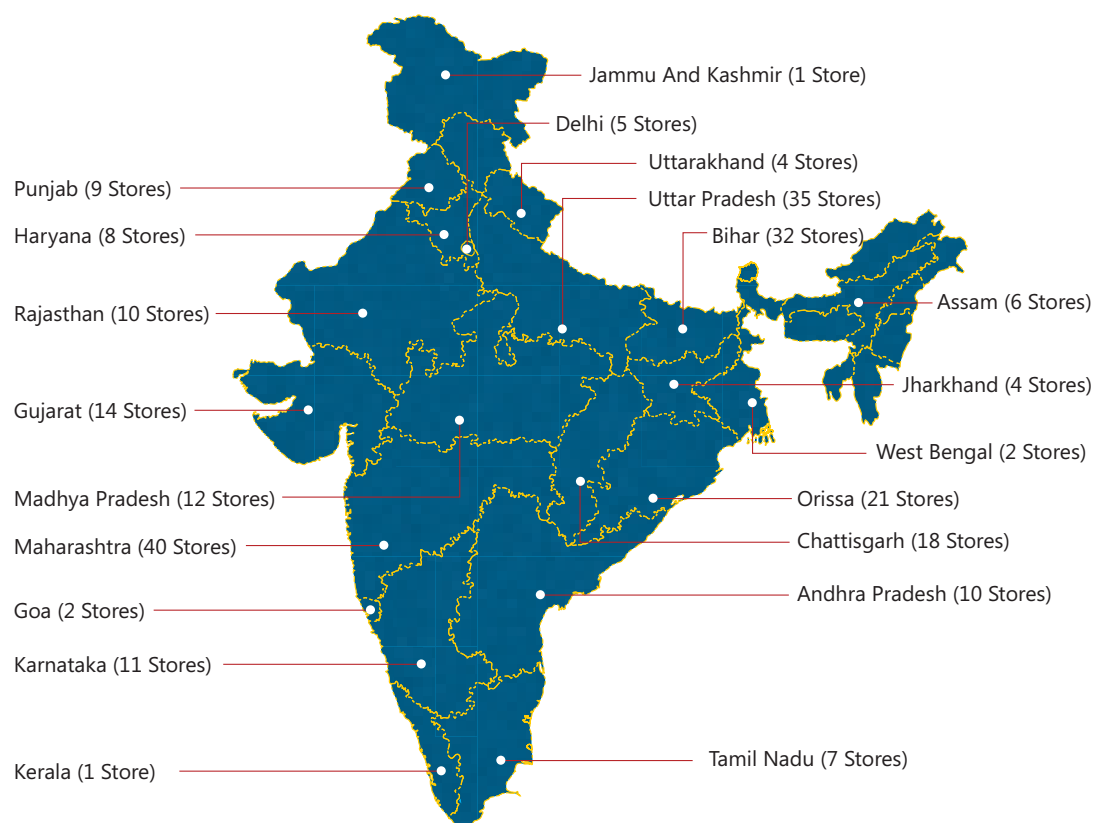
FY 2012 (%)





### STORE ROLL-OUT

Your Company has opened 99 new stores and closed 23 stores during the year, thereby taking the total store count to 252 as of 31<sup>st</sup> March 2012, an increase of 44% over the previous year. With this your Company now has presence across more than 138 cities in 21 states in India. With 140 K-Lounge stores (including 2 K-Lounge for her) continue to be the flagship retail destination for your Company brands and account for more than 50% of the stores of your Company. This is followed by 56 Killer EBOS, 43 Integrity EBOs, 10 Lawman EBOs and balance across other formats like factory outlets.







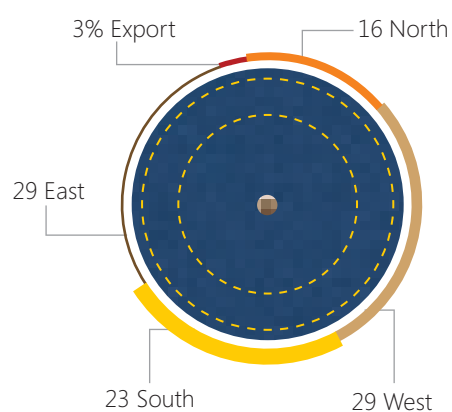
## GEOGRAPHICAL MIX

Your Company's efforts at expanding and deepening its reach have resulted in a more diversified geographical spread across India.

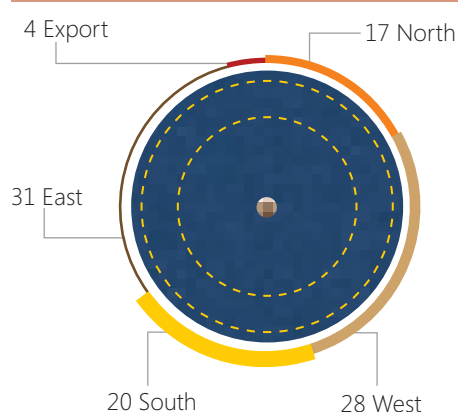
The Eastern region now accounts for the highest shares of sales at 31%, followed by the Western region at 28%, Southern region at 20% and Northern region at 17%. Your Company made significant inroads in to the Northern markets where sales increased by 43% to ₹ 52.44 Crores followed by the Eastern region where sales increased by 35% to ₹ 91.92 Crores.

The Exports of your Company also showed strong growth of 62% from ₹ 7.26 Crores to ₹ 11.76 Crores.

### FY 2011 (%)



### FY 2012 (%)

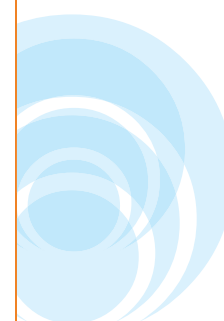


## RESULTS OF OPERATIONS

### Sales

Your Company achieved the milestone of crossing ₹ 300 Crores in sales in FY 2011-12 representing a growth of 28% over the previous year. This level of business represents sales value of approximately ₹ 584 Crores in FY 2011-12 based on the Maximum Retail Price (MRP) of the products, thus representing a growth of 46% over the MRP value of sales of approximately ₹ 400 Crores in FY 2010-11.

The growth in apparel sales was 22% and was driven by a combination of 12% growth in volumes from 33.5 lac units in FY 2010-11 to 37.5 lac units in FY 2011-12 as well as a 9% growth in realisation per unit from ₹ 686 per unit in FY 2010-11 to ₹ 748 per unit in FY 2011-12. The overall sales growth was also aided by the strong growth in sales from accessories which increased by 282% to almost ₹ 20 Crores in FY 2011-12.





### Cost of Goods Sold:

This year cost of goods sold increased by 46% mainly due to the increase of traded goods which rose by 197%. This year the primary component of the traded goods was the accessories. As the accessories segment is still in a rapid growth stage, this increase in the cost of traded goods is normal. Apart from the increase in traded goods, the cost of material consumed increased by 25% primarily reflecting the increase in volume and the higher prices of fabric and semi finished goods due to the increase in cotton prices.

### Other Costs:

Your Company implemented cost optimisation measures and initiatives to enhance productivity resulting in personnel costs increasing only by 13% to ₹ 29.24 Crores which represents 9.7% of total income from operations compared to 10.9% in the previous year. However, due to inflationary trends manufacturing and operating expenses increased by 37% to ₹ 23.59 Crores while Administrative and Other Expenses increased by 34% to ₹ 11.91 Crores. Selling and distribution expenses increased by 26% to ₹ 32.90 Crores and decreased marginally to 11% of total income from operations.

### Profitability:

The Profit after Tax has increased by 13% from ₹ 46.23 Crores in FY 2010-11 to ₹ 52.14 Crores in FY 2011-12 primarily driven by robust increase of 20.40% in Sales volume alongwith an increase of 2.4% in sales realisation per unit.

Despite the strong growth in sales, the operating profit of your Company was impacted due to the increase in manufacturing, administration and other expense as well as the impact of the rapid scale up of the newly launched accessories business which is in a promotional stage and requires higher upfront investment. This resulted in a drop in the EBITDA margin from 29% to 24% and a lower growth on 7% in the EBITDA from ₹ 68.70 Crores in FY 2010-11 to ₹ 73.38 Crores in FY 2011-12.

The key factors for dampening of the profitability have been the dual impact of excise duty and inflation in expenses which could not be fully covered by the increase in sales realisations. Also, your Company has appointed master stockiest which require sharing of higher trade margins but will eventually assist in improving the supply chain efficiency.

Other income recorded an increase of 41% from ₹ 8.34 Crores in FY 2010-11 to ₹ 11.78 Crores in FY 2011-12 due to the strong cash position and higher interest rates during the year. This led to a higher growth in the Profit after Tax of 13% from ₹ 46.23 Crores in FY 2010-11 to ₹ 52.14 Crores in FY 2011-12.

### Financial Position:

CRISIL reaffirmed your Company's ratings on the bank facilities and to 'A+/Stable' for its long-term rating and 'A1+' for its short-term rating. CRISIL Independent Equity Research (IER) upgraded Company's fundamental rating to '4/5' which indicates superior fundamentals as compared to



other listed securities in India. CRISIL also commented that the 'company's ability to pass through escalations in input costs to its customers depicts the robustness of its business model.'

Your Company continues to be a debt free company with strong liquidity position. Total cash and cash equivalents as on 31<sup>st</sup> March 2012 amounted to ₹ 101.55 Crores.

### Technological Initiatives

Apparel industry is a very dynamic and fast-changing industry. There can be sudden high-demand for a garment which may have been worn by a celebrity or showcased at a fashion-show. This rapid change in fashion and demand requires introduction of technology which can improve the designing process and help achieve operational efficiency. As a result, your Company has introduced multiple award winning software from Tukatech.

- TUKAcad will allow each pattern maker to make and grade patterns with better accuracy in a shorter amount of time
- SMARTmark will allow marker makers to maximise fabric usage in the cutting room
- TUKA3D will help create realistic 3D prototypes that demonstrate color, texture, fit, and movement in complex clothing patterns, reducing the new product development time and allowing your company to be more innovative and offer more choices to their consumers

### OUTLOOK

The prevailing macroeconomic environment continues to be uncertain and the lethal combination of persistent inflation and high interest rates can potentially affect consumer spending behavior in the short run as disposable incomes get affected. While fashion apparel is considered a discretionary expenditure we believe that the market dynamics, especially in the fashion conscious youth segment are more complex and today fashion apparel straddles the spend on essentials and discretionary items. This is where your Company has created a business model with strong brands to capture demand across value segments and a distribution model that taps into key geographies across India including Metros and Tier II and III towns and cities.

In addition, your Company has launched lifestyle accessories which complement fashion apparel and hence provide the consumer with multiple and relevant choices to enhance their lifestyle and image. We believe that the growth in apparel sales has been impacted due to the steep price rise witnessed last year and there is generally a lag before consumers get accustomed to the higher price points.

### TAXATION REFORMS

The implementation of the Goods and Services Tax (GST) regime is expected to have a positive impact on the industry and your Company. GST will allow companies to streamline its logistics operations as the tax will not discriminate against geographical boundaries and allowing companies to



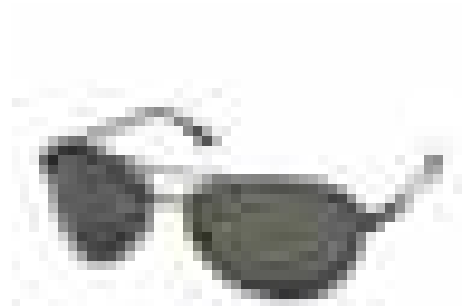
aggregate smaller warehouses into a bigger one. GST will also help reduce inventory costs as under the new structure, the GST paid on inventory would be fully recoverable immediately as input tax credit, reducing the inventory financing costs. GST will also have marginal cash flow benefits as the GST companies will collect from their customers at every sale is only payable to the government at the end of every quarter or month, as per the companies tax schedule. We also believe that ultimately GST will reduce costs on raw materials and commodities which will enable us to reduce costs.

### **OPPORTUNITIES AND THREATS**

The retail industry is ever-increasing in India and with it come opportunities and threats to your Company. The increase in disposable-income among families, development in the retail infrastructure, increase in fashion and brand consciousness as well as the increase in the standard-of-living, will provide enough boost for the industry to keep growing into the future

The retail sector continues to have restrictions on FDI . The backtracking of the government's approval of relaxation of FDI norms in multi-brand retail goes on to show how precarious and politically-charged the FDI regulations are for the government. The FDI approval in single-brand format has received crucial clearance from the government however, the final approval is still unclear. This presents your Company with increased competition from foreign players who want to enter the lucrative Indian retail market with a single brand. This move will certainly increase competition in the long run but your Company is still to see any significant competition arising from this approval. In addition, your Company believes that the brand and the business we have built over the years is not only capable to withstand any competition but also surpass it.

Last year, your Company introduced an attractive line of fashion and lifestyle accessories vertical. Your Company is happy to report that the response of the customers has been positive and your Company is confident that it will be able to grow this business into the future as well as improve its operational efficiency. At the same time your Company is also cautious that the accessories business is still in a nascent phase will require time for it to be accretive to your Company.



# Directors' Report

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report together with the audited accounts of your Company for the year ended 31<sup>st</sup> March, 2012.

## FINANCIAL RESULTS:

		(Amount in Rupees)	
Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
1	Net Sales/Income from operations	3,018,984,273	2,366,211,454
2	Other Income	117,814,212	83,399,991
3	Total Expenditure	2,285,418,893	1,679,152,116
4	Gross profit (Before deducting any of the following)	851,379,592	770,459,329
	a. Finance charges	25,923,506	20,591,010
	b. Provision for depreciation	62,309,584	57,263,393
	c. Tax provision	241,738,491	230,271,646
5	Net profit for the year	521,408,011	462,333,280
	i. Prior Period Expenses (Net of Tax)	15,000	Nil
	ii. Balance of profit/(loss)	521,393,011	462,333,280
6	Appropriation of profit	295,656,726	282,896,455
	i. Bonus shares issued during the year	Nil	Nil
	ii. Proposed Dividend (Including Dividend Tax)	57,297,865	57,297,865
	iii. Transfer to General Reserve	52,140,801	46,233,328
7	Dividend (in ₹) per ordinary share	17.00	16.5
8	Paid up Equity capital	123,250,370	123,250,370
9	Reserves except revaluation reserve	1,040,325,344	988,184,542
10	Surplus c/f	1,091,882,776	866,131,491

## TURNOVER & PROFITS:

Your Directors wish to inform you that during the financial year ended 31<sup>st</sup> March, 2012, the sales and operating income was ₹ 301.89 crores representing a growth of 28% and net profit after tax stood at ₹ 52.14 crores representing a growth of 12.78% over the previous year.

## DIVIDEND

The Board of Directors had in their meeting held on 20<sup>th</sup> October, 2011 declared the first interim dividend of ₹ 7/- per equity shares absorbing a sum of ₹ 86,275,259/- . The record date for the purpose of payment of interim dividend was 4<sup>th</sup> November, 2011 and the said interim dividend was paid in November 2011.

The Board of Directors had in their meeting held on 2<sup>nd</sup> March, 2012 declared the second interim dividend of ₹ 6/- per equity shares absorbing a sum of ₹ 73,950,222/- . The record date for the purpose of payment of interim dividend was 16<sup>th</sup> March, 2012 and the said interim dividend was paid in March 2012.

Your Directors are pleased to recommend a final dividend of ₹ 4/- per equity share of ₹ 10/- each for the year ended 2011-12.

The dividend once approved by the members in the ensuing Annual General Meeting will be paid out of the profits of your company for the year and will sum up to a total of ₹ 57,297,865/- including dividend distribution tax.

An amount of ₹ 52,140,801/- would be transferred to the reserves.

## OVERALL PERFORMANCE AND OUTLOOK

Being in the fashion business, your Company needs to keep innovating to meet the customer's expectations and deliver high quality products at a reasonable price and in line with changing trends. Your company is uniquely placed in the sector with an integrated business model that encompasses the complete value chain of design, manufacturing and sourcing, distribution, logistics and retailing. Your Company has an in-house team of designers that track national and international trends to create innovative fashionable products that customers would relate to. Your Company has state of the art manufacturing facilities that ensure quality and timely deliveries. This unique business model along with a strong and committed focus on its power brands has helped your Company sustain the challenging business environment.

All the key brands of your Company, Killer, Integriti, Lawman Pg3 and Easies, recorded healthy growth and are well positioned to target specific segments of the market.

The Indian retail market provides a big growth opportunity but also poses challenges for chasing growth profitably. Your company will continue to follow prudent financial policies while seeking growth opportunities.

While the market growth opportunities it remains susceptible to various factors like rising inflation, volatile financial markets, uncertainty over monsoons and other uncertain events. With more and more top of the line international brands entering Indian market the competition in the branded apparel industry continues to be getting fierce by the day.

While your company has an established presence in Metros and Tier –I cities your company is also penetrating into Tier –II and Tier – III cities. Your company would continue its thrust on product and design innovation. The apparel accessories business looks promising and would fuel your company's growth trajectory. Your company's presence in the women's segment will drive your company's growth with an increasing preference for western wear in the women's segment.

The medium/long term India retail story continues to look strong. Your company is cautiously optimistic about the year ahead.



### **INVESTMENT IN WHITE KNITWEAR PRIVATE LIMITED:**

Your company had invested in aggregate ₹ 34,550,000 (P.Y. ₹ 34,550,000) in Joint Venture "White Knitwear Private Limited" (WKPL). WKPL had acquired land in Surat SEZ and created building for setting up of production unit for producing of knitwear apparels for exports. In view of the sluggish demand in international market, most of the members of SEZ shelved their projects and approached to central government for de-notification of SEZ. The management is hopeful that the SEZ would be de-notified soon. Post de-notification WKPL shall dispose of the land and building and realise the proceeds to return it to joint venture partners.

No provision for diminution in the value of investment is considered necessary for the year ended March 2012 in view of the value of underlying assets base of joint venture, however your company as a matter of abundant precaution made provision aggregates to ₹ 4,900,000 (P.Y. ₹ 4,900,000) and provision is grouped under 'Other long term provisions'.

### **CASH FLOW STATEMENT:**

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012 is annexed hereto.

### **RELATED PARTY TRANSACTION:**

Related party transactions have been disclosed in the notes to accounts.

### **DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of your company, Mr. Dinesh P. Jain, Mr. Nimish G. Pandya and Mr. Popatlal F. Sundesha, Directors of your Company would retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed:





- (i) that in the preparation of the annual accounts for the financial year ended 2011-12, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for the year under review;
- (iii) that the Directors 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 your Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 2011-12 on a 'going concern' basis.

**CORPORATE GOVERNANCE:**

Report on Corporate Governance along with the Certificate of Auditors, M/s. N.A. Shah Associates, Chartered Accountants and M/s. Jain and Trivedi, Chartered Accountants confirming the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the stock exchanges forms a part of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

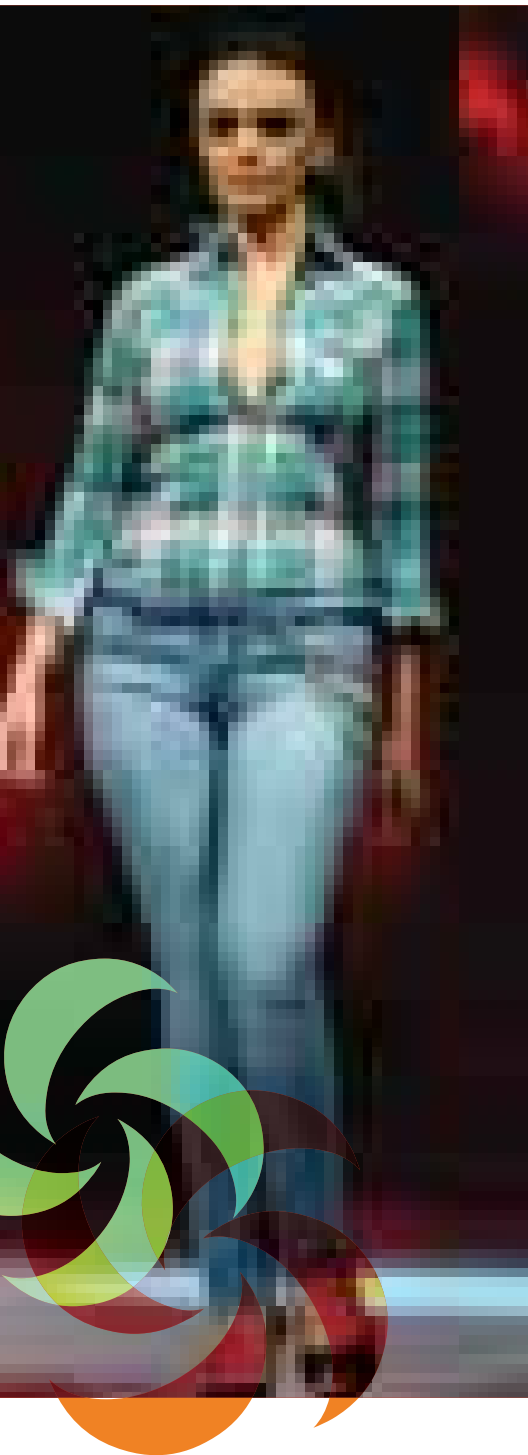
A detailed review of operations, performance and future outlook of your Company is given separately under the head Management Discussion and Analysis and forms a part of this report.

**COMPLIANCE WITH THE CODE OF CONDUCT:**

Your company has put in place a Code of Conduct effective 14<sup>th</sup> January, 2006, for its Board members and Senior Management Personnel. Declaration of compliance with the code of conduct have been received from all the Board Members and Senior Management Personnel. A certificate to this effect from the Mr. Kewalchand P. Jain, Chairman & Managing Director forms a part of this Report.

**AUDIT COMMITTEE:**

In accordance with Clause 49 of the Listing Agreement your company has constituted an Audit Committee which consists of three non-executive independent Directors of your Company viz. Mr.



Mrudul D. Inamdar (Chairman of Audit Committee), Mr. Popatlal F. Sundesha and Mr. Nimish G. Pandya.

### **FIXED DEPOSIT:**

Your company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956.

### **LISTING FEES:**

The equity shares of your company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Your company has paid the applicable listing fees to the above Stock Exchanges upto date.

### **PENDING SHARES UPLOAD:**

Your Company has opened a demat suspense account with the Edelwise Securities Limited and credited all the shares issued pursuant to the Initial Public Offer(IPO), which remain unclaimed despite the best efforts of your Company and Registrar to Issue.

- i) Number of Shareholders outstanding at the beginning of the year: 7  
Outstanding shares in the demat suspense account at the beginning of the year: 190
- ii) Number of shareholders who approached your Company for transfer of shares from suspense account during the year: Nil
- iii) Number of shareholders to whom shares were transferred from suspense account during the year : Nil
- iv) Aggregate number of shareholders outstanding at the end of the year: 7  
Outstanding shares in the suspense account lying at the end of the year: 190
- v) The voting rights on these shares are frozen till the rightful owner of such shares claims the shares.

### **AUDITORS:**

Your Company's Auditors M/s. Jain & Trivedi, Chartered Accountants and the joint Auditors M/s. N.A. Shah Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General



Meeting of your Company and being eligible offer themselves for re-appointment.

**COST AUDITOR:**

Pursuant to the provisions under section 233B of the Companies Act, 1956 your Company has appointed Mr. Vinayak Kulkarni, Cost Accountants as Cost Auditors of your Company for the financial year 2012-13.

**PERSONNEL:**

Employee relations continued to be cordial during the year ended 31<sup>st</sup> March, 2012. Your Company continued its thrust on Human Resource Development. Your company has initiated various customised training programs viz. personality development, development of inter personal skills, communication skills, public speaking etc. for its employees that enhance both personal as well career growth of the employees. These programs are conducted round the year by professional trainers as well as by the human resource department of your Company. Your company has also encouraged its employees to attend seminars and discussions conducted by professional institutions and trade bodies. The Board wishes to place on record its appreciation to all the employees in your Company for their sustained efforts and immense contribution to the high level of performance and growth of the business during the year.

**INFORMATION UNDER SECTION 217 (2A) OF COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975:**

Information in accordance with Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forms a part of the Directors Report for the year ended 31<sup>st</sup> March, 2012. However pursuant to the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Directors Report and Statement of Accounts are being sent to all shareholders excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the registered office of your Company.

**INFORMATION UNDER SECTION 217 (1)(E) OF COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988:**



The information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules 1988 is given below:

**A. Conservation Of Energy**

The operations of your company are not energy intensive. However wherever possible your company strives to curtail the consumption of energy on a continued basis.

**B. Technology Absorption, Adaptations & Innovation**

Not Applicable

**C. Foreign Exchange Earnings and Outgo:**

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.

**Total Foreign Exchange used and earned:**

FOB Value	₹ 117,381,000
Domestic Sales	NIL
Total Foreign Exchange outgo	₹ 12,930,105

**ACKNOWLEDGEMENTS:**

The Board would like to place on record its sincere appreciation for the wholehearted support and contribution made by its customers, its shareholders, and all its employees across the country, as well as the various Government Departments, Banks, Distributors, Suppliers and other business associates towards the conduct of efficient and effective operations of your company.

For and on behalf of the Board

**Kewalchand P. Jain**

Chairman & Managing Director

Dated: 10<sup>th</sup> May, 2012

Place: Mumbai



# Corporate Governance Report

## I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE: –

Kewal Kiran Clothing Ltd. is committed to good Corporate Governance in order to enhance shareholders' value. The Company believes that Corporate Governance is not an end in itself but a catalyst in the process towards maximization of shareholder value. The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with the shareholders, employees, the Government and other parties. It is the Company's belief that good ethics make good business sense and our business practices are in keeping with the spirit of maintaining the highest level of ethical standards.

In so far as compliance of Clause 49 of the Listing Agreement with the Stock Exchanges is concerned, the Company has complied in all material respects with the requirements of Corporate Governance specified in the Listing Agreement with Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

## II. BOARD OF DIRECTORS: –

### (a) Composition of the Board

The Board of Directors of Kewal Kiran Clothing Ltd. have an optimum combination of executive and non executive Directors. As on 31<sup>st</sup> March, 2012 the Board of Directors of the Company comprises of the Chairman and Managing Director, Mr. Kewalchand P. Jain, who is an executive Director and one of the promoters of the Company. Besides, there are three executive Directors viz. Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, who are also the promoters of the Company. The Board comprises of four non-executive independent Directors, which accounts for fifty percent of the strength of Board. The non executive independent Directors are eminent professionals with wide range of knowledge and experience in various spheres of business and industry, finance and law. The composition of the Board and other relevant details relating to Directors as on 31<sup>st</sup> March, 2012 are given below

Name of the Director	Designation	Category of Directorship	**No. of other Directorship	**No. of Committee Chairmanship/ membership
Mr. Kewalchand P. Jain	Chairman & Managing Director	Promoter & Executive	8	1
Mr. Hemant P. Jain	Whole-time Director	Promoter & Executive	8	1
Mr. Dinesh P. Jain	Whole-time Director	Promoter & Executive	7	0
Mr. Vikas P. Jain	Whole-time Director	Promoter & Executive	6	0
Mr. Popatlal F. Sundesha	Director	Independent Non Executive	3	3
Mr. Mrudul D. Inamdar	Director	Independent Non Executive	1	1
Dr. Prakash A. Mody	Director	Independent Non Executive	10	2
Mr. Nimish G. Pandya	Director	Independent Non Executive	0	3

\*\* Details of other directorships/committee memberships of all Directors are given by way of a separate Annexure. The committee chairmanship/membership of the Directors are restricted to the chairmanship/ membership of Audit Committee, Shareholders/Investors Grievance committee and Remuneration Committee.

### (b) Number of Board Meetings held and attended by Directors

- (i) The meetings of the Board of Directors are scheduled well in advance. The Board Members are presented in advance with the detailed agenda in respect of all Board meetings. During the year under review five meetings of the Board of Directors were held on the following dates: – 26<sup>th</sup> May, 2011, 28<sup>th</sup> July, 2011, 20<sup>th</sup> October, 2011, 21<sup>st</sup> January, 2012 and 2<sup>nd</sup> March, 2012. The gap between two board meetings is less than four months.
- (ii) The attendance record of each of the Directors at the Board Meetings during the year ended on 31<sup>st</sup> March, 2012 and during the last Annual General Meeting is as under: –

Directors	No. of Board Meetings Attended	Attendance At The Last AGM
Mr. Kewalchand P. Jain	5	Present
Mr. Hemant P. Jain	5	Present
Mr. Dinesh P. Jain	3	Present
Mr. Vikas P. Jain	4	Present
Mr. Popatlal F. Sundesha	4	Present
Mr. Mrudul D. Inamdar	5	Absent
Dr. Prakash A. Mody	3	Present
Mr. Nimish G. Pandya	5	Present

### (c) Code of Conduct

In line with the Company's objective of following the best Corporate Governance Standards the Board of Directors have laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code is effective from 14<sup>th</sup> January, 2006.

### (d) Details of shares held in the Company as on 31<sup>st</sup> March, 2012

Name of the Directors	Number of shares held
Mr. Kewalchand P. Jain*	701,411
Mr. Hemant P. Jain*	703,150
Mr. Dinesh P. Jain*	741,650
Mr. Vikas P. Jain*	733,086
Mr. Popatlal F. Sundesha**	Nil
Mr. Mrudul D. Inamdar	Nil
Dr. Prakash A. Mody	336
Mr. Nimish G. Pandya	Nil

6,153,000 shares are held by Shantaben P. Jain j/w Kewalchand P. Jain j/w Hemant P. Jain as trustees of the P.K. Jain Family Holding Trust.

**\*Note:**

The said shares held by Mr. K. P. Jain includes 16,000 equity shares held in his capacity as Karta of Kewalchand P. Jain H.U.F and 74,161 shares held j/w Veena K. Jain

The said shares held by Mr. H. P. Jain includes 16,000 equity shares held in his capacity as Karta of Hemant P. Jain H.U.F and 75,900 shares held j/w Lata H. Jain



The said shares held by Mr. D. P. Jain includes 16,000 equity shares held in his capacity as Karta of Dinesh P. Jain H.U.F and 98,400 shares held j/w Sangeeta D. Jain

The said shares held by Mr. V. P. Jain includes 16,000 equity shares held in his capacity as Karta of Vikas P. Jain H.U.F and 89,836 shares held j/w Kesar V. Jain

**\*\*Note:**

Fulchand Exports Private Limited is the holder of 20,000 Equity Shares. Further, Fulchand Finance Private Limited is the holder of 16,000 Equity Shares. Mr. Popatlal Sundesha, Independent Non-Executive Director of the Company is a Director & Shareholder of Fulchand Finance Private Limited. Relatives of Mr. Popatlal Sundesha are Directors and Shareholders of Fulchand Exports Private Limited.

### III. AUDIT COMMITTEE: –

#### Constitution of Audit Committee

The Audit Committee was constituted on 14<sup>th</sup> November, 2005 in accordance with Clause 49 of the Listing Agreement, consisting of three Directors all being non-executive and independent. The Committee consists of the following Non Executive Independent Directors:

Name of the Directors	Position Held
Mr. Mrudul D. Inamdar	#Chairman
Mr. Popatlal F. Sundesha	Member
Mr. Nimish G. Pandya	Member

# Mr. Nimish G. Pandya was appointed as the Chairman of the Audit Committee for the period 31<sup>st</sup> August, 2011 to 10<sup>th</sup> October, 2011 due to preoccupation of Mr. Inamdar. Mr. Mrudul Inamdar resumed his duty as the Chairman of Audit Committee from 11<sup>th</sup> October, 2011.

Mr. Abhijit B. Warange – Company Secretary & General Manager - Compliance acts as the secretary of the Committee.

All the members of the Audit Committee are financially literate and Mr. M. D. Inamdar, Chairman of the Audit Committee possesses financial/accounting expertise.

#### Meetings of Audit Committee

During the year ended 31<sup>st</sup> March, 2012, five Audit Committee meetings were held on 26<sup>th</sup> May, 2011, 30<sup>th</sup> June, 2011, 28<sup>th</sup> July, 2011, 20<sup>th</sup> October, 2011 and 21<sup>st</sup> January, 2012. The attendance of each Audit Committee member is given hereunder: –

Name of the Audit Committee Member	No. of meetings held	No. of meetings attended
Mr. Mrudul D. Inamdar	5	5
Mr. Popatlal F. Sundesha	5	3
Mr. Nimish G. Pandya	5	5





### Attendees

The Audit Committee invites such of the Executives and Directors, as it considers appropriate to be present at its meetings. The Executive Directors, the Chief Financial Officer, the Statutory Auditors and the Internal Auditors are the permanent invitees to the Audit Committee meetings.

The terms of reference of the Audit Committee includes:

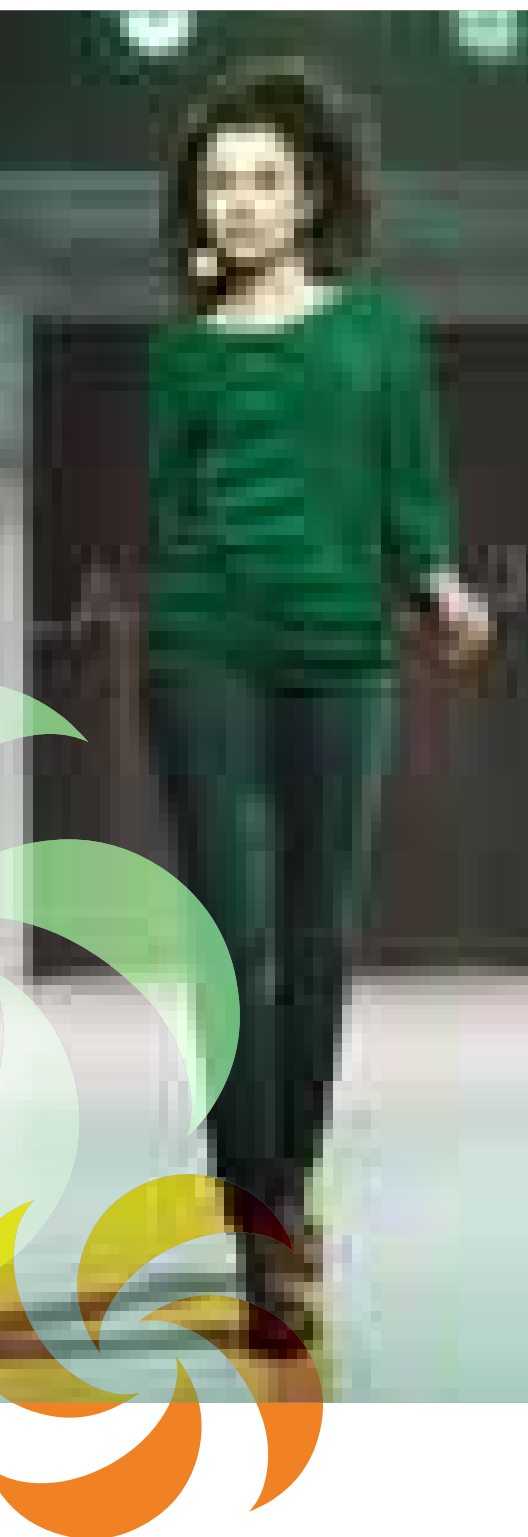
### Powers

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Roles

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the Management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by Management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.





7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Company has system and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the internal auditor.

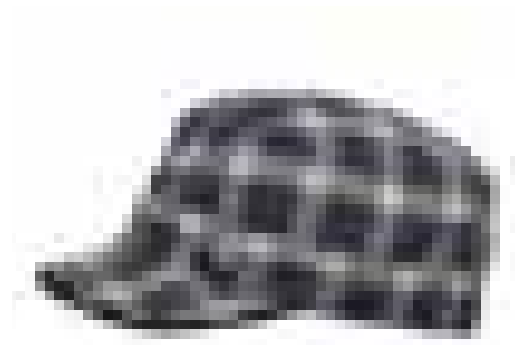
#### IV. REMUNERATION COMMITTEE:

##### Composition of committee

The Remuneration Committee was constituted on 14<sup>th</sup> November, 2005. The Committee consists of the following non executive independent Directors:

Name of the Directors	Position Held
Mr. Nimish G. Pandya	Chairman
Mr. Popatlal F. Sundesha	Member
Dr. Prakash A. Mody	Member

Mr. Abhijit B. Warange – Company Secretary & General Manager - Compliance acts as the secretary of the Committee.



The terms of reference of Remuneration Committee includes determining and reviewing the remuneration payable to managerial personnel and any revision thereof.

No meeting of the Remuneration committee was held during the year ended 31<sup>st</sup> March, 2012.

Details of sitting fees, remuneration etc., paid to Directors for the year ended 31<sup>st</sup> March, 2012.

Name of the Director	Sitting Fees	Salary	Contribution to PF and Perquisites	Total
Mr. Kewalchand P. Jain	Nil	₹ 7,500,000	₹ 489,600	₹ 7,989,600
Mr. Hemant P. Jain	Nil	₹ 7,500,000	₹ 489,600	₹ 7,989,600
Mr. Dinesh P. Jain	Nil	₹ 7,500,000	₹ 489,600	₹ 7,989,600
Mr. Vikas P. Jain	Nil	₹ 7,500,000	₹ 489,600	₹ 7,989,600
Mr. Popatlal F. Sundesha	₹ 140,000	Nil	Nil	₹ 140,000
Mr. Mrudul D. Inamdar	₹ 200,000	Nil	Nil	₹ 200,000
Dr. Prakash A. Mody	₹ 60,000	Nil	Nil	₹ 60,000
Mr. Nimish G. Pandya	₹ 200,000	Nil	Nil	₹ 200,000

The aforesaid remuneration paid to the Whole-time Directors is excluding the provision for gratuity as separate actuarial valuation for the Whole-time Directors is not available.

#### Service contracts, notice period and severance fee

The appointment of the Executive Directors is governed by the Articles of Association of the Company, the resolution of the Board of Directors and the members.

There is no provision for severance fees.

#### Remuneration Policy of the Company

##### Remuneration Policy for Executive Directors

The Board of Directors of the Company presently comprises of four Executive Directors namely Mr. Kewalchand P. Jain, Chairman & Managing Director, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Directors.

The remuneration of the executive Directors is governed by the Articles of Association of the Company, the resolution of the Board of Directors and the members. The remuneration paid to the executive Directors has been approved by the members in the Annual general meeting held on 6th September, 2011. The details of the remuneration paid to the Executive Directors have been detailed aforesaid.

Revisions, if any in the remuneration of the executive Directors are deliberated by the Remuneration Committee of the Board. Based on the recommendation of the Remuneration Committee, the Board decides on the revision subject to the shareholders approval.



### Remuneration Policy for Non Executive Directors

Non Executive Directors of a company's Board of Directors can add substantial value to the Company through their contribution to the Management of the Company. In addition, they can safeguard the interest of the investors at large by playing an appropriate control role. Non executive Directors bring in their long experience and expertise and add substantial value to the deliberations of the Board and its Committee.

Apart from receiving sitting fees for attending the Board/Committee meetings the non executive Directors have no other pecuniary relationship or transaction with the Company. The sitting fees paid to the non executive Directors is within the statutory limits prescribed under the Companies Act, 1956 for payment of sitting fees without the approval of the Central Government.

### V. SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE: –

#### Composition of Committee

The Shareholders and Investors Grievance Committee has been constituted to look into investors' complaints/queries.

The Committee is headed by a non executive independent Director and comprises of the following Directors:

Name of the Directors	Position Held
Mr. Nimish G. Pandya	Chairman
Mr. Kewalchand P. Jain	Member
Mr. Hemant P. Jain	Member

Mr. Abhijit B. Warange – Company Secretary & General Manager - Compliance acts as the secretary of the Committee.

The terms of reference of Shareholders and Investors Grievance Committee are to specifically look into the redressal of shareholders and investors complaints like transfer of shares, non receipt of balance sheet, non receipt of dividends, etc.

Status report of Investors complaints for the year ended 31<sup>st</sup> March, 2012

No. of complaints received - 1

No. of complaints resolved - 1

No. of complaints pending - NIL

#### Name and Designation of the compliance officer:

Mr. Abhijit B. Warange – Company Secretary & General Manager - Compliance



## VI. GENERAL BODY MEETINGS: –

Location, time and date where the three immediately preceding Annual General Meetings of the Company were held are given below:

Financial Year	Day & Date	Time	Venue
2008-09	Monday, 3 <sup>rd</sup> August, 2009	3.00 p.m	M. C. Ghia Hall, Bhogilal Hargovindas Buiding, 2nd floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001
2009-10	Thursday, 5 <sup>th</sup> August, 2010	4.30 p.m	C. K. Nayudu Hall, The Cricket Club of India Ltd., Brabourne Stadium, Dinshaw Vachha Road, Mumbai – 400 020
2010-11	Tuesday, 6 <sup>th</sup> September, 2011	3.00 p.m	M. C. Ghia Hall, Bhogilal Hargovindas Buiding, 2nd floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001

### Special Resolutions passed in previous three Annual General Meetings

**18<sup>th</sup> Annual General Meeting:** At this meeting one Special Resolution was proposed, seconded and passed with more than three-fourths majority on show of hands. This special resolution was with regard to appointment of Mr. Pankaj Jain, a relative of Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Directors of the Company to hold an office of profit under the Company as Manager not being a Manager within the meaning of Section 2(24) read with Section 385 of the Companies Act 1956.

**19<sup>th</sup> Annual General Meeting:** At this meeting five Special Resolution were proposed, seconded and passed with more than three-fourths majority on show of hands. This special resolution were with regard to 1) Appointment and remuneration of Ms. Arpita Jain, a relative of Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Directors of the company to hold an office of profit under the company as Executive-HR; 2) Remuneration and reappointment of Mr. Kewalchand P. Jain as the Managing Director of the Company for a period of 5 year w.e.f. 1<sup>st</sup> April 2010; 3) Remuneration and reappointment of Mr. Hemant P. Jain as the Wholetime Director of the Company till such time he continues to be a Director liable to retire by rotation; 4) Remuneration and reappointment of Mr. Dinesh P. Jain as the Wholetime Director of the Company till such time he continues to be a Director liable to retire by rotation; and 5) Remuneration and reappointment of Mr. Vikas P. Jain as the Wholetime Director of the Company till such time he continues to be a Director liable to retire by rotation.

**20<sup>th</sup> Annual General Meeting:** At this meeting six Special Resolutions were proposed, seconded and passed with more than three-fourths majority on show of hands. These special resolution were with regard to revision of remuneration payable to Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Directors of the Company and revision of remuneration payable to Mr. Pankaj Jain and Ms. Arpita Jain, relatives of the Executive Directors of the Company.



### Special Resolution whether passed by postal ballot

No special Resolution was passed by postal ballot in the last Annual General Meeting and also no resolution requiring approval of shareholders by way of postal ballot is proposed to be passed in the ensuing Annual General Meeting.

### VII. DISCLOSURES: –

- (i) Disclosure regarding materially significant related party transaction: -  
The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed separately in note no. 2.41 to the financial statements.
- (ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital market during the last three years.
- (iii) The Board hereby confirms that no personnel have been denied access to the audit committee.
- (iv) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Except for the composition of the Remuneration committee of the Board of Directors, the Company has not adopted any other non mandatory requirements of Clause 49 of the Listing Agreement.
- (v) Disclosure of relationship between Directors inter-se:  
Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain are brothers.

### VIII. MEANS OF COMMUNICATION: -

The results of the Company for the financial year ended 2011-12 are published in The Economic Times, DNA, Mint, Business Standard and Lokmat. The results of the Company are normally published in The Economic Times, Business Standard, DNA, and Lokmat. The financial results and other information are displayed on the Company's website viz. [www.kewalkiran.com](http://www.kewalkiran.com). The Company also displays official news releases on its website for the information of its shareholders/investors. Even presentations made to institutional investors have been displayed on the website of the Company.

The Company does not have the system of intimating shareholders individually of its quarterly results. However, investors/shareholders desirous of getting the quarterly unaudited/audited results are given copies thereof after consideration of results by the Board and publication in newspapers. In the year under review the Company has send financial snap shot of its half yearly results to its shareholders in line with its continued thrust for better Corporate Governance. The Company would make sincere attempt to continue this trend in the years ahead.

The Management discussion and Analysis Report forms a part of the Annual Report.

**IX. GENERAL SHAREHOLDERS' INFORMATION: -****a) Annual General Meeting**

Date & Time : 3<sup>rd</sup> August, 2012 at 12 p.m.

Venue : C. K. Nayudu Hall, The Cricket Club of India Ltd.  
Brabourne Stadium, Dinshaw Vachha Road, Mumbai - 400 020

**b) Financial Year: 1<sup>st</sup> April to 31<sup>st</sup> March****c) Dates of Book Closure**

27<sup>th</sup> July, 2012 to 3<sup>rd</sup> August, 2012 (both days inclusive)

**d) Dividend payment date**

Dividend when sanctioned by shareholders will be made payable on or after 10<sup>th</sup> August, 2012.

**e) Listing on Stock Exchanges**

The equity Shares of the Company got listed on 13<sup>th</sup> April, 2006 and continue to be listed at the following Stock Exchanges: –

Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai: 400 001.

National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai: 400 051.

**Note:**

Listing fees for the financial year 2012–13 has been paid to both the stock exchanges i.e. Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

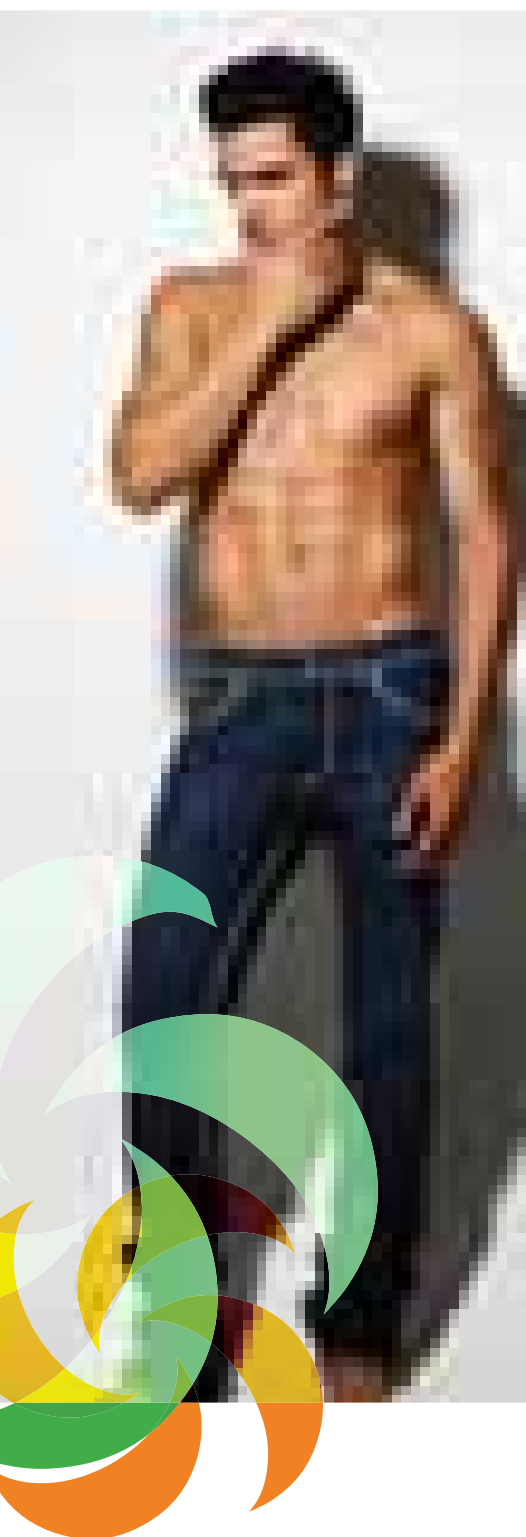
**f) Stock Code/Symbol**

The Bombay Stock Exchange, Mumbai : 532732

The National Stock Exchange of India Ltd. : KKCL

ISIN No. : INE401H01017



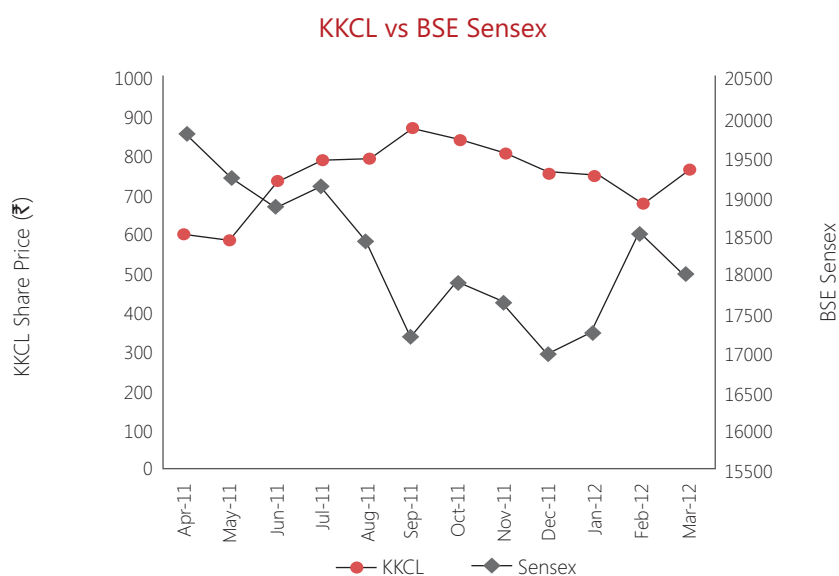


## g) Market Price Data.

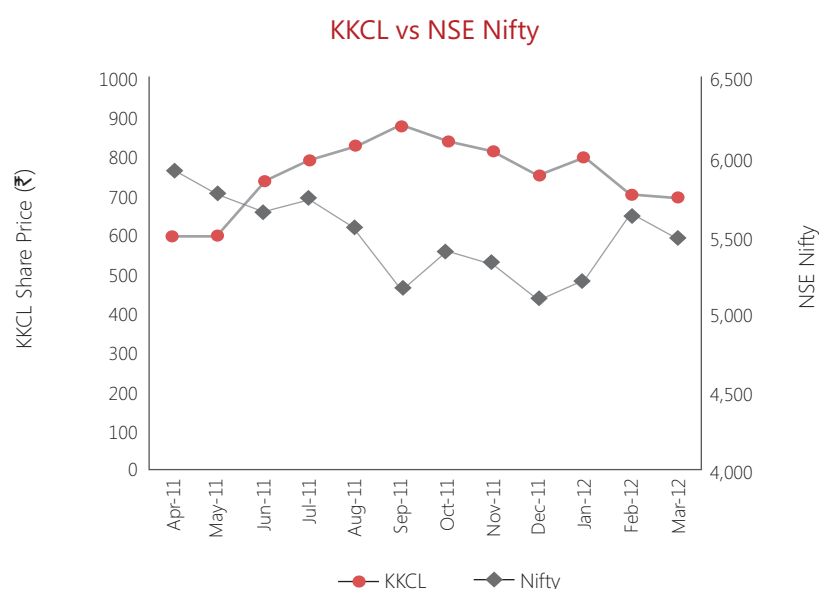
The monthly high & low quotations of the Company's shares traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited during the financial year 2011-2012 are as under:

Months	BSE		NSE	
	High (₹ Per share)	Low (₹ Per share)	High (₹ Per share)	Low (₹ Per share)
April 2011	599.90	535.00	594.35	530.05
May 2011	590.00	523.15	599.90	530.00
June 2011	737.00	540.00	736.80	540.00
July 2011	793.45	660.25	794.30	660.00
August 2011	799.70	691.00	828.95	667.10
September 2011	875.00	747.50	875.00	735.15
October 2011	843.60	752.20	835.00	752.20
November 2011	809.95	600.00	812.00	665.00
December 2011	756.00	592.00	751.90	586.55
January 2012	749.00	616.00	799.00	606.65
February 2012	679.00	595.00	703.20	614.25
March 2012	765.00	606.00	694.80	630.00

## h) Performance in comparison to broad based indices







#### i) Registrar & Share Transfer Agents

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compounds,  
L.B.S. Marg, Bhandup (West),  
Mumbai-400078  
Tel: +91 22 2594 6970-77  
Fax: +91 22 2596 2691  
Email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

#### j) Share Transfer System

Shares held in the dematerialised form are electronically traded in the Depositories and the Registrar and Share Transfer Agents of the Company, viz. Link Intime India Private Limited periodically receive from the Depository the beneficial holdings data, so as to enable them to update their records and to send all corporate communications, dividend warrants etc. Physical shares received for dematerialisation are processed and completed within a period of 15 days from the date of receipt provided they are in order in every respect. Bad deliveries are immediately returned to Depository participants under advice to the shareholders within the aforesaid period.

Transfers in Physical forms are registered by the registrar and transfer agents immediately on receipt of the completed documents and certificates are issued within one month of the date of lodgment of transfer. Invalid share transfer are returned within fifteen days of receipt.



#### k) Distribution Pattern of shareholding as on 31<sup>st</sup> March, 2012

No of equity shares	Shareholders		Amount	
	Number	% to total	In ₹	% to total
1–5,000	4,936	95.55	2,107,240	1.71
5,001–10,000	74	1.43	580,690	0.47
10,001–20,000	37	0.72	558,310	0.45
20,001–30,000	29	0.56	722,070	0.59
30,001–40,000	9	0.17	311,060	0.25
40,001–50,000	7	0.14	332,330	0.27
50,001–10,0000	25	0.48	1,728,970	1.40
10,0001 & above	49	0.95	116,909,700	94.86
<b>Total</b>	<b>5,166</b>	<b>100.00</b>	<b>123,250,370</b>	<b>100.00</b>

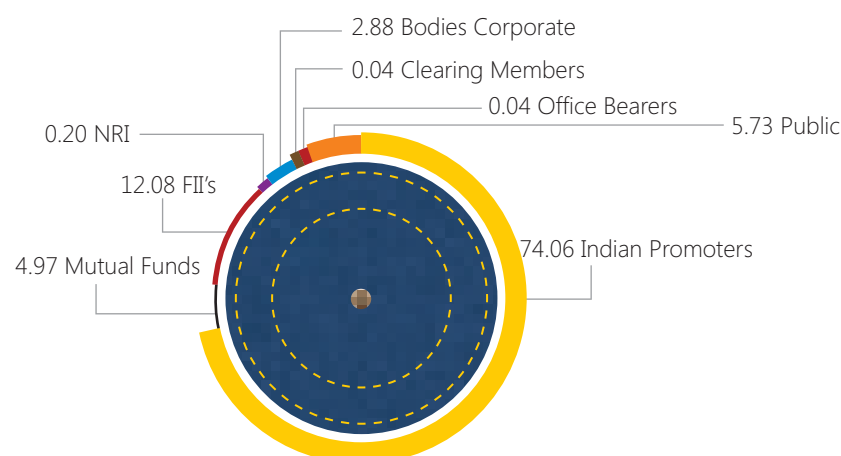
#### Shareholding Pattern as on 31<sup>st</sup> March, 2012

Category	No. of Shares	% to total
Indian Promoters	9,128,297	74.06
Mutual Funds	612,594	4.97
FII's	1,489,021	12.08
NRI	23,881	0.20
Bodies Corporate	354,799	2.88
Independent Director	336	0.00
Clearing Members	5,252	0.04
Office Bearers	4,388	0.04
Trusts	820	0.00
Public	705,649	5.73
<b>Total</b>	<b>12,325,037</b>	<b>100.00</b>

As per Regulation 3 of SEBI Takeover Code, 1992 as amended upto date, group companies include Kornerstone Retail Limited, Kewal Kiran Management Consultancy Ltd., Kewal Kiran Realtors and Infrastructures Pvt. Ltd., White Knitwears Pvt. Ltd., Kewal Kiran Finance Pvt. Ltd., Kewal Kiran Media and Communication Ltd., Kalpvriksh Realtors and Infrastructures Pvt. Ltd. and Lord Gautam Charitable Foundation as also the firm viz. Kewal Kiran Enterprises.



### Shareholding pattern graph as on 31<sup>st</sup> March, 2012 (%)



No. of Shares	12,325,037	100.00
---------------	------------	--------

#### l) Dematerialisation of equity shares

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems –NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited ). Nearly 99.88 % of total equity shares of the Company are held in dematerialised form with NSDL & CDSL as on 31<sup>st</sup> March, 2012.

#### Liquidity

Kewal Kiran Clothing Ltd. Shares are actively traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

#### m) Outstanding GDRS/ADRS/Warrants or any Convertible Instruments conversion date and likely impact on equity

The Company has not issued any GDRS/ADRS/Warrants or any convertible instruments.

#### n) Plant Locations

##### Vapi

Plot No. 787/1, 40, shed  
IInd Phase, G.I.D.C  
Vapi: 396 195  
Gujarat

##### Vapi

Plot No. 787/3, 40, shed  
IInd Phase, G.I.D.C  
Vapi: 396 195  
Gujarat



### **Daman**

697/3/5/5A, Near Maharani Estate,  
Somnath Road, Dhabel  
Daman: 396 210

### **Mumbai**

Synthofine Estate,  
Opp Virwani Industrial Estate  
Goregaon (East),  
Mumbai - 400 063

71-73, Kasturchand Mill Estate  
Bhawani Shankar Road,  
Dadar (West),  
Mumbai - 400 028

### **o) Address for Investor Correspondence**

#### **Shareholding related queries**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compounds,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400078  
Tel: +91 22 2594 6970-77  
Fax: +91 22 2596 2691  
Email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

#### **General correspondence**

Kewal Kiran Estate,  
Behind Tirupati Udyog,  
460/7, I.B. Patel Road,  
Goregaon (East), Mumbai - 400 063  
Tel: +91 22 26814400  
Fax: +91 22 26814410  
Email: [abhijitw@kewalkiran.com](mailto:abhijitw@kewalkiran.com)  
Website: [www.kewalkiran.com](http://www.kewalkiran.com)

An exclusive id, [grievanceredressal@kewalkiran.com](mailto:grievanceredressal@kewalkiran.com) for redressal of investor complaints has been created and the same is available on company's website [www.kewalkiran.com](http://www.kewalkiran.com)

# Annexure to Corporate Governance



Details of other directorships/committee memberships of all directors

## 1] BODIES CORPORATE OF WHICH MR. KEWALCHAND P. JAIN IS A CHAIRMAN/DIRECTOR

Name of the Company	Board Position Held
Kornerstone Retail Ltd.	Chairman
Kewal Kiran Realtors and Infrastructures Pvt. Ltd.	Chairman
Kewal Kiran Management Consultancy Ltd.	Chairman
Kewal Kiran Finance Pvt. Ltd.	Chairman
Kewal Kiran Media and Communication Ltd.	Chairman
White Knitwears Pvt. Ltd.	Director
Kalpriksh Realtors and Infrastructures Pvt. Ltd.	Chairman
Lord Gautam Charitable Foundation	Chairman

### Committee Memberships

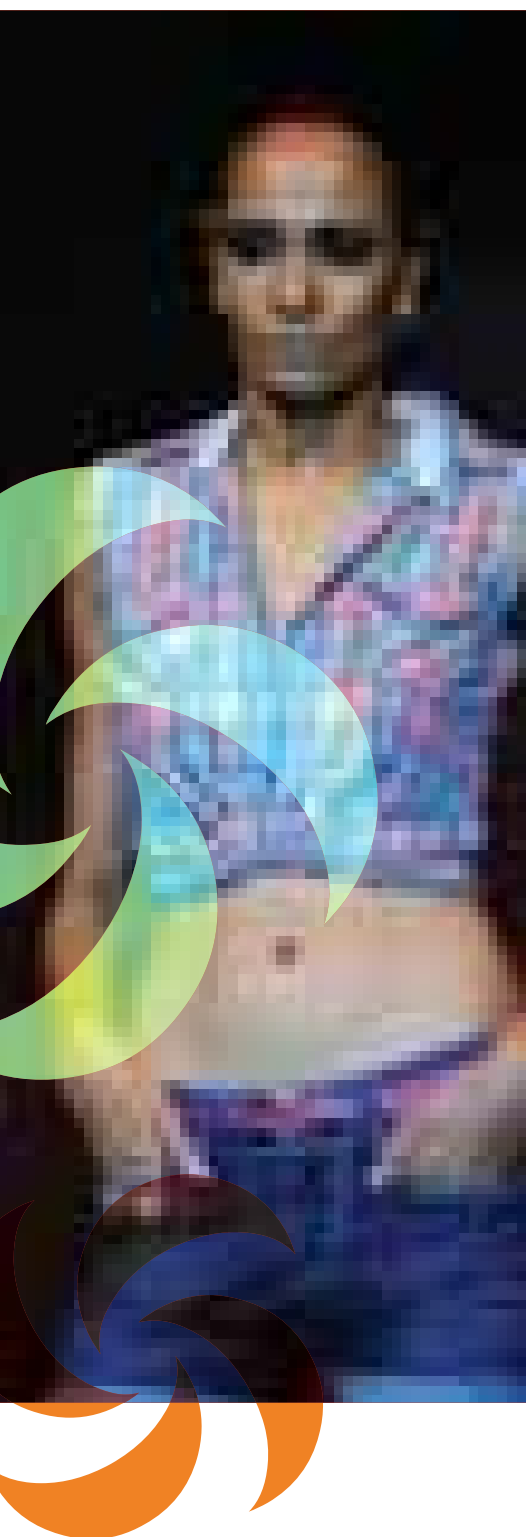
Name of the Company	Name of the Committee	Position Held
Kewal Kiran Clothing Ltd.	Shareholders and Investors Grievance Committee	Member

## 2] BODIES CORPORATE OF WHICH MR. HEMANT P. JAIN IS A CHAIRMAN/DIRECTOR

Name of the Company	Board Position Held
Kornerstone Retail Ltd.	Director
Kewal Kiran Realtors and Infrastructures Pvt. Ltd.	Director
Kewal Kiran Management Consultancy Ltd.	Director
Kewal Kiran Finance Pvt. Ltd.	Director
White Knitwears Pvt. Ltd.	Director
Kewal Kiran Media and Communication Ltd.	Director
Kalpriksh Realtors and Infrastructures Pvt. Ltd.	Director
Lord Gautam Charitable Foundation	Director

### Committee Memberships

Name of the Company	Name of the Committee	Position Held
Kewal Kiran Clothing Ltd.	Shareholders and Investors Grievance Committee	Member



### 3] BODIES CORPORATE OF WHICH MR. DINESH P. JAIN IS A CHAIRMAN/ DIRECTOR

Name of the Company	Board Position Held
Kornerstone Retail Ltd.	Director
Kewal Kiran Realtors and Infrastructures Pvt. Ltd.	Director
Kewal Kiran Management Consultancy Ltd.	Director
Kewal Kiran Finance Pvt. Ltd	Director
Kewal Kiran Media and Communication Ltd.	Director
Synthofine Chemicals of India Ltd.	Director
Lord Gautam Charitable Foundation	Director

### 4] BODIES CORPORATE OF WHICH MR. VIKAS P. JAIN IS A CHAIRMAN/ DIRECTOR

Name of the Company	Board Position Held
Kornerstone Retail Ltd.	Director
Kewal Kiran Realtors and Infrastructures Pvt. Ltd.	Director
Kewal Kiran Management Consultancy Ltd.	Director
Kewal Kiran Finance Pvt. Ltd	Director
Kewal Kiran Media and Communication Ltd.	Director
Lord Gautam Charitable Foundation	Director

### 5] BODIES CORPORATE OF WHICH MR. POPATLAL F. SUNDESHA IS A CHAIRMAN/DIRECTOR

Name of the Company	Board Position Held
Fulchand Finance Pvt. Ltd.	Chairman
Apaksh Broadband Ltd.	Director
Aksh Opti Fibre Ltd.	Director

### Committee Memberships

Name of the Company	Name of the Committee	Position Held
Kewal Kiran Clothing Ltd.	Audit Committee	Member
Kewal Kiran Clothing Ltd.	Remuneration Committee	Member
Aksh Opti Fibre Ltd.	Audit Committee	Member



## 6] BODIES CORPORATE OF WHICH MR. MRUDUL D. INAMDAR IS A CHAIRMAN/DIRECTOR

Name of the Company	Board Position Held
Kanbans Consultancy Services Pvt. Ltd.	Director

### Committee Memberships

Name of the Company	Name of the Committee	Position Held
Kewal Kiran Clothing Ltd.	Audit Committee	Chairman

## 7] BODIES CORPORATE OF WHICH DR. PRAKASH A. MODY IS A CHAIRMAN/DIRECTOR

Name of the Company	Board Position Held
Unichem Laboratories Ltd.	Chairman
Viramrut Trading Pvt. Ltd.	Director
A.V.M. Capital Services Pvt. Ltd.	Director
PM Capital Services Pvt. Ltd.	Director
Pranit Trading Pvt. Ltd.	Director
Chevy Capital Services Pvt. Ltd.	Director
Niche Generics Ltd. U.K	Director
Unichem Farmaceutica Do Brazil Ltda.	Director
Unichem SA (Pty) Ltd. (South Africa)	Director
Unichem Pharmaceuticals (USA) Inc	Director

### Committee Memberships

Name of the Company	Name of the Committee	Position Held
Kewal Kiran Clothing Ltd.	Remuneration Committee	Member
Unichem Laboratories Ltd.	Shareholders Grievance Committee	Member

## 8] BODIES CORPORATE OF WHICH MR. NIMISH G. PANDYA IS A CHAIRMAN/DIRECTOR

Name of the Company	Board Position Held
NIL	NIL

### Committee Memberships

Name of the Company	Name of the Committee	Position Held
Kewal Kiran Clothing Ltd.	Remuneration Committee	Chairman
Kewal Kiran Clothing Ltd.	Shareholders and Investors Grievance Committee	Chairman
Kewal Kiran Clothing Ltd.	Audit Committee	Member

## Auditors Certificate

To,  
The Members of  
**Kewal Kiran Clothing Ltd.**

1. We have examined the compliance of conditions of Corporate Governance by Kewal Kiran Clothing Ltd. (the Company), for the year ended on 31<sup>st</sup> March 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the abovementioned clause of the Listing Agreement, to the extent applicable.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For N.A. Shah Associates**  
Chartered Accountants,  
Firm's Registration No. 116560W

**Sandeep Shah**  
Partner  
Membership No.: 37381  
Place: Mumbai  
Date: 10<sup>th</sup> May, 2012

**For Jain & Trivedi**  
Chartered Accountants,  
Firm's Registration No. 113496W

**Satish Trivedi**  
Partner  
Membership No.: 38317  
Place: Mumbai  
Date: 10<sup>th</sup> May, 2012

## Certificate of Compliance with the Code of Conduct

I, Kewalchand P. Jain, Chairman & Managing Director of the Company, hereby declare that the company has adopted a Code of Conduct for its Board Members and Senior Management, at a meeting of the Board of Directors held on 14<sup>th</sup> January, 2006 and the Board Members and Senior Management have affirmed compliance with the said Code of Conduct for the financial year ended 31<sup>st</sup> March, 2012.

**For Kewal Kiran Clothing Ltd.**

**Kewalchand P. Jain**  
Chairman & Managing Director  
Place: Mumbai  
Date: 10th May, 2012



# Chairman and Managing Director's and Chief Financial Officer's Certification



The Board of Directors  
**Kewal Kiran Clothing Ltd.**  
Mumbai

Dear Sirs,

Sub: Certificate for the financial year ended 31st March, 2012 pursuant to Clause 49 of the Listing Agreement

We certify the following:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and Audit committee
  - i) Significant changes in internal control over financial reporting during the year
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Kewalchand P. Jain**  
Chairman & Managing Director

**Shantilal Kothari**  
Chief Financial Officer



# Financial Statements

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76	Balance Sheet
77	Statement of Profit and Loss
78	Cash Flow Statement
80	Notes on accounts



# Auditors' Report

To,

The Members of

**KEWAL KIRAN CLOTHING LTD.**

1. We have audited the attached Balance Sheet of Kewal Kiran Clothing Ltd. ('the Company') as at 31st March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, (referred together as financial statements) annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, ('the Act') we enclose 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 as follows:
  - 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Act;
  - e. On the basis of the written representation received from the Directors as at 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with Significant Accounting Policies and Notes on Accounts as given in Note 1 and 2 of financial statements, 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:
    - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - ii) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For N.A. Shah Associates**

Chartered Accountants,  
Firm's Registration No. 116560W

**Sandeep Shah**

Partner  
Membership No.: 37381  
Place: Mumbai  
Date: 10th May, 2012

**For Jain & Trivedi**

Chartered Accountants,  
Firm's Registration No. 113496W

**Satish Trivedi**

Partner  
Membership No.: 38317  
Place: Mumbai  
Date: 10th May, 2012

# Annexure to the Auditors' Report

for the year ended 2011-12 Referred to in paragraph 3 of our report of even date

(i) In respect of fixed assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The Company has formulated a phased programme for physical verification of its fixed assets by which fixed assets are verified over a period of 3 years. In accordance with the programme, land, buildings, motor cars and computers are verified during the year. No material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) In respect of inventories:

- (a) The inventories have been physically verified by the management during the year at reasonable intervals. In case of inventories lying with the third parties confirmations are obtained on regular basis. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and 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 inventories. No material discrepancies were noticed on verification between the physical stocks and the book records.

(iii) In respect of loans taken / granted:

- (a) As informed the Company has not taken / granted any loan from / to companies, firms and other parties listed in the register maintained under section 301 of the Act.
- (b) Since there are no loans given or availed, sub clauses (iii) {(b) to (g)} of the Order are not applicable.

(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

(v) In respect of register maintained under section 301 of the Act:

- (a) In our opinion and according to the information and explanations given to us, the transactions pertaining to contracts and arrangements that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
- (b) In our opinion, and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Act and aggregating during the year to ₹ 500,000/- or more in respect of each party were made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits as referred to in section 58 and 58AA of the Act. Hence clause (vi) of the Order is not applicable. We are informed that no order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Company have been commensurate with the size of the Company and nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of manufacturing of apparels and generation of electricity from wind power.

(ix) In respect of statutory dues:

- (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Custom Duty, Cess and any other statutory dues (as applicable to the Company) during the year with the appropriate authorities except few minor delays in payment of Income Tax Deducted at

Source, Provident Fund, Sales Tax, Excise Duty, Service Tax and Maharashtra Labour Welfare Fund. According to the information and explanations given to us, there are no undisputed statutory dues outstanding at year end for a period of more than six months from the date they became payable.

- (b) According to information and explanations given to us, there is no disputed Income Tax, Sales-tax, Custom Duty, Wealth Tax, Service Tax and Excise Duty as on 31st March, 2012, which have not been deposited. In respect of Income Tax for the assessment year 2005-2006, the demand of ₹ 9,648,192 is disputed before ITAT. In earlier year, the Income Tax department had adjusted the above demand against income tax refund due to the Company in respect of other years. Considering the above the amount of unpaid disputed dues is Nil.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank during the year. There are no borrowings from financial institutions / debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, provisions of clause (xiii) of the Order relating to compliance with the provisions of special statute relevant to chit fund / nidhi / mutual benefit society are not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of investments in Mutual Funds / Shares and Securities and timely entry has been made therein. All the Investments made by the Company are in the name of the Company.
- (xv) Based on 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) Since the Company has not taken any term loan during the year nor any unutilised amounts were outstanding at the beginning of the year, the question of reporting whether the term loans are applied for the purpose for which they have been obtained does not arise.
- (xvii) According to the information and explanations given to us and on the basis of an overall examination of the Financial Statements, the funds raised on short-term basis have not been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties, firms and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures and accordingly no securities needs to be created.
- (xx) The Company has not raised any money through a public issue during the year. At the beginning of the year under our audit there were no unutilised amounts in respect of public issue made in the earlier years.
- (xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the Company noticed or reported during the year, nor have we been informed of any such case by the management.

**For N.A. Shah Associates**  
Chartered Accountants,  
Firm's Registration No. 116560W

**Sandeep Shah**  
Partner  
Membership No.: 37381  
Place: Mumbai  
Date: 10th May, 2012

**For Jain & Trivedi**  
Chartered Accountants,  
Firm's Registration No. 113496W

**Satish Trivedi**  
Partner  
Membership No.: 38317  
Place: Mumbai  
Date: 10th May, 2012

# Balance Sheet

as at 31st March 2012

(Amount in ₹)

Particulars	Note	As At 31st March 2012	As At 31st March 2011
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	123,250,370	123,250,370
Reserves and Surplus	2.2	2,132,208,120	1,854,316,034
		2,255,458,490	1,977,566,404
<b>Non-Current Liabilities</b>			
Other Long-Term Liabilities	2.3	38,661,577	32,608,000
Long-Term Provisions	2.4	6,946,819	8,144,063
		45,608,396	40,752,063
<b>Current Liabilities</b>			
Short-Term Borrowings	2.5	148,903,166	55,537,769
Trade Payables	2.6	157,817,077	153,318,451
Other Current Liabilities	2.7	100,737,767	75,317,656
Short-Term Provisions	2.8	144,211,328	216,105,492
		551,669,338	500,279,369
<b>TOTAL</b>		<b>2,852,736,224</b>	<b>2,518,597,836</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	2.9		
Tangible Assets		432,509,351	405,736,431
Intangible Assets		1,830,800	-
Tangible Capital Work in Progress		8,860,793	21,461,464
Non Current Investments	2.10	35,077,783	35,135,536
Deferred Tax Assets(Net)	2.11	17,275,564	16,426,023
Long-Term Loans and Advances	2.12	102,619,889	103,786,347
Other Non-Current Assets	2.13	8,696,220	17,092,184
		606,870,400	599,637,985
<b>Current Assets</b>			
Current Investments	2.14	280,692,911	147,913,751
Inventories	2.15	320,931,825	368,138,788
Trade Receivables	2.16	504,936,053	299,323,598
Cash & Cash Equivalents	2.17	1,015,474,267	1,038,914,451
Short-Term Loans & Advances	2.18	49,465,432	43,333,481
Other Current Assets	2.19	74,365,336	21,335,782
		2,245,865,824	1,918,959,851
<b>TOTAL</b>		<b>2,852,736,224</b>	<b>2,518,597,836</b>
Significant accounting policies and notes on accounts	1 & 2		

The notes referred to above form integral part of balance sheet  
As per our audit report of even date

For and on behalf of  
**N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.: 116560W

**Sandeep Shah**  
Partner  
Membership No. 37381

Place : Mumbai  
Date : 10th May, 2012

For and on behalf of  
**Jain & Trivedi**  
Chartered Accountants  
Firm Registration No.: 113496W

**Satish C. Trivedi**  
Partner  
Membership No. 38317

For and on behalf of the Board of Directors

**Kewalchand P. Jain**  
Chairman & Managing Director

Place : Mumbai  
Date : 10th May, 2012

**Vikas P. Jain**  
Wholetime Director

**Abhijit B. Warange**

Company Secretary & General  
Manager - Compliance

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

		(Amount in ₹)	
Particulars	Note	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>INCOME</b>			
Revenue From Operations	2.20	3,018,984,273	2,366,211,454
Other Income	2.21	117,814,212	83,399,991
		<b>3,136,798,485</b>	<b>2,449,611,445</b>
<b>EXPENDITURE</b>			
(Increase) / Decrease in Stocks	2.22	(16,684,481)	(97,042,085)
Cost of Material Consumed	2.23	1,185,512,959	947,947,273
Purchase of Trading Items: Lifestyle Accessories		140,168,631	47,199,987
Personnel Cost	2.24	292,362,746	257,754,187
Manufacturing and Operating Expenses	2.25	235,896,741	172,406,042
Administrative and Other Expenses	2.26	119,112,407	88,878,446
Selling and Distribution Expenses	2.27	329,049,890	262,008,266
Finance Expenses	2.28	25,923,506	20,591,010
Depreciation/ Amortization	2.9	62,309,584	57,263,393
		<b>2,373,651,983</b>	<b>1,757,006,519</b>
<b>Net Profit Before Tax</b>		763,146,502	692,604,926
<b>Provisions for Taxation</b>			
Current Tax		242,588,032	229,000,000
Deferred Tax		(849,541)	137,115
Short provision for taxes of earlier years		-	1,134,531
<b>Net Profit for the Year</b>		<b>521,408,011</b>	<b>462,333,280</b>
Earnings Per Share - Basic and Diluted (Face Value of ₹ 10 each)		42.30	37.51
Weighted average number of shares used in computing earnings per share -Basic and Diluted		12,325,037	12,325,037
Significant accounting policies and notes on accounts	1 & 2		

The notes referred to above form integral part of balance sheet  
As per our audit report of even date

For and on behalf of  
**N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.: 116560W

**Sandeep Shah**  
Partner  
Membership No. 37381

Place : Mumbai  
Date : 10th May, 2012

For and on behalf of  
**Jain & Trivedi**  
Chartered Accountants  
Firm Registration No.: 113496W

**Satish C. Trivedi**  
Partner  
Membership No. 38317

For and on behalf of the Board of Directors

**Kewalchand P. Jain**  
Chairman & Managing Director

Place : Mumbai  
Date : 10th May, 2012

**Vikas P. Jain**  
Wholetime Director

**Abhijit B. Warange**  
Company Secretary & General  
Manager - Compliance

# Cash Flow Statement

for the year ended 31st March 2012

(Amount in ₹)

Particulars	2011-2012	2010-2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before taxes as per Statement of Profit and Loss</b>	763,146,502	692,604,926
Adjustments for:		
Depreciation/ Amortization	62,309,584	57,263,393
Gain on Sale of Assets / Asset discarded (Net)	(1,692,737)	(1,145,112)
Gain on Redemption of units of Mutual Fund (Net)	(9,162,660)	(887,361)
Sundry balance (written back)/written off (Net)	(296,927)	116,153
Finance expenses	21,193,540	18,806,076
Dividend Income	(10,967,160)	(10,515,875)
Provision/(Reversal of provision) for doubtful debts , advances, deposits and investments	12,107,373	(365,526)
Exchange Loss on foreign currency loan	1,351,433	-
Reversal of Provision for Contingent rent	(1,197,244)	(817,878)
Provision for Contingencies	1,200,000	2,225,000
Provision for Margin on Sales Return	3,161,684	-
Provision for Share of Loss in Joint Venture	-	600,000
Provision/ (Reversal of Provision) of Exchange Rate Fluctuation (Net)	(323,060)	154,500
Interest on Income Tax Refund	-	(2,163,948)
Interest Income	(93,606,817)	(68,085,285)
	747,223,511	687,789,063
<b>Changes in assets and liabilities</b>		
Trade receivable and other assets	(223,304,912)	(61,451,296)
Inventories	42,866,963	(150,861,628)
Trade payables, liabilities and provisions	46,324,461	128,280,505
	(134,113,488)	(84,032,419)
<b>Net Cash Inflow from Operating Activities</b>	613,110,023	603,756,644
Less: Income Tax paid (refer note 1 below)	(243,711,204)	(214,809,182)
<b>Net Cash Inflow from Operating Activities</b>	369,398,819	388,947,462
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(79,888,445)	(53,197,666)
Sale of Fixed Assets	2,949,161	2,514,586
Purchase / Redemption of Investments in mutual funds-FMP (Net)	(132,779,160)	(127,913,751)
Maturity of Fixed Deposit with NBFC	20,000,000	
Gain on Redemption of Mutual Funds	9,162,660	887,361
Less : Income Tax Paid	-	(294,759)
Dividend Income	10,967,160	10,515,875
Interest received on fixed Deposit with Bank/NBFC's	51,380,967	65,977,898
Less : Income Tax Paid	(16,673,124)	(21,916,208)
<b>Net Cash (Outflow) from Investing Activities</b>	(134,880,780)	(123,426,665)



# Cash Flow Statement

for the year ended 31st March 2012

(Amount in ₹)

Particulars	2011-2012	2010-2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Secured foreign currency loan taken	52,247,550	-
Secured foreign currency loan repaid	(52,247,550)	-
Realized Exchange Loss on repayment of foreign currency loan	(1,351,433)	-
Secured Loans - Bank Overdraft (Net)	93,365,397	(102,369,262)
Interest paid	(20,967,064)	(20,694,229)
Payment of Dividend (Including Dividend Tax)	(329,344,740)	(179,628,275)
<b>Net Cash (Outflow) from Financing Activities</b>	<b>(258,297,840)</b>	<b>(302,691,766)</b>
Net Decrease in Cash & Cash Equivalents	(23,779,801)	(37,170,969)
<b>CASH AND CASH EQUIVALENTS - OPENING</b> (refer note 2.17)	<b>1,038,914,451</b>	<b>1,076,151,134</b>
<b>Effect of exchange(gain)/loss on cash and cash equivalents</b>	<b>(339,617)</b>	<b>65,714</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING</b> (refer note 2.17)	<b>1,015,474,267</b>	<b>1,038,914,451</b>
Significant accounting policies and notes on accounts 1&2		
The notes referred to above form integral part of cash flow statement		

Note :

- The Aggregate Income tax paid during the year is ₹ 260,484,327 (P. Y. ₹ 230,083,477). Tax paid in previous year is net of Interest on Income tax refund.

The notes referred to above form integral part of balance sheet  
As per our audit report of even date

For and on behalf of  
**N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.: 116560W

**Sandeep Shah**  
Partner  
Membership No. 37381

Place : Mumbai  
Date : 10th May, 2012

For and on behalf of  
**Jain & Trivedi**  
Chartered Accountants  
Firm Registration No.: 113496W

**Satish C. Trivedi**  
Partner  
Membership No. 38317

For and on behalf of the Board of Directors

**Kewalchand P. Jain**  
Chairman & Managing Director

Place : Mumbai  
Date : 10th May, 2012

**Vikas P. Jain**  
Wholetime Director

**Abhijit B. Warange**  
Company Secretary & General  
Manager - Compliance

# Notes on accounts

for the year ended 31st March 2012

## 1. SIGNIFICANT ACCOUNTING POLICIES:

### 1.1. Basis of Preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### 1.2. Use of estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that may affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any difference between the actual results and estimates are recognised in the period in which the results are known / materialize. Any revision to accounting estimates is recognised prospectively in the current and the future periods.

### 1.3. Fixed Assets:

Fixed assets are stated at cost less depreciation or amortisation and impairment, if any. The cost of fixed assets includes borrowing cost attributable to acquisition of fixed assets, if any, up to the date when the asset is ready for its intended use and other incidental expenses incurred up to that date. Capital work-in-progress is carried at cost comprising direct cost, borrowing cost (if applicable) and related incidental expenses.

### 1.4. Depreciation/Amortisation:

- a) Depreciation is provided on written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956 for all assets except those given below and such rates not being lower than the rates prescribed by the said Schedule XIV. Assets costing ₹ 5,000 or less are fully depreciated in the year of purchase.
- b) Assets lying at retail stores are depreciated over a period of five years on straight-line basis.
- c) Software is amortised over a period of three years on straight-line basis.
- d) Mobile handsets (acquired on or after April 1, 2010) are amortised over a period of three years on straight-line basis.
- e) Leasehold Lands are amortised over the period of lease or useful life whichever is lower.

### 1.5. Impairment:

Impairment loss is recognised whenever the carrying amount of the asset is in excess of its recoverable amount and the same is recognised as an expense in the Statement of Profit and Loss and the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

### 1.6. Investments:

Long-term investments are stated at cost less diminution (other than temporary) in value. Current investments are stated at cost or fair value (net asset value in case of units of mutual fund); whichever is lower, computed category wise for related investments. Investments in liquid mutual funds are classified as cash and cash equivalents.

Investment transactions are accounted for on a trade date basis. In determining the holding cost of investments and the gain or loss on sale of investments, the 'Weighted Average' method is followed.

### 1.7. Inventories:

- a) Raw material, packing material and accessories, stores, chemicals and consumables are valued at lower of cost or net realisable value.
- b) Work-in-progress, finished goods and traded goods are valued at lower of cost or estimated net realisable value. The excise duty in respect of inventory of finished goods is included in the cost of the finished goods.
- c) Cost is ascertained on specific identification method and includes appropriate production overheads in case of work-in-progress and finished goods.

# Notes on accounts

for the year ended 31st March 2012

## 1.8. Revenue Recognition:

- a) Sales are recognised when significant risks and rewards of ownership of the goods have passed to the buyer that coincides with delivery and are recorded net of trade discount, rebates and sales tax. Sales do not include inter-divisional transfers.
- b) Service Income is recognised upon rendering of services.
- c) Licensing revenue is recognised in accordance with the terms of the relevant agreements.
- d) Power generation income is recognised on the basis of electrical units generated in excess of captive consumption and recognised at prescribed rate as per agreement of sale of electricity by the Company.
- e) Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.
- f) Export Incentive/benefits
  - i. Export incentives under the Duty Drawback Scheme are recognised on accrual basis in the year of export.
  - ii. Export incentives benefit in respect of duty free import of capital goods is recognised as income only on certainty of utilising the benefits by import of capital goods.

## 1.9. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing as on the balance sheet date and the resulting exchange differences are recognised in the Statement of Profit and Loss. Non Monetary items are carried at historical cost using exchange rate on the date of transactions.

## 1.10. Employees' Benefits:

Employees' benefits are dealt with in the following manner:

- a) Provident Fund is defined contribution plan and charged to Statement of Profit and Loss on accrual basis with corresponding contribution to recognised funds.
- b) Gratuity is defined benefit plan and payment for present liability of future payment of gratuity is made to an approved gratuity fund, which fully covers the said liability under Cash Accumulation Policy of Life Insurance Corporation of India (LIC). The additional liability arising out of the difference between the actuarial valuation and the fund balance with the LIC, if any, is accrued at the year-end. The gratuity liability is determined on basis of actuarial valuation as at year end. The actuarial valuation method used for measuring the liability is the projected unit credit method.
- c) The leave entitlements defined benefits are short term benefits and leave liability towards such short term benefits are recognised/ measured on un-discounted basis.
- d) As per the Company's policy, employees who have completed specified years of service are eligible for death benefit plan wherein defined amount would be paid to the survivors of the employee on the death of the employee whilst in service with the Company. To fulfill the Company's obligation for the abovementioned plan, the Company has taken group term policy from an insurance company. The annual premium for insurance cover is recognised in Statement of Profit and Loss.

## 1.11. Operating Lease:

Lease arrangements where risks and rewards incidental to ownership of an asset substantially vests with the lessor are classified as operating lease.

Rental income and expense on assets given or obtained under operating lease arrangements are recognised on a straight-line basis / as per lease arrangement over the term of relevant lease.

## 1.12. Taxes on Income:

Tax expenses for the year comprises of current tax, deferred tax and adjustments of taxes for previous years. Current tax provision has been determined based on reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from timing differences between taxable and accounting income is accounted for using the tax rate and laws enacted or substantively enacted as on the balance sheet date. The Deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the asset will be realised in future.

# Notes on accounts

for the year ended 31st March 2012

## 1.13. Cash and Cash Equivalents:

Cash and cash equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments/mutual funds that are readily convertible to known amounts of cash to be cash equivalents.

## 1.14. Cash Flow Statement:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

## 1.15. Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed and adjusted to reflect the current best estimate.

Contingent liability is disclosed when there is (a) possible obligation or (b) a present obligation, which is not recognised since it is not probable that outflow of resources, would be required to settle the obligation. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made

## 1.16. Earnings per Share:

Basic earnings per share are calculated by dividing the net profit (after tax) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profits (after tax) for the year attributable to the equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

## 1.17. Borrowing costs

Borrowing costs attributable to qualifying assets are capitalised upto the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

## 2. NOTES ON ACCOUNTS:

Particulars	Note	(Amount in ₹)	
		As at 31st March 2012	As at 31st March 2011
<b>SHARE CAPITAL</b>	2.1		
<b>Authorized capital</b>			
20,000,000 (P.Y. 20,000,000) Equity shares of ₹10 each		200,000,000	200,000,000
<b>Issued, subscribed and paid up :</b>			
12,325,037 (P.Y. 12,325,037) Equity shares of ₹10 each, fully paid up		123,250,370	123,250,370
		123,250,370	123,250,370
The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.	2.1.1		
Reconciliation of the shares outstanding at the beginning and at the end of the year	2.1.2		

# Notes on accounts for the year ended 31st March 2012

Particulars	31st March 2012		Note	31st March 2011	
	No. of shares	Amount		No. of shares	Amount
Shares outstanding at the beginning of the year	12,325,037	123,250,370		12,325,037	123,250,370
Shares Issued during the year	-	-		-	-
Shares bought back during the year	-	-		-	-
Shares outstanding at the end of the year	12,325,037	123,250,370		12,325,037	123,250,370
Details of the shareholders holding more than 5% shares in the Company			2.1.3		
Name of Shareholder	As at 31 March 2012			As at 31 March 2011	
	No. of Shares held	% of Holding		No. of Shares held	% of Holding
Shantaben P. Jain j/w Kewalchand P. Jain j/w Hemant P. Jain(equity shares held in their capacity as trustees/beneficiaries of P.K.Jain Family Holding Trust)	6,153,000	49.92		6,153,000	49.92
Mr.Dinesh P Jain	725,650	5.89		725,650	5.89
includes 98,400 (P.Y.98,400) shares jointly held with Mrs Sangeeta D. Jain					
Mr.Vikas P Jain	717,086	5.82		717,086	5.82
includes 89,836 (P.Y.89,836) shares jointly held with Mrs Kesar V. Jain					
Mr. Hemant P Jain	687,150	5.58		687,150	5.58
includes 75,900 (P.Y.75,900) shares jointly held with Mrs Lata H. Jain					
Mr. Kewalchand P Jain	685,411	5.56		685,411	5.56
includes 74,161(P.Y.74,161) shares jointly held with Mrs Veena K. Jain					
Nalanda India Fund Limited	1,200,000	9.74		1,200,000	9.74
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders (After due adjustment in case shares are not fully paid up.)			2.1.4		

# Notes on accounts

for the year ended 31st March 2012

(Amount in ₹)

Particulars	Note	As At 31st March 2012	As At 31st March 2011
<b>RESERVES AND SURPLUS</b>			
<b>Securities Premium Reserve</b>	2.2	842,676,986	842,676,986
(As per Last Balance Sheet)			
<b>General Reserve</b>			
Opening Balance		145,507,557	99,274,229
Add: Transfer from Statement of Profit and Loss		52,140,801	46,233,328
		197,648,358	145,507,557
<b>Balance in Statement of Profit and Loss</b>			
Opening balance		866,131,491	686,694,668
Add: Net profit after tax transferred from Statement of Profit and Loss		521,408,011	462,333,279
		1,387,539,502	1,149,027,947
<b>Less: Appropriations</b>			
Proposed Dividend		49,300,148	49,300,148
Interim Dividend		160,225,481	154,062,963
Tax on Proposed Dividend		7,997,717	7,997,717
Tax on Interim Dividend		25,992,579	25,302,300
Transfer to General Reserve		52,140,801	46,233,328
		1,091,882,776	866,131,491
		<b>2,132,208,120</b>	<b>1,854,316,034</b>
The Board of Directors have recommended a payment of final dividend of ₹ 4 per equity share of ₹ 10/- each for the financial year ended 31st March 2012. The Payment is subject to the approval of shareholders at the Annual General Meeting of the Company.	2.2.1		
<b>OTHER LONG-TERM LIABILITIES</b>	2.3		
Other Liabilities			
Security Deposits		38,661,577	32,608,000
		<b>38,661,577</b>	<b>32,608,000</b>
<b>LONG TERM PROVISIONS</b>	2.4		
Other Long Term Provisions		6,946,819	8,144,063
		<b>6,946,819</b>	<b>8,144,063</b>
<b>SHORT TERM BORROWINGS</b>	2.5		
<b>Secured Loan</b>			
a) Repayable on demand			
Working Capital Loans from Bank		148,903,166	21,837,769
(Secured by pari-passu first charge on Stock and Trade Receivables)			
b) Others			
Working Capital Loans from Bank		-	33,700,000
(Secured by lien on Term Deposit)			
		<b>148,903,166</b>	<b>55,537,769</b>
<b>TRADE PAYABLE</b>	2.6		
a) Micro and Small Enterprises			
Materials (Refer Note 2.7.1)		123,927	4,671,834
b) Other than Micro and Small Enterprises			
Materials		97,124,210	100,420,257
Expenses		60,568,940	48,226,360
		<b>157,817,077</b>	<b>153,318,451</b>

# Notes on accounts for the year ended 31st March 2012

		(Amount in ₹)	
Particulars	Note	As At 31st March 2012	As At 31st March 2011
<b>OTHER CURRENT LIABILITIES</b>	2.7		
Interest accrued but not due on borrowings		-	162,868
Unclaimed Share Application Money to be refunded		111,325	111,325
Unclaimed Dividend		265,771	147,788
Security Deposits		8,734,365	4,437,111
Others Payable			
Capital Goods		3,439,011	3,758,396
Salary and wages Payable		31,146,596	32,212,415
Employee Benefits		4,306,434	4,549,173
Statutory Liabilities		3,904,640	4,426,591
Advance From customers		48,829,625	25,511,990
	2.7.1	<b>100,737,767</b>	<b>75,317,656</b>
Disclosure U/s 22 of Micro, Small and Medium Enterprises Development Act, 2006			
a) Principal amount remaining unpaid to suppliers		123,927	4,671,834
b) Amount of Interest paid u/s 16		3,501	-
c) Amount of Interest due and remaining unpaid		3,178	3,501
d) Amount of Interest accrued and remaining unpaid		-	-
Above information is disclosed to the extent available with the Company			
<b>SHORT TERM PROVISIONS</b>	2.8		
Provisions for Dividend & Dividend Distribution Tax		57,297,865	143,244,662
Provision for margin on sales return (refer note 2.45)		3,161,684	-
Provision for expenses and others (refer note 2.45)		83,751,780	72,860,830
		<b>144,211,328</b>	<b>216,105,492</b>

# Notes on accounts

for the year ended 31st March 2012

## FIXED ASSETS 2.9 :

Description of Block of Assets	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
	As at 01/04/2011	Additions	Deductions/ Discarded	As at 31/03/2012	As at 01/04/2011	Depreciation / Amortization	As at 31/03/2012	As at 31/03/2011
<b>Tangible Assets</b>								
1 Free Hold Land	10,437,168	-	-	10,437,168	-	-	10,437,168	10,437,168
2 Leasehold Land	19,061,883	-	-	19,061,883	854,913	242,850	1,097,763	17,964,120
3 Buildings (refer note 2.9.1 & 2.9.3)	319,631,141	29,230,601		348,861,742	89,724,243	16,888,331	106,612,574	242,249,169
4 Furnitures & Fixtures	108,495,036	3,565,435	10,093,639	101,966,832	71,106,230	16,685,229	76,817,330	25,149,501
5 Plant and Machineries	154,997,461	51,060,805	5,673,095	200,385,171	68,317,435	19,330,799	83,661,959	116,723,212
6 Computers	24,977,817	2,769,305	4,250,677	23,496,445	15,911,427	4,545,178	16,656,022	6,840,423
7 Office Equipments	18,668,732	2,116,868	-	20,785,600	10,511,274	2,710,090	13,221,364	7,564,236
8 Vehicles	13,283,171	1,484,266	-	14,767,437	7,390,459	1,795,457	9,185,916	5,581,521
<b>Intangible Assets</b>								
9 Softwares (refer note 2.9.2)	3,074,252	1,942,450	-	5,016,702	3,074,252	111,650	3,185,902	1,830,800
<b>Total</b>	<b>672,626,661</b>	<b>92,169,730</b>	<b>20,017,411</b>	<b>744,778,980</b>	<b>266,890,233</b>	<b>62,309,584</b>	<b>310,438,830</b>	<b>405,736,428</b>
Previous Year	613,292,856	64,075,809	4,742,003	672,626,661	212,999,370	57,263,393	266,890,233	405,736,428

2.9.1 The company has given part of the premises along with amenities under operating lease. The gross carrying amount, accumulated depreciation at the balance sheet date and depreciation recognized in Statement of Profit and Loss for the year of said premises is ₹ 15,990,000, ₹ 4,201,988, and ₹ 620,421 respectively (PY. ₹ 15,990,000, ₹ 3,581,556, and ₹ 653,075).

2.9.2 Balance useful life of software (Tukacad Professional Edition software) as on 31st March 2012 is 33 Months

2.9.3. Building includes ₹ 1,400,000/- (PY. ₹ 1,180,000) being the value of 14000 shares (PY. 11800 shares) of ₹ 100 in Synthofine estate.



# Notes on accounts for the year ended 31st March 2012

		(Amount in ₹)	
Particulars	Note	As At 31st March 2012	As At 31st March 2011
<b>NON CURRENT INVESTMENTS</b>	2.10		
<b>Long Term Investments</b>			
<b>a ) Trade Investments (Unquoted)</b>			
Investment in Joint Venture White Knitwear Private Limited			
<b>In Equity shares</b>			
330,000 (PY. 330,000 ) Shares of face value ₹ 10 each, fully paid up.		3,300,000	3,300,000
<b>In Preference shares</b>			
3,125,000 (PY. 3,125,000 ) 9% Cumulative Redeemable Preference Shares of face value of ₹10 each fully paid up.		31,250,000	31,250,000
<b>b) Other than Trade Investments(Quoted)</b>			
<b>In Equity shares</b>			
4,512 ( PY. 4,512 ) Reliance Power Limited Shares of face value ₹ 10 each fully paid up.		1,269,000	1,269,000
1 (PY. 1) Mahindra & Mahindra Financial Services Limited Share of face value ₹ 10 each fully paid up.		330	330
Less: Provision for Diminution in value of Investment(Quoted)		(741,547)	(683,794)
		<b>35,077,783</b>	<b>35,135,536</b>
Aggregate Cost (Net of Provisions )			
- Quoted		527,783	585,536
- Unquoted Shares		34,550,000	34,550,000
Aggregate Market / Net asset Value			
- Quoted		527,783	585,536
Aggregate Provision for diminution		741,547	683,794
"The Company had invested in aggregate ₹ 34,550,000 (PY. ₹ 34,550,000) in Joint Venture ""White Knitwear Private Limited"" (WKPL). WKPL had acquired land in Surat SEZ and created building for setting up of production unit for producing of knitwear apparels for exports. In view of the sluggish demand in international market, most of the members of SEZ shelved their projects and approached to central government for de-notification of SEZ. The management is hopeful that the SEZ would be de-notified soon. Post de-notification WKPL shall dispose of the land and building and realize the proceeds to return it to joint venture partners.	2.10.1		
No provision for diminution in the value of investment is considered necessary for the year ended March 2012 in view of the value of underlying assets base of joint venture. The Company as a matter of abundant precaution made provision towards its share of aggregating to ₹4,900,000 (PY. ₹ 4,900,000) and provision is grouped under 'Other long term provisions'. (Refer Note 2.4)."			
<b>DEFERRED TAX</b>	2.11		
<b>Deferred Tax Assets:</b>			
Share Issue Expenses		5,230,196	7,845,295
Various Items including Provision for assets and others		11,733,863	6,180,038
Depreciation		311,504	2,400,690
Deferred Tax Liability		-	-
<b>Net Deferred Tax Asset</b>		<b>17,275,564</b>	<b>16,426,023</b>

# Notes on accounts

for the year ended 31st March 2012

(Amount in ₹)

Particulars	Note	As At 31st March 2012	As At 31st March 2011
Tax effect of share issue expenses eligible for the Income tax deduction, under section 35D, debited to securities premium account.	2.11.1		
Deferred tax asset is recognized only on those timing differences, which reverse in the post tax free period, as company enjoys exemption under section 80-IA of Income Tax Act, 1961 in respect of revenue generated from Wind Turbine Generator.	2.11.2		
<b>LONG-TERM LOANS &amp; ADVANCES</b>	2.12		
(Unsecured considered good)			
Fixed Deposits with NBFC's		-	20,000,000
Deposits(Net of Provision of ₹ 151,000 [PY.151,000])		74,681,494	74,681,427
Loan to Employees		1,513,297	-
Rental Deposits to Related Parties		783,000	783,000
Advance Tax / Tax deducted at source (Net of Provision)		25,409,038	8,002,087
Advance FBT (Net of Provision)		42,747	42,747
Prepaid Expenses		190,313	277,086
		<b>102,619,889</b>	<b>103,786,347</b>
<b>OTHER NON CURRENT ASSETS</b>	2.13		
Customer Security Deposits		5,944,906	4,562,406
Interest receivables on Fixed Deposits & NBFC's		2,751,314	12,529,778
		<b>8,696,220</b>	<b>17,092,184</b>
<b>CURRENT INVESTMENTS</b>	2.14		
<b>Investment in unquoted Mutual Funds</b>			
<b>In units of Fixed Maturity Plans (FMP's) of ₹ 10/- each fully paid up</b>			
Birla Sun life Quarterly Interval Fund - Series 4 - Dividend [Units: NIL (P.Y. 1,033,049.287 )]		-	10,330,493
Birla Sunlife Short Term FMP Series 10 - Dividend [Units: NIL (P.Y. 2,078,253.801 )]		-	20,782,530
Birla Sunlife Fixed Term Plan CP Growth [Units: NIL (P.Y. 1,017,931.000 )]		-	10,179,310
BNP Paribas Fixed Term Fund Ser 20B - Dividend [Units: NIL (P.Y. 1,000,000.000 )]		-	10,000,000
DSP Blackrock FMP 3M Series 29 - Dividend [Units: NIL (P.Y. 1,000,359.000 )]		-	10,003,590
ICICI Pru FMP Series 51-13 M Plan C Cumulative [Units: NIL (PY.2,000,000.000 )]		-	20,000,000
ICICI Pru Interval III Quarterly Institution -Dividend [Units: NIL (P.Y. 1,011,990.000 )]		-	10,119,900
IDFC Fixed Maturity Yearly Series 38 - Growth [Units: NIL (P.Y. 2,073,659.091 )]		-	20,736,591
Kotak Qtrly Interval Plan Series 8 - Dividend [Units: NIL (P.Y. 1,000,677.486 )]		-	10,006,975
Reliance Interval Fund - Qtrly Plan Series I [Units: NIL (P.Y. 1,013,703.026 )]		-	10,148,080
Tata Fixed Maturity Plan Series 28 Scheme A -Dividend [Units: NIL (P.Y. 518,863.000 )]		-	5,188,630
UTI Fixed Income Interval Fund Qtrly Plan Series I [Units: NIL (P.Y. 1,041,764.300 )]		-	10,417,653

# Notes on accounts for the year ended 31st March 2012

		(Amount in ₹)	
Particulars	Note	As At 31st March 2012	As At 31st March 2011
Kotak FMP Series 46 - Growth [Units: 299,282.000 (P.Y. Nil )]		2,992,820	-
Birla Sunlife Short Term FMP Series 23 [Units: 2,079,150.000 (P.Y. Nil )]		20,790,150	-
DSP BLACKROCK FMP S6-12MONTH [Units: 1,002,592.700 (P.Y. Nil )]		10,025,927	-
Birla Sunlife Fixed Term Plan Series DE Growth [Units: 3,036,408.000 (P.Y. Nil )]		30,364,080	-
Birla Sunlife Fixed Term Plan Series EM Growth [Units: 1,119,693.000 (P.Y. Nil )]		11,196,930	-
Birla sunlife FMP-series EE growth [Units: 8,506,697.000 (P.Y. Nil )]		85,066,970	-
HDFC FMP 370D [Units: 5,004,843.000 (P.Y. Nil )]		50,048,430	-
ICICI FMP Series 61 [Units: 1,000,000.000 (P.Y. Nil )]		10,000,000	-
IDFC Fixed Maturity plan Yr 61 growth [Units: 2,501,838.4000 (P.Y. Nil )]		25,018,384	-
DWS FMP Series 5 Growth [Units: 2,500,000.000 (P.Y. Nil )]		25,000,000	-
Axis Fixed Term Plan -Series 21 Growth [Units: 1,018,922.000 (P.Y. Nil )]		10,189,220	-
		<b>280,692,911</b>	<b>147,913,751</b>
Aggregate Cost		280,692,911	147,913,751
Aggregate Market / Net asset Value		287,070,744	150,557,981
Aggregate Provision for diminution		-	-
<b>INVENTORIES</b>	2.15		
Finished goods		162,161,735	151,112,903
Work-in-Progress		118,025,722	118,063,711
Raw material		14,477,505	69,810,982
Traded goods		15,069,592	14,273,603
Packing material & accessories		6,458,781	12,254,470
Stores, chemicals and consumables		4,738,490	2,623,119
		<b>320,931,825</b>	<b>368,138,788</b>
<b>TRADE RECEIVABLE</b>	2.16		
a) Debtors (Secured against Customer Security Deposit)			
i) Over Six Months		1,341,347	39,588
ii) Others		20,889,935	5,660,412
b) Debtors (Unsecured)			
i) Over Six Months			
a) Considered Good		29,458,415	9,367,228
b) Doubtful		8,262,680	1,892,251
ii) Others			
a) Considered Good		453,246,356	284,256,369
b) Doubtful		4,746,940	3,407,750
		<b>517,945,673</b>	<b>304,623,598</b>
"Debtors considered good includes :	2.16.1		
(1) ₹ 60,752,743 P.Y.(₹ 21,663,325) where company hold the bank guarantee.			
(2) ₹553,694 (P.Y. ₹1,419) receivable from related parties."			
Less : Provision for Doubtful Debts		13,009,620	5,300,000
		<b>504,936,053</b>	<b>299,323,598</b>

# Notes on accounts

for the year ended 31st March 2012

Particulars	Note	(Amount in ₹)	
		As At 31st March 2012	As At 31st March 2011
<b>CASH &amp; CASH EQUIVALENTS</b>	2.17		
<b>Cash on hand</b>			
Balances with banks :-			
In Current accounts		2,026,537	1,609,652
In EEFC account [USD 208,061] (P.Y. USD 133,389)			
In Public Issue Escrow Accounts		7,759,314	12,777,251
In Unclaimed Dividend Accounts		10,642,331	5,955,837
In Bank Deposits		111,325	111,325
In Bank Deposits offered as Security		265,771	147,928
(Includes deposits ₹2,249,718 (P.Y. ₹ 29,732,766 ) with more than 12 months maturity)		707,714,223	290,813,068
In Bank Deposits with more than 12 months maturity		8,457,672	67,232,766
Bank Deposits includes ₹783,534,444 (P.Y. ₹ 875,162,784) having a maturity period exceeding three months and which are readily convertible into known amounts of cash.	2.17.1	67,857,000	574,829,216
Liquid Mutual Funds (As per details given below in note 2.17.2)		210,640,094	85,437,407
Details of Current Investments in Liquid Mutual Funds(Unquoted) as given below:	2.17.2	<b>1,015,474,267</b>	<b>1,038,914,451</b>
a) Face Value of ₹ 10/- each fully paid up			
Birla Sunlife Dynamic Bond Fund-Retail Growth		13,117,125	-
[Units: 733,997.66 (P.Y. Nil )]			
Canara Robeco Short Term Institutional Fund-Monthly Dividend		-	10,933,913
[Units: Nil (P.Y. 1,072,928.5871 )]			
HDFC Cash Management Treasury Advantage Plan -Daily Dividend		10,225,254	-
[Units: 1,019,314.50 (P.Y. Nil )]			
ICICI Prudential Institutional Income Plan -Quarterly Dividend		-	10,878,908
[Units: Nil (P.Y. 883,275.869 )]			
Templeton India Low Duration Fund - Monthly Dividend		48,603,847	-
[Units: 4,714,073.14 (P.Y. Nil )]			
Kotak Credit opp. Fund - Growth		-	2,830,923
[Units: Nil (P.Y. 283,092.307 )]			
HDFC Cash Management savings Plan Collection - Growth		55,234,607	-
[Units: 2,481,283.30 (P.Y. Nil )]			
Reliance Regular Savings Fund-Growth		-	20,000,000
[Units: Nil (P.Y.1,578,108.479 )]			
Templeton India Income Opportunity Fund-Growth		-	20,000,000
[Units: Nil (P.Y. 1,943,710.154 )]			
<b>Total (a)</b>		<b>127,180,833</b>	<b>64,643,744</b>
b) Face Value of ₹ 100/- each fully paid up			
Birla Sunlife Savings Fund-Daily Dividend		31,767,169	-
[Units: 317,455.83 (P.Y. Nil )]			
ICICI Prudential Flexible Income Plan - Daily Dividend		6,207,113	-
[Units: 58,704.43 (P.Y. Nil )]			

# Notes on accounts for the year ended 31st March 2012

Particulars	Note	(Amount in ₹)	
		As At 31st March 2012	As At 31st March 2011
<b>Total (b)</b>		<b>37,974,282</b>	-
c) Face Value of ₹ 1,000/- each fully paid up			
Reliance Money Manager Fund-Growth		22,592,963	-
[Units: 15,522.99 (P.Y. Nil )]			
Templeton India Short Term Income Retail-Monthly Dividend		-	20,793,663
[Units: Nil (P.Y.18,561.550 )]			
IDFC Cash Fund - Growth		22,892,016	-
[Units: 12,052.52 (P.Y.Nil )]			
<b>Total (c)</b>		<b>45,484,979</b>	<b>20,793,663</b>
Aggregate Cost		210,640,094	85,437,407
Aggregate Market / Net asset Value		211,843,615	87,735,430
Aggregate Provision for diminution		-	-
<b>SHORT TERM LOANS &amp; ADVANCES</b>	2.18		
(Unsecured, Considered Good)			
Advance to Employee		165,767	107,710
Loans Given to Employee		1,266,031	2,349,362
Fixed Deposits with NBFC's		20,000,000	20,000,000
Deposits		520,068	1,135,860
Advance Given to Suppliers		14,770,594	12,113,708
Capital Advances		3,896,329	4,953
Prepaid Expenses		3,812,830	3,349,982
Other assets		5,033,813	4,271,907
		<b>49,465,432</b>	<b>43,333,481</b>
<b>OTHER CURRENT ASSETS</b>	2.19		
Interest receivables on Fixed Deposits & NBFC's		72,916,745	20,912,431
Duty drawback receivable		1,448,591	423,351
		<b>74,365,336</b>	<b>21,335,782</b>

# Notes on accounts

for the year ended 31st March 2012

Particulars	Note	(Amount in ₹)	
		For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>REVENUE FROM OPERATIONS</b>	2.20		
<b>A. Sales Income</b>			
Sales of Apparel and Life Style Accessories		3,243,141,886	2,359,837,786
Less : Excise Duty		241,834,885	7,010,654
		3,001,307,001	2,352,827,132
Sale of Power		368,429	272,453
		3,001,675,430	2,353,099,585
<b>B. Other Operating Income</b>			
Service Income		6,001,700	4,299,296
Export Incentives		7,602,993	5,441,348
Miscellaneous Operating Income		2,022,571	1,761,557
Rent Income		1,681,578	1,609,667
		17,308,842	13,111,868
<b>Total Revenue from Operations</b>		<b>3,018,984,273</b>	<b>2,366,211,454</b>
<b>OTHER INCOME</b>	2.21		
Interest on Fixed Deposits with Banks & NBFC's		93,606,817	68,085,285
Interest on Income Tax Refund		-	2,163,948
Income from Current Mutual Funds and Liquid Investments:			
Dividend Income		10,967,160	10,515,875
Gain on redemption on Mutual Fund (Net)		9,162,660	887,361
Reversal of Provision For Diminution in Value of Investment		-	411,526
Exchange Rate Fluctuation (Net)		2,158,448	190,884
Sundry Balance written back		226,390	
Profit on Sale of Tangible Fixed Assets (Net)		1,692,737	1,145,112
		<b>117,814,212</b>	<b>83,399,991</b>
<b>(INCREASE) / DECREASE IN STOCKS</b>	2.22		
<b>Opening stock</b>			
Work - in- Progress		118,063,711	63,067,829
Finished goods		165,386,506	103,220,946
		283,450,217	166,288,775
<b>Closing Stock</b>			
Work - in- Progress		118,025,722	118,063,711
Finished goods		177,231,327	165,386,506
		295,257,049	283,450,217
Add/(Less): Variation in Excise Duty on Opening and Closing Stock of Finished goods		4,877,649	(20,119,357)
(Increase)/Decrease in Stock		<b>(16,684,481)</b>	<b>(97,042,085)</b>
<b>COST OF MATERIAL CONSUMED</b>	2.23		
<b>a. Raw Material Consumed:</b>			
Opening stock		69,810,982	41,777,298
Add: Purchases		717,602,313	657,173,560
		787,413,295	698,950,858
Less: Closing stock		14,477,505	69,810,982
		772,935,790	629,139,876
<b>b. Semi-Finished Goods</b>		232,586,145	147,195,220
<b>c. Packing Material, Accessories and others</b>		141,023,075	133,334,433
<b>d. Stores, Chemicals and Consumables</b>		38,967,949	38,277,744
		<b>1,185,512,959</b>	<b>947,947,273</b>

# Notes on accounts for the year ended 31st March 2012

Particulars	Note	(Amount in ₹)	
		For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>PERSONNEL COST</b>	2.24		
Salary, Wages and Allowances		253,205,664	219,364,086
Contribution to Provident and other Funds		20,205,502	18,024,592
Bonus and Ex-gratia		5,955,950	6,594,306
Gratuity (refer note 2.39a)		3,539,646	5,922,059
Leave Benefits (refer note 2.39b)		3,558,383	4,315,973
Staff Welfare		5,897,601	3,533,172
		<b>292,362,746</b>	<b>257,754,187</b>
<b>MANUFACTURING AND OPERATING EXPENSES</b>	2.25		
Embroidery expenses		18,790,035	12,640,216
Electricity expenses (Net of credit received from Windmill of ₹ 6,096,502 (PY. ₹ 4,641,641 )		9,804,123	7,759,797
Factory Rent		2,346,264	2,520,264
General factory expenses		6,127,548	5,174,462
Processing charges		145,420,517	112,273,428
Fuel expenses		29,848,949	18,498,345
Water Charges		4,079,328	3,770,235
Waste Disposal Charges		2,434,854	1,983,378
Repairs & Maintenance		16,045,539	6,749,143
Wind Turbine expenses		999,584	1,036,774
		<b>235,896,741</b>	<b>172,406,042</b>
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>	2.26		
Rent, Rates and Taxes		5,755,575	5,682,492
Communication expenses		7,107,460	6,010,262
Insurance Premium(net of recoveries)		1,461,209	2,140,121
Legal and Professional fees		21,762,499	13,379,399
Consultancy Fees		15,880,321	6,416,488
Printing and Stationery		4,431,825	3,103,836
Donations		7,522,518	6,474,845
Vehicle expenses		5,174,996	2,366,865
Auditors Remuneration		2,689,698	2,070,769
Conveyance & Travelling expenses		8,046,497	6,044,820
Electricity Expenses		4,333,319	3,799,584
Repairs & Maintenance (others)		8,325,184	7,022,350
Directors Sitting Fees		600,000	820,000
Sundry balance written off		-	116,153
Provision for Dimunition in value of investments		57,753	-
General office expenses		15,443,553	18,890,828
Deposit Written off ( Net of Provision of ₹ Nil (PY. ₹ 1,425,000))		-	1,126,607
Bad Debts		2,810,380	2,063,025
Less: Provision for Doubtful Debts		-	(2,063,025)
Provision for Doubtful debts		7,709,620	2,813,025
Provision for share of loss in Joint Venture (refer note 2.10.1)		-	600,000
		<b>119,112,407</b>	<b>88,878,446</b>

# Notes on accounts

for the year ended 31st March 2012

Particulars	Note	(Amount in ₹)	
		For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>	2.27		
Commission on Sales		12,708,343	6,042,762
Discount and rebates on Sales		76,377,483	64,726,504
Octroi, clearing and forwarding charges on Sales		15,247,218	10,926,523
Tour and Travelling expenses		20,016,834	16,726,556
Advertisement and Publicity expenses (Net of recoveries)		147,492,906	111,806,005
Sales Promotion expenses (Net of recoveries)		12,141,217	11,795,036
Owned / Leased & Managed Retail outlet Expenses		40,704,205	39,984,880
Provision for Margin on Sales Return		3,161,684	-
Provision for Contingencies		1,200,000	-
		<b>329,049,890</b>	<b>262,008,266</b>
<b>FINANCE EXPENSES</b>	2.28		
Bank charges		1,693,236	1,277,777
Exchange Rate Fluctuation on Loan		1,815,462	-
Finance charges		12,183,471	10,709,218
Interest on Working Capital Loan		9,189,617	8,286,754
Other Interest		1,041,720	317,261
		<b>25,923,506</b>	<b>20,591,010</b>
<b>AGGREGATE EXPENSES</b>	2.29		
Rent Including Common Area Maintenance Charges		27,114,246	33,340,086
Electricity Expenses(net of credit received from windmill)		19,951,808	17,876,056
Communication Expenses		4,340,587	4,524,262
Repair & Maintenance (Building)		23,280,520	13,952,347
Repair & Maintenance (Machinery)		10,183,528	5,028,109
Insurance Premium(net of recoveries)		1,470,409	2,149,309
Rates & Taxes		<b>3,548,117</b>	<b>3,775,862</b>
<b>AUDITORS REMUNERATION (CURRENT YEAR FIGURES ARE NET OF SERVICE TAX)</b>			
As Auditors	2.30	1,750,000	1,720,680
For Taxation matters		330,000	291,630
For Others matters		600,000	58,459
For Reimbursement of Expenses		9,698	-
Total		<b>2,689,698</b>	<b>2,070,769</b>
<b>C.I.F.VALUE OF IMPORTS</b>	2.31		
Capital goods		1,377,415	16,378,278
Components and spare parts		5,723,796	2,093,810
Apparel & Life style accessories		40,386,616	22,926,364
Consumable goods		1,087,289	-
<b>Total</b>		<b>48,575,116</b>	<b>41,398,452</b>



# Notes on accounts for the year ended 31st March 2012

Particulars	Note	(Amount in ₹)	
		For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>EXPENDITURE IN FOREIGN CURRENCIES</b>	2.32		
Traveling expenses		3,118,804	4,140,518
Interest on Bank Loan		114,414	-
Advertisement expenses		7,199,707	142,994
Legal expenses		807,332	33,278
Bank Charges		1,427,146	1,099,673
Consultancy Fees		-	340,262
Others		262,702	-
The amounts mentioned above are net of Tax Deducted at source, if any.			
<b>EARNINGS IN FOREIGN CURRENCIES</b>	2.33		
Export of goods (F.O.B. value)		117,381,000	72,165,704
Domestic Sales / Deemed Export Sales		-	340,928
<b>Total</b>		<b>117,381,000</b>	<b>72,506,632</b>
<b>INDIGENOUS AND IMPORTED CONSUMPTION</b>	2.34		
Indigenous (94.98% (P.Y.96.64%) of total consumption)		1,125,966,325	916,130,344
Imported (5.02% (P.Y.3.36%) of total consumption)		59,546,633	31,816,929
<b>Total</b>		<b>1,185,512,958</b>	<b>947,947,273</b>
<b>DETAILS OF MATERIAL CONSUMED</b>	2.35		
Material			
Woven Fabric		772,810,202	628,795,022
Knitted Fabric		125,587	344,854
Semi-finished		232,586,145	147,195,220
Packing material		47,766,398	49,280,309
Accessories		93,256,677	84,054,124
Stores, chemicals and consumables		38,967,949	38,277,744
<b>Total</b>		<b>1,185,512,958</b>	<b>947,947,273</b>
<b>DETAILS OF PRODUCTS SOLD</b>	2.36		
Apparel		2,804,088,022	2,301,240,525
Lifestyle Accessories		197,218,979	51,586,607
<b>Total</b>		<b>3,001,307,001</b>	<b>2,352,827,132</b>

## 2.37 CONTINGENT LIABILITIES:

- Disputed demands in respect of income tax not acknowledged as debt – ₹ 9,648,192 (P.Y. 9,648,192). Future cash outflows in respect of above are dependent on outcome of matter under dispute.
- The Company has purchased capital assets under EPCG license against which the Company has a balance export obligation of ₹ Nil (P.Y. ₹ 36,696,501). Contingent liability, to the extent of duty saved in respect of EPCG is ₹ Nil (P.Y. ₹ 6,550,908). Balance Export obligation was to be fulfilled as per license up to the year 2019. Further, in respect of the above, outstanding bonds at the year end executed by the Company in favour of customs authority aggregating ₹ 32,429,895 (P.Y. ₹ 33,700,395) for which export obligation is pending / fulfilled but under the process of discharge from customs authorities. The export obligation fulfilled against these licenses aggregates to ₹ 74,991,528 (P.Y. ₹ 9,817,108).
- Bank guarantees of ₹ 8,457,672 (P.Y. ₹ 3,219,244).
- Guarantee of ₹ Nil (P.Y. ₹ 16,602,758) given to Bank for securing overdraft facility to third party of the Company by creating lien on Fixed Deposits of ₹ Nil (P.Y. ₹ 27,892,641).

Note: The Company does not expect any outflow of resources in respect of Para b, c, and d.

# Notes on accounts

for the year ended 31st March 2012

## 2.38 ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON-

- Capital Account and not provided for ₹ 30,199,535 (net of advances) (P.Y. ₹ 5,446,435).
- Other commitments—Relating to Advertisement contracts aggregating to ₹ 4,100,000 (Net of advances) (PY Nil). Also Refer Note 2.42 in respect of minimum lease rental payment under non-cancellable operating lease

## 2.39 EMPLOYEE BENEFITS:

### a) Disclosure in respect of gratuity liability

#### Reconciliation on Change in Benefit Obligation :

	31st March, 2012 (₹)	31st March, 2011 (₹)
Liability at the beginning of the year	15,076,036	9,770,658
Interest Cost	1,206,083	781,653
Current Service Cost	2,888,512	2,269,751
Benefit Paid	(2,847,312)	(1,590,384)
Actuarial (gain)/loss on obligations	784,440	3,844,358
Liability at the end of the year	17,107,759	15,076,036

#### Reconciliation of Fair value of Plan Assets :

	31st March, 2012 (₹)	31st March, 2011 (₹)
Fair Value of Plan Assets at the beginning of the year	14,187,379	8,153,128
Expected Return on Plan Assets	1,339,389	973,703
Contributions	4,050,979	6,650,932
Benefit Paid	(2,847,312)	(1,590,384)
Fair Value of Plan Assets at the end of the year	16,730,435	14,187,379

#### Amount recognised in the Balance Sheet :

	31st March, 2012 (₹)	31st March, 2011 (₹)
Liability at the end of the year	17,107,759	15,076,036
Fair Value of Plan Assets at the end of the year	16,730,435	14,187,379
Liability in the Balance Sheet	377,324	888,657

#### Gratuity recognised in the Statement of Profit and Loss

	31st March, 2012 (₹)	31st March, 2011 (₹)
Current Service Cost	2,888,512	2,269,751
Interest Cost	1,206,083	781,653
Expected Return on Plan Assets	(1,339,389)	(973,703)
Actuarial (Gain)/Loss	784,440	3,844,358
Expense Recognised in Statement of Profit and Loss	3,539,646	5,922,059

#### Principal Assumption used in determining Gratuity liability

	31st March, 2012	31st March, 2011
Discount Rate	8%	8%
Expected Rate of return	9.00%	9.00%
Employee Turnover	1-3%	1-3%
Salary Escalation	6%	6%
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

# Notes on accounts for the year ended 31st March 2012

Other disclosures	31st March, 2012 (₹)	31st March, 2011 (₹)	31st March, 2010 (₹)	31st March, 2009	31st March, 2008 (₹)
Defined benefit obligation	17,107,759	15,076,036	9,770,658	7,715,465	6,365,143
Plan assets	16,730,435	14,187,379	8,153,128	4,846,990	4,200,890
Surplus/(deficit)	(377,324)	(888,657)	(1,617,530)	(2,868,475)	(2,164,253)
Experience adjustments on plan liabilities – loss/ (gain)	784,440	3,844,358	268,524	(399,645)	1,657,863

100% of the plan assets held by gratuity trust comprises of employees group gratuity scheme with Life Insurance Corporation of India. Additional provision has been made for short fall between liability as per actuarial valuation and value of plan assets. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected rate of return on plan assets comprising of Insurance Policy with LIC of India is based on the historical results of returns given by LIC of India.

The Company expects to contribute ₹ 4,000,000 to gratuity trust for contribution to LIC of India in year 2012-13

b) Disclosure in respect of leave entitlement liability:

Leave entitlement is short term benefit which is recognised as an expense at the un-discounted amount in the year in which the related service is rendered.

c) Death in service benefit:

The Company has taken group term policy from an insurance company to cover its obligation for death in service benefit given to eligible employees. The insurance premium of ₹366,500 (P.Y. ₹ Nil) is recognised in Statement of Profit and Loss.

d) The Company contributes towards Employees Provident Fund, Employees State Insurance and Labour Welfare Fund. The aggregate amount contributed and charged to Statement of Profit and Loss is ₹20,205,502 (P.Y. ₹ 18,024,592).

## 2.40 SEGMENT REPORTING:

### a) Primary Segment:

The Company is engaged in the business of manufacturing and marketing of Apparels & trading of Lifestyle Accessories. The Company is also generating power from Wind Turbine Generator. The power generated from the same is predominantly used for captive consumption. However, the operation of Wind Turbine Segment is within the threshold limit stipulated under AS – 17 “Segment Reporting” and hence it does not require disclosure as a separate reportable segment. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Particulars	Apparel & Life style Accessories	Other\ Reconciling Item	Unallocated	(Amount in ₹) Total
<b>1. Segment Revenue</b>				
Net Sales/Income from Operation	3,018,615,844	6,464,931	-	3,025,080,775
	(2,365,939,001)	(4,914,094)	(-)	(2,370,853,095)
Less: Inter Segment Revenue	-	6,096,502	-	6,096,502
	(-)	(4,641,641)	(-)	(4,641,641)
<b>Total Segment Revenue</b>	<b>3,018,615,844</b>	<b>368,429</b>	<b>-</b>	<b>3,018,984,273</b>
	<b>(2,365,939,001)</b>	<b>(272,453)</b>	<b>(-)</b>	<b>(2,366,211,454)</b>
<b>2. Segment Result</b>				
Segment Result	671,102,265	1,904,021	-	673,006,286
	(631,861,713)	(-320,657)	-	(631,541,056)
Less : Interest expenditure			25,923,506	25,923,506
			(20,591,010)	(20,591,010)

# Notes on accounts

for the year ended 31st March 2012

Particulars	Apparel & Life style Accessories	Other\ Reconciling Item	(Amount in ₹)	
			Unallocated	Total
Add: Other unallocable income net of unallocable expenditure			116,063,722	116,063,722
			(81,654,880)	(81,654,880)
<b>Profit before Tax</b>				<b>763,146,502</b>
				<b>(692,604,926)</b>
Less : Provision For Tax			241,738,491	241,738,491
			(230,271,646)	(230,271,646)
<b>Net Profit</b>				<b>521,408,011</b>
				<b>(462,333,280)</b>
<b>3. Other Information</b>				
Segment Assets	1,380,462,037	23,062,000	1,449,212,187	2,852,736,224
	(1,191,016,993)	(26,559,221)	(1,301,021,622)	(2,518,597,836)
Segment Liabilities	385,799,608	-	211,478,126	597,277,734
	(336,927,021)	(-)	(204,104,412)	(541,031,433)
Depreciation/ Amortisation	58,748,258	3,561,326	-	62,309,584
	(53,065,416)	(4,197,977)	(-)	(57,263,393)
Non Cash Expenses other than Depreciation	-	104,102	-	104,102
	(-)	(103,872)	(600,000)	(703,872)
Capital Expenditure	92,169,730	-	-	92,169,730
	(64,075,809)	(-)	(-)	(64,075,809)

Note: As per the expert advisory opinion, electricity generated from Wind Turbine Generator and used for captive consumption is reduced from the electricity expenses in Statement of Profit and Loss but shown as segment revenue for the purpose of segment reporting as per AS-17 "Segment Reporting".

## b) Secondary Segment (By Geographical Segment):

Particulars	(Amount in ₹)		
	India	Outside India	Total
Sales / Income from Operations	2,901,383,500	117,600,773	3,018,984,273
	(2,293,582,048)	(72,629,406)	(2,366,211,454)
Segment Assets*	2,842,254,408	10,481,816	2,852,736,224
	(2,516,514,411)	(7,378,316)	(2,523,892,727)

(Figures in bracket indicate previous year's figures)

\*Segment Assets from outside India represents receivables from Export Sales (net of advances in relation to exports). In view of the interwoven / intermix nature of business and manufacturing facility, other information is not ascertainable.

# Notes on accounts

for the year ended 31st March 2012

## 2.41 RELATED PARTY DISCLOSURE:

Disclosures as per Accounting Standard (AS-18) – ‘Related Party Disclosures’ are given below:

- a) Related Parties where a) control exists and b) where significant influence exists (with whom transaction have taken place during the year).

### Joint Ventures :

White Knitwear Private Limited

### Enterprises where Key Management Personnel and their relative have significant influence :

Kornerstone Retail Limited

Smt. Jatnobai Karamchandji Ratanparia Chouhan Charitable Trust

Lord Gautam Charitable Foundation (w.e.f. 19th July, 2011)

### Key Management Personnel:

Kewalchand P. Jain	Chairman & Managing Director
Hemant P. Jain	Whole-time Director
Dinesh P. Jain	Whole-time Director
Vikas P. Jain	Whole-time Director

### Relatives / Other concerns of Key Management Personnel:

Shantaben P. Jain (Mother of Key Management Personnel)

Veena K. Jain (Wife of Kewalchand P. Jain.)

Lata H. Jain (Wife of Hemant P. Jain)

Sangeeta D. Jain (Wife of Dinesh P. Jain)

Kesar V. Jain (Wife of Vikas P. Jain)

Pankaj K. Jain (Son of Kewalchand P. Jain)

Hitendra H. Jain (Son of Hemant P. Jain)

Arpita K. Jain (Daughter of Kewalchand P. Jain)

Pukhraj K. Jain (HUF)

Kewalchand P. Jain (HUF)

Hemant P. Jain (HUF)

Dinesh P. Jain (HUF)

Vikas P. Jain (HUF)

P.K. Jain Family Holding Trust

### Employee Funds:

Kewal Kiran Clothing Ltd. – Employee Group Gratuity Scheme.

# Notes on accounts

for the year ended 31st March 2012

b) Nature of Transaction	(Amount in ₹)				
	Enterprises under the Same management	Joint Venture	Relatives/ Other Concerns of Key Management Personnel	Key Management Personnel	Employee Funds
Purchase of Assets and others	868,121 (232,348)	- (-)	- (-)	- (-)	- (-)
Rent Expenses	- (-)	- (-)	918,000 (918,000)	2,989,200 (2,989,200)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	30,158,400 (15,422,000)	- (-)
Salary	- (-)	- (-)	1,564,212 (966,546)	- (-)	- (-)
Rent Income (exclusive of service tax)	1,681,578 (1,609,667)	- (-)	- (-)	- (-)	- (-)
Dividend Paid	- (-)	- (-)	145,199,000 (78,912,500)	64,751,831 (35,191,213)	- (-)
Donation Paid	5,400,000 (3,500,000)	- (-)	- (-)	- (-)	- (-)
Contribution to Gratuity Fund	- (-)	- (-)	- (-)	- (-)	4,050,979 (6,650,932)
<b>Outstanding balance as on 31st March, 2012</b>					
Sundry Payable	- (-)	- (-)	294,198 (197,217)	5,145,532 (4,178,354)	377,324 (888,657)
Sundry Receivable	553,694 (1,419)	- (-)	- (-)	- (-)	- (-)
Deposit Receivable	- (-)	- (-)	459,000 (459,000)	324,000 (324,000)	- (-)
Investments	- (-)	34,550,000 (34,550,000)	- (-)	- (-)	- (-)

# Notes on accounts

for the year ended 31st March 2012

- c) Disclosure of Related Party Transactions, the amounts of which are in excess of 10% of total related party transactions of the same type:

		(Amount in ₹)
Nature of Transaction	Name of the related party	Amount
Purchase of Assets	Kornerstone Retail Limited	868,121
		(232,348)
Rent Expenses	Kewalchand P. Jain	997,800
		(997,800)
	Hemant P. Jain	859,800
		(859,800)
	Dinesh P. Jain	565,800
		(565,800)
Managerial Remuneration	Vikas P. Jain	565,800
		(565,800)
	Shantaben P. Jain	918,000
		(918,000)
	Kewalchand P. Jain	7,539,600
		(3,855,600)
	Hemant P. Jain	7,539,600
		(3,855,600)
	Dinesh P. Jain	7,539,600
		(3,855,600)
Rent Income (exclusive of service tax)	Vikas P. Jain	7,539,600
		(3,855,600)
Salary	Kornerstone Retail Limited	1,681,578
		(1,609,667)
	Pankaj K. Jain	719,316
		(524,398)
	Arpita K. Jain	370,656
Dividend Paid		(317,150)
	Hitendra H. Jain	474,240
		(124,998)
	Shantaben P. Jain (Trustee/Beneficiary of P. K. Jain Family Holding Trust)	141,519,000
		(76,912,500)
	Kewalchand P. Jain	15,764,453
		(8,567,638)
	Hemant P. Jain	15,804,450
		(8,589,375)
	Dinesh P. Jain	16,689,950
Contribution to Gratuity Fund		(9,070,625)
	Vikas P. Jain	16,492,978
		(8,963,575)
Donation Paid	Employee Fund	4,050,979
		(6,650,932)
	Smt. Jatnobai Karamchandji Ratanparia	900,000
	Chouhan Charitable Trust	(3,500,000)
	Lord Gautam charitable foundation	4,500,000
		(-)

Note:

- Figures in brackets represents corresponding amount of previous year.
- Managerial Remuneration excludes Gratuity provision.
- Reimbursements of expenses made to Key Management Personnel are not included in the above figures.

# Notes on accounts for the year ended 31st March 2012

## 2.42 OPERATING LEASE ARRANGEMENTS:

Disclosure as per Accounting Standard (AS-19) – “Leases” are given below:

### a) As lessee:

Rental expenses of ₹ 25,746,833 (P.Y. ₹ 32,118,122) under operating leases have been recognised in the Statement of Profit and Loss. It includes contingent lease rent of ₹ 3,465,089 (P.Y. ₹ 2,408,718) based on revenue sharing model.

At balance sheet date, minimum lease payments under non-cancellable operating leases fall due as follows:

Particulars	31st March, 2012 (₹)	31st March, 2011 (₹)
Due not later than one year	21,313,097	24,335,512
Due later than one year but not later than five years	48,197,453	67,914,421
Later than five years	6,327,811	17,728,795
<b>Total</b>	<b>75,838,361</b>	<b>109,978,728</b>

The above figures include:

- The agreements are executed for the periods of 33 to 108 months with a non-cancellable period at the beginning of the agreement ranging from 12 to 36 months and having a clause for extension of lease period.
- Lease rentals calculated based on estimated date of commencement of lease in cases where the agreements / MoU's have been entered into but the date of commencement of lease is dependent on the date of construction/renovation of premises and based on the commitment for delivery by lessors.
- The afore-mentioned lease rentals include a lease the period of which is dependent on the occurrence of an event, the date of which is not ascertainable beyond five years. Hence, the lease rentals are considered up to a period of five years only.
- Lease rentals do not include common area maintenance charges and tax payable, if any.
- The above details of Lease Rental obligation exclude the amounts payable by franchisee in accordance with the arrangement with them (a) not later than 1 year ₹9,535,550 (P.Y. ₹ 7,111,142) (b) between 1 to 5 year ₹25,414,833 (P.Y. ₹ 19,316,502) (c) more than 5 years ₹210,000 (P.Y. ₹ 1,110,000).

### b) As Lessor:

Rental income of ₹ 1,681,578 (P.Y. ₹ 1,609,667) is recognised in the Statement of Profit and Loss. It includes contingent lease rent of ₹ 481,578 (P.Y. ₹ 409,667) based on revenue sharing model. There is no escalation clause and the arrangement is mutually cancellable. The initial direct cost (if any) is charged off to expenses in the year in which it is incurred.

## 2.43 JOINT VENTURE INFORMATION:

Details as per Accounting Standard (AS) -27 “Financial Reporting of Interest in Joint Venture” are given below:

### (i) Detail of Interest in Joint Venture

Name	Description of Interest	Country of Incorporation	Percentage of interest as on 31st March, 2012	Percentage of interest as on 31st March, 2011
White Knitwear Private Limited	Equity Shareholding	India	33.33%	33.33%

### (ii) Company's Interest in the Joint Venture

Name	Assets (₹)	Liabilities (₹)	Income (₹)	Expenditure (₹)
White Knitwear Private Limited	22,991,814 (22,907,931)	102,125 (102,826)	153,801 (382,257)	69,217 (331,354)

The Company's share in the contingent liability and capital commitment of the Joint Venture are ₹ Nil (P.Y. ₹ Nil) and ₹ Nil (P.Y. ₹ Nil) - respectively. The Company's contingent liability and capital commitment in relation to joint venture ₹ Nil (P.Y. ₹ Nil) and ₹ Nil (P.Y. ₹ Nil)



# Notes on accounts for the year ended 31st March 2012

The current year figures are based on un-audited accounts of the joint venture and previous year figures given in bracket are based on the audited financial accounts of the joint venture.

## 2.44 DISCLOSURE REGARDING DERIVATIVE INSTRUMENT AND UNHEDGED FOREIGN CURRENCY EXPOSURE:

The Company does not enter into any forward exchange contracts being derivative instruments, for trading, speculative or hedging purposes. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	31st March, 2012		31st March, 2011	
		Amt. in Foreign Currency	₹	Amt. in Foreign Currency	₹
Trade Receivables	USD	227,431	11,633,084	71,808	3,206,227
Trade Payables	USD	180	9,207	180	8,037
Advance from Customer	USD	22,327	1,142,044	8,033	358,693
Advance to Supplier	USD	528	27,010	101,653	4,538,819
Balance in EEFC account	USD	208,061	10,642,331	133,389	5,955,837
Foreign currency in hand	Multiple	-	104,794	-	587,549

## 2.45 PROVISIONS:

Disclosure as per Accounting Standard (AS) 29 – Provisions, Contingent Liabilities and Contingent Assets are given below:

Particulars	Provision for Contingencies (Special rebate/Advertisement expenses and Others)		Provision for Reimbursement of expenses & claims		Provision for margin on sales return	
	31st March, 2012 (₹)	31st March, 2011 (₹)	31st March, 2012 (₹)	31st March, 2011 (₹)	31st March, 2012 (₹)	31st March, 2011 (₹)
Opening Balance	4,300,000	2,075,000	19,797,118	10,071,353	-	-
Addition	1,200,000	4,300,000	40,900,000	31,510,000	3,161,684	-
Utilisation	-	377,971	30,411,547	20,180,966	-	-
Reversals	-	1,697,029	1,000,000	1,603,269	-	-
Closing Balance	5,500,000	4,300,000	29,285,571	19,797,118	3,161,684	-

The above Provision has been grouped under the head 'Short Term Provisions' in Note 2.8.

The timing of the outflow is dependent on various aspects/fulfillment of conditions and occurrence of events. Such provisions are made based on the past experience, However it is most likely that outflow is expected to be within a period of one year from the date of Balance Sheet.

**2.46** These financial statements have been prepared in the format prescribed by the revised Schedule VI to the Companies Act, 1956. Previous year figures are regrouped or rearranged wherever considered necessary.

The notes referred to above form integral part of balance sheet  
As per our audit report of even date

For and on behalf of  
**N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.: 116560W

**Sandeep Shah**  
Partner  
Membership No. 37381

Place : Mumbai  
Date : 10th May, 2012

For and on behalf of  
**Jain & Trivedi**  
Chartered Accountants  
Firm Registration No.: 113496W

**Satish C. Trivedi**  
Partner  
Membership No. 38317

For and on behalf of the Board of Directors

**Kewalchand P. Jain**  
Chairman & Managing Director

Place : Mumbai  
Date : 10th May, 2012

**Vikas P. Jain**  
Wholtime Director

**Abhijit B. Warange**  
Company Secretary & General  
Manager - Compliance

# Notes

# General information

## BOARD OF DIRECTORS

### Mr. Kewalchand P. Jain

Chairman & Managing Director

### Mr. Hemant P. Jain

Whole-time Director

### Mr. Dinesh P. Jain

Whole-time Director

### Mr. Vikas P. Jain

Whole-time Director

### Mr. Popatlal F. Sundesha

Director

### Dr. Prakash A.Mody

Director

### Mr. Nimish G. Pandya

Director

### Mr. Mrudul D. Inamdar

Director

### Mr. S. L. Kothari

Chief Financial Officer

### Mr. Abhijit Warange

Company Secretary &  
General Manager - Compliance

## Statutory Auditors

### M/s. Jain & Trivedi

Chartered Accountants, Mumbai

### M/s. N.A. Shah Associates

Chartered Accountants, Mumbai

## Internal Auditors

### M/s. Bhandarkar & Kale

Chartered Accountants, Mumbai

### Solomon and Co. Mumbai

Solicitors and Advocates

### Standard Chartered Bank, Mumbai

Bankers

### Kewal Kiran Estate, 460/7, I.B. Patel Road, Goregaon (East), Mumbai: 400 063

Registered Office

### Link Intime India Private Limited, C-13, Pannalal Silk Mills Compounds, L.B.S. Marg, Bhandup (West), Mumbai: 400 078

Registrar & Transfer Agents

## Factories

### Vapi

Plot No. 787/1, 40, shed  
IInd Phase, G.I.D.C  
Vapi: 396 195  
Gujarat  
Vapi

Plot No. 787/3, 40, shed  
IInd Phase, G.I.D.C  
Vapi: 396 195  
Gujarat

### Daman

697/3/5/5A/13, Near Maharani Estate,  
Somnath Road, Dhabel  
Daman: 396 210

### Mumbai

Synthofine Estate,  
Opp. Virwani Industrial Estate  
Goregaon (East),  
Mumbai: 400 063

71-73, Kasturchand Mill Estate  
Bhawani Shankar Road,  
Dadar (West),  
Mumbai: 400 028

### Land Survey No.1119/P Village Kuchhadi Taluka Porbunder District Porbunder

Gujarat  
Windmill

<http://www.kewalkiran.com>  
Website



**Registered Office:**

Kewal Kiran Estate, Behind Tirupati Udyog, 460 / 7,  
I.B. Patel Road, Goregaon (East), Mumbai: 400 063.  
Tel: 91-22-2681 4400 Fax: 91-22-2681 4410

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