

KEWAL KIRAN CLOTHING LIMITED

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

Tel. No.: 022 26814400 • **Fax No.:** 022 26814410/20

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CIN : L18101MH1992PLC065136

NOTICE OF 23rd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23rd Annual General Meeting of Kewal Kiran Clothing Limited will be held on Thursday, 28th August 2014 at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2014 and the Statement of Profit and Loss Account for the financial year ended March 31, 2014 together with the report of the Directors and Auditors thereon.
2. To declare the final dividend and confirm the three interim dividends of Rs. 7.5/-, Rs. 7/- and Rs. 5/- respectively per equity share for the year ended March 31, 2014.
3. To appoint a Director in place of Mr. Dinesh P. Jain, (DIN 00327277) who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Jain & Trivedi, Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration and in this connection to consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

“Resolved that pursuant to the provisions of Section 139, 141, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors), Rules 2014 including any amendment, modification, variation or re-enactment thereof and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Jain & Trivedi, Chartered Accountants (Firm registration no. - 113496W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration to be mutually decided by the Board of Directors of the Company and the Auditors.”

5. To re-appoint M/s. N.A. Shah Associates, Chartered Accountants as the Joint Statutory Auditors of the Company and to fix their remuneration and in this connection to consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

“Resolved that pursuant to the provisions of Section 139, 141, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors), Rules 2014 including any amendment, modification, variation or re-enactment thereof and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. N.A. Shah Associates, Chartered Accountants (Firm registration no. - 116560W) be and are hereby appointed as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration to be mutually decided by the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013, Ms. Drushti R. Desai (DIN 00294249) who was appointed as an Additional Director of the Company with effect from July 23, 2014 pursuant to Article 125 of the Articles of Association of the Company read with Section 161(1) of the Companies Act, 2013 and whose term of office as an Additional Director expires at this Annual General meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act 2013, along with the prescribed deposit, from a member proposing the candidature of Ms. Desai for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office as such for a period of 5 (five) consecutive years from the date of this meeting;

FURTHER RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and/or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“FURTHER RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013 the consent of the members be and is hereby accorded to appoint Mr. Nimish G. Pandya (DIN 00326966) Director of the Company in respect of whom the Company has received a notice under Section 160 of the Companies Act 2013, along with the prescribed deposit, from a member proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office as such for a period of 5(five) consecutive years w.e.f April 1, 2014 to March 31, 2019;

FURTHER RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and/or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013 the consent of the members be and is hereby accorded to appoint Dr. Prakash A. Mody (DIN 00001285) Director of the Company in respect of whom the Company has received a notice under Section 160 of the Companies Act 2013, along with the prescribed deposit, from a member proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office as such for a period of 5(five) consecutive years w.e.f April 1, 2014 to March 31, 2019;

FURTHER RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and/or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013 the consent of the members be and is hereby accorded to appoint Mr. Yogesh A. Thar (DIN 02687466) Director of the Company in respect of whom the Company has received a notice under Section 160 of the Companies Act 2013, along with the prescribed deposit, from a member proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office as such for a period of 5(five) consecutive years w.e.f April 1, 2014 to March 31, 2019;

FURTHER RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and/or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

10. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provision of Sections 196, 197 and other applicable provision of the Companies Act, 2013 and the rules made there under read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof consent of the members be and is hereby accorded to the re-appointment of Mr. Kewalchand P. Jain (DIN 00029730) as the Chairman and Managing Director of the Company for a period of

5(five) years w.e.f April 1, 2015 to 31st March 2020 on the terms and conditions including remuneration as detailed below with a liberty to the Board of Directors which term shall be deemed to include any Committee of the Board constituted to exercise its powers, (including the powers conferred by this resolution) to alter and revise the terms and conditions of remuneration as may be agreed to by the Board of Directors and Mr. Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof:

- I. Total monthly remuneration of Rs. 6,25,000/- (Basic Rs. 1,87,500/- & Allowance Rs. 4,37,500/-)

The Company's contribution to provident fund as per the rules of the Company and to the extent not taxable under the income tax law shall not be included for the purpose of computation of the overall ceiling of remuneration

- II. Perquisites:

- a. Gratuity at a rate not exceeding half month's salary for each completed year of services, payable at the end of the tenure or retirement or resignation;
- b. Encashment of leave, bonus and allowances as per the Company policy rules;
- c. Medical reimbursement in India or abroad as per Company policy and/or rules and/or medical insurance premium;
- d. Use of Company's car along with driver for official and personal purposes, two telephones at residence and two mobile phones;
- e. Any other allowances, perquisites, benefits and facilities as may be approved by the Board of Directors from time to time;

The valuation of perquisite shall be as per the Income Tax Rules and wherever no method of valuation is prescribed therein, the same shall be valued at the cost to the Company.

- III. Reimbursement of expenses incurred in respect of his official duties including traveling and entertainment expenses.

Responsibilities:

Mr. Jain will be responsible for the day to day management of the affairs of the Company under the supervision and control of the Board of Directors of the Company. He shall report all matters to the Board and shall function under the superintendence and control of the Board.

FURTHER RESOLVED THAT the remuneration payable to Mr. Jain during Mr. Jain's term of office as Managing Director together with the remuneration payable to the other Whole-time Directors of the Company viz. Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain shall not in any financial year exceed 10% of the net profits of the Company for that respective financial year calculated in the manner stated in Section 197, 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof;

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during Mr. Jain's term of office as Managing Director the above remuneration and perquisites be paid as minimum remuneration, subject to the overall limits specified in Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time;

LASTLY RESOLVED THAT Mr. Hemant P. Jain, Whole-time Director and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and/or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution."

11. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provision of Sections 196, 197 and other applicable provision of the Companies Act, 2013 and the rules made there under read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof consent of the members be and is hereby accorded to the appointment of Mr. Hemant P. Jain (DIN 00029822) as the Whole-time Director of the Company for a period of 5(five) years w.e.f 1st September 2014 to 31st August 2019 on the terms and conditions including remuneration as detailed below with a

liberty to the Board of Directors which term shall be deemed to include any Committee of the Board constituted to exercise its powers, (including the powers conferred by this resolution) to alter and revise the terms and conditions of remuneration as may be agreed to by the Board of Directors and Mr. Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof:

I. Total monthly remuneration of Rs. 6,25,000/- (Basic Rs. 1,87,500/- & Allowance Rs. 4,37,500/-)

The Company's contribution to provident fund as per the rules of the Company and to the extent not taxable under the income tax law shall not be included for the purpose of computation of the overall ceiling of remuneration

II. Perquisites:

- a. Gratuity at a rate not exceeding half month's salary for each completed year of services, payable at the end of the tenure or retirement or resignation;
- b. Encashment of leave, bonus and allowances as per the Company policy rules;
- c. Medical reimbursement in India or abroad as per Company policy and/or rules and/or medical insurance premium;
- d. Use of Company's car along with driver for official and personal purposes, two telephones at residence and two mobile phones;
- e. Any other allowances, perquisites, benefits and facilities as may be approved by the Board of Directors from time to time;

The valuation of perquisite shall be as per the Income Tax Rules and wherever no method of valuation is prescribed therein, the same shall be valued at the cost to the Company.

III. Reimbursement of expenses incurred in respect of his official duties including traveling and entertainment expenses.

Responsibilities:

Mr. Jain will be responsible for the day to day management of the affairs of the Company under the supervision and control of the Board of Directors of the Company. He shall report all matters to the Board and shall function under the superintendence and control of the Board.

FURTHER RESOLVED THAT the remuneration payable to Mr. Jain during Mr. Jain's term of office as Whole-time Director together with the remuneration payable to the Managing Director i.e. Mr. Kewalchand P. Jain and other Whole-time Directors of the Company viz. Mr. Dinesh P. Jain and Mr. Vikas P. Jain shall not in any financial year exceed 10% of the net profits of the Company for that respective financial year calculated in the manner stated in Section 197, 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof;

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during Mr. Jain's term of office as Whole-time Director the above remuneration and perquisites be paid as minimum remuneration, subject to the overall limits specified in Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time;

LASTLY RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and/or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution."

12. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provision of Sections 196, 197 and other applicable provision of the Companies Act, 2013 and the rules made there under read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof consent of the members be and is hereby accorded to the appointment of Mr. Dinesh P. Jain (DIN 00327277) as the Whole-time Director of the Company for a period of 5(five) years w.e.f 1st September 2014 to 31st August 2019 on the terms and conditions including remuneration as detailed below with a liberty to the Board of Directors which term shall be deemed to include any Committee of the Board constituted to exercise its powers, (including the powers conferred by this resolution) to alter and revise the terms and conditions of

remuneration as may be agreed to by the Board of Directors and Mr. Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof:

I. Total monthly remuneration of Rs. 6,25,000/- (Basic Rs. 1,87,500/- & Allowance Rs. 4,37,500/-)

The Company's contribution to provident fund as per the rules of the Company and to the extent not taxable under the income tax law shall not be included for the purpose of computation of the overall ceiling of remuneration

II. Perquisites:

- a. Gratuity at a rate not exceeding half month's salary for each completed year of services, payable at the end of the tenure or retirement or resignation;
- b. Encashment of leave, bonus and allowances as per the Company policy rules;
- c. Medical reimbursement in India or abroad as per Company policy and/or rules and/or medical insurance premium;
- d. Use of Company's car along with driver for official and personal purposes, two telephones at residence and two mobile phones;
- e. Any other allowances, perquisites, benefits and facilities as may be approved by the Board of Directors from time to time;

The valuation of perquisite shall be as per the Income Tax Rules and wherever no method of valuation is prescribed therein, the same shall be valued at the cost to the Company.

III. Reimbursement of expenses incurred in respect of his official duties including traveling and entertainment expenses.

Responsibilities:

Mr. Jain will be responsible for the day to day management of the affairs of the Company under the supervision and control of the Board of Directors of the Company. He shall report all matters to the Board and shall function under the superintendence and control of the Board.

FURTHER RESOLVED THAT the remuneration payable to Mr. Jain during Mr. Jain's term of office as Whole-time Director together with the remuneration payable to the Managing Director i.e. Mr. Kewalchand P. Jain and other Whole-time Directors of the Company viz. Mr. Hemant P. Jain and Mr. Vikas P. Jain shall not in any financial year exceed 10% of the net profits of the Company for that respective financial year calculated in the manner stated in Section 197, 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof;

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during Mr. Jain's term of office as Whole-time Director the above remuneration and perquisites be paid as minimum remuneration, subject to the overall limits specified in Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time;

LASTLY RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and/or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution."

13. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provision of Sections 196, 197 and other applicable provision of the Companies Act, 2013 and the rules made there under read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof consent of the members be and is hereby accorded to the appointment of Mr. Vikas P. Jain (Din 00029901) as the Whole-time Director of the Company for a period of 5(five) years w.e.f 1st September 2014 to 31st August 2019 on the terms and conditions including remuneration as detailed below with a liberty to the Board of Directors which term shall be deemed to include any Committee of the Board constituted to exercise its powers, (including the powers conferred by this resolution) to alter and revise the terms and conditions of remuneration as may be agreed to by the Board of Directors and Mr. Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof:

- I. Total monthly remuneration of Rs. 6,25,000/- (Basic Rs. 1,87,500/- & Allowance Rs. 4,37,500/-)

The Company's contribution to provident fund as per the rules of the Company and to the extent not taxable under the income tax law shall not be included for the purpose of computation of the overall ceiling of remuneration

II. Perquisites:

- a. Gratuity at a rate not exceeding half month's salary for each completed year of services, payable at the end of the tenure or retirement or resignation;
- b. Encashment of leave, bonus and allowances as per the Company policy rules;
- c. Medical reimbursement in India or abroad as per Company policy and/or rules and/or medical insurance premium;
- d. Use of Company's car along with driver for official and personal purposes, two telephones at residence and two mobile phones;
- e. Any other allowances, perquisites, benefits and facilities as may be approved by the Board of Directors from time to time;

The valuation of perquisite shall be as per the Income Tax Rules and wherever no method of valuation is prescribed therein, the same shall be valued at the cost to the Company.

III. Reimbursement of expenses incurred in respect of his official duties including traveling and entertainment expenses.

Responsibilities:

Mr. Jain will be responsible for the day to day management of the affairs of the Company under the supervision and control of the Board of Directors of the Company. He shall report all matters to the Board and shall function under the superintendence and control of the Board.

FURTHER RESOLVED THAT the remuneration payable to Mr. Jain during Mr. Jain's term of office as Whole-time Director together with the remuneration payable to the Managing Director i.e. Mr. Kewalchand P. Jain and other Whole-time Directors of the Company viz. Mr. Hemant P. Jain and Mr. Dinesh P. Jain shall not in any financial year exceed 10% of the net profits of the Company for that respective financial year calculated in the manner stated in Section 197, 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof;

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year during Mr. Jain's term of office as Whole-time Director the above remuneration and perquisites be paid as minimum remuneration, subject to the overall limits specified in Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time;

LASTLY RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and/or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution."

14. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force the existing Articles of Associations of the Company be and are hereby substituted by a new set of Article of Association, draft of which has been initialed by the Chairman and made available for inspection by the shareholders at the registered office of the Company be and are hereby approved and adopted as the Article of Association of the Company in substitution for and to the entire exclusion of all the article contained in the existing Article of Association;

LASTLY RESOLVED Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange Vice President – Legal and Company Secretary be and are hereby jointly and severally authorized by the Company to undertake such acts, deeds, matters as they may in their absolute discretion deem necessary proper or desirable including any amendment or modification to the proposed Article of Association as per the suggestion/ direction of the regulatory

authority and settle any questions, difficulty or doubts that may arise in this regard, including but not limited to making requisite filing with the registrar of companies and/or the stock exchanges and/or any other regulatory authorities as may be required to give effect to the alteration of the Article of Association in accordance with this resolution."

15. To consider and, if thought fit, pass with or without modification(s) the following resolution as Special Resolution:

"RESOLVED THAT in suppression of the ordinary resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting held on 4th August 2008 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with the Articles of Association of the Company, the consent of the members be and is hereby accorded to authorize the Board of Directors (herein after referred to as the Board which term shall include any Committee which the Board may/has constitute/constituted for this purpose) to borrow any sum or sums of money (including non fund based facilities) from time to time at their discretion, for the purpose of the business of the Company with or without security on such terms and conditions as they may think fit from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) provided however that the total amount of monies so borrowed by the Board of Directors and outstanding at any time shall not exceed Rs. 200 crores (Two hundred crores) over and above the aggregate of paid up capital and free reserves;

LASTLY RESOLVED THAT the Board be and are hereby authorized to do all such acts, deeds, matters and things and to execute all such documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

16. To consider and, if thought fit, pass with or without modification(s) the following resolution as Special Resolution:

"RESOLVED THAT in suppression of the ordinary resolution passed under Section 293(1)(a) of the Companies Act, 1956 at the Annual General Meeting held on 4th August 2008 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the members be and is hereby accorded to authorize the Board of Directors (herein after referred to as the Board which term shall include any Committee which the Board may/has constitute/constituted for this purpose) to mortgage and/or charge and/or hypothecate in addition to the mortgages / charges created/ to be created/ hypothecated by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Banks/ Financial Institutions/ lender(s), Agents(s) and trustee / trustee(s), other investing agencies, for securing the loans/borrowings sanctioned and/or to be sanctioned by them from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, and all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) / Heads of Agreement(s), Debenture Trust Deed(s) or any other documents, entered into/to be entered into between the Company and the Lender(s)/ Agent(s) and trustee / trustee(s), in respect of the said loans / borrowings and containing such specific terms and condition and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors and the Banks/ Financial Institutions/ Lender(s) / Agents(s) and Trustee / Trustee(s);

LASTLY RESOLVED THAT the Board be and are hereby authorized to do all such acts, deeds, matters and things and to execute all such documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

17. To consider and, if thought fit, pass with or without modification(s) the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Meetings of Board and its Power) Rules, 2014 including any amendment, modification, variation or re-enactment thereof and subject to such other approvals, consents, permissions, and sanctions of any other authorities as may be necessary the consent of the members be and is hereby accorded to the Board of Directors (herein after referred to as the Board which term shall include any Committee which the Board may/has constitute/constituted for this purpose) to purchase from time to time in the ordinary course of business furniture and fixtures upto an amount of Rs. 1,00,00,000/- (Rupees One Crore only) from Kornerstone Retail Limited (CIN U51909MH2005PLC152108) (one of the group company) w.e.f. September 1, 2014 on such terms and conditions agreed upon between the Board of Directors of the company and Kornerstone Retail Limited;

FURTHER RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice – President – Legal and Company Secretary be and are hereby jointly and or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

18. To consider and, if thought fit, pass with or without modification(s) the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Meetings of Board and its Power) Rules, 2014 including any amendment, modification, variation or re-enactment thereof and subject to such other approvals, consents, permissions, and sanctions of any other authorities as may be necessary the consent of the members be and is hereby accorded to the Board of Directors (herein after referred to as the Board which term shall include any Committee which the Board may/has constitute/constituted for this purpose) to license the premises situated at Shop no. 1, Shatrunjay Plaza, Goregaon (West), Mumbai: 400 062 to Kornerstone Retail Limited (CIN U51909MH2005PLC152108) (one of the group company) at a monthly rent of Rs.1,15,000/- (Rupees One Lakh Fifteen Thousand only) or 15% of net revenue from the said premises whichever is higher for 60 months w.e.f. October 1, 2014 upto September 30, 2019 on such terms and conditions agreed upon between the Board of Directors of the company and Kornerstone Retail Limited;

FURTHER RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Abhijit B. Warange, Vice – President – Legal and Company Secretary be and are hereby jointly and or severally authorized to give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution;

LASTLY RESOLVED Mr. Kewalchand P. Jain, Chairman and Managing Director, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and or severally authorized to appear on behalf of the Company before the sub registrar of assurance to admit execution and registration of agreements entered into on behalf of the Company and to all acts, deeds, matters and things as are necessary to give effect to this resolution.”

19. To consider and, if thought fit, pass with or without modification(s) the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Meetings of Board and its Power) Rules, 2014 including any amendment, modification, variation or re-enactment thereof and subject to such other approvals, consents, permissions, and sanctions of any other authorities as may be necessary the consent of the members be and is hereby accorded to the Board of Directors (herein after referred to as the Board which term shall include any Committee which the Board may/has constitute/constituted for this purpose) to take on leave and license for a period of 5 years w.e.f. September 1, 2014 to 31st August 2019 from the Promoter/Director of the company the detailed below premises for such license fee and on payment of such interest free refundable security deposit mentioned against the respective premises on terms and condition as may be agreed between the Board of Directors and respective Owners:

1. Premises being Unit No. A-1 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from Mr. Kewalchand P. Jain, Chairman and Managing Director on monthly rent of Rs.34,500/- (Rupees Thirty Four Thousand Five Hundred only);

2. Premises being Unit No. A-2 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from Mr. Vikas P. Jain, Whole-time Director on monthly rent of Rs. 23,000/- (Rupees Twenty Three Thousand only);
3. Premises being Unit No. A-3 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from Mr. Hemant P. Jain, Whole-time Director on monthly rent of Rs. 23,000/-(Rupees Twenty Three Thousand only);
4. Premises being Unit No. A-4 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from Mr. Dinesh P. Jain, Whole-time Director on monthly rent of Rs. 23,000/-(Rupees Twenty Three Thousand only);
5. Premises being Unit No. A-5 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from joint owners Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors on monthly rent of Rs. 23,000/-(Rupees Twenty Three Thousand only) ;
6. Premises being Unit No. A-8 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from joint owners Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Whole-time Director on monthly rent of Rs. 18,000/-(Rupees Eighteen Thousand only) ;
7. Premises being Unit No. C-3 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from joint owners Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Whole-time Director on monthly rent of Rs. 25,300/- (Rupees Twenty Five Thousand Three Hundred only);
8. Premises being Unit No. C-4 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from joint owners Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors on monthly rent of Rs. 25,300/- (Rupees Twenty Five Thousand Three Hundred only);
9. Premises situated at Unit No. 3, Devare House, Bhawani Shankar Road, Dadar (west) , Mumbai - 400 028 from joint owners Smt. Shantaben P. Jain, Promoter and Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Whole-time Director on monthly rent of Rs. 1,08,000/- (Rupees One Lakh Eight Thousand only) and an interest free refundable security deposit of Rs. 6,48,000/- (Rupees Six Lakhs Forty Eight Thousand only);
10. Premises situated at Unit No.104, Devare House, Bhawani Shankar Road, Dadar (west) , Mumbai - 400 028 from Smt. Shantaben P. Jain, Promoter on monthly rent of Rs. 22,500/- (Rupees Twenty Two Thousand Five Hundred only) and an interest free refundable security deposit of Rs. 1,35,000/-(Rupees One Lakhs Thirty Five Thousand only);

FURTHER RESOLVED THAT Mr. Kewalchand P. Jain, Chairman and Managing Director, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and or severally authorized to execute all such agreement, documents, writing and give necessary intimations to all statutory authorities concerned and to do all such acts, deeds and things as may be necessary to give effect to this resolution;

LASTLY RESOLVED Mr. Kewalchand P. Jain, Chairman and Managing Director, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors and Mr. Abhijit B. Warange, Vice President – Legal and Company Secretary be and are hereby jointly and or severally authorized to appear on behalf of the Company before the sub registrar of assurance to admit execution and registration of agreements entered into on behalf of the Company and to all acts, deeds, matters and things as are necessary to give effect to this resolution”

By order of the Board of Directors

Abhijit B. Warange
Vice President – Legal & Company Secretary

Regd. Office: Kewal Kiran Estate, 460/7, I. B. Patel Road,
Goregaon (E), Mumbai-400 063

Date: July 23, 2014

Place: Mumbai

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** In order to be valid, proxies duly stamped, should be lodged with the Company at its registered office not later than forty eight hours before the commencement of the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
3. Statement pursuant to Section 102(1) of the Companies Act 2013, setting out the material facts concerning each item of special business to be transacted as at general meeting is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from August 21, 2014 to August 28, 2014 (both days inclusive).
5. The dividend as may be declared shall be payable to members of the Company whose names appear:
 - a) As Beneficial Owners as at the end of business hours on August 20, 2014 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of the shares held in electronic form and
 - b) As members on the Register of Members of the Company as at August 28, 2014 after giving effect to valid transfers in respect of transfer request lodged with the Company on or before the close of business hours on August 20, 2014 .
6. The Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) have advised all listed companies to mandatorily use the National Electronic Clearing Services (NECS) facility wherever possible for dividend payment to the shareholders. In view of this stipulation the Company proposes to implement the NECS facility. Members are requested to provide the Company with NECS mandate for crediting the future dividend payment directly to their respective bank accounts. The Company shall be able to coordinate with the bankers only on receipt of the necessary information. The main information required therein is the type of account, name of the bank and the account number. It should be signed by all the holders, as per the specimen signature recorded with the Company/Depository Participant.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their Depository Participants whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ R&T Agent.
8. Members who have not claimed or not encashed their dividend warrants for dividend declared by the Company so far are requested to make their claims to the Company immediately. The said amounts remaining unpaid or unclaimed for seven years from the date they become due for payment are required to be transferred to investor education and protection fund pursuant to Section 205C of the Companies Act, 1956.

The below mentioned is the information relating to outstanding dividend accounts and the due dates for claiming dividends.

| Financial year | Date of allotment/ declaration | Last date for claiming dividend |
|--------------------------|--------------------------------|---------------------------------|
| Final Dividend 2006-07 | August 7, 2007 | September 11, 2014 |
| Interim Dividend 2007-08 | October 20, 2007 | November 24, 2014 |
| Final Dividend 2007-08 | August 4, 2008 | September 9, 2015 |

| Financial year | Date of allotment/ declaration | Last date for claiming dividend |
|--|--------------------------------|---------------------------------|
| Final Dividend 2008-09 | August 3, 2009 | September 8, 2016 |
| Final Dividend 2009-10 | August 5, 2010 | September 10, 2017 |
| 1 st Interim Dividend 2010-11 | October 27, 2010 | December 1, 2017 |
| 2 nd Interim Dividend 2010-11 | April 2, 2011 | May 8, 2018 |
| Final Dividend 2010-11 | September 6, 2011 | October 11, 2018 |
| 1 st Interim Dividend 2011-12 | October 20, 2011 | November 25, 2018 |
| 2 nd Interim Dividend 2011-12 | March 2, 2012 | April 7, 2019 |
| Final Dividend 2011-12 | August 3, 2012 | September 8, 2019 |
| 1 st Interim Dividend 2012-13 | November 7, 2012 | December 13, 2019 |
| 2 nd Interim Dividend 2012-13 | February 13, 2013 | March 22, 2020 |
| 3 rd Interim Dividend 2012-13 | May 11, 2013 | June 17, 2020 |
| Final Dividend 2012-13 | August 22, 2013 | September 28, 2020 |
| 1 st Interim Dividend 2013-14 | October 19, 2013 | November 25, 2020 |
| 2 nd Interim Dividend 2013-14 | January 24, 2014 | March 2, 2021 |
| 3 rd Interim Dividend 2013-14 | May 10, 2014 | June 16, 2021 |

The Company had declared Final Dividend for the financial year ended 2005-06 in the annual general meeting held on September 14, 2006. The unencashed dividend amount lying unclaimed to the credit of the said Final Dividend Account 2005-06 became due for transfer to the Investor Education and Protection Fund on October 19, 2013. The Company has accordingly transferred an amount of Rs.26,262/- (Rupees Twenty Six Thousand Two Hundred and Sixty Two only) being the unencashed dividend amount remaining unclaimed and due for transfer to the Investor Education and Protection Fund.

9. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith relevant share certificates to the Company's Registrar & Transfer Agents, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400 078.
10. Members holding shares in physical segment are requested to notify change in their address/status, if any, immediately to the Company's Registrar & Transfer Agents, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400 078.
11. The Company has designated an exclusive e-mail id called **grievanceredressal@kewalkiran.com** for redressal of shareholders complaints /grievances. In case you have any queries/complaints or grievances then please write to us at **grievanceredressal@kewalkiran.com**
12. Members who would like to ask any questions on the accounts are requested to send their questions at Registered Office of the Company at least 10 days before the Annual General Meeting to enable the Company to answer their queries satisfactorily.
13. Members are requested to bring their copies of the Annual Report to the Annual General Meeting. Members may also note that the Notice of the 23rd AGM and Annual Report will be available on the Company's website, www.kewalkiran.com and the physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours (10.00 am to 1.00 pm) on all working days except Sundays upto and including the date of the Annual General Meeting of the Company.
14. The members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.

15. Members may also note that 23rd Annual Report (including notice, attendance slip and proxy form) will also be available on the Company's website www.kewalkiran.com for their download.

16. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc from the Company electronically.

17. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013, and the Rules made there under, the Company is pleased to provide its shareholders with the facility to exercise their right to vote at the 23rd Annual General Meeting of the Company by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services Limited (CDSL)

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) below to cast vote.

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the Company Name i.e "Kewal Kiran Clothing Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next Enter the Image verification as displayed and Click on Login
- (vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below.

| For Members holding shares in Demat Form | | For Members holding shares in Physical Form |
|--|--|---|
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">● Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field● In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field | |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. | |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">● Please enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field. | |

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant company i.e. "Kewal Kiran Clothing Limited" on which you choose to vote.

(xii) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and Image Verification Code and click on Forgot Password & enter the details as prompted by the system.

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(B) The voting period begins on August 21, 2014 at 10.a.m. IST and ends on August 23, 2014 at 6 p.m. IST During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date August 1, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

(D) The Voting rights of shareholders shall be in proportion to their shares of the paid up capital of the Company as on the cut-off date of August 1, 2014.

- (E) Sanjay Dholakia & Associates, Practising Company Secretary (C.P.No.1798) has been appointed as scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (F) As the voting of the Members is through electronic means, the members who do not have access to e-voting, may request a Physical Ballot form from the Registered office of the Company. You are required to fill in the ballot form and enclose it in sealed envelope and sent it to the scrutinizer Sanjay Dholakia & Associates (213, Ground floor, Raghuleela Mall, Behind Painsur Bus depot, Kandivali(West), Mumbai – 400 067) so as to reach the Scrutinizer not later than August 23, 2014 at 6.00 p.m. IST. Ballot Form received after this date will be treated as invalid. The Scrutinizer's decision on the validity of the forms will be final. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- (G) The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the E-Voting period unlock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (H) The results shall be declared at the AGM of the Company. The results declared along with the scrutinizers report shall be placed on the Company' website www.kewalkiran.com and on the website of CDSL within 2 (two) days of the passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the shares of the Company are listed.
18. All documents referred to in the accompanying notice and the explanatory statement shall be open to inspection at the registered office of the Company during normal business hours (10.00 am to 1.00 pm) on all working days except Sundays upto and including the date of the Annual General Meeting of the Company.
19. Details under Clause 49 of the Listing Agreement with the stock exchange in respect of Directors seeking appointment/ reappointment forms an integral part of this notice as is give hereunder:

A. *Profile of Director retiring by rotation and offering for re-appointment:*

Mr. Dinesh P. Jain:

Born in 1969, Mr. Dinesh Jain joined the business in 1990. Mr. Jain heads the manufacturing operations of the Company. He specializes in Production and HR related issues. Mr. Jain is also responsible for ensuring optimum utilization of production facilities of the Company at its units at Dadar, Goregaon, Daman and Vapi. Mr. Jain is a trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust. He is also the advisor to the Daman Industries Association.

Mr. Jain holds 7,44,831 shares which includes 16,000 shares as a Karta of Dinesh P. Jain (H.U.F) and 99,401 shares held j/w Sangeeta D. Jain in the Company as on the date of this notice.

The details of other directorships of Mr. Dinesh P. Jain are as follows:-

| NAME OF THE COMPANY | BOARD POSITION HELD |
|--|---------------------|
| Kornerstone Retail Limited | Director |
| Kewal Kiran Management Consultancy Limited | Director |
| Kewal Kiran Realtors and Infrastructures Private Limited | Director |
| Kewal Kiran Media and Communication Limited | Director |
| Kewal Kiran Finance Private Limited | Director |
| Synthofine Chemicals of India Limited | Director |
| Lord Gautam Charitable Foundation | Director |

B. Profile of Directors to be appointed as Independent directors not liable to retire by rotation:

Ms. Drushti R. Desai

Ms. Drushti R. Desai is currently a Partner of M/s Bansi S. Mehta & Co., a leading firm of Chartered Accountants in Mumbai. Ms. Desai is a Fellow member of Institute of the Chartered Accountants of India. Ms. Desai has a rich blend of experience in Corporate Advisory, Mergers & Acquisitions - Advisory & Valuations and Direct Tax Advisory.

As on the date of this notice Ms. Desai does not hold any shares in the Company.

The details of other directorships of Ms. Drushti R. Desai are as follows:-

| NAME OF THE COMPANY | BOARD POSITION HELD |
|--|---------------------|
| MPIL Corporation Limited | Director |
| MT Educare Limited | Director |
| Kruti Finance and Holdings Private Limited | Director |

The details of committee memberships of Ms. Drushti R. Desai are as follows:-

| NAME OF THE COMPANY | NAME OF THE COMMITTEE | POSITION HELD |
|--------------------------|------------------------------|---------------|
| MPIL Corporation Limited | Audit Committee | Member |
| MT Educare Limited | Audit Committee | Chairman |
| MT Educare Limited | Investor Grievance Committee | Member |
| MT Educare Limited | Remuneration Committee | Member |

Mr. Nimish G. Pandya:

Mr. Nimish Gulabrai Pandya holds a Bachelor's Degree in Law from Bombay University. He is a member of the Bar Council of Maharashtra and was appointed as a Notary Public by the Government of Maharashtra in the year 1993.

He is a proprietor of Pandya & Co., Advocates and specializes in mergers and acquisitions. Besides, his career in law, he has been actively involved in many spiritual and social activities and is a Trustee of Sri Sathya Sai Trust, Maharashtra and Vice President of the Satya Sai Seva Organisation, India. He is also a prominent member of the International Faculty of Personality Development Courses based on Human Values.

A Prolific speaker, a dramatist and an ardent social worker, he has dedicated himself to the cause of Education in Human Values for children all over the world.

Mr. Pandya does not hold any shares in the Company as on the date of this notice.

The details of other directorships of Mr. Nimish G. Pandya are as follows:-

| NAME OF THE COMPANY | BOARD POSITION HELD |
|---------------------|---------------------|
| NIL | |

The details of committee memberships of Mr. Nimish G Pandya are as follows:-

| NAME OF THE COMPANY | NAME OF THE COMMITTEE | POSITION HELD |
|------------------------------|--|---------------|
| Kewal Kiran Clothing Limited | Remuneration Committee | Chairman |
| Kewal Kiran Clothing Limited | Shareholders and Investors Grievance Committee | Chairman |
| Kewal Kiran Clothing Limited | Audit Committee | Member |
| Kewal Kiran Clothing Limited | Share Transfer Committee | Member |

Dr. Prakash A. Mody:

Dr. Prakash Amrut Mody is the Chairman and Managing Director of Unichem Laboratories Limited. He has a rich experience in the field of marketing, research and production.

Dr. Mody is a doctorate (Ph.D.) in Organic Chemistry from the University of Mumbai. He has perceived marketing management from Jamnalal Bajaj Institute of Management Studies, University of Mumbai. He is also a Graduate Alumni of Harvard Business School having undergone the Owner Presidents' Management Program.

Dr. Mody is the former Vice President of the Indian Pharmaceutical Association. He is also on the Executive Committee of the Indian Drug Manufacturers Association. He is a member of the Young Presidents' Organisation Inc-World President Organisation, an international organization for young presidents. He is a member of the Rotary Club of Bombay Mid-Town and is also involved in many other social activities.

As on the date of this notice Dr. Mody holds 336 shares in the Company.

The details of other directorships of Dr. Prakash A. Mody are as follows:-

| NAME OF THE COMPANY | BOARD POSITION HELD |
|---|---------------------|
| Unichem Laboratories Limited | Chairman |
| Unichem Farmaceutica Do Brazil Ltda. (Brazil) | Director |
| Unichem SA (Pty) Limited (South Africa) | Director |
| Unichem Pharmaceuticals (USA) Inc | Director |
| Unichem Laboratories Pty. Limited (Australia) | Director |

The details of committee memberships of Dr. Prakash A. Mody are as follows:-

| NAME OF THE COMPANY | NAME OF THE COMMITTEE | POSITION HELD |
|------------------------------|------------------------|---------------|
| Kewal Kiran Clothing Limited | Remuneration Committee | Member |

Mr. Yogesh A. Thar

Mr. Yogesh A. Thar is currently a Partner of M/s Bansi S. Mehta & Co., a leading firm of Chartered Accountants in Mumbai. He is a Fellow member of Institute of the Chartered Accountants of India. He has a rich blend of experience in income tax and service tax.

In his work experience of 28 years, he has acquired specialization in the areas of business mergers, acquisitions and restructuring, business valuations, corporate taxation and taxation of non-residents and foreign companies.

He started his career with M/s S. V. Ghatalia & Co., Chartered Accountants, as a newly qualified Chartered Accountant in 1984. He then practiced for nearly a decade as a sole proprietor and as a partner in M/s R. S. Kadakia & Co., Chartered Accountants, before joining Bansi S. Mehta & Co. in 1997.

He has to his credit authorship of several books and articles on direct tax and double taxation avoidance agreements published mainly by Taxman, The Chamber of Income Tax Consultants and by the Bombay Chartered Accountants' Society. He was a visiting faculty at the Narsee Monjee Institute of Management Studies during the period 1992 to 1997. He served as joint editor of the Bombay Chartered Accountants Society's publication – The Referencer – cum – Diary from 1997 to 2008.

Mr. Thar presently is a Member of the Taxation Committee of the Bombay Chartered Accountants' Society and a Member of the Direct Tax Committee of the Chamber of Tax Consultants.

As on the date of this notice Mr. Thar does not hold any shares in the Company.

The details of other directorships of Mr. Yogesh A. Thar are as follows:-

| NAME OF THE COMPANY | BOARD POSITION HELD |
|--|---------------------|
| Rhodia Specialty Chemicals India Limited | Director |
| Sunshield Chemicals Limited | Director |

The details of committee memberships of Mr. Yogesh A. Thar are as follows:-

| NAME OF THE COMPANY | NAME OF THE COMMITTEE | POSITION HELD |
|--|------------------------|---------------|
| Rhodia Specialty Chemicals India Limited | Audit Committee | Chairman |
| Rhodia Specialty Chemicals India Limited | Remuneration Committee | Member |
| Sunshield Chemicals Limited | Audit Committee | Chairman |
| Kewal Kiran Clothing Limited | Audit Committee | Chairman |

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No. 6

Pursuant to Article 125 of the Articles of Association of the Company read with Section 161(1) of the Companies Act, 2013 Ms. Drushti R. Desai was appointed as an Additional Director of the Company with effect from July 23, 2014.

In terms of the provisions of Section 161(1) of the Companies Act, 2014 Ms. Desai would hold office upto the date of the ensuing Annual General Meeting.

Pursuant to provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules made there under read with Schedule –IV to the Companies Act, 2013 an independent director can hold office for a term upto five consecutive years on the Board of a Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No independent directors shall hold office for more than two consecutive terms and shall be eligible for appointment after the expiration of three years of ceasing to become an independent Director.

It is proposed to appoint Ms. Desai as Independent Director under Section 149,152 of the Companies Act, 2013 to hold office for a consecutive term of five years from the date of this Annual General Meeting.

The Company has received notice in writing from a member along with the requisite deposit under Section 160 of the Companies Act, 2013 proposing the candidature of Ms. Desai as an Independent Director of the Company.

Ms. Desai is not disqualified from being appointed as Director in terms of Section 152(4), 164 of the Companies Act, 2013 and has given her consent to act as Director.

The Company has also received declaration from Ms. Desai to the effect that she meets with the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and under the listing agreement with the Stock Exchange.

In the opinion of the Board Ms. Desai fulfills the conditions for appointment as an Independent Director as specified in the Act, rules made there under and listing agreement and is independent of the management.

It will be advantageous for the Company to continue to avail the services of Ms. Desai and take the benefit of her vast experience and expert knowledge.

The draft copy of letter of appointment of Ms. Desai as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company and also available on Company's website.

Your Directors have recommended the Ordinary Resolution for approval of members.

Except Ms. Desai no other Directors/ Key Managerial Personnel of the Company are in any way concerned/interested in the said resolution.

Item No. 7 to 9

Mr. Nimish G. Pandya, Dr. Prakash A. Mody and Mr. Yogesh A. Thar are Independent Directors of the Company. Pursuant to provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules made there under read with Schedule –IV to the Companies Act, 2013 an independent director can hold office for a term upto five consecutive years on the Board of a Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No independent directors shall hold office for more than two consecutive terms and shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director.

The Company would accordingly be required to fix the tenure of appointment of all the Non – Executive Independent Directors of the Company.

It is proposed to appoint Mr. Nimish G. Pandya, Dr. Prakash A. Mody and Mr. Yogesh A. Thar as Independent Directors under Section 149, 152 of the Companies Act, 2013 to hold office for a consecutive term of five years from April 1, 2014 to March 31, 2019.

The Company has received notices in writing from members along with the requisite deposit under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Pandya, Dr. Mody and Mr. Thar as Independent Directors of the Company.

Mr. Pandya, Dr. Mody and Mr. Thar are not disqualified from being appointed as Directors in terms of Section 152(4), 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Mr. Pandya, Dr. Mody and Mr. Thar that they meet with the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and under the listing agreement with the stock exchange.

In the opinion of the Board, Mr. Pandya, Dr. Mody and Mr. Thar fulfills the conditions for appointment as Independent Directors as specified in the Act, rules made there under and listing agreement and are independent of the management.

It will be advantageous for the Company to continue to avail the services of Mr. Pandya, Dr. Mody and Mr. Thar and take the benefit of their vast experience and expert knowledge.

The draft copies of letter of appointment of Mr. Pandya, Dr. Mody and Mr. Thar as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company and also available on Company's website.

Your Directors have recommended the Ordinary Resolutions for approval of members.

Except Mr. Pandya, Dr. Mody and Mr. Thar no other Directors/ Key Managerial Personnel of the Company are in any way concerned/interested in the said resolutions.

Item No. 10 to 13

The Board had in their meeting held on March 4, 2010 subject to the approval of the members of the Company by special resolution approved the re-appointment and remuneration as recommended by remuneration committee payable to Mr. Kewalchand P. Jain, Chairman and Managing Director for a term of five years i.e from April 1, 2010 to March 31, 2015. The Board had also in the said Board Meeting approved the re-appointment and remuneration as recommended by remuneration committee payable to Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors of the Company. The members of the Company had in the Annual General Meeting held on August 5, 2010 consented to the re-appointment and remuneration payable to Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain.

Subsequently the Board had in their meeting held on March 29, 2011 subject to the approval of the members of the Company by special resolution approved the revision of remuneration as recommended by remuneration committee payable to Mr. Kewalchand P. Jain, Chairman and Managing Director from April 1, 2011 to March 31, 2015. The Board had also in the said Board Meeting approved the revision of remuneration as recommended by remuneration committee payable to Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors of the Company. The members of the Company had in the Annual General Meeting held on September 6, 2011 consented to the revision of remuneration payable to Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain.

Pursuant to Section 196(2) of the Companies Act, 2013 no Company shall appoint or re-appoint any person as its Managing Director, Whole-time Director or Manager for a term exceeding five years at a time. The appointment of the Managing/ Whole-time Directors would be governed by Section 196 of the Companies Act, 2013 read with Part I of Schedule V to the Companies Act, 2013. The remuneration payable to the Managing/Whole-time Directors would be governed by Section 197 of the Companies Act 2013 read with Part II of Schedule V to the Companies Act, 2013. Section I of Part II of Schedule V provides for payment of remuneration to the Managing/Whole-time Directors not exceeding 10 % of the net profits in case of sufficient profits. Section II of Part II of Schedule V provides for payment of remuneration to the Managing/Whole-time Directors in case of no profits/insufficient profits.

The existing tenure of Mr. Kewalchand P. Jain, Chairman and Managing Director is for five years i.e from April 1, 2010 to March 31, 2015 and due for renewal w.e.f April 1, 2015.

The Company would be required to fix the tenure of appointment and remuneration of Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors.

The Nomination and Remuneration Committee of the Board of Directors have in their meeting held on July 23, 2014 recommended to the Board subject to the approval of the members the tenure of appointment and remuneration of Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors.

The Board of Directors have in their meeting held on July 23, 2014 subject to the approval of the members approved the tenure of appointment and remuneration of Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors.

Your Directors have recommended the Ordinary Resolutions for approval of members.

Except Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain no other Directors/ Key Managerial Personnel of the Company are in any way concerned/interested in the said resolutions.

Item No. 14

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013.

The Companies Act, 2013 is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a Company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders and shall also be open to inspection at the registered office of the Company during normal business hours (10.00 am to 1.00 pm) on all working days except Sundays upto and including the date of the Annual General Meeting of the Company.

Your Directors have recommended the Special Resolution for approval of members.

None of the Directors/ Key Managerial Personnel of the Company are in any way concerned/interested in the said resolution.

Item No. 15 & 16

The members of the Company had in the Annual General Meeting held on 4th August 2008 passed ordinary resolutions for authorizing the Board of Directors to borrow upto Rs. 200 Crores (Rupees Two Hundred Crores only) as also for creation of charge on Company's property as required under section 293(1)(d) and 293(1)(a) respectively of the Companies Act, 1956.

On implementation of the Companies Act, 2013, Section 180(1)(c) and Section 180(1)(a) of the Act were made effective from September 12, 2013, which provide for approval by the shareholders by way of Special Resolutions as against Ordinary Resolutions under the Companies Act, 1956. The Ministry of Corporate Affairs has vide General Circular No.04/

2014 dated March 25, 2014 clarified that pursuant to the said Sections of the Act, companies would be required to pass a fresh resolution by September 11, 2014.

It is necessary to obtain fresh approval of the members by means of Special Resolutions, to enable the Board of Directors of the Company to:

- a. Borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up share capital and free reserves of the Company.
- b. Create charge/ mortgage/ hypothecation of the Company's assets, both present and future, in favour of the Banks/ Financial Institutions, lender(s), Agents(s) and trustee / trustee(s), other investing agencies or other instrument to secure rupee/foreign currency loans, bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business).

Whilst no increase in the said limits is currently being proposed, the member's approval is being sought pursuant to Section 180 of the Companies Act 2013 by way of Special Resolutions.

Your Directors have recommended the Special Resolutions for approval of members.

None of the Directors/ Key Managerial Personnel of the Company are in any way concerned/interested in the said resolutions.

Item No. 17

Pursuant to Section 188 of the Companies Act, 2013 and subject to the rule 15(3)(i) of the Companies (Meetings of Board and its Power) Rules, 2014 every Company having a paid-up share capital of Rupees Ten Crores or more shall not enter into a contract or arrangement with any related party except with the prior approval of members at general meeting by special resolution.

The Company in the normal course of business purchases furniture and fixtures required for the purposes of business from Kornerstone Retail Limited, one of the group Company. The said transaction was outside the purview of Section 297 of the Companies Act, 1956. The Company for the purpose of its business intends to continue to purchase furniture and fixtures from Kornerstone Retail Limited in the future.

Since the transaction for purchase of furniture and fixtures from Kornerstone Retail Limited would now fall within the purview of Section 188 of the Companies Act, 2013 the consent of the members by a special resolution will be required for the same.

The details of the transaction are as follows:

1. Name of related party: Kornerstone Retail Limited (Enterprises under the same management)
2. Name of Director or Key Managerial Personnel who is related, if any: Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors
3. Nature of Relationship: Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors are also Directors in Kornerstone Retail Limited
4. The nature, duration of the contract and particulars of the contract or arrangement: To purchase furniture and fixture from Kornerstone Retail Limited from September 1, 2014 from time to time as may be required by the Company for the purpose of its business upto an amount of Rs. 1,00,00,000/- (Rupees One Crore only)
5. Any other information relevant or important for the members to take a decision on the proposed transaction : NA

Your Directors have recommended the Special Resolution for approval of members.

Except for Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain none of the Directors/ Key Managerial Personnel of the Company are in any way concerned/interested in the said resolution.

Item No. 18

Pursuant to Section 188 of the Companies Act 2013 and subject to the rule 15(3)(i) of the Companies (Meetings of Board and its Power) Rules, 2014 every Company having a paid-up share capital of Rupees Ten Crores or more shall not enter into a contract or arrangement with any related party except with the prior approval of members at general meeting by special resolution.

The Company had vide leave and license agreement dated December 6, 2013 licensed to Kornerstone Retail Limited Company's premises situated at Shop no. 1, Shatrunjay Plaza, S.V. Road, Goregaon West, Mumbai: 400 062 for a period of 11 months beginning from November 1, 2013 upto September 30, 2014. The said premises are not immediately required by the Company for the purpose of its business. The said transaction was outside the purview of Section 297 of the Companies Act, 1956. The Company intends to license the said premises to Kornerstone Retail Limited for a period of 60 months w.e.f. 1st September, 2014 to 30th August 2019.

Since the transaction to license premises to Kornerstone Retail Limited would now fall within the purview of Section 188 of the Companies Act, 2013 the consent of the members by a special resolution will be required for the same.

The details of the same are as follows:

1. Name of related party: Kornerstone Retail Limited (Enterprises under the same management)
2. Name of Director or Key Managerial Personnel who is related, if any: Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors
3. Nature of Relationship: Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors are also Directors in Kornerstone Retail Limited
4. The nature, duration of the contract and particulars of the contract or arrangement: To give on leave and license property situated at Shop no. 1, Shatrunjay Plaza, S.V. Road, Goregaon West, Mumbai: 400 062 to Kornerstone Retail limited for 60 months from the period beginning from October 1, 2014 to September 30, 2019 on a License Fee of Rs. 1,15,000/- (Rupees One Lakh Fifteen Thousand only) per month or 15% of net revenue generated from the said premises whichever is higher.
5. Any other information relevant or important for the members to take a decision on the proposed transaction : NA

Your Directors have recommended the Special Resolution for approval of members.

Except for Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain none of the Directors/ Key Managerial Personnel of the Company are in any way concerned/interested in the said resolution.

Item No. 19

Pursuant to Section 188 of the Companies Act 2013 and subject to the rule 15(3)(i) of the Companies (Meetings of Board and its Power) Rules, 2014 every Company having a paid-up share capital of rupees ten crores or more shall not enter into a contract or arrangement with any related party except with the prior approval of members at general meeting by special resolution.

The Company has Twelve units at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (E), Mumbai: 400 063 where it operates its factory i.e. stitching units. Further the Company has taken on leave and license Eight units at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (E), Mumbai: 400 063 from Mr. Kewalchand P. Jain, Chairman & Managing Director, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors of the Company.

The Company has Three Units at Devare House, Bhavani Shankar Road, Dadar West, Mumbai – 400 028 where it operates its retail store. Further the Company has taken on leave and license Two Units i.e. Unit No.3, Ground Floor, Devare House, Bhavani Shankar Road, Dadar West, Mumbai – 400 028 from the owners Mrs. Shantaben P. Jain (Promoter) j/w Mr. Kewalchand P. Jain (Chairman & Managing Director) j/w Mr. Hemant P. Jain (Whole-time Director) and Unit No.104, Devare House, Bhavani Shankar Road, Dadar West, Mumbai – 400 028 from Mrs. Shantaben P. Jain (Promoter)

The said transactions were outside the purview of Section 297 of the Companies Act, 1956. The Company intends to continue the license of the galas and shops taken from the Directors/Promoters in the future.

Since the transaction to license the premises from the Promoter/Executive Directors would now fall within the purview of Section 188 of the Companies Act, 2013 the consent of the members by a special resolution will be required for the same.

The details of the transaction are as follows:

1. Name of related party: Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain, Mr. Vikas P. Jain and Mrs. Shantaben P. Jain.
2. Name of Director or Key Managerial Personnel who is related, if any: Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors
3. Nature of Relationship: Mr. Kewalchand P. Jain is the Chairman and Managing Director and Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain are the Whole-time Directors of the Company. Mrs. Shantaben P. Jain is one of the Promoters of the Company. Mrs. Shantaben P. Jain is the mother of Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain, Mr. Vikas P. Jain.
4. The nature, duration of the contract and particulars of the contract or arrangement: Leave and license of the detailed below premises for a period of 60 months w.e.f 1st September 2014 to 30th August 2019
 - a. Premises being Unit No. A-1 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from Mr. Kewalchand P. Jain, Chairman and Managing Director on monthly rent of Rs.34,500/- (Rupees Thirty Four Thousand Five Hundred only);
 - b. Premises being Unit No. A-2 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from Mr. Vikas P. Jain, Whole-time Director on monthly rent of Rs. 23,000/- (Rupees Twenty Three Thousand only);
 - c. Premises being Unit No. A-3 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from Mr. Hemant P. Jain, Whole-time Director on monthly rent of Rs. 23,000/- (Rupees Twenty Three Thousand only);
 - d. Premises being Unit No. A-4 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from Mr. Dinesh P. Jain, Whole-time Director on monthly rent of Rs. 23,000/- (Rupees Twenty Three Thousand only);
 - e. Premises being Unit No. A-5 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from joint owners Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors on monthly rent of Rs. 23,000/- (Rupees Twenty Three Thousand only) ;
 - f. Premises being Unit No. A-8 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from joint owners Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Whole-time Director on monthly rent of Rs. 18,000/- (Rupees Eighteen Thousand only) ;
 - g. Premises being Unit No. C-3 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from joint owners Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Whole-time Director on monthly rent of Rs. 25,300/- (Rupees Twenty Five Thousand Three Hundred only);
 - h. Premises being Unit No. C-4 situated at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063 from joint owners Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Whole-time Directors on monthly rent of Rs. 25,300/- (Rupees Twenty Five Thousand Three Hundred only);
 - i. Premises situated at Unit No. 3, Devare House, Bhawani Shankar Road, Dadar (west) , Mumbai - 400 028 from joint owners Smt. Shantaben P. Jain, Promoter and Mr. Kewalchand P. Jain, Chairman and Managing Director and Mr. Hemant P. Jain, Whole-time Director on monthly rent of Rs. 1,08,000/- (Rupees One Lakh Eight Thousand only) and an interest free refundable security deposit of Rs. 6,48,000/- (Rupees Six Lakhs Forty Eight Thousand only);

- j. Premises situated at Unit No.104, Devare House, Bhawani Shankar Road, Dadar (west) , Mumbai - 400 028 from Smt. Shantaben P. Jain, Promoter on monthly rent of Rs. 22,500/- (Rupees Twenty Two Thousand Five Hundred only) and an interest free refundable security deposit of Rs. 1,35,000/-(Rupees One Lakhs Thirty Five Thousand only);

Your Directors have recommended the Special Resolution for approval of members.

Except for Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain none of the Directors/ Key Managerial Personnel of the Company are in any way concerned/interested in the said resolution.

By order of the Board of Directors

Abhijit B. Warange

Vice President – Legal & Company Secretary

Regd. Office: Kewal Kiran Estate, 460/7, I. B. Patel Road,
Goregaon (E), Mumbai-400 063

Date: July 23, 2014

Place: Mumbai

KEWAL KIRAN CLOTHING LIMITED

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

Tel. No.: 022 26814400 • **Fax No.:** 022 26814410/20

Website: www.kewalkiran.com • **Email:** grievanceredressal@kewalkiran.com

CIN : L18101MH1992PLC065136

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the member (s): _____

Registered address: _____

Email Id: _____

Folio / DP ID –Client ID No.: _____

I/We being the member(s) of Kewal Kiran Clothing Limited holding _____ Equity Shares hereby appoint:

(1) Name: _____ Email ID- _____

Address _____

_____ Signature _____ or failing him;

(2) Name: _____ Email ID- _____

Address _____

_____ Signature _____ or failing him;

(3) Name: _____ Email ID- _____

Address _____

_____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on Thursday, August 28, 2014 at M.C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince Of Wales Museum) Mumbai: 400 001 At 11.00 A.M. and any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Resolutions |
|---------|--|
| | Ordinary Business |
| 1 | Adoption of audited financial statements for the year ended March 31, 2014 and reports of the Board of Directors and the Auditors thereon. |
| 2 | Declaration of final dividend and confirmation of three interim dividends of Rs. 7.5/-, Rs. 7/- and Rs. 5/- respectively per equity share for the year ended March 31, 2014. |
| 3 | Re-appointment of Dinesh P. Jain who retires by rotation. |
| 4 | Re-appointment of Jain and Trivedi, Chartered Accountants, as Statutory Auditors and fixing their remuneration. |
| 5 | Re-appointment of N.A. Shah Associates, as Joint Statutory Auditors of the company and fixing their remuneration. |

| Sr. No. | Resolutions |
|---------|--|
| | Special Business |
| 6 | Appointment of Ms. Drushti R. Desai as an Independent Director not liable to retire by rotation. |
| 7 | Appointment of Mr. Nimish G. Pandya as an Independent Director not liable to retire by rotation. |
| 8 | Appointment of Dr. Prakash A. Modi as an Independent Director not liable to retire by rotation. |
| 9 | Appointment of Mr. Yogesh A. Thar as an Independent Director not liable to retire by rotation. |
| 10 | Approval of the tenure of appointment of Mr. Kewalchand P. Jain, Chairman and Managing Director of the Company and remuneration payable to Mr. Jain during such tenure. |
| 11 | Approval of the tenure of appointment of Mr. Hemant P. Jain, Whole-time Director of the Company and remuneration payable to Mr. Jain during such tenure. |
| 12 | Approval of the tenure of appointment of Mr. Dinesh P. Jain, Whole-time Director of the Company and remuneration payable to Mr. Jain during such tenure. |
| 13 | Approval of the tenure of appointment of Mr. Vikas P. Jain, Whole-time Director of the Company and remuneration payable to Mr. Jain during such tenure. |
| 14 | Special Resolution under Section 14 for Adoption of new draft set of Articles of Association of the Company. |
| 15 | Special Resolution under Section 180(1)(c) for borrowing in excess of paid-up share capital and free reserves. |
| 16 | Special Resolution under section 180(1)(a) for creating of charge on the Company's properties. |
| 17 | Special Resolution under Section 188 for purchase of furniture and fixtures from Kornerstone Retail Limited. |
| 18 | Special Resolution under Section 188 to give on leave and license premises at Shop no. 1, Shatrunjay Plaza, S.V. Road, Goregaon West, Mumbai to Kornerstone Retail Limited. |
| 19 | Special Resolution under Section 188 to take on leave and license from Directors/Promoters Units at Synthofine Estate, Opp Virwani Industrial Estate, Goregaon (E), Mumbai - 400 063 and Unit No.3 and Unit No. 104 at Devare House, Bhavani Shankar Road, Dadar West, Mumbai - 400 028. |

Sign this _____ day of _____ 2014

Signature of share holder _____

Signature of proxy holder (s) _____

Affix Rs. 1/-
Revenue
Stamp

Note:

1. This Proxy Form in order to be effective should be duly completed and deposited at the Company's Registered Office atleast 48 hours before the commencement of meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

KEWAL KIRAN CLOTHING LIMITED

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

Tel. No.: 022 26814400 • **Fax No.:** 022 26814410/20

Website: www.kewalkiran.com • **Email:** grievanceredressal@kewalkiran.com

CIN : L18101MH1992PLC065136

ATTENDANCE SLIP

Folio No. _____

No. of shares held. _____

D.P. Id _____

Client Id _____

Email ID _____

Name and Address of the shareholder: _____

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 23rd Annual General Meeting of the company on Thursday, August 28, 2014 at M.C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince Of Wales Museum) Mumbai: 400 001 at 11.00 A.M.

Signature of the attending member/proxy

Applicable for shareholders holding shares in electronic form.

Note:

1. Please sign this attendance slip and hand it over at the verification counter at the entrance of the meeting hall.
2. No gifts/company products shall be given at the meeting.
3. This attendance is valid only in case shares are held on the date of meeting.

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THIS IS US



ANNUAL REPORT 2013/14
KEWAL KIRAN CLOTHING LTD

We are the strivers.

Our back's against the wall.

No one knows our agenda.

They ignore. They laugh.

They may bruise

But

We believe in

And with time, we have

The night is our friend.
Our heads where our heart is.
Nor do they care.
They smirk.
our ego.
never our spirit.
ourselves.
Risen above all.

KILLERXK

this is us.

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At KKCL, we are 25 years younger. In a retail landscape dominated by global brands, we have successfully created a popular home-grown brand, which is now almost a youth icon.

Our journey began in 1980, when there was no global denim brand in India. We created something unique with the best fits, and at the most affordable rates. Despite a challenging economy with rising prices, slow growth and high interest rates – we had created something of value for our fashion-conscious generation. We have a long way to go.

The customer today wears his attitude, which represents his or her hopes and ambitions. At KKCL, we have constantly been aware of the people pulse and created iconic brands which lent credibility to their dreams.

Our ability to keep innovating down the years, competing with an array of global brands, and yet remaining the nation's largest branded apparel maker – has made us the most-loved fashion brand.

THIS IS US



THE APPAREL MAKERS

KKCL is one of India's largest branded apparel manufacturers. We deal in casual, formal, semi-formal western wear for men and women.

We are committed to deliver global standards in quality, technology, marketing and branding and provide our customers with the best offerings at very affordable prices.

We design, manufacture and market jeans, formals, semi-formals and casual wears and accessories of our major brands - Killer, Easies, LawmanPg3 and Integriti. These are our iconic brands. We have our Exclusive Brand Outlets as well as retail formats which operate under the trade names - Addictions and K-Lounge. These are popular stores in most cities in India and the Middle East. Our technologically advanced production facilities are all ISO 9000 certified.



OUR VISION

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

STATE-OF-THE-ART MANUFACTURING PROCESSES

- ▶ Our designing and manufacturing facilities are located in Dadar (Mumbai), Goregaon (Mumbai), Vapi (Gujarat) and Daman.
- ▶ Our state-of-the-art manufacturing processes are driven by innovation. With able support from our global partners, these allow us to offer the best designed and updated products to our customers.



CMD'S MESSAGE



The journey of a thousand miles begins with a single step . . . when put into practice this adage can become the bedrock of achieving ambitious growth by putting determination to work. "Killer" – the flagship brand of the Company is now 25 years young and has become India's leading brand in fashion wear.



KEWALCHAND P. JAIN, Chairman and Managing Director



₹ 367.21

crores

Income From
Operations



₹ 67.02

crores

Profit After
Tax

DEAR SHAREHOLDERS,

It gives me great pleasure to present to you the 23rd Annual Report of the Company.

The journey of a thousand miles begins with a single step . . . when put into practice this adage can become the bedrock of achieving ambitious growth by putting determination to work. "Killer" – the flagship brand of the Company is now 25 years young and has become India's leading brand in fashion wear.

The journey, which started with a single step, has many more miles to go even as the Company scaled new peaks in sales and profits in FY 2013-14. Total income from operations grew by 21.20% to touch Rs. 367.21 crores and Profit after Tax increased by 25.47% to touch Rs. 67.02 crores. The total dividend payout (including interim dividends and final dividend) has increased from Rs.17.50 per share to Rs. 21 per share an increase of 20%.

The ethos of the Company has been on delivering value to all its stakeholders starting with its customers and the performance in FY 2013-14 is testimony to the fact that its customers have

acknowledged the value of a world class fashion experience through an increased connect with the Company's brands.

The Indian customer during financial year had been in the midst of a turbulent environment as rising prices, slowing growth, persistently high interest rates and a clouded outlook eroded confidence. Despite off challenges in macro and micro economic environment, the Company achieved volume and value growth across all its key brands, products and regions demonstrating the evolution of the consumer mindset and rising fashion consciousness amongst today's youth. With the change of government we expect conducive economic environment and improved consumer sentiments to boost demand and growth.

We are into people's business where connect with customers is of paramount importance. The customer considers his attire as a representation of his attitude, personality, desire and ambition. We believe that the secret of the Company's success has been the ability of the Company to keep innovating to create and deliver superior products and more importantly the power of its brands to connect with consumers in providing an unparalleled fashion experience. Second – good governance always rewards in the long run. The Company's value system of maintaining the high level of integrity and transparency in its operations has set a benchmark in the industry.

The Company's brands reflect the attitude of today's youth – the "Killer" instinct to achieve; high on "Integriti"; bold as "Lawman Pg3" and friendly and relaxed as "Easies". Driven by these power brands and accompanied with the high level of governance and fiscal prudence, the Company has firmly established itself as a credible, long term player in world of branded fashion wear where mortality rate is high.

The fashion business has seen several new trends and dynamics at play. International brands continue to be fascinated towards India and the fashion industry has seen the entry of several new players seeking a toehold in the country at a time when many of the existing foreign brands rework their strategy to achieve growth and profitability. This has helped in customers getting vibed with international fashion trends and global price points. The Company has always been at the cutting edge of fashion trends and consistently delivered innovative products at the right price thus earning and retaining the customer's confidence and trust in the Company's brands.



The Company's brands reflect the attitude of today's youth – the "Killer" instinct to achieve; high on "Integriti"; bold as "Lawman Pg3" and friendly and relaxed as "Easies".

E-commerce has been a big change agent with several Indian and international E-commerce players growing at breakneck speed through aggressive pricing and promotions. This is like a hypermarket on customer's electronic gadget. We need to vouch for evolution and sustenance of this channel of sales. The growth of E-commerce would make consumers more fashion conscious and informed of choices and trends thus expanding the per capita consumption of fashion wear in India. The Company foresees this as an opportunity and an additional channel to reach customers.

India has amongst the youngest and largest demographic on the planet where the average age is 28 years and 74% of our population is under 40 years. This presents a significant long term growth opportunity across the consumer spectrum. Despite the growth potential, most consumer categories are dominated by MNC brands with a handful of homegrown Indian companies that have been able to build brands and successfully compete in a free market. KKCL aspires to be India's leading player in fashion wear with global brands and is building the organization that can survive, support and succeed in its thousand mile journey. This is possible by right long term strategies and mechanism, exquisite human capital, resourceful channel partners, support of all business associates and by treating all its stakeholders as its partners in growth.

I would like to thank and acknowledge the support of all the stakeholders including shareholders, vendors, distributors, retailers, banks, government agencies and employees and look forward to building up our association ever stronger in our journey ahead.

Warm regards,

KEWALCHAND P. JAIN
Chairman and Managing Director



THE RIGHT MODEL

We began with a vision to become an Indian Company which is global in nature, by the end of the decade. We were able to achieve our vision due to our continuous focus on building a robust business driven by core values - Resilience, Integrity, Growth, Hardwork and Trust - The RIGHT approach. It is rightly said that the business of fashion is like an ultra-marathon which requires a long-term approach and periods of long steep uphill climbs that test the true qualities of a winner. There may be some short periods of slow movements, but these should not be mistaken for weakness; it is about conserving power to not just survive but ultimately emerge victorious.



FROM WORKWEAR TO MUST WEAR

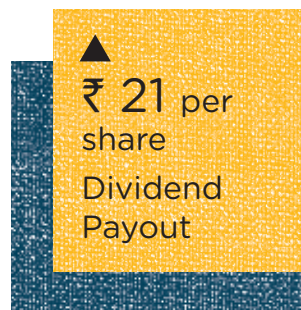
A LOOK BACK AT WHERE IT ALL BEGAN

Until 1989, the local denim market was a highly unorganised one. There was no global denim brand from India. This inspired us to create something which was truly world class for the young Indian. With this vision and a commitment to provide fashion at affordable prices to our customers, we intended to provide the best fits, washes and fashion to them, which led to the birth of the Company's flagship brand. 'Killer'.

Production of western apparel in an ever-changing retail world is a challenge. We took it up as one and kept ourselves attuned to the needs of our core customers – the youth. The definition of denim has changed down the ages and it is no longer simply workman's wear, but a fashion statement in itself. The comfort and style that denim offers makes it a coveted code for the young. But, more than style and efficiency, "affordability" has been the key.

In a challenging economic scenario, 'Killer' was the best option when we started 25 years ago, it still is to the generation now. We have tried to keep our products affordable, while at the same time innovating and adapting to the changing needs.

A Company needs to have strong belief in itself. And yes, we are today, reaching a milestone of 25 successful years because of this self-belief. We backed our philosophies of excellence, innovation and integrity in our business practices and it has paid off.



CREATING VALUES FOR OUR STAKEHOLDERS

Having maintained the highest levels of transparency, accountability and equity in all spheres of operations, we, at KKCL, have always looked at enhancing value for all our stakeholders, including shareholders, employees, government, vendors. We have kept up with the spirit of maintaining the highest level of ethical standards and good business practices over the past two-and-a-half decades.

The Company scaled new peaks in sales and profits in FY2013-14. The total dividend payout (including interim dividends and final dividend) increased from Rs. 17.50 per share to Rs. 21 per share - an increase of 20%. The Company achieved volume and value growth across all its key brands, products and regions.

We have been known for having good accounting practices, which signifies a practise of systematic investment that involves investing our earnings back into the business and promoting value creation. We have taken immense efforts today, which will reap richer rewards in the years to come. This is us.

'KILLER' - THE TREND SETTER



'KILLER' - THE TREND SETTER

Killer is the only Indian denim brand which has survived for 25 years and is still going strong. The strategy for survival for so long has not been simple - it has been on the back of immense hard work, patience, ability to understand the market trends, timely development of new products, innovations and an ability to innovate.

Killer is a power brand with an international feel and a unique style quotient which is designed to highlight the rebellion of youth and the revolution of the spirit. It is the first brand in the country to launch the worn-out jeans.

A lifestyle brand - it is hardy with cutting edge style. The entire range comprises jeans, shirts, jackets, deos, inner wear, footwear, eyewear, glasses and other accessories. Many youngsters opt for the brand for its lifestyle options, giving them the 'Killer Look'. Killer denims offer a variety of vibrant washes, treatments, cuts and fits. This reflects the attitude of the wearer - stylish and sexy, cool and comfortable. The Company is building its business based on the brands, which are already household names. There is instant brand recognition where KKCL's apparel is concerned.

At KKCL, we feel we have just begun and have a long way ahead. For us, we are not 25 years old; rather we are 25 years young. This is us.



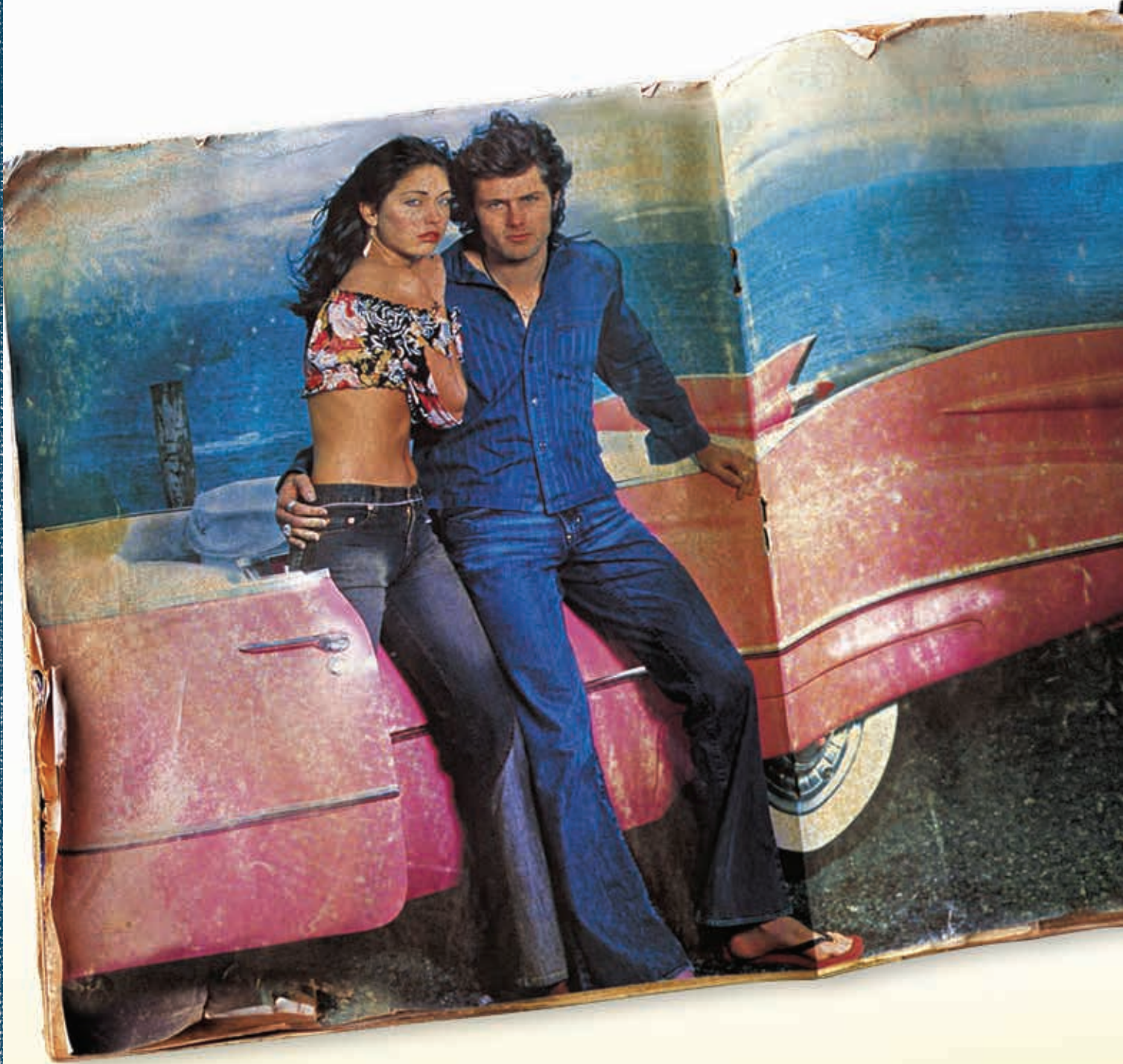
Various innovations have stood out over the years. Starting with the very first design, worn-out jeans, shreds and so on

Jeans or denim material was coarse and originally branded as worker material - for miners and realty workers. A sturdy material that was comfortable and adaptable to rough use. But, soon the US saw teenagers adapt to the jeans as an icon of protest and reports of them being refused admission to theatres and meetings were rampant. But, the trend caught on and soon the 1970s saw denim as a fashion icon and it took the ramps by storm. It was established as iconic fashion wear and a must in every young adult's wardrobe.

KKCL's team has tried to make the 'impossible' design 'possible' through its innovations down the ages. Adapting itself to a futuristic design strategy, the team came up with unique designs which were instantly popular too.



DENIMS THAT CHANGED DENIMS
IN THE PAST 25 YEARS



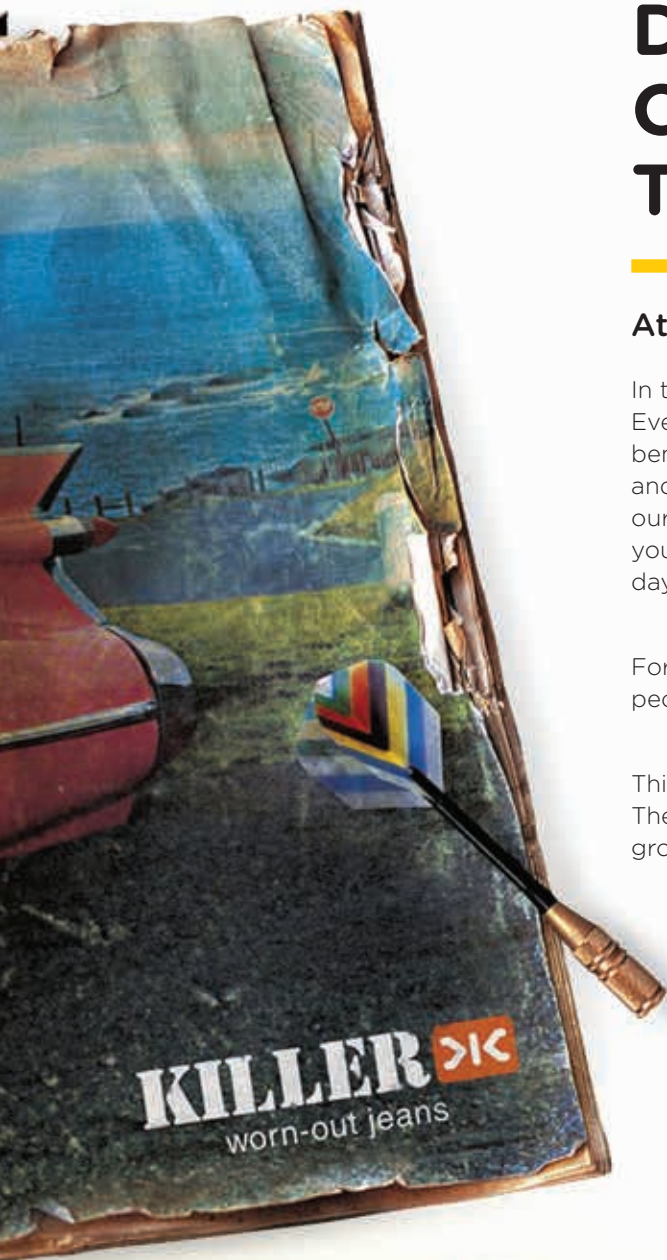
DENIMS THAT CHANGED DENIMS IN THE PAST 25 YEARS

At 25, we feel we have just begun.

In the lifecycle of a successful brand, 25 years is a short period of time. Even though, in this period, we have consistently defined the trends and set benchmarks in the Indian fashion domain. We have gained the experience and expertise to understand customer aspirations and tastes and align our product offerings to suit their needs. At the same time, we feel we are young enough to learn every step of the way, and try something new each day.

For 25 years, Killer has introduced products that have changed the way people look at fashion and denim in particular.

This ability to innovate and remain true to our promise keeps Killer ticking. The brand, built on a foundation of trust and quality, continues to serve a growing set of customers.

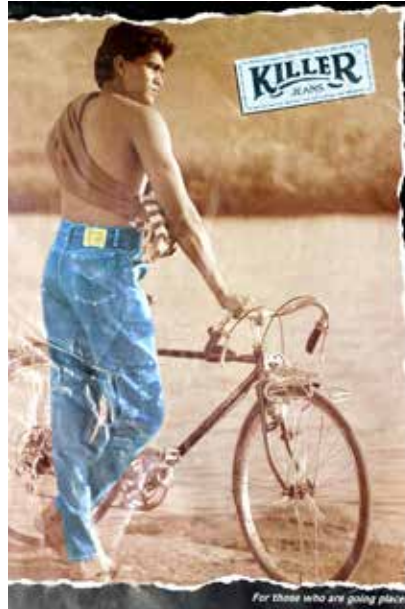


THE JOURNEY

1980s

The 1980s was dominated by consumerism in the Indian market. Bottled water, remote controls, packaged foods, set a new revolution in motion. With satellite invasion, the jeanswear trend started in India. Big money ruled in the Eighties, and it was an era of self-consciousness.

'Killer Jeans' arrived in 1989. A cleverly engineered garment with excellent fit was what made it an instant hit with the masses, as they said, **"With time, you could remove stubbornness from a Man's character, but not a rivet from a pair of Killer jeans."**



2000s

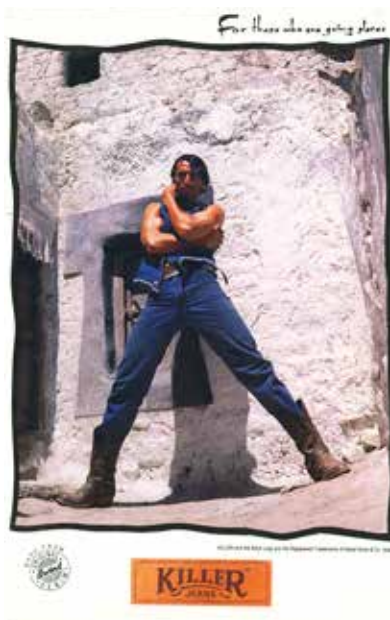
Beyond Y2K turn-of-the-century 'Generation-Y took over,' junk food, gadgets, cellphones and laptops. The Indian youth faced a complete transformation.... Killer jeans partnered this generation. It altered its look with the introduction of the Metallic range.



1990s

The last decade of the Millennium, was one of the extremes. Gen-X took over and the excess of the early decade gave way to the drastic pairing down and stripping. The influence of cable TV became more prominent and the teenage market boomed with youngsters seeing denim as a value for money apparel instead of a workman's apparel.

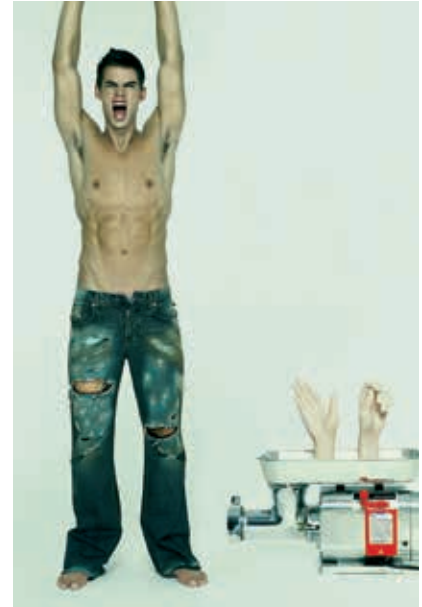
The year 1994 witnessed the first shipping order for Killer in the Gulf market.





2003

- ▶ Fashion said hello to the I-Generation. Chanting the mantra of individuality, acquiring bite-sized chunks of knowledge from the internet and flashing their iPods, they were the new consuming class.
- ▶ In matters of consumerism parents and young people became partners in crime. "Let our children not face the hardships we did" was a common sentiment.



2002

Killer's logo was introduced

KILLER 
JEANS

- ▶ Generation gap between parents and youth dropped drastically. And so did Killer waistlines. Low rise hit the market and successfully created yet another trendsetting success story. Revealingly low jeans, with inherent sex appeal, for those who never have to try too hard, for anything.
- ▶ Worn-out jeans, with a broken-in look for those who prefer to stand out in the crowd, was introduced. KKCL was the first one in the country to do so.

2004

Killer Jeans introduced the 'Shreds' jeans - the first ever in India. Bleached, brushed, ripped, torn and even ridden with bullets, Denims were tortured beyond imagination to give character to a rather mundane material. It was to give an unfinished look, for those who dared to be themselves.

2006

With global warming becoming a worldwide phenomena, '**REDUCE, RECYCLE and REUSE**' became the new fad. The refurbished, destructed old pair of Killer Immortals was what the youth lived in.



2007

MUTATION OF THE INDIAN WOMEN

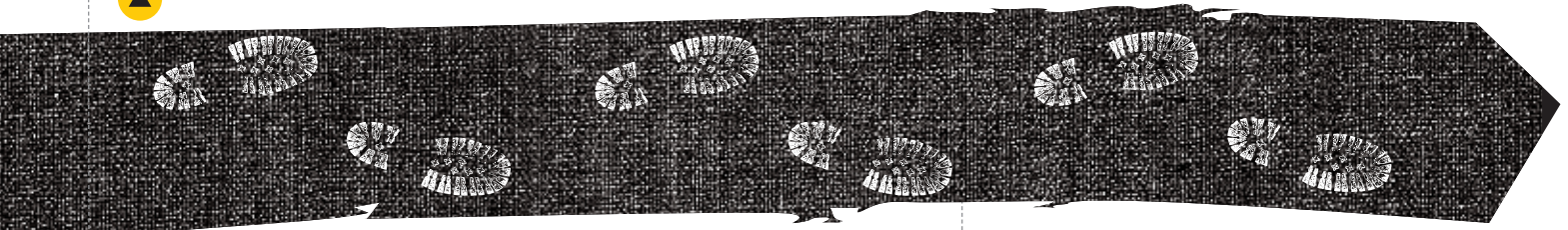
With women power riding high and a woman president breaking the 60-year-old male bastion, the decade had started looking at the independent women. Women with power, poise, comfort and confidence. Killer for Her was born.



2010s

RAW DENIM

Jeans usually undergo multiple chemical treatments and washes before they are sold to the consumer. This process makes them softer, and gives them a faded look. If the jean fabric is stitched and sold without undergoing such treatment, it is referred to as raw jeans. Raw jeans are tougher and harder. They are washed just once after stitching. This means the production of raw jeans requires lesser water and energy, making them more eco-friendly. Since the fabric is tougher, it tends to last longer. And over time, with multiple washes, the jeans start to fade naturally and take the shape of the owner's body.



2013

UNIQUE GREEN DENIM

The Killer brand provides an extensive range of fashionable, yet environment-friendly garments and accessories at the best prices which sets us apart. The fashion that we recommend to our customers is designed with a greater cause in perspective – protection of the environment. We use machines that conserve water, pure chemicals and save resources like time and energy.

Killer's Water Saver Jeans saves about 80 litres of water during the manufacturing of a pair of jeans.



2014

With coloured denim and trousers taking the youth by storm Killer launched the orange series letting the youth to experiment with electrifying funky colours



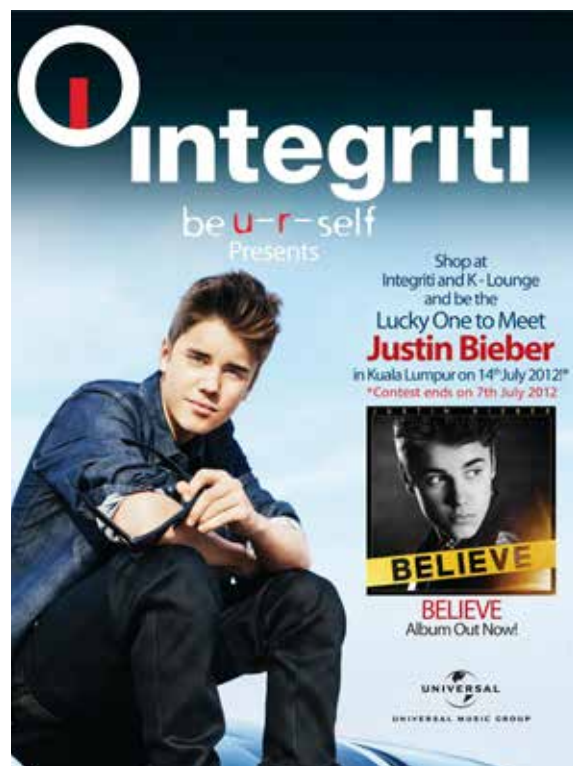
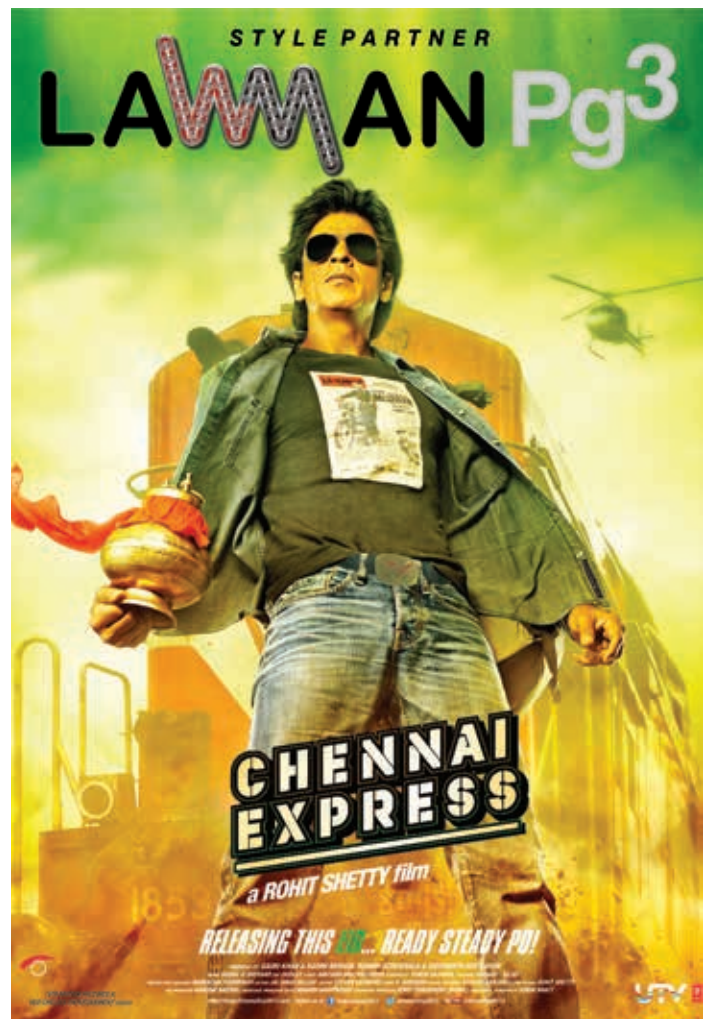


THE RIGHT JINGLE

THE ADVERTISING STRATEGY FOR KKCL - INTERNATIONAL AND YOUTHFUL

KKCL has been taking the brand through to the masses, largely deriving insights from the lives of the youth. The style and the treatment of the advertisement are completely international and blend beautifully into the product. The print and outdoor campaign accentuates the product offering, adding a sensuous tone to the brand image and the product.

- ▶ KILLER Sponsors the New Zealand Cricket Team - India - New Zealand Series 2014.
- ▶ KILLER has been 'the Associate Sponsor' for Grand Inaugural T20 Sri Lanka Cricket League.
- ▶ Lawman Pg3 was the Fashion Partner for the bollywood comedy movie - 'Kya Super Kool Hain Hum'.
- ▶ Lawman Pg3 was the Style Partner for the bollywood superhit movie - 'Chennai Express'.
- ▶ Strings music concert sponsor, Bangalore - Integrity in association with Saregama Music Company presented performances by the popular band 'Strings' in Delhi and Mumbai recently.
- ▶ Integrity associated with Universal Music to promote itself with the Album Launch of Justin Bieber titled 'Believe'.
- ▶ Integrity was an Associate Sponsor of the MTV Show titled 'Rush', which chronicles the lives of 12 college students involved in a college festival



this is us

CORE STRENGTH



CORE STRENGTH

During a volatile economic environment, KKCL exhibited strong fundamentals to navigate through rough weather.

The economic environment in the previous year was not conducive to business and was fraught with risks. The economic slowdown of the earlier years and the high prices affected consumer spending. There were warning signals of growth losing steam. Keeping the risks in its stride, we, at KKCL, banked on our inherent strong fundamentals KKCL has always done its business with vigour and flair. At the same time, it kept an eye on its fundamentals and core values that form its base - built and strengthened over the years.

Our strong fundamentals have allowed us to survive during times of stress and yet put up a comprehensive financial performance. It has been driven by prudent cost management practices, better supply chain management and increase in volumes through various marketing strategies.

This is us. We stayed focused and pushed our sales, maintaining a healthy cash flow. Our strong distribution network was our mainstay and we penetrated new markets and continued to grow our business. The Indian consumer is extremely sensitive to price fluctuations, but their changing needs pushed our sales despite a difficult market. Denim was no longer a luxury but a lifestyle necessity.

▲
308
Stores in
183
Cities

▲
6
Successful
brands
launched

FRONT-RUNNERS

Our proactive strategies have helped us successfully anticipate the ever-evolving fashion trends and emerge as a future-ready organisation. We have reciprocated by introducing various products every season. Be it in the field of in-trend styles or pursuing fashion for a cause or may be with usage of state-of-the-art technology for manufacturing processes - KKCL has always been the trendsetter in India's fashion industry.

Our success has been based on our ability to create and deliver superior products and more importantly the power of our brands to connect with consumers.

In the ever-evolving fashion industry, it is never easy for any company to remain in consonance with the changing trends. It requires an eagle-eye observation of the changing trends, anticipation of new trends early and adapting to them in the shortest possible time. Our ability to perform all this has helped us set new trends in the industry. This is us.

WHAT NEXT? (FUTURE READY!)

We will continue to benefit from our established market position and maintain a strong business risk profile. We will be driven by the healthy growth prospects for the branded apparel industry, our well-established brands, and geographically well-diversified revenue profile. Furthermore, our finances are well supported by strong cash accruals and healthy liquidity. The government's retail sector reforms, with easing of FDI, is likely to open up the retail sector further. It means more global competition, signifying a technologically more superior product.

Having achieved scale and successfully established strong brands, we, at KKCL are well positioned to pursue our growth aspirations. There are immense opportunities in this sector, but they require a judicious approach that enables sustainable growth.

BRANDS THAT MATCH OUR CUSTOMERS' DESIRES

We, at KKCL, have a strong consideration for the desire of our customers. All brands have been carefully crafted keeping in mind, the desires and attitudes of specific market segments. Each brand is an expression of the customer, it caters to. This is what we are.



KILLER



Our flagship brand, Killer, has been a trendsetter. It has captured the imagination of today's youth and, along with its accessories, has developed into a 'must buy' option for this generation. The innovation and research that has gone into creating this 'green' jeans of today is a blend of style and sustainability.



LAWMAN PG3



Lawman Pg3 is a style statement. Trendy western wear, with great designs appealing to a wide range of customers – from the very young to the ageing adult.



INTEGRITI



Integrity is a stylish apparel meant for both men and women. Its pricing and style are its keys to success. All this and yet extremely affordable – is its USP.



EASIES



It offers a semi-formal range. Friendly and 'relaxed' are the two key words associated with the Easies apparel – as the name signifies.



ADDICTIONS



Addictions is a store filled with appends to complete the overall look of an apparel consumer. Products range from footwear, eyewear, headware, wristwear and all other types of fashion accessories.



K-LOUNGE STORES



K-Lounge stores showcase apparel products and other accessories from the KKCL iconic brands stable. Jeans, trousers, tees, shirts, jackets, cargos, innerwear, footwear, sunglasses – it is a whole world of fashion wear – formal, semi-formal and casual – for men and women. In short, it is a one-stop shop for any young adult.

THIS IS US IN NUMBERS

5 YEAR FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

| Particulars | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--|---------------|---------------|---------------|---------------|---------------|
| MRP of products sold | 30,919 | 46,325 | 58,086 | 57,700 | 68,579 |
| Sales and Other Income | 18,631 | 24,496 | 31,368 | 31,516 | 37,903 |
| Operating EBITDA | 5,692 | 6,869 | 7,336 | 7,366 | 9,340 |
| Profit before Interest & Tax (PBIT) | 5,108 | 7,132 | 7,891 | 7,989 | 10,008 |
| Profit before Tax (PBT) | 4,875 | 6,926 | 7,632 | 7,727 | 9,712 |
| Profit after Tax (PAT) | 3,252 | 4,623 | 5,214 | 5,342 | 6,702 |
| Cash Profits (Profits after Current Tax + Depreciation + Amortisation) | 3,836 | 5,196 | 5,837 | 5,935 | 7,217 |
| Net Fixed Assets | 4,308 | 4,272 | 4,432 | 4,425 | 4,267 |
| Investments | 3,290 | 2,685 | 5,264 | 15,905 | 19,112 |
| Net Current Assets | 11,335 | 13,784 | 16,942 | 6,262 | 6,691 |
| Deferred Tax Assets | 166 | 164 | 173 | 203 | 178 |
| Networth | 17,519 | 19,776 | 22,555 | 25,386 | 29,060 |
| Borrowed Funds | 1,580 | 557 | 1,489 | 1,409 | 1,188 |
| Total Capital Employed | 19,099 | 20,333 | 24,044 | 26,795 | 30,248 |

PERFORMANCE IN PERSPECTIVE

MRP Sales

(₹ in Lakhs)

| | |
|-------|-----------|
| 13-14 | 68,579.27 |
| 12-13 | 57,700.12 |
| 11-12 | 58,086.32 |
| 10-11 | 46,324.64 |
| 09-10 | 30,919.04 |

Market Capitalization

(₹ in Lakhs)

| | |
|-------|------------|
| 13-14 | 142,354.18 |
| 12-13 | 89,375.01 |
| 11-12 | 80,735.15 |
| 10-11 | 67,756.89 |
| 09-10 | 30,276.45 |

Based on year end closing prices quoted on the National Stock Exchange of India Ltd.

KEY PERFORMANCE INDICATORS

Net Worth

(₹ in Lakhs)

| | | |
|-------|---|-----------|
| 13-14 |  | 29,060.35 |
| 12-13 |  | 25,385.72 |
| 11-12 |  | 22,554.58 |
| 10-11 |  | 19,775.66 |
| 09-10 |  | 17,518.96 |

Cash & Liquid Investments

(₹ in Lakhs)

| | | |
|-------|--|-----------|
| 13-14 |  | 19,667.00 |
| 12-13 |  | 17,815.21 |
| 11-12 |  | 13,077.10 |
| 10-11 |  | 11,306.97 |
| 09-10 |  | 10,481.21 |

Total Contribution to Exchequer

(₹ in Lakhs)

| | | |
|-------|---|---------|
| 13-14 |  | 3,232.4 |
| 12-13 |  | 2,879.2 |
| 11-12 |  | 2,888.1 |
| 10-11 |  | 2,626.8 |
| 09-10 |  | 1,785.5 |





Earnings Per Share

(₹)

| | | |
|-------|--|-------|
| 13-14 |  | 54.38 |
| 12-13 |  | 43.34 |
| 11-12 |  | 42.30 |
| 10-11 |  | 37.51 |
| 09-10 |  | 26.38 |

Dividend Per Share

(₹)

| | | |
|-------|---|-------|
| 13-14 |  | 21.00 |
| 12-13 |  | 17.50 |
| 11-12 |  | 17.00 |
| 10-11 |  | 16.50 |
| 09-10 |  | 6.00 |

KEY RATIOS

Fixed Assets Turnover Ratio

| | |
|-------|------|
| 13-14 | 8.37 |
| 12-13 | 6.79 |
| 11-12 | 6.81 |
| 10-11 | 5.84 |
| 09-10 | 4.36 |

Return on Capital Employed (ROCE) (%)

| | |
|-------|-------|
| 13-14 | 35.09 |
| 12-13 | 31.43 |
| 11-12 | 35.56 |
| 10-11 | 36.18 |
| 09-10 | 27.92 |

ROCE in Operations (%)

| | |
|-------|-------|
| 13-14 | 92.94 |
| 12-13 | 71.78 |
| 11-12 | 76.43 |
| 10-11 | 82.86 |
| 09-10 | 53.87 |

Return on Net Worth (RONW) (%)

| | |
|-------|-------|
| 13-14 | 24.62 |
| 12-13 | 22.28 |
| 11-12 | 24.31 |
| 10-11 | 24.42 |
| 09-10 | 18.56 |

OUR OPERATIONS IN PERSPECTIVE

Apparels Volume (in Lakhs)

| | |
|-------|------|
| 13-14 | 39.7 |
| 12-13 | 35.8 |
| 11-12 | 37.5 |
| 10-11 | 33.6 |
| 09-10 | 27.2 |

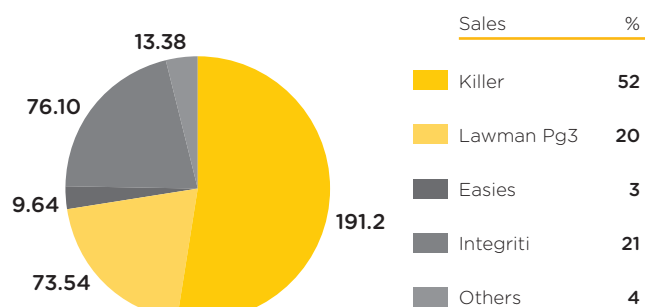
Realisation per Garment (₹)

| | |
|-------|-----|
| 13-14 | 882 |
| 12-13 | 806 |
| 11-12 | 748 |
| 10-11 | 690 |
| 09-10 | 639 |

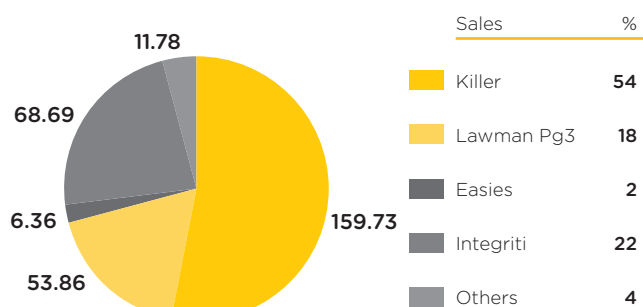
BRAND-WISE REVENUE DISTRIBUTION

Brand-wise Revenue 2014

(%)


Brand-wise Revenue 2013

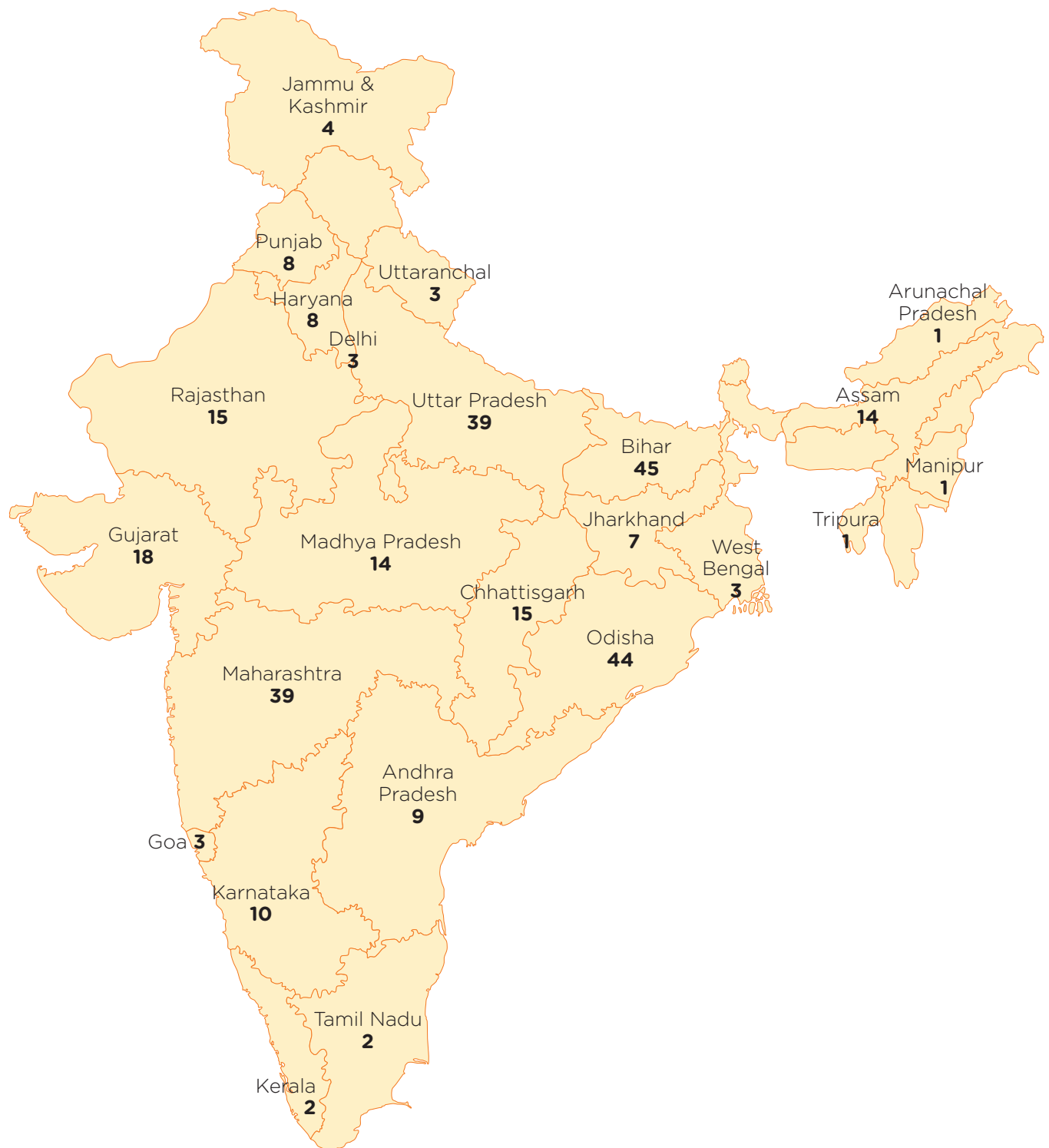
(%)



WIDESPREAD DISTRIBUTION NETWORK

OUTLET LOCATIONS ACROSS INDIA

Exclusive outlets, Factory outlets and K-Lounge stores



At KKCL, our ultimate aim is to be able to reach every nook and corner of the country, be it the metros, the towns, small towns, Tier-I and Tier-II cities and so on. The process of making the 'dream design' into 'the' fashion merchandise, is a collaborative effort by all the teams. The technical team, therefore, is as important as the marketing and distribution network. To be able to reach the product on time to the desirable place, saves time and improves customer connect. We are slowly and gradually expanding our reach through our multiple-distribution channels that comprise:

- ▶ **147** Exclusive Brand Outlets
- ▶ **159** K-Lounge Outlets
- ▶ **2** Factory Outlets
- ▶ Various National Chain Stores (NCSs) and Multi-Brand Outlets (MBOs).
- ▶ Other distribution channels include distributors, master stockists, brand licensees and e-commerce channels.

K-LOUNGE



HR MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The HRD at KKCL makes every effort to create a job environment that brings pleasure to work and maintains the **'happiness quotient'** among the employees. Valuable words of Aristotle, **"Pleasure in the job puts perfection in the work"**, finds relevance in today's world and we try to emulate the same every day.

As the employees form a fundamental part of the Company and are a 'precious asset' indeed, we make every effort to augment the value of this **'precious asset'** by organizing various contests and events throughout the year. These initiatives are organized in such a way, that they do not interfere with the productivity cycle of the employees. We strive in putting our best efforts to support the functioning of each employee and make sure that every employee at KKCL enjoys the working and their morale is sustained. We consider each and every aspect to make the KKCL a great place to work!

As it is rightly said by Sir Andrew Carnegie that **"You cannot push anyone up the ladder unless he is willing to climb"**, we too believe that the employees must work from their heart and love what they do. We strongly believe in co-operation rather than competition. Therefore, we deem it's the 'co-operation, not the coercion', that holds a team and eventually the team triumphs, even in adverse conditions.



We strive in putting our best efforts to support the functioning of each employee and make sure that every employee at KKCL enjoys the working and their morale is sustained. We consider each and every aspect to make the KKCL a great place to work!

EMPLOYEE ENGAGEMENT & EMPLOYEE INCLUSION PROGRAMS

Every year, the HRD focuses on different groups of employees such as women employees, students, NCS staff, factory employees, outstation employees, dispatch clerks, etc. This year the HRD is focusing on the factory staff & outstation employees. With regard to this, **"Saathi Haath Badhana"** contest was organized for the Factory Staff, at all the four manufacturing units - Daman, Vapi, Synthofine & Dadar Factories. Under this contest, the factory staff were rewarded with exciting prizes to encourage them to boost up their productivity. Also, special 'Employee Inclusion Programs' were organized for the outstation employees & factory staff to encourage them for their outstanding performance.



EMPLOYEE INCLUSION PROGRAM: Outstation Employees on the occasion of their visit to the CHO.



SAATHI HAATH BADHANA CONTEST: Prize distribution at the Vapi Factory.

For the outstation employees, **"Tol Mol Ke Bol"** and **"Show Your Integrity"** contests were organized to bring excitement at work place. These programs were well received and highly appreciated. An informal session for the outstation employees was also organized on the occasion of their visit to the CHO to make them aware about the ongoing and upcoming events/programs of the Company.

The HRD also conducted contests like **"Santa Khush Hua"** and **"Jacket Awards"** for the NCS staff and **"Jacket Jaane Do"** contest for the KKCL owned retail stores' CSAs with a motive to increase the sales and encourage the staff.

These programs created a buzz among the CSA staff and inspired them to work hard and perform well. The CSAs who won the contests were excited to the core & were fairly rewarded for their hard work & outstanding performance. This also strengthened their morale for the Company & improved their productivity.



This year the HRD is focusing on the factory staff & outstation employees. With regard to this, **"Saathi Haath Badhana"** contest was organized for the Factory Staff, at all the four manufacturing units - Daman, Vapi, Synthofine & Dadar Factories.



SAATHI HAATH BADHANA CONTEST: Prize distribution at the Dadar Factory.



SANTA KHUSH HUA CONTEST: Winners of the contest with the NCS Staff, HR Staff and Department Managers.

AWARDS & REWARDS

This year, the HRD undertook an innovative initiative of awarding our valuable partners – the Franchisees, which are an inseparable part of KKCL! The Company awarded its franchisees for the three categories – ‘The Oldest Retail Franchisee’ – Mr. Jigar Patel – Gujarat, ‘The Franchisee With The Highest Number Of Retail Stores’ – Mr. & Mrs. Ashok Bhatia – Uttar Pradesh & ‘The Franchisee With The Highest Sales’ – Mr. Sunil Sharma – Bihar. Also, we have honored our franchisee Mr. Mrinal Kanti Das – Agartala for being the ‘Franchisee With The Highest Sales In Six Months’. These initiatives were highly appreciated by the franchisees and all the employees. This further strengthened the bonding of the stakeholders with KKCL. Apart from these, the HRD strongly believes in the ‘Rewards & Recognition’ programs.

As a motivational exercise, the HRD on regular intervals appreciates the well performing teams to keep the zeal alive in the team and make them more efficient. This time, the Lawman Pg3 team created a landmark of fastest 50 Cr. rupees billing and the imperative part of the KKCL i.e. the Retail team created a milestone of the highest dispatch target by breaking their own previous records. Also, the business development team & the Logistics team were specially awarded for their stupendous performance! Therefore, to appreciate these teams for their remarkable performance a special celebration was arranged with the involvement of the Top Management.



KKCL RETAIL FRANCHISEE AWARDS: Mr. Hiten Jain (General Manager - Addictions) honoring Mr. & Mrs. Ashok Bhatia – Uttar Pradesh for having the ‘Highest Number Of Retail Stores’ and Mr. Jigar Patel – Gujarat for being the ‘Oldest Retail Franchisee Of KKCL’ during the occasion of the SS-14 Retail Conference.



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BUSINESS DEVELOPMENT TEAM APPRECIATION:

Appreciation of the Business Development Team – Mr. Dattatray Marathe & Mr. Anuj Goswami (Associate Heads – Business Development & Retail Operations) for their outstanding performance.



LOGISTICS TEAM APPRECIATION: Appreciation of the Logistics team at the Daman Factory



This year we had organized contests like “Clean Day Green Day” for the Housekeeping staff to honor and appreciate them for their constant services, on the occasion of auspicious festival Diwali.

ENJOYMENT AT WORK

We believe that KKCL is the second home for our employees and to nurture the bonding with this home, we celebrate various festivals like “Gudi-Padva”, “Akshaya Tritiya”, “Independence Day”, “Raksha Bandhan”, “Janmashtami”, “Dussehra”, “Diwali”, “X-Mas”, “Makar Sankranti” and “Republic Day” by arranging various contests like the Traditional Day, Mr. & Ms. Diwali, etc where the winners were awarded with exciting prizes. Employees were super-excited to participate in these contests.

This year as well, we have celebrated “Ganesh Chaturthi” at the Daman unit and the “Navratri Festival” at the Vapi unit and also “Dussehra” at all the factories. It was a grand get-together at the Synthofine, Daman & Vapi units, where the employees with their families celebrated the festival with dinner, garba & lots of fun-filled contests. This also helped in strengthening the bonding of the employees’ family with the Company.



DUSSEHRA PRIZE DISTRIBUTION: Prize distribution on the occasion of Dussehra at the Daman Factory.

CORPORATE SOCIAL RESPONSIBILITY

We at KKCL have a good & a strong sense of responsibility towards the society and are constantly working towards it. The HRD undertakes various kinds of programs for the upliftment of the society. This year we had organized contests like “Clean Day Green Day” for the Housekeeping staff to honor and appreciate them for their constant services, on the occasion of auspicious festival Diwali. Also, we had organized a “Safety Day” for the security staff on the occasion of New Year with a purpose to reward them for their unwavering service. Also with the association of the ESIC, we organized an “ESIC Help Desk” at the Synthofine factory, where the ESIC Branch Manager made the employees aware about the various benefits of the ESIC and also answered their queries. Also we have tied up with the Community College of Fashion Technology – Divine Child High School & Polytechnic for the wellbeing of the students.



SAFETY DAY CONTEST: Token of Appreciation to the Security Staff on the occasion of Safety Day

CONCLUSION

The HRD introduced and executed various initiatives and programs that came out in flying colours with a lower attrition rate, productive employees, employee inclusion, employee engagement, employer branding and a long lasting bond with the stakeholders! Also, we aim to fulfill the aspirations of our people, promoters and other stakeholders through the best human resource practices and desire to build the best place to work at KKCL!

BOARD OF DIRECTORS PROFILE



MR. KEWALCHAND P. JAIN,
Chairman and Managing Director



ACHIEVEMENTS AND CONTRIBUTION

- ▶ Spearheaded the groups' foray into the 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 Company's affairs

OTHER POSTS

- ▶ Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust



MR. HEMANT P. JAIN,
Whole-time Director



ACHIEVEMENTS AND CONTRIBUTION

- ▶ Leads the Company's marketing functions
- ▶ Was instrumental in launching the Company's new brands
- ▶ Being an avid traveller and field person, keeps a keen eye on the latest trends in international fashion
- ▶ Responsible for marketing of Killer and Easies brands
- ▶ Looks after the Company's retail business

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 Company's manufacturing operations
- ▶ Specialises in production and HR-related issues
- ▶ Responsible for ensuring optimum utilisation of the Company's production facilities at its units at Dadar, Goregaon, Daman and Vapi

OTHER POSTS:

- ▶ Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust
- ▶ Advisor of Daman Industries Association



MR. VIKAS P. JAIN,
Whole-time Director



ACHIEVEMENTS AND CONTRIBUTION

- ▶ Joined the group in 1992
- ▶ Heads the Company's operations and distribution functions
- ▶ Responsible for marketing of Lawman and Integrity brands
- ▶ Looks after the Company's retail business
- ▶ 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*



ACHIEVEMENTS AND CONTRIBUTION

Bachelor of Science (B.Sc.)

EXPERIENCE

- ▶ Part of the 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
- ▶ Apparels Export Promotion Council Award for six years

OTHER POSTS

- ▶ Director of Apaksh Broadband Ltd.
- ▶ Director of Aksh Opti Fibre Ltd.

*Mr. Popatlal F. Sundesha resigned as a Director w.e.f April 1, 2014



DR. PRAKASH A. MODY,
Independent Director



ACHIEVEMENTS AND CONTRIBUTION

- ▶ Doctorate (Ph.D.) in Organic Chemistry from the University of Mumbai
- ▶ Pursued Marketing Management from Jamnalal Bajaj Institute of Management Studies, University of Mumbai
- ▶ A Graduate Alumni of the Harvard Business School having undergone the Owner Presidents' Management Programme

EXPERIENCE

- ▶ Rich experience in marketing, research and production

OTHER POSTS

- ▶ Chairman and Managing Director of Unichem Laboratories Limited.
- ▶ Member of the Executive Committee of the Indian Pharmaceutical Association
- ▶ Member of Young President Organisation Inc - World President Organisation



MR. NIMISH G. PANDYA,
Independent Director



ACHIEVEMENTS AND CONTRIBUTION

- ▶ Bachelor's Degree in Law from the University of Mumbai
- ▶ Member of the Bar Council of Maharashtra and was appointed as a Notary Public by the Government of Maharashtra in 1993

EXPERIENCE

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

OTHER POSTS

- ▶ Proprietor at Pandya and Co., Advocates and Notary
- ▶ Trustee of of Shree Sathya Sai Trust, Maharashtra
- ▶ Vice President of Shree Satya Sai Seva Organisation, India



C.A. MR. YOGESH THAR,
Independent Director



ACHIEVEMENTS AND CONTRIBUTION

- ▶ Member of the Institute of Chartered Accountants of India

EXPERIENCE

- ▶ Over 29 years of experience in business mergers, acquisitions and restructuring, business valuations, corporate taxation and taxation of non-resident citizens and foreign companies

OTHER POSTS

- ▶ Senior Partner in Bansi S. Mehta & Co., a reputed Chartered Accountancy firm in Mumbai
- ▶ Member of the Taxation Committee of the Bombay Chartered Accountants' Society
- ▶ Member of the Direct Tax Committee of the Chamber of Tax Consultants



C.A MS. DRUSHTI R. DESAI
Independent Director#



ACHIEVEMENTS AND CONTRIBUTION

- ▶ Member of the Institute of Chartered Accountants of India

EXPERIENCE

- ▶ Over 17 years of experience in valuation of shares, businesses and Intangibles, Advisory services on Schemes relating to Mergers, Acquisitions, Spin-offs and other forms of Corporate Restructuring and Family Settlements, Financial and Management Advice, Corporate and Individual taxation (Income-tax, Wealth-tax, Gift-tax)

OTHER POSTS

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

Ms. Drushti R. Desai was appointed as an Additional Director w.e.f. July 23, 2014

AWARDS GALORE



IAA OLIVE CROWN AWARDS 2013

- ▶ Gold for TVC/Cinema
- ▶ Advertiser of the Year
- ▶ Agency of the Year



GOAFEST 2013

- ▶ Grand Prix for Integrated Advertising
- ▶ Silver for Design/Product Design



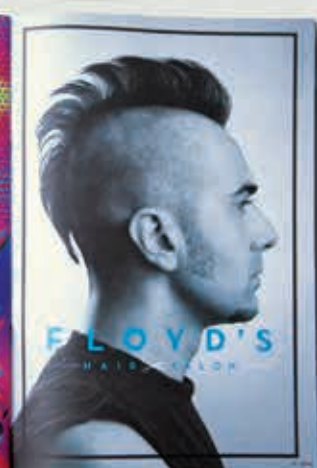
INDIA EFFIE AWARDS 2014

- ▶ Silver Effie for the entry 'Killer Jeans: Making an Environmental Cause Fashionable to the Indian Youth' (Consumer Products - Others)
- ▶ Bronze for Killer Jeans in the integrated advertising category - Turning the product into a medium (Integrated Advertising Campaign)



APAC EFFIE AWARDS 2014

- ▶ Silver Effie for the entry 'Killer Jeans: Making an Environmental Cause Fashionable to the Indian Youth'





A TABLOID EVERY STAR WOULD WANT TO BE IN.

Brief:

Lawman Pg3 is a fashion brand that aligns itself with stardom. For its 2013-14 Autumn Winter Collection, it needed a means to showcase the collection and bring the brand proposition to life. It would have to be something that multi-brand retailers and exclusive outlets could keep, so that customers could go through it, and would want to keep for themselves.

Solution:

Nothing conveys stardom like being featured in a tabloid publication. So a brand new tabloid called The Star was made for Lawman Pg3. Fictitious stars - a rocker, a supermodel and an actor - were created, and their lives and back-stories were explored in a manner that mirrored their non-fictional counterparts. Lawman Pg3's collection was also featured in these articles in a seamless manner. Comprising of 88 pages, other original content included articles about theatres, sex tapes and India's indie music scene. To keep the tabloid as close to real life as possible, print ads for fictional brands of cosmetics and other products were created as well. Unique branding elements like logos and taglines for these brands were also created.

Results:

The bold and daring style of the tabloid broke new ground for Lawman Pg3. The brand began to be seen in a more premium light and thus started to attract high-value customers and others who hadn't considered the brand earlier. The tabloid itself ran out soon after the first print run.

LAWMAN Pg3
BE THE STAR

KILLER
JEANS



OK



KILLER
JEANS



KILLER OK



OK



X



KILLER



MANAGEMENT DISCUSSION AND ANALYSIS

KEY PERFORMANCE INDICATORS:

- Income from operations increased from ₹ 302.99 crores to ₹ 367.21 crores representing a growth of 21.20%
- EBITDA margin improved by 110 bps to 25.44% and EBITDA grew by 26.82% to ₹ 93.41 crores
- Profit after Tax increased by 25.47% to ₹ 67.02 crores
- Total dividend payout of ₹ 21 per share (including interim and final dividend) compared to ₹ 17.50 per share in previous year
- Sustained strength in financial and liquidity position with ₹ 197.37 crores in cash and bank balances and current investments

Economic and Industry Overview

Economy: During the year under review, the business and economic environment in India and other emerging countries remained challenging. The GDP growth rate dipped below 5%, amongst the lowest levels in a decade. The year witnessed several volatile events like significant depreciation of the rupee, burgeoning current account deficit, weakening and uncertain demand, elevated inflation and interest rates; all of which lead to declining business confidence. However, your company achieved a growth of 21.12% in total income from operations despite the continued headwinds.

The erstwhile Government initiated some steps to kick start manufacturing growth with reduction in excise duty on automobiles, high priority for faster clearance of projects etc. Steps were also taken to rein in the current account deficit by increasing import duty on Gold. While these initiatives provided some respite, there was no significant pick up in the pace of growth.

The Lok Sabha elections in May 2014 were a much awaited event and the country voted decisively in favor of National Democratic Alliance underscoring the wants and hopes of a nation for good governance and a growth oriented policy framework. There is a sense of optimism across the country and the newly formed government has the responsibility to deliver on its promise of stimulating growth.

A revival in economic sentiment driven by increase in manufacturing output along with job creation and an easing inflationary environment would be crucial for supporting and sustaining growth in discretionary consumer spending.

Industry: The apparel industry is amongst the oldest and the largest industries in India. The trend from stitched garments to ready to wear and from unbranded to branded apparel is well established and growing. Viewed from the retailing space the apparel market is the second largest category after food and groceries. Branded apparel sales have been on a consistent growth trajectory, except minor blip in 2011 due to imposition of excise duty which was subsequently removed and helped in regaining growth in FY 2013-14.

The textile industry is expected to reach USD 223 billion by 2021 from USD 89 billion in 2011 growing at a CAGR of 10.1%. Within the textile industry, the share of apparel was 69% in 2012 and the demand for apparel is likely to rise to USD 122 billion by FY 2017 growing at a faster CAGR of 11.1%. (source:IBEF Textile and Apparel - March 2014)

The domestic apparel market is estimated at approximately ₹ 1,25,000 crores with share of branded apparel at approximately 40% which would have been around 25% about a decade ago.



Domestic branded apparel sales are expected to grow at a CAGR of 10-15 per cent over the next 5 years, much faster than the 6-7 per cent annual growth in the overall market. Consequently, by 2017, branded apparels are expected to account for over 50 per cent of the domestic apparels market. The casual wear segment (i.e. Jeans and T-Shirts) is estimated at approximately ₹ 15,000 crores. The formal wear market has achieved high level of penetration while casual jeans and t-shirts have medium and low penetration respectively.

| Particulars | Size (₹ in crores) | Share of branded apparels |
|--------------------------|--------------------|---------------------------|
| Domestic apparels market | 1,25,000 | 40% |
| Category-wise | | |
| Women's traditional wear | 34,200 | Low |
| Men's formal wear | 31,900 | High |
| Kid's wear | 10,100 | Low |
| Casuals - Jeans | 8,600 | Medium |
| Casual - T Shirts | 6,400 | Low |
| Women's western wear | 2,100 | High |

(Source: CRISIL Research)

Note: Market size is estimated size in 2012; Category-wise share of branded apparel is relative to the share in total apparel market.

Menswear segment accounts for approximately 42% of the domestic apparel market. While shirts and trousers represent more than half of this market, denim wear constituted 10% of the menswear segment. The total denim wear market is estimated at ₹ 8,340 crores and has been growing at a relatively higher rate of 16% primarily due to the youth factor and increasing trend of casual wear. (Source: IMAGES Business of Fashion, November 2013).

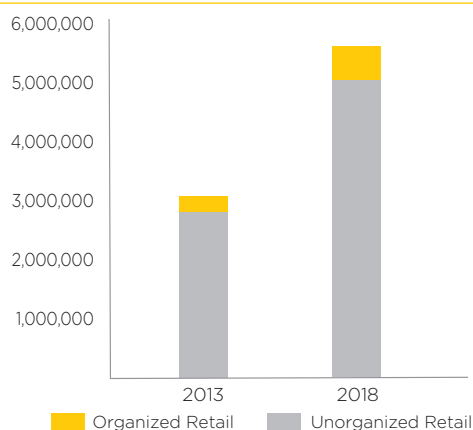


India is the 5th largest retail destination globally and the Indian retail industry has grown from USD 201 billion to reach a size of USD 518 billion in 2012 and is expected to reach USD 865 billion by 2023.

The share of organized retail in apparel sales in India is estimated at about 18%, significantly lower than developed markets like the U.S. and EU where the share of organized retail is over 80%. Branded apparels are likely to grow at a stronger pace, driven by increased presence of organized retail, rising disposable incomes, changing demographics and increasing brand consciousness. (Source: CRISIL Research)

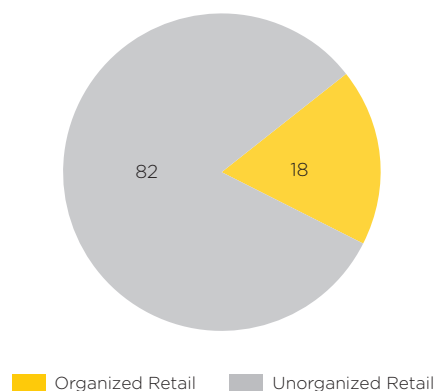
India is the 5th largest retail destination globally and the Indian retail industry has grown from USD 201 billion to reach a size of USD 518 billion in 2012 and is expected to reach USD 865 billion by 2023. Apparel is the second highest contributor (after Food and Grocery) and accounted for 8% of total revenues from retail sector. Organized retail penetration is low in India and is estimated at 8% overall and at 18% for branded apparel. The apparel segment has been at the forefront of modern retail and accounted for the highest share of 33% of organized retail sales in 2012. (Source: IBEF Retail, March 2014)

Indian Retail Market (₹ in crores)



Source: Industry Estimates

Branded Apparel Retailing Market Share (%)



Source: CRISIL Research



Your Company operates primarily in fashion apparel and this market segment consists mainly of MNC brands and select Indian brands. Your Company is amongst the largest domestic player and products of your Company stack well vis-à-vis MNC brands in terms of quality, fit, finish and fashion. Your Company believes that the large share of unorganized retail and unbranded products combined with a young demographic presents a significant long term growth opportunity for your Company.

Overview:

Your Company achieved total income from operations of ₹ 367 crores, a 21.2% increase over the previous financial year. This represents sales

of ₹ 685.79 crores based on the MRP value. Your Company was able to achieve this growth due to its strong brands, compelling product portfolio, well penetrated distribution and retail network and a nation-wide presence.

Brands:

Brands are the core strength of Your Company and key growth drivers for your Company's future. Each brand has a distinct appeal and has been nurtured and built to grow.

Killer – Killer is the flagship brand of your company and turned 25 years young in 2014. The growth story of Killer is synonymous with the growth story of your Company and since inception has embodied the vision of your Company to give truly world class fashion products to its customers. With a distinct international look and feel, the brand rubs shoulders with MNC labels and commands high visibility, loyalty and premium.

The brand has grown to become ₹ 353.93 crores brand (based on MRP value of sales) and its instinct to grow remains strong as ever.

Killer registered a robust growth of 20% from ₹ 159.83 crores to ₹ 191.21 crores. The share of Killer stood at 52% of net sales.

Integriti – Integriti is your Company's second largest brand and increased net sales from ₹ 68.69 crores to ₹ 76.10 crores representing 21% of net sales. Integriti caters to the discerning customer seeking good quality casual wear, semi formal and formal wear and provides a compelling value proposition that is true to its name.

Market Size of Indian Retail Industry (In \$ Bn)

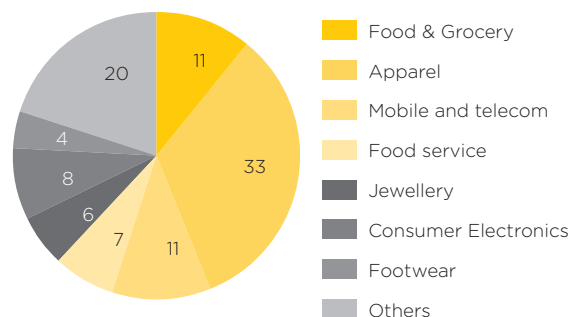
By 2012, the total market size reached USD 518 billion, thereby registering a CAGR of 7 per cent since 1998.

Retail CAGR 7% (FY1998-2012)

| | |
|------|-------|
| 2012 | \$518 |
| 2010 | \$424 |
| 2008 | \$368 |
| 2006 | \$321 |
| 2004 | \$278 |
| 2002 | \$238 |
| 2000 | \$204 |
| 1998 | \$201 |

Source: (IBEF Retail, March 2014)

Contribution to Organised Retail (2012) (%)



Lawman Pg3 - Lawman Pg3 has established itself as a chic, iconic brand with a high glamour quotient. Lawman Pg3 brand is a close second to Integrati with net sales of ₹ 73.54 crores, an increase of 37% over the previous year. The brand gained high visibility during the year as the "Style Partner" for the bollywood blockbuster "Chennai Express".

Easies - Easies is the semi formal range of menswear and is the fourth largest brand. This brand continues to have a loyal following and registered sales of ₹ 9.64 crores compared to ₹ 6.36 crores in the previous year, a growth of 52%.

ADDITIONS - ADDICTIONS is the umbrella that houses the accessories business of the Company and includes various lifestyle products like deodorants, inner wear, wallets, belts, footwear etc. under the Company's key brands. The ADDICTIONS business clocked sales of ₹ 13.37 crores as compared to ₹ 11.78 crores in the previous year.

Products

Jeans - Jeans is the largest selling product category and sales of Jeans crossed the ₹ 200 crores level and now constitutes 55% of net sales. The growth in Jeans was lower due to trend of colored trousers during the year which has been accounted under the Trousers category.

Trousers - Reflecting the trend of colored pants, Trousers sales grew by 66% to ₹ 45.48 crores constituting 12% of net sales.

Shirts - Shirts showed a robust growth of 53% and Shirts sales increased from ₹ 47.43 crores to



Jeans is the largest selling product category and sales of Jeans crossed the ₹ 200 crores level and now constitutes 55% of net sales.

₹ 72.65 crores resulting in 20% share of net sales and maintaining the second highest share.

T-Shirts - T-Shirts also showed a good growth of 64% over the previous year achieving sales of ₹ 17.37 crores and accounted for 5% of net sales.

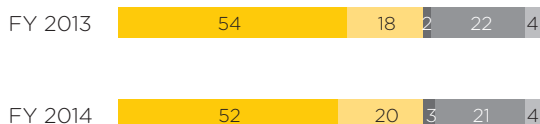
Other products - Other products included jackets, shorts, accessories etc. which registered sales of ₹ 27.76 crores and constituted 8% of net sales.

Sales and Distribution Channels

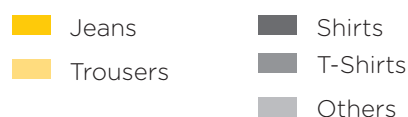
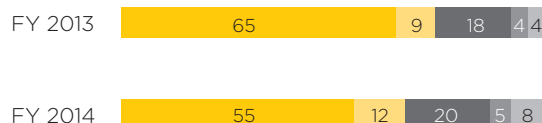
Your Company has adopted a judicious mix of delivering its products to the end consumer through a multipronged, multi-tier distribution network. This enables your Company to present its brands to customers in India and overseas markets and across Metros, Tier 1, Tier 2 and Tier 3 cities.

Multi Brand Outlets (MBOs) - MBOs contribute 54% of net sales and constitute the largest distribution channel for the Company's brands. Sales through MBOs increased by 16% to ₹ 197.38 crores and the Company reaches out to

Brand-wise Breakup of Sales (%)



Product wise Breakup of Sales (%)





approximately 3,000 MBOs through a pan India distributor network.

K Lounges and Exclusive Brand Outlets (EBOs) -

K-Lounge is the flagship retail chain of your Company that houses all its brands and products and gives a complete fashion shopping experience to the customer under one roof. Your Company also has brand specific stores or EBOs that are dedicated stores for the respective brands of your Company. This is the second largest sales channel of your Company and contributed sales of ₹ 98.67 crores representing 27% of net sales and registering a growth of 21% over the previous year.

National Chain Stores - These include large format departmental stores across India. Sales through this channel increased by 59% from ₹ 20.11 crores to ₹ 31.93 crores and now account for 9% of net sales.

Overseas - The Company's brands have been present in International markets and overseas sales grew strongly by 44% to ₹ 25.15 crores as compared to ₹ 17.49 crores in the previous year and accounted for 7% of net sales.

Factory outlets - Sales through Factory outlets declined to ₹ 10.73 crores (previous year ₹ 11.07 crores) and their share is at 3% of net sales.

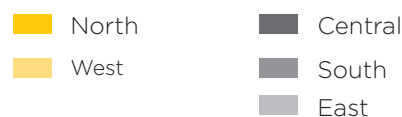
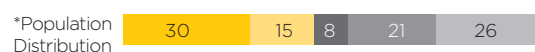
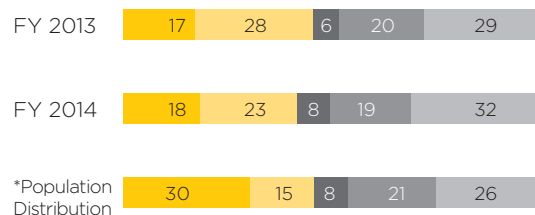
Store Roll-out:

The Company had a network of 308 operational stores with presence in over 183 cities across 24 states in India and 29 additional stores were work in-process as on 31st March 2014. The Company opened 66 new stores during the year and 30 existing stores were closed. Out of 308 stores, 294 stores are franchisee owned and operated stores.

Channel-wise Breakup of Sales (%)



Region-wise Breakup of Sales (%)



*based on comparable distribution data for 11-50 years age group
Source: India Population Census Data -2011 Sales



| Store Type | Number of stores |
|----------------------------|------------------|
| K-Lounge | 159 |
| Killer EBO | 78 |
| Lawman Pg3 EBO | 15 |
| Integrati EBO | 52 |
| Lawman Pg3 + Integrati EBO | 1 |
| Easies EBO | 1 |
| Factory Outlet | 2 |
| Total | 308 |

Regions

Your Company has from its early days focused on developing a pan India presence which now enables it to derive revenues from across the country. The region wise distribution of sales is well aligned with India's demographic distribution.

Your Company has had a strong presence in the Western region which is its region of inception

and has enhanced presence across other regions as well and hence the share of other regions has grown over a period of time. Sales in the Eastern region crossed ₹ 100 crores level and this region constitutes 32% of domestic sales. This is followed by Western region which constitutes 23% of domestic sales with sales of ₹ 79.65 crores. Sales in Central and Northern regions grew by 52% and 25% respectively increasing their combined share from 23% to 26% of domestic sales. Southern region clocked sales of ₹ 63.96 crores and maintained a share of 19% of domestic sales.

The Company also sells its branded apparel in international markets and overseas sales stood at ₹ 25.25 crores, a growth of 44% over the previous year.

Results of Operations

Total Revenue:

The Company achieved total income from operations of ₹ 367.21 crores, registering a growth of 21.2% over the previous year. The growth was driven by a combination of increase in apparel sales volume by 11% to 39.7 lakh units and a 9.5% increase in the sale realization per unit to ₹ 882 per unit. All the brands, products, regions and distribution channels contributed to the improvement in performance. The business of the company has an element of seasonality primarily due to festival periods and hence the annual performance of the company is a better representative compared to a quarterly analysis.

Cost of Goods Sold:

The cost of goods sold decreased marginally from 41.7% of total revenue to 41.5% of sales at ₹ 152.26 crores. This was due in improved realization per unit.

Other Costs:

Your Company has a continuous focus on improving productivity across all areas of operations and enhancing cost efficiencies which was reflected in marginal increase in most of the other costs.

- ★ Personnel cost increased by 12.3% to ₹ 38.26 crores which decreased from 11.2% of total revenue to 10.42% of total revenue.
- ★ Inflationary trends led to an increase of 29.4% in manufacturing and operating expenses which stood at ₹ 30.83 crores constituting 8.4% of total revenue.
- ★ Your Company continued to invest in building its brands and enhancing visibility resulting in a 20.7% increase in Selling and distribution expenses which amounted to ₹ 34.27 crores representing 9.3% of total revenue.



KKCL focuses on enhancing profitability not just through operational efficiency but also in terms of capital efficiency. The ROCE (Return on Capital Employed) in Operations increased from 71.8% to 88.6% and the overall ROCE for the Company increased from 26.7% to 30.4%. The RONW (Return on Networth) improved from 22% to 24.2%.

- ★ Administrative and other expense were reined in and stood at ₹ 18.18 crores representing 4.9% of total revenue as compared to 5.5% in previous year.

Profitability

Continuing its objective of pursuing profitable growth, the Company increased its EBITDA by 26.8% from ₹ 73.66 crores to ₹ 93.41 crores representing an EBITDA margin of 25.4% compared to 24.3% in the previous year. Your Company achieved record Profit after Tax of ₹ 67.02 crores an increase of 25.5% over the previous year, representing 18.3% of total revenue. Commensurately, the EPS of your Company increased from ₹ 43.34 per share to ₹ 54.38 per share. Your Company focuses on enhancing profitability not just through operational efficiency but also in terms of capital efficiency. The ROCE (Return on Capital Employed) in Operations increased from 71.8% to 88.6% and the overall ROCE for the Company increased from 26.7% to 30.4%. The RONW (Return on Networth) improved from 22% to 24.2%.



Financial Position and Cash flows:

The Company generated strong cashflows due to higher operating profits and continued to maintain its net debt free status. Cash and cash equivalents and current investments stood at ₹ 197.37 crores compared to ₹ 178.90 crores in previous year. The enhanced liquidity also resulted in the current ratio improving from 5.5 to 6.5. Working capital cycle was maintained near previous year levels with Debtors turnover at 51 days, Creditors turnover at 35 days and Inventory turnover at 40 days.

Business Progressive Fund:

The Company augmented the Business Progressive Fund with a sum of ₹ 5 crores thus taking the aggregate amount to ₹ 15 crores. This initiative which was started last year has been a pioneering effort by the Company to create a dedicated reserve that would serve as a support mechanism to enable continued thrust and spend on innovation, brand building and business expansion even during potential periods of slowdown.

Credit Rating

CRISIL has upgraded Company's debt rating from A+/Stable (Adequate safety) to AA/stable (High degree of Safety) which shall enable superior credit terms from the Banks to the Company.

Advertising and Branding Initiatives:

The Company undertook several initiatives in brand build and enhancing visibility.

- ★ Killer was the "Associate Sponsor" for one of the biggest Bollywood Award Shows - "IIFA Awards".
- ★ In-Stadia advertisements of "KILLER", "Lawman Pg3" and "Integriti" during India Vs New Zealand cricket match series.
- ★ KILLER was the "Arm Sponsor" for Afghanistan cricket team in T20 World Cup, 2014 held in Bangladesh.
- ★ "LawmanPg3" brand was extensively promoted during the year. It has been the "Style Partner" for the bollywood blockbuster "Chennai Express" and ads were published in almost all editions of Times of India and broadcast on various TV Channels.
- ★ Overseas Photo Shoot Production for "Killer" & "LawmanPg3".
- ★ The new campaign of Integriti brand named "The Spirit called Youth" was started.



- ★ Integriti brand was the principal sponsor for Rajasthan Royals during the IPL season 2014.
- ★ Ad spend on digital and internet advertising was increased to target the youth which is increasingly spending time on social media.

Outlook:

Despite the challenging macro environment the Company maintained a healthy rate of growth in revenues and profits in FY 2014 partly supported by the removal in excise duty on branded apparel. There are early signs of softening of macro headwinds and some stability returning in the economy. A stable currency, moderating inflation and reduced trade deficit provide potential levers for reducing interest rates and reviving growth in the economy. Your Company has believed in stable, sustainable and scalable growth. With its strong brands, focus on innovation and widening reach, your Company is confident of continued growth in revenues and profits.

Opportunities and Threats:

The long term potential of the branded apparel industry is robust as India today has amongst the

largest and youngest demographic in the world. Higher disposable income, brand and fashion consciousness and increased penetration of organized retail are likely to support higher than GDP growth in branded apparel. Not surprisingly, these factors have led to many global brands entering India but mainly targeting the premium end of the market segment. Your Company believes that this enhances the growth opportunity as consumers are now exposed to global fashion labels albeit at much higher price points. Your Company already has the products in the place which are comparable to the best global brands in terms of fashion, fit and finish and hence it is well positioned to provide consumers with a compelling choice. The year also saw elevated level of activity by ecommerce companies in the fashion domain. While sales of ecommerce companies continue to grow the long term sustainability and profitability of this business model is yet to be established. Your Company is optimistic about this new trend and believes that ecommerce provides an additional channel for Your Company to reach out to its existing and new consumers.



Kewal Kiran Clothing Ltd. is a well-known, popular manufacturer, although it is positioned in an industry with the valuations of this company look rather high vis-a-vis its peers. Take a look at its IPO price band at Rs 250-275. The company is a well-known, popular manufacturer, although it is positioned in an industry with the valuations of this company look rather high vis-a-vis its peers. Take a look at its IPO price band at Rs 250-275.



As a group, it is comprised of various firms. It was long promoter-owned, but the corporate intent of consolidation of manufacturing operations and restructuring of the company on April 1, 2005, led to its conversion into a public limited company. The company is now Kewal Kiran Clothing Private Ltd.

YOUR IPO WATCH

KEWAL KIRAN CLOTHING LIMITED (KKCL) IS A WELL-KNOWN, POPULAR MANUFACTURER, ALTHOUGH IT IS POSITIONED IN AN INDUSTRY WITH THE VALUATIONS OF THIS COMPANY LOOK RATHER HIGH VIS-A-VIS ITS PEERS. TAKE A LOOK AT ITS IPO PRICE BAND AT RS 250-275.

KEWAL KIRAN CLOTHING LIMITED-

Kewal Kiran Clothing Size does matter

Jitendra Kumar Gupta

Retailing is one sector that has been immensely benefited with the growing consumerism and rise in disposable income. This is also one of the main reasons why the sector is commanding higher valuation in the equity markets. Killers, Lawman, Integrity, Easies are some of the well-known brands manufactured by Kewal Kiran Clothing Ltd (KKCL) in the semi-formal and denim segments. The company has four manufacturing facilities at Dadar and Daman with a total annual capacity of 2 million pieces. KKCL plans to raise Rs 77.5-85 crore, which will be used in financing its capital expenditure of about Rs 72 crore. Besides the setting up of new manufacturing unit, the company intends to promote its brand further. It will set up additional 116 exclusive retail outlets in addition to the existing 27 existing to showcase and sell its entire range of products.

INDUSTRY VIEW

Textile industry is on its way to regaining its earlier significance in the Indian economy. Currently, this sector accounts for around 10 per cent of the GDP.



Kewal Kiran: Premium on brands

By Ashok Kumar

Kewal Kiran Clothing manufactures and markets branded jeans, semi-formal and casual wear for men. It proposes to raise funds to set up a new manufacturing unit which will commence operations by November 2006. The total cost of this project is estimated at Rs 32.4 crore. KKCL also plans 116 exclusive outlets by March 2008 in addition to its existing 27 outlets, called K-Lounge, at a cost of Rs 34.67 crore. The key issue positives include KKCL's in-house integration of textile exports accounts for only 1 per cent of the world's textile exports and is expected to grow to US \$ 100 million by 2010.

textile exports accounts for only 1 per cent of the world's textile exports and is expected to grow to US \$ 100 million by 2010.

E FUND

KKCL is expected to be listed through the public subscription route.

It's Killer time

Kewal Kiran, the owner of the famous Killer brand, is going by its strong brand presence and aggressive expansion strategy.

PRIYA KANSARA

Many companies, especially in the textiles and garment sectors, are changing their strategies keeping in mind the growing number of young people in the country. They are focussing on the 'Killer' brand. Kewal Kiran Clothing is part of the bandwagon with its 'Killer' brand.

NEW ISSUE SNAPSHOT

K-Lounge to expand beyond Mumbai

City-based KKCL plans to invest over Rs 70 cr; will set up new plant in Western India

K-LOUNGE



City-based KKCL plans to invest over Rs 70 cr; will set up new plant in Western India. The company is planning to set up a new manufacturing unit in Western India. The company is also planning to set up a new retail unit in Western India. The company is also planning to set up a new retail unit in Western India.

Kewal Kiran plans to utilise the Rs 75-odd crore raised through the public offer for doubling its current garment capacity to four million pieces with the introduction of a new manufacturing facility, location of which is not yet decided. The company also plans to increase the number of its exclusive retail stores, K-Lounge, to 143 in the next two financial years.

Concern: The competitive environment in the Indian market is becoming increasingly tough. The company is looking for ways to expand its market share.

Financial: The company's financial performance has been strong. It has a healthy balance sheet and a good track record of profitability.

DIRECTORS' REPORT

To the Members:

Your Directors have pleasure in presenting the 23rd Annual Report together with the audited accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS:

(Amount in Rupees)

| Sr. No. | Particulars | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---------|--|---------------------------|---------------------------|
| 1 | Net Sales/Income from operations | 3,672,147,747 | 3,029,924,892 |
| 2 | Other Income | 118,236,069 | 121,738,721 |
| 3 | Total Expenditure | 2,738,089,661 | 2,293,364,398 |
| 4 | Gross profit (Before deducting any of the following) | 1,052,294,155 | 858,299,215 |
| a. | Finance charges | 29,578,840 | 26,211,196 |
| b. | Provision for depreciation | 51,472,969 | 59,375,659 |
| c. | Tax provision | 300,966,173 | 238,539,612 |
| 5 | Net profit for the year | 670,276,173 | 534,172,748 |
| i | Prior Period Expenses (Net of Tax) | Nil | Nil |
| ii | Balance of profit/(loss) | 670,276,173 | 534,172,748 |
| 6 | Appropriation of profit | 419,840,835 | 404,476,276 |
| i | Bonus shares issued during the year | Nil | Nil |
| ii | Proposed Dividend (Including Dividend Tax) | 21,629,516 | 14,419,677 |
| iii | Transfer to General Reserve | 67,027,617 | 53,417,275 |
| 7 | Dividend (in ₹) per ordinary share | 21.00 | 17.50 |
| 8 | Paid up Equity capital | 123,250,370 | 123,250,370 |
| 9 | Reserves except revaluation reserve | 1,310,770,236 | 1,193,742,619 |
| 10 | Surplus c/f | 1,472,014,586 | 1,221,579,248 |

OVERALL PERFORMANCE:

During the year under review, the business and economic environment in India and other emerging countries remained challenging. The GDP growth rate dipped below 5%, amongst the lowest levels in a decade. The year witnessed several volatile events like significant depreciation of the rupee, burgeoning current account deficit, weakening and uncertain demand, elevated inflation and interest rates all of which lead to declining business confidence.

Despite the continued headwinds and sluggish markets your Directors are pleased to inform you that during the financial year ended 31st March, 2014, your company's sales and operating income was ₹ 367.21 crores representing a growth of 21.20% and net profit after tax stood at ₹ 67.03 crores representing a growth of 25.48 % over the previous year.

DIVIDEND

The Board of Directors had in their meeting held on October 19, 2013 declared the first interim dividend of ₹ 7.5/- per equity shares absorbing a sum of ₹ 108,147,578/- including dividend distribution tax. The record date for the purpose of payment of interim dividend was October 25, 2013 and the said interim dividend was paid in November 2013.

The Board of Directors had in their meeting held on January 24, 2014 declared the second interim dividend of ₹ 7/- per equity shares absorbing a sum of ₹ 100,937,739/- including dividend distribution tax. The record date for the purpose of payment of interim dividend was February 5, 2014 and the said interim dividend was paid in February 2014.

The Board of Directors had in their meeting held on May 10, 2014 declared the third interim dividend of ₹ 5/- per equity shares absorbing a sum of ₹ 72,098,385/- including dividend distribution tax. The record date for the purpose of payment of interim dividend was May 21, 2014 and the said interim dividend was paid in May 2014.

Your directors are pleased to recommend a final dividend of ₹ 1.5/- per equity share of ₹ 10/- each for the year ended March 31, 2014.

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 ₹ 21,629,515/- including dividend distribution tax.

An amount of ₹ 67,027,617/- would be transferred to the reserves.



OUTLOOK

The retail sector is one of the fastest growing in India over the last few years. The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. The industry is moving towards a modern concept of retailing.

As India's retail industry is aggressively expanding itself, great demand for real estate is being created. Further, easy availability of debit/credit cards has contributed significantly to a strong and growing online consumer culture in India. With the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international. India's urban population has contributed immensely to the growth of the online market in the country.

Favorable demographics, increasing urbanization, nuclear families, purchasing power of consumers, preference for branded products and higher aspirations are some factors which will drive retail consumption in the country.

While most retailers have been rushing to capture opportunities in the quickly crowding Indian metros, some have been focusing their expansion plans in the non-metros. Better employment opportunities and improved lifestyles have pulled the rural population towards cities. By 2030, it is estimated that 91 million households will be middle class and about 570 million people are expected to live in cities. This factor would be a significant driver for organized retail.

INVESTMENT IN WHITE KNITWEAR PRIVATE LIMITED:

The 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 Special Economic Zone (SEZ) and constructed factory building for setting up of manufacturing unit for production of knitwear apparels for exports. However due to slowdown in International market, SEZ could not take off and most of the members of SEZ shelved their projects and approached to Gujarat Industrial Development Corporation (GIDC) and state and central government for de-notification of SEZ. Gujarat Industrial Development Corporation vide its circular No. GIDC/CIR/Distribution/Policy/13/05 dated 14.03.2014 has de-notified the SEZ and conceded the members to convert and use the erstwhile land in SEZ as Domestic Tariff Area (DTA) subject to fulfillment of conditions stated therein. WKPL vide its letter dated 04.04.13 has consented for de-notification of its plot of Land and undertaken to complete the formal procedure for the same.

Post de-notification joint venture partners shall dispose of the Company/land and building and realize 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 2014 in view of the value of underlying assets base of joint venture. However, the company had made a provision for its share of loss in joint venture of ₹ 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 31st March 2014 is annexed hereto.

RELATED PARTY TRANSACTIONS:

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

DIRECTORS:

In accordance with the provisions of the Companies Act, 2013, and the Articles of Association of your company, Mr. Dinesh P. Jain (DIN 00327277), Director of your Company would retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for reappointment.

Mr. Popatlal F. Sundesha (DIN 00030409) has tendered his resignation from the position of Non-Executive Independent Director w.e.f from April 1, 2014.

Ms. Drushti R. Desai (DIN 00294249) was appointed as an Additional Director of your company in the Board Meeting held on July 23, 2014 and pursuant to Section 161 of the Companies Act, 2013 would hold office as a Director upto the date of the ensuing Annual General Meeting of the company.

The company has received notice from a member pursuant to Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Ms. Desai as Non Executive Independent Director. It will be advantageous for the company to continue to avail the services of Ms. Desai in her capacity as Directors of the company and take the benefit of her vast experience and expert knowledge.

The Company has received requisite notices from members pursuant to Section 160 of the Companies Act, 2013 proposing the appointment of Mr. Nimish G. Pandya (DIN 00326966), Mr. Yogesh A. Thar (DIN 02687466) and Dr. Prakash A. Mody (DIN 00001285) as Independent Directors.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under Sub Section (6) of Section 149 of the Companies Act 2013 and under Clause 49 of the Listing Agreement with the Stock Exchange.

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 March 31, 2014, 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 judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the 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 the Company and for preventing and detecting fraud and other irregularities;

(iv) that the directors have prepared the accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

CORPORATE GOVERNANCE:

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally.

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms a part of the Annual Report.

The requisite certificate from the 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 form a part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of operations, performance and future outlook of the 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 January 14, 2006, for its Board members and Senior Management Personnel. Declaration



of compliance with the code of conduct has 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 as on 31st March 2014 the Audit Committee consisted of three non-executive independent directors of the company viz. Mr. Yogesh A. Thar (Chairman of Audit Committee), Mr. Nimish G. Pandya and Mr. Popatlal S. Sundesha as members.

Mr. Popatlal F. Sundesha tendered his resignation from the position of Non-Executive Independent Director w.e.f from April 1, 2014. Mr. Sundesha was the member of the Audit Committee upto March 31, 2014. Subsequent to the resignation of Mr. Sundesha, Mr. Hemant P. Jain, Director of the Company was appointed as the member of the audit committee by board resolution passed by circulation on May 6, 2014 and the Audit Committee was re-constituted with two non-executive independent directors viz. Mr. Yogesh A. Thar (Chairman of Audit Committee), Mr. Nimish G. Pandya and one executive director viz. Mr. Hemant P. Jain as members.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013 the Board of Directors have in the Board Meeting held on May 10, 2014 constituted Corporate Social Responsibility Committee under the chairmanship of Mr. Nimish G. Pandya and comprising of Mr. Kewalchand P. Jain and Mr. Hemant P. Jain as members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

LISTING FEES:

The equity shares of your company are listed on the BSE 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:

The company has opened a demat suspense account with Edelweiss Securities Limited and credited all the shares issued pursuant to the Initial Public Offer (IPO), which remain unclaimed despite the best efforts of the 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 the 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.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company had declared Final Dividend for the financial year ended 2005-06 in the annual general meeting held on September 14, 2006. The unencashed dividend amount lying unclaimed to the credit of the said Final Dividend Account 2005-06 became due for transfer to the Investor Education and Protection Fund on October 19, 2013. The company has accordingly transferred an amount of ₹ 26,262/- (Rupees Twenty Six Thousand Two Hundred and Sixty Two only) being the unencashed dividend amount remaining unclaimed and due for transfer to the Investor Education and Protection Fund.

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 the company and being eligible offer themselves for re-appointment.

The Companies has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

PERSONNEL:

Employee relations continued to be cordial during the year ended March 31, 2014. Your Company continued its thrust on Human Resource Development. Your company has initiated various customized 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 the 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 the 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 March 31, 2014. 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 ₹ 250,497,940/-

Domestic Sales Nil

Total Foreign Exchange outgo ₹ 80,419,950/-

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
DIN : 00029730

Dated: July 23, 2014

Place: Mumbai



HOW THE WORLD CHANGED AROUND KILLERXK



CORPORATE GOVERNANCE REPORT

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

Kewal Kiran Clothing Limited 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 BSE Limited and National Stock Exchange of India Limited.

II. BOARD OF DIRECTORS:

(a) Composition of the Board:

The Board of Directors of Kewal Kiran Clothing Limited have an optimum combination of executive and non executive directors. As on March 31, 2014 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 March 31, 2014 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. Yogesh A. Thar | Director | Independent Non Executive | 2 | 4 |
| Dr. Prakash A. Mody | Director | Independent Non Executive | 5 | 1 |
| Mr. Nimish G. Pandya | Director | Independent Non Executive | 0 | 3 |

* Mr. Popatlal F. Sundesha has tendered his resignation from the position of Non-Executive Independent Director with effect from April 1, 2014.

**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 four meetings of the Board of Directors were held on the following dates:

May 11, 2013, July 24, 2013, October 19, 2013, and January 24, 2014. 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 March 31, 2014 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 | 4 | Present |
| Mr. Hemant P. Jain | 3 | Present |
| Mr. Dinesh P. Jain | 4 | Present |
| Mr. Vikas P. Jain | 4 | Present |
| Mr. Popatlal F. Sundesha | 0 | Absent |
| Dr. Prakash A. Mody | 1 | Present |
| Mr. Nimish G. Pandya | 4 | Present |
| Mr. Yogesh A. Thar | 4 | 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 January 14, 2006.

The company has also adopted code for Independent Directors in the Board meeting held on May 10, 2014 pursuant to section 149(8) of the Companies Act, 2013.

(d) Details of shares held in the company as on March 31, 2014

| Name of the Directors | Number of shares held |
|----------------------------|-----------------------|
| Mr. Kewalchand P. Jain* | 7,06,111 |
| Mr. Hemant P. Jain* | 7,06,915 |
| Mr. Dinesh P. Jain* | 7,44,831 |
| Mr. Vikas P. Jain* | 7,37,321 |
| Mr. Popatlal F. Sundesha** | Nil |
| Mr. Yogesh A. Thar | Nil |
| Dr. Prakash A. Mody | 336 |
| Mr. Nimish G. Pandya | Nil |

61,53,000 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 in his capacity of Karta of Kewalchand P. Jain H.U.F and 76,661 shares held j/w Veena K. Jain

The said shares held by Mr. H.P. Jain includes 16,000 equity shares in his capacity of Karta of Hemant P. Jain H.U.F and 77,400 shares held j/w Lata H. Jain

The said shares held by Mr. D.P. Jain includes 16,000 equity shares in his capacity of Karta of Dinesh P. Jain H.U.F and 99,401 shares held j/w Sangeeta D. Jain

The said shares held by Mr. V.P. Jain includes 16,000 equity shares in his capacity of Karta of Vikas P. Jain H.U.F and 91,836 shares held j/w Kesar V. Jain

**Note:

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.

III. AUDIT COMMITTEE:

Constitution of Audit Committee:

The Audit Committee was constituted on November 14, 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 AUDIT COMMITTEE MEMBER | POSITION HELD |
|------------------------------------|---------------|
| Mr. Yogesh A. Thar | Chairman |





| | |
|---------------------------|--------|
| *Mr. Popatlal F. Sundesha | Member |
| Mr. Nimish G. Pandya | Member |

***Note:**

Mr. Popatlal F. Sundesha was the member of the Audit Committee upto March 31, 2014.

Mr. Abhijit B. Warange, Company Secretary acts as the secretary of the Committee.

All the members of the Audit Committee are financially literate and Mr. Yogesh A. Thar, Chairman of the Audit Committee possesses financial/accounting expertise.

Subsequent to Mr. Sundesha's resignation Mr. Hemant P. Jain, Director of the company was appointed as the member of the audit committee by circular resolution dated May 6, 2014.

Meetings of Audit Committee:

During the year ended 31st March, 2014, four Audit Committee meetings were held May 11, 2013, July 24, 2013, October 19, 2013 and January 24, 2014. 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. Yogesh A. Thar | 4 | 4 |
| Mr. Nimish G. Pandya | 4 | 4 |
| Mr. Popatlal F. Sundesha | 4 | 0 |

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.
 - 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
 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.

12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

IV. REMUNERATION COMMITTEE:

Composition of committee

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

| NAME OF THE DIRECTOR | POSITION HELD |
|---------------------------|---------------|
| Mr. Nimish G. Pandya | Chairman |
| *Mr. Popatlal F. Sundesha | Member |
| Dr. Prakash A. Mody | Member |

***Note:**

Mr. Popatlal F. Sundesha was the member of the



Remuneration Committee upto March 31, 2014.

Mr. Abhijit B. Warange , Company Secretary 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 March 31, 2014.

Pursuant to Section 178 of the Companies Act, 2013 the Board of Directors have in the Board Meeting held on May 10, 2014 dissolved the existing Remuneration committee and constituted Nomination and Remuneration Committee under the chairmanship of Mr. Nimish Pandya and comprising of Mr. Yogesh Thar and Dr. Prakash Mody as members.

Details of sitting fees, remuneration etc., paid to Directors for the year ended March 31, 2014.

| Name of the Directors | Sitting Fees | Salary | Contribution to PF and Perquisites | Total |
|--------------------------|--------------|-------------|------------------------------------|-------------|
| Mr. Kewalchand P. Jain | Nil | ₹ 75,00,000 | ₹ 4,89,600 | ₹ 79,89,600 |
| Mr. Hemant P. Jain | Nil | ₹ 75,00,000 | ₹ 4,89,600 | ₹ 79,89,600 |
| Mr. Dinesh P. Jain | Nil | ₹ 75,00,000 | ₹ 4,89,600 | ₹ 79,89,600 |
| Mr. Vikas P. Jain | Nil | ₹ 75,00,000 | ₹ 4,89,600 | ₹ 79,89,600 |
| Mr. Popatlal F. Sundesha | Nil | Nil | Nil | Nil |
| Dr. Prakash A. Mody | ₹ 20,000 | Nil | Nil | ₹ 20,000 |
| Mr. Nimish G. Pandya | ₹ 1,60,000 | Nil | Nil | ₹ 1,60,000 |
| Mr. Yogesh A. Thar | ₹ 1,60,000 | Nil | Nil | ₹ 1,60,000 |



The aforesaid remuneration paid to the Wholetime Directors is excluding the provision for gratuity as separate actuarial valuation for the Wholetime 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 September 6, 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 DIRECTOR | POSITION HELD |
|------------------------|---------------|
| Mr. Nimish G. Pandya | Chairman |
| Mr. Kewalchand P. Jain | Member |
| Mr. Hemant P. Jain | Member |

Mr. Abhijit B. Warange , Company Secretary 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.

Pursuant to Section 178 of the Companies Act, 2013 the Board of Directors have in the Board Meeting held on May 10, 2014 dissolved the existing Shareholder and Investor Grievance committee and constituted Stakeholder Relationship Committee under the chairmanship of Mr. Nimish Pandya and comprising of Mr. Kewalchand Jain and Mr. Hemant Jain as members.

Status report of Investors complaints for the year ended March 31, 2014

| | | |
|----------------------------|---|-----|
| No. of complaints received | - | 2 |
| No. of complaints resolved | - | 2 |
| No. of complaints pending | - | NIL |

Name and Designation of the compliance officer:

Mr. Abhijit B. Warange – Vice President – Legal & Company Secretary

VI. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:-

Pursuant to Section 135 of the Companies Act, 2013 the Board of Directors have in the Board Meeting held on May 10, 2014 constituted Corporate Social Responsibility Committee under the chairmanship of Mr. Nimish Pandya and comprising of Mr. Kewalchand Jain and Mr. Hemant Jain as members.

VII. 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 |
|----------------|----------------------------|-----------|---|
| 2010-11 | Tuesday, September 6, 2011 | 3.00 p.m | M. C. Ghia Hall, Bhogilal Hargovindas Buiding, 2 nd floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001 |
| 2011-12 | Friday, August 3, 2012 | 12.00 p.m | C. K. Naidu Hall, The Cricket Club of India Limited, Brabourne Stadium, Dinshaw Vachha Road, Mumbai – 400 020 |
| 2012-13 | Thursday, August 22, 2013 | 12.00 p.m | M. C. Ghia Hall, Bhogilal Hargovindas Buiding, 2 nd floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001 |

Special Resolutions passed in previous three Annual General Meetings:-

20th 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 resolutions 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.

21st Annual General Meeting: At this meeting there were no special resolutions passed by the members of the company.

22nd Annual General Meeting: At this meeting two Special Resolutions were proposed, seconded and passed with more than three-fourths majority on show of hands. These special resolutions were with





regard to revision of remuneration payable to Mr. Pankaj K. Jain and revision of remuneration payable to Mr. Hitendra H. Jain, relatives of the Executive Directors of the company.

Special Resolutions whether passed by postal ballot:

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

VIII. 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 for the financial year 2013-14. In the Board Meeting held on May 10, 2014 the Company has adopted the Whistleblower Policy in accordance with Section 177 sub section (9) of the Companies Act 2013.
- (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.

IX. MEANS OF COMMUNICATION: -

The results of the company for the financial year ended March 31, 2014 are published in The Economic Times, Business Standard, DNA, Mint 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. 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.

X. GENERAL SHAREHOLDERS' INFORMATION: -

a) Annual General Meeting:

Date & Time : August 28, 2014 at 11 A.M.

Venue : M. C. Ghia Hall,
Bhogilal Hargovindas
Building, 4th floor, 18/20,
Kaishushru Dubash Marg
(Behind Prince of Wales
Museum,) Mumbai - 400 001

b) Financial Year: April 1 to March 31

c) Dates of Book Closure:

August 21, 2014 to August 28, 2014 (both days inclusive)

d) Dividend payment date:

Dividend when sanctioned by shareholders will be made payable on or after September 5, 2014.

e) Listing on Stock Exchanges:

The equity Shares of the company got listed on April 13, 2006 and continue to be listed at the following Stock Exchanges:

The BSE Limited, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai: 400 001.

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



Note:

Listing fees for the financial year 2014-15 has been paid to both the stock exchanges i.e BSE Limited and National Stock Exchange of India Limited

f) Stock Code/Symbol

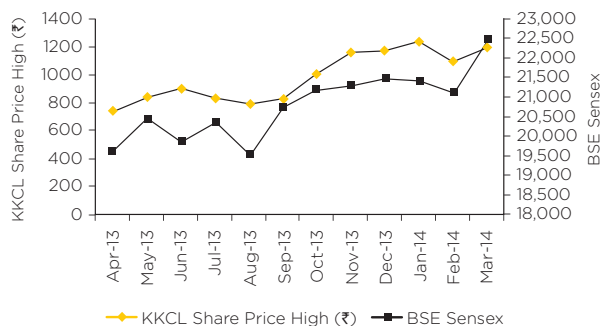
The BSE Limited : 532732
The National Stock
Exchange of India Limited
ISIN No. : INE401H01017

g) Market Price Data.

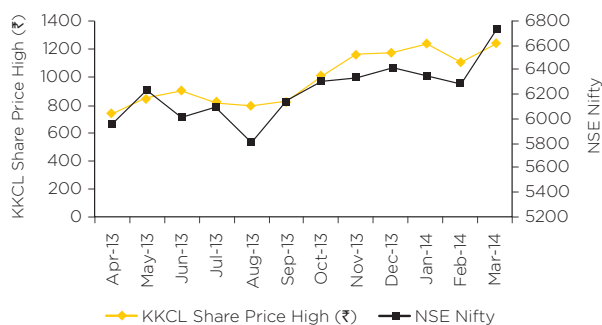
The monthly high & low quotations of the company's shares traded on the BSE Limited and the National Stock Exchange of India Limited during the financial year 2013-2014 are as under:

| Months | BSE | | NSE | |
|----------------|-----------------------|----------------------|-----------------------|----------------------|
| | High (₹ Per share) | Low (₹ Per share) | High (₹ Per share) | Low (₹ Per share) |
| April 2013 | 739.00 | 680.00 | 740.00 | 684.05 |
| May 2013 | 838.95 | 702.10 | 845.00 | 700.00 |
| June 2013 | 899.00 | 720.00 | 903.20 | 721.20 |
| July 2013 | 827.00 | 715.00 | 825.00 | 715.05 |
| August 2013 | 790.00 | 710.00 | 793.65 | 700.00 |
| September 2013 | 822.00 | 710.15 | 819.00 | 716.00 |
| October 2013 | 1006.00 | 780.00 | 1010.00 | 771.00 |
| November 2013 | 1158.00 | 968.80 | 1162.00 | 951.55 |
| December 2013 | 1173.00 | 1040.00 | 1174.80 | 1040.40 |
| January 2014 | 1234.70 | 990.00 | 1244.00 | 980.00 |
| February 2014 | 1100.00 | 985.00 | 1105.00 | 971.40 |
| March 2014 | 1199.95 | 1026.00 | 1239.95 | 1012.00 |

h) Performance in comparison to broad based indices:



Shareholding pattern graph as on March 31, 2014



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
Website: 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 15 days of the date of lodgment of transfer. Invalid share transfer are returned within fifteen days of receipt.



k) Distribution Pattern of shareholding as on March 31, 2014:

| No of equity shares | Shareholders | | Amount | |
|---------------------|--------------|---------------|---------------------|---------------|
| | Number | % to total | In ₹ | % to total |
| 1-5000 | 4061 | 93.94 | 17,65,710 | 1.43 |
| 5001-10000 | 80 | 1.85 | 5,95,590 | 0.48 |
| 10001-20000 | 47 | 1.09 | 7,44,890 | 0.60 |
| 20001-30000 | 34 | 0.79 | 8,19,920 | 0.67 |
| 30001-40000 | 16 | 0.37 | 5,45,170 | 0.44 |
| 40001-50000 | 11 | 0.25 | 5,01,470 | 0.41 |
| 50001-100000 | 26 | 0.60 | 18,82,370 | 1.53 |
| 100001 & above | 48 | 1.11 | 11,63,95,250 | 94.44 |
| Total | 4323 | 100.00 | 12,32,50,370 | 100.00 |

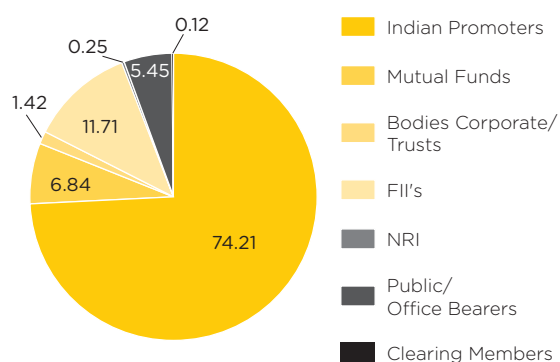
Shareholding Pattern as on March 31, 2014.

| Category | No. of Shares | % to total |
|----------------------|-----------------|---------------|
| Indian Promoters | 9146473 | 74.21 |
| Mutual Funds | 842532 | 6.84 |
| FII's | 1443720 | 11.71 |
| NRI | 30917 | 0.25 |
| Bodies Corporate | 174276 | 1.41 |
| Independent Director | 336 | 0.00 |
| Clearing Members | 14963 | 0.12 |
| Office Bearers | 3197 | 0.03 |
| Trusts | 750 | 0.01 |
| Public | 667873 | 5.42 |
| Total | 12325037 | 100.00 |

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

Shareholding pattern graph as on March 31, 2014

Shareholding Pattern (2014) (%)



I) 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 99.98 % of total equity shares of the company are held in dematerialised form with NSDL & CDSL as on March 31, 2014.

Liquidity

Kewal Kiran Clothing Limited Shares are actively traded on BSE Limited and The National Stock Exchange of India Limited

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. 787/1/2A/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

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
Website: www.linkintime.co.in

General correspondence

Kewal Kiran Estate,
Behind Tirupati Udyog,
460/7, I.B. Patel Raod,
Goregaon (East), Mumbai: 400 063
Tel: +91 22 26814400
Fax: +91 22 26814410
Email: abhijit.warange@kewalkiran.com
Website: www.kewalkiran.com

An exclusive id,
grievanceredressal@kewalkiran.com
for redressal of investor complaints has
been created and the same is available on
company's website 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 Limited | Chairman |
| Kewal Kiran Realtors and Infrastructures Private Limited | Chairman |
| Kewal Kiran Management Consultancy Limited | Chairman |
| Kewal Kiran Finance Private Limited | Chairman |
| Kewal Kiran Media and Communication Limited | Chairman |
| White Knitwears Private Limited | Director |
| Kalpvrksh Realtors and Infrastructures Private Limited | Chairman |
| Lord Gautam Charitable Foundation | Chairman |

COMMITTEE MEMBERSHIPS

| Name of the Company | Name of the Committee | Position Held |
|------------------------------|--|---------------|
| Kewal Kiran Clothing Limited | 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 Limited | Director |
| Kewal Kiran Realtors and Infrastructures Private Limited | Director |
| Kewal Kiran Management Consultancy Limited | Director |
| Kewal Kiran Finance Private Limited | Director |
| White Knitwears Private Limited | Director |
| Kewal Kiran Media and Communication Limited | Director |
| Kalpvrksh Realtors and Infrastructures Private Limited | Director |
| Lord Gautam Charitable Foundation | Director |

COMMITTEE MEMBERSHIPS

| Name of the Company | Name of the Committee | Position Held |
|------------------------------|--|---------------|
| Kewal Kiran Clothing Limited | 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 Limited | Director |
| Kewal Kiran Realtors and Infrastructures Private Limited | Director |
| Kewal Kiran Management Consultancy Limited | Director |
| Kewal Kiran Finance Private Limited | Director |
| Kewal Kiran Media and Communication Limited | Director |
| Synthofine Chemicals of India Limited | 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 Limited | Director |
| Kewal Kiran Realtors and Infrastructures Private Limited | Director |
| Kewal Kiran Management Consultancy Limited | Director |
| Kewal Kiran Finance Private Limited | Director |
| Kewal Kiran Media and Communication Limited | 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 Private Limited | Chairman |
| Apaksh Broadband Limited | Director |
| Aksh Opti Fibre Limited | Director |

COMMITTEE MEMBERSHIPS:

| Name of the Company | Name of the Committee | Position Held |
|------------------------------|------------------------|---------------|
| Kewal Kiran Clothing Limited | Audit Committee | Member |
| Kewal Kiran Clothing Limited | Remuneration Committee | Member |
| Aksh Opti Fibre Limited | Audit Committee | Member |

[6] BODIES CORPORATE OF WHICH DR. PRAKASH A. MODY IS A CHAIRMAN/DIRECTOR

| Name of the Company | Board Position Held |
|---|---------------------|
| Unichem Laboratories Limited | Chairman |
| Unichem Farmaceutica Do Brazil Ltda.(Brazil) | Director |
| Unichem SA (Pty) Limited (South Africa) | Director |
| Unichem Pharmaceuticals (USA) Inc | Director |
| Unichem Laboratories Pty. Limited (Australia) | Director |

COMMITTEE MEMBERSHIPS:

| Name of the Company | Name of the Committee | Position Held |
|------------------------------|------------------------|---------------|
| Kewal Kiran Clothing Limited | Remuneration Committee | Member |

[7] 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 Limited | Remuneration Committee | Chairman |
| Kewal Kiran Clothing Limited | Shareholders and Investors Grievance Committee | Chairman |
| Kewal Kiran Clothing Limited | Audit Committee | Member |

[8] BODIES CORPORATE OF WHICH MR. YOGESH A. THAR IS A CHAIRMAN/DIRECTOR

| Name of the Company | Board Position Held |
|--|---------------------|
| Rhodia Specialty Chemicals India Limited | Director |
| Sunshield Chemicals Limited | Director |

COMMITTEE MEMBERSHIPS

| Name of the Company | Name of the Committee | Position Held |
|--|------------------------|---------------|
| Rhodia Specialty Chemicals India Limited | Audit Committee | Chairman |
| Rhodia Specialty Chemicals India Limited | Remuneration Committee | Member |
| Sunshield Chemicals Limited | Audit Committee | Chairman |
| Kewal Kiran Clothing Limited | Audit Committee | Chairman |



AUDITORS' CERTIFICATE

To,

The Members of

Kewal Kiran Clothing Limited

1. We have examined the compliance of conditions of corporate governance by Kewal Kiran Clothing Limited ('the company'), for the year ended on 31st March 2014, 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 Registration No: 116560W

Sandeep Shah
Partner
Membership No.37381

Place: Mumbai
Dated: July 23, 2014

For **Jain & Trivedi**
Chartered Accountants
Firm Registration No: 113496W

Satish Trivedi
Partner
Membership No.38317

Place: Mumbai
Dated: July 23, 2014

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 14th January, 2006 and the Board Members and Senior Management have affirmed compliance with the said Code of Conduct for the financial year ended 31st March, 2014.

For and on behalf of the Board

Kewalchand P. Jain
Chairman & Managing Director
(DIN 00029730)

Place: Mumbai
Dated: May 10, 2014

CHAIRMAN AND MANAGING DIRECTORS AND CHIEF FINANCIAL OFFICERS CERTIFICATION

The Board of Directors
Kewal Kiran Clothing Limited
Mumbai

Dear Sirs,

Sub: Certificate for the financial year ended 31st March, 2014 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
(DIN 00029730)

S. L. Kothari
Chief Financial Officer

Place: Mumbai
Dated: May 10, 2014





THE SPIRIT CALLED YOUTH

BRIEF

Integriti is a fashion brand aimed at the youth. The challenge was to stay relevant to an increasingly cynical and picky customer base. Thus, it needed a new campaign that reinforced and deepened its connection with the youth.

SOLUTION

The answer was not just a new campaign, but a whole range of clothing collections based around a single idea. This idea was The Spirit called Youth. It was a combination of 8 different facets that represented today's youth. These facets were brought to life through a product catalogue. Each facet had its own distinct font and style in the catalogue. The product stories were successfully fused with the larger theme of challenging and inspiring today's youngsters.

RESULT

The content and style of the catalogue caught the attention of many. Apart from leading to sales increases, the brand was suddenly being seen in a more relevant and inspiring light by the youth.





Figures
that
made
us

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Kewal Kiran Clothing Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of KEWAL KIRAN CLOTHING LIMITED ('the Company') which comprise the Balance Sheet as at 31st March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (together referred to as financial statements).

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular No. 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

For **N. A. Shah Associates**
Chartered Accountants
Firm Registration No: 116560W

Sandeep Shah
Partner
Membership No.37381

Place: Mumbai
Dated: May 10, 2014

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

OPINION

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

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') and as amended issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular No.15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. on the basis of the written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Jain & Trivedi**
Chartered Accountants
Firm Registration No: 113496W

Satish Trivedi
Partner
Membership No.38317

Place: Mumbai
Dated: May 10, 2014

ANNEXURE TO THE AUDITORS' REPORT

for year ended March 31, 2014

(Referred to in paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' 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 fixed assets.
 - (b) Fixed assets have been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year. Therefore, comment on substantial sale of fixed assets affecting going concern status does not arise.
- (ii) In respect of inventories:
 - (a) The inventories (other than lying with third parties) have been physically verified during the year by the management. In respect of inventories lying with the third parties, confirmations have been obtained. 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 its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted and taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the requirement of clause (iii)(b) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 aforesaid internal control system.
- (v) In respect of register maintained under section 301 of the Act:
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
 - (b) In our opinion and according to the information and explanations 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 exceeding the value of Rs. 500,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under. Hence clause (vi) of paragraph 4 of the Order is not applicable. We are informed that no order relating to 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) The Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account 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 in respect of manufacturing of apparels and generation of electricity from wind power and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of records with a view to determine whether they are accurate or complete.
- (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 account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales 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 Advance Income Tax, Tax Deducted at Source, Service Tax and Professional Tax. There are no undisputed statutory dues payable in respect to above statutes, outstanding as at 31st March 2014 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, 2014 which have

not been deposited. In respect of Income Tax for the assessment year 2005-2006, the demand of Rs.6,894,195 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 in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per 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. Therefore, clause (xii) of the paragraph 4 of the Order relating to maintenance of documents and records is not applicable.
- (xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, provisions of clause (xiii) of paragraph 4 of the Order are not applicable.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing in or trading in investment in Mutual Funds / Shares and Securities and timely entries have been made therein. All the Investments have been held by the Company in its own name.

For **N. A. Shah Associates**
Chartered Accountants
Firm Registration No: 116560W

Sandeep Shah
Partner
Membership No.37381

Place: Mumbai
Dated: May 10, 2014

- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provision of clause (xv) of paragraph 4 of the Order is not applicable to the Company.

- (xvi) According to the information and explanations given to us, no term loans were raised during the year by the Company and therefore the question of utilization for stated purpose does not arise.

- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short-term basis have not been used for long term investment by the Company.

- (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 neither issued nor has outstanding debentures and therefore, clause (xix) of paragraph 4 of the Order regarding creation of securities or charge is not applicable.

- (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 unutilized 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 **Jain & Trivedi**
Chartered Accountants
Firm Registration No: 113496W

Satish Trivedi
Partner
Membership No.38317

Place: Mumbai
Dated: May 10, 2014

BALANCE SHEET

as at March 31, 2014

(₹ in Lakhs)

| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
|---|-------|--------------------------|--------------------------|
| EQUITY & LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2.1 | 1,232.50 | 1,232.50 |
| Reserves and Surplus | 2.2 | 27,827.85 | 24,153.22 |
| | | 29,060.35 | 25,385.72 |
| Non-Current Liabilities | | | |
| Other Long-Term Liabilities | 2.3 | 728.30 | 543.40 |
| Long-Term Provisions | 2.4 | 58.71 | 55.43 |
| | | 787.01 | 598.83 |
| Current Liabilities | | | |
| Short-Term Borrowings | 2.5 | 1,187.70 | 1,409.07 |
| Trade Payables | 2.6 | 2,727.61 | 2,274.12 |
| Other Current Liabilities | 2.7 | 928.21 | 1,116.07 |
| Short-Term Provisions | 2.8 | 2,362.68 | 1,659.09 |
| | | 7,206.20 | 6,458.35 |
| TOTAL | | 37,053.56 | 32,442.90 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | 2.9 | | |
| Tangible Assets | | 4,202.37 | 4,317.20 |
| Intangible Assets | | 62.28 | 37.07 |
| Tangible Capital Work in Progress | | 2.70 | 70.34 |
| Non Current Investments | 2.10 | 348.68 | 348.28 |
| Deferred Tax Assets(Net) | 2.11 | 178.28 | 202.94 |
| Long-Term Loans and Advances | 2.12 | 818.54 | 968.10 |
| Other Non-Current Assets | 2.13 | 73.37 | 96.39 |
| | | 5,686.22 | 6,040.32 |
| Current Assets | | | |
| Current Investments | 2.14 | 16,319.87 | 11,813.38 |
| Inventories | 2.15 | 4,789.19 | 3,366.92 |
| Trade Receivables | 2.16 | 6,368.17 | 4,786.96 |
| Cash & Bank Balances | 2.17 | 3,416.51 | 6,076.53 |
| Short-Term Loans & Advances | 2.18 | 362.13 | 181.49 |
| Other Current Assets | 2.19 | 111.47 | 177.30 |
| | | 31,367.34 | 26,402.58 |
| TOTAL | | 37,053.56 | 32,442.90 |
| 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
Registration No.:116560W

Sandeep Shah

Partner
Membership No. : 37381

Place : Mumbai
Date : 10th May 2014

**For and on behalf of
Jain & Trivedi**

Chartered Accountants
Registration No. : 113496W

Satish Trivedi

Partner
Membership No. : 38317

For and on behalf of the Board of Directors

Kewalchand P Jain

Chairman & Managing Director
DIN : 00029730

S. L. Kothari

Chief Financial Officer

Hemant P Jain

Whole time Director
DIN : 00029822

Abhijit Warange

Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March, 31 2014

| (₹ in Lakhs) | | | |
|--|-------|---------------------------------------|---------------------------------------|
| Particulars | Note | For the Year Ended 31st March 2014 | For the Year Ended 31st March 2013 |
| INCOME | | | |
| Revenue from Operations (Gross) | 2.20 | 36,783.93 | 32,039.45 |
| Less: Excise Duty | | 62.45 | 1,740.20 |
| Revenue from Operations (Net) | | 36,721.48 | 30,299.25 |
| Other Income | 2.21 | 1,182.36 | 1,217.39 |
| | | 37,903.84 | 31,516.64 |
| EXPENDITURE | | | |
| (Increase) / Decrease in Stocks | 2.22 | (1,415.07) | 58.39 |
| Cost of Material Consumed | 2.23 | 15,841.46 | 11,785.63 |
| Purchase of Trading Items: Lifestyle Accessories/ Products | | 800.33 | 785.30 |
| Personnel Cost | 2.24 | 3,825.90 | 3,407.52 |
| Manufacturing and Operating Expenses | 2.25 | 3,083.46 | 2,382.84 |
| Administrative and Other Expenses | 2.26 | 1,818.31 | 1,674.75 |
| Selling and Distribution Expenses | 2.27 | 3,426.50 | 2,839.22 |
| Finance Expenses | 2.28 | 295.79 | 262.11 |
| Depreciation/ Amortization | 2.9 | 514.73 | 593.76 |
| | | 28,191.41 | 23,789.51 |
| Net Profit Before Tax | | 9,712.43 | 7,727.13 |
| Provisions for Taxation | | | |
| Current Tax | | 2,985.00 | 2,410.00 |
| Deferred Tax | | 24.66 | (30.18) |
| Short Provision for Taxes of Earlier Years | | - | 5.58 |
| Net Profit for the Year | | 6,702.77 | 5,341.73 |
| Earnings per Share - Basic and Diluted (₹) (Face Value of ₹ 10 each fully paid up) | | 54.38 | 43.34 |
| 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 Statement of Profit and Loss

As per our audit report of even date

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

Sandeep Shah
Partner
Membership No. : 37381

Place : Mumbai
Date : 10th May 2014

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

Satish Trivedi
Partner
Membership No. : 38317

For and on behalf of the Board of Directors

Kewalchand P Jain
Chairman & Managing Director
DIN : 00029730

S. L. Kothari
Chief Financial Officer

Hemant P Jain
Whole time Director
DIN : 00029822

Abhijit Warange
Company Secretary

CASH FLOW STATEMENT

for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | 2013-2014 | 2012-2013 |
|--|--------------------|-------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Taxes as per Statement of Profit and Loss | 9,712.43 | 7,727.12 |
| Adjustments for: | | |
| Depreciation/ Amortization | 514.73 | 593.76 |
| (Gain)/Loss on Sale of Fixed Assets /Fixed Asset discarded (Net) | (23.84) | 21.01 |
| (Gain)/Loss on Redemption of units of Mutual Fund (Net) | (775.57) | (276.48) |
| Sundry Balance (written back)/written off (Net) | (6.80) | 13.22 |
| Finance Expenses | 254.18 | 241.88 |
| Dividend Income | (176.36) | (207.11) |
| Provision/(Reversal of provision) for Doubtful Debts, Advances, Deposits, Inventory and Investments | 69.76 | (8.15) |
| Provision/(Reversal of provision) for Contingent Rent | 3.29 | (14.05) |
| Provision/(Reversal of provision) for Contingencies | 27.60 | 3.00 |
| Provision/(Reversal of provision) for Margin on Sales Return | 5.05 | 5.40 |
| Provision/ (Reversal of Provision) of Exchange Rate Fluctuation (Net) | (3.71) | (1.55) |
| Interest Income | (126.75) | (702.16) |
| | (238.42) | (331.23) |
| | 9,474.01 | 7,395.89 |
| Changes in Assets and Liabilities | | |
| Trade Receivable and Other Assets | (1,653.11) | 282.32 |
| Inventories | (1,452.27) | (165.50) |
| Trade Payables, Liabilities and Provisions | 570.77 | 1,388.59 |
| | (2,534.61) | 1,505.41 |
| Net Cash Inflow from Operating Activities | 6,939.40 | 8,901.31 |
| Less: Income Tax paid (refer note 1 below) | (2,717.42) | (2,279.56) |
| Net Cash Inflow/(outflow) from Operating Activities | 4,221.98 | 6,621.74 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (364.36) | (633.24) |
| Sale of Fixed Assets | 62.02 | 22.29 |
| Purchase of Investments in Mutual Funds-FMP | (15,794.88) | (12,161.49) |
| Redemption of Investments in Mutual Funds-FMP (including Income tax of ₹ 4.20 lakhs (P.Y. ₹ 17.54 lakhs) | 12,059.75 | 3,412.98 |
| Bank Deposit offered as Security | (90.19) | (92.50) |
| Maturity of Bank Deposit offered as Security | 76.75 | 68.67 |
| Maturity of Deposit with NBFC | - | 200.00 |
| Dividend Income | 176.36 | 207.11 |
| Interest received on Bank Deposits/NBFC's | 208.71 | 1,337.10 |
| Less : Income Tax Paid | (70.94) | (227.82) |
| Net Cash inflow /(Outflow) from Investing Activities | (3,736.78) | (7,866.89) |

| (₹ in Lakhs) | | |
|--|-------------------|-------------------|
| Particulars | 2013-2014 | 2012-2013 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Secured Loans - Working Capital Demand Loan (Net) | (221.37) | (79.96) |
| Interest and Finance Charges | (249.87) | (237.88) |
| Payment of Dividend (Including Dividend Tax) | (2,667.64) | (2,506.78) |
| Net Cash Inflow/(Outflow) from Financing Activities | (3,138.88) | (2,824.62) |
| Net Increase/ (Decrease) in Cash & Cash Equivalents | (2,653.68) | (4,069.77) |
| Cash And Cash Equivalents - Opening (Refer Note 2.17) | 5,996.83 | 10,066.39 |
| | 3,343.15 | 5,996.62 |
| Effect of Exchange Gain/(Loss) on Cash and Cash Equivalents | 0.12 | 0.20 |
| CASH AND CASH EQUIVALENTS - CLOSING (refer note 2.17) | 3,343.27 | 5,996.83 |
| Significant accounting policies and notes on accounts | 1 & 2 | |

The notes referred to above form integral part of Cash Flows Statement

The Aggregate Income Tax paid during the year is ₹ 2,792.56 lakhs (P.Y. ₹ 2,525.91 lakhs).

As per our audit report of even date

**For and on behalf of
N. A. Shah Associates**

Chartered Accountants
Registration No.:116560W

Sandeep Shah

Partner
Membership No. : 37381

Place : Mumbai

Date : 10th May 2014

**For and on behalf of
Jain & Trivedi**

Chartered Accountants
Registration No. : 113496W

Satish Trivedi

Partner
Membership No. : 38317

For and on behalf of the Board of Directors

Kewalchand P Jain

Chairman & Managing Director
DIN : 00029730

S. L. Kothari

Chief Financial Officer

Hemant P Jain

Whole time Director
DIN : 00029822

Abhijit Warange

Company Secretary

NOTES

on Accounts for the year ended March 31, 2014

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 prescribed by the Central Government, relevant provisions of the Companies Act, 1956 (to the extent applicable), the Companies Act, 2013 (to the extent notified) and guidelines issued by the Securities and Exchange Board of India. As clarified by General Circular No. 08/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs, financial statements for the year ended 31st March 2014 have been prepared in accordance with the Companies Act, 1956. 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 Presentation and Disclosure of Financial Statements:

All assets and liabilities have been classified as current & non-current as per Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months however for the purpose of current/non-current classification of assets & liabilities period of 12 months has been considered as its operating cycle.

1.3 Use of Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the application of accounting policies, reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates and assumptions used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any difference between the actual results and estimates are recognized in the period in which the results are known / materialize. Any revision to accounting estimates is recognized prospectively in the current and future periods.

1.4 Fixed Assets:

a) Tangible Assets

Tangible assets are stated at cost of acquisition / construction less accumulated depreciation, amortization and accumulated impairment losses, if any.

b) Intangible Assets

Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the enterprise and the cost of asset can be measured reliably. Intangible assets are stated at consideration paid for acquisition less accumulated amortization and accumulated impairment loss if any.

c) Cost of fixed assets includes non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable costs for bringing the asset to its working condition for its intended use.

d) Capital work-in-progress comprises of cost incurred on fixed assets under construction/ acquisition that are not yet ready for their intended use at the Balance Sheet Date.

1.5 Depreciation/Amortization:

a) Depreciation is provided using written down value method on pro-rata basis at the rates prescribed under Schedule XIV of the Companies Act, 1956 except in respect of the following assets, which are depreciated at higher rates than the rates specified in the schedule XIV consequent to management's estimate of useful life of the asset.

| Assets | Useful life |
|--|---|
| Assets lying at retail stores | 5 years on straight line basis |
| Mobile phone (acquired after 31st March 2010) | 3 years on straight line basis |
| Computer Hardware (acquired after 31st March 2012) | 3 years on straight line basis |
| Second hand factory / office building | Balance useful life (30 Years) on straight line basis |

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on Accounts for the year ended March 31, 2014

- b) Amortization of intangible assets

| Assets | Amortization Period |
|-------------------|---|
| Computer software | 3 years on straight line basis or useful life, whichever is shorter |
| Membership Rights | 5 years on straight line basis or useful life, whichever is shorter |

- c) Depreciation on individual assets whose cost does not exceed five thousand rupees has been provided at the rate of hundred per cent in the year of capitalization.
- d) Leasehold lands are amortized over the period of lease or useful life whichever is lower. Buildings constructed on leasehold land are depreciated at normal rate as prescribed in schedule XIV, in case the lease period of the land is beyond the useful life of the building. In other cases building constructed on leasehold land are amortized over the lease period of land.

1.6 Impairment:

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided depending on changes in circumstances. After recognition of impairment loss, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation/ amortization had no impairment loss been recognised in earlier years.

1.7 Investments:

- a) Investments are classified into current and long-term investments.
- b) Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.
- c) Current investments are carried at lower of cost and fair value (net asset value in case of units of mutual fund) determined on category wise basis. Long term investments are carried at cost. However, provision for diminution in value of long term investments is made to recognize a decline, other than temporary, on an individual investment basis. Investments in liquid mutual funds are classified as cash and cash equivalents.
- d) The cost of investments comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.
- e) 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.

1.8 Accounting for Interest in Joint Ventures:

- a) Incorporated Jointly Controlled Entities
- Income on investments in incorporated jointly controlled entities is recognized when the right to receive the same is established.
 - Investment in such joint ventures is carried at cost after providing for any diminution in value other than temporary in nature, if any.

1.9 Inventories:

- a) The inventories (including traded goods) are valued at lower of cost and net realizable value after providing for cost of obsolescence wherever considered necessary. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- b) The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition.

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on Accounts for the year ended March 31, 2014

Since the Company is in fashion industry with diverse designs/styles, the cost of inventory is determined on the basis of specific identification method (as the same is considered as more suitable).

- c) In case of work in progress and finished goods, the costs of conversion include costs directly related to the units of production and systematic allocation of fixed and variable production overheads. The cost of finished goods also includes excise duty wherever applicable.

1.10. Revenue Recognition:

- a) Sales of goods are recognized when significant risks and rewards of ownership of the goods have passed to the buyer that coincides with delivery and are recorded net of sales tax, rebates, trade discounts and sales returns.
- b) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- c) Dividend income on investment is accounted for in the year in which the right to receive the payment is established.
- d) Service income is recognized upon rendering of services. Service income is recorded net of service tax.
- e) Licensing revenue is recognized on accrual basis in accordance with the terms of the relevant agreements. Licensing income is recorded net of sales tax and service tax.
- f) Power generation income is recognized on the basis of electrical units generated and sold in excess of captive consumption and recognized at prescribed rate as per agreement of sale of electricity by the Company. Further, value of electricity generated and captively consumed is netted off from the electricity expenses.
- g) Export incentives / benefits
 - i. Export incentives under the Duty Drawback Scheme/other benefits are recognized on accrual basis in the year of export.
 - ii. Export incentives / benefits in respect of duty free import of capital goods are recognized as income in Statement of Profit and Loss only on certainty of utilizing the benefit by import of capital goods.
- h) Rental income on assets given under operating lease arrangements is recognized on straight line basis over the lease term in accordance with terms of agreement. Rental income is recorded net of service tax.

1.11. Foreign Currency Transactions:

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- b) As at balance sheet date, foreign currency monetary items are translated at closing exchange rate. Foreign currency non-monetary items are carried at historical cost using exchange rate on the date of transaction.
- c) Exchange difference arising on settlement or translation of foreign currency monetary items are recognized as income or expense in the year in which they arise except to the extent exchange differences are regarded as an adjustment to interest cost and treated in accordance with Accounting Standard 16- Borrowing Cost.

1.12. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

1.13. Employees' Benefits:

a) Short term employee benefit

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss in the period in which the employee renders the related service.

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on Accounts for the year ended March 31, 2014

b) Post-employment benefits

i) Defined contribution plan

The defined contribution plan is post-employment benefit plan under which the Company contributes fixed contribution to a government administered fund and will have no obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Employee State Insurance Scheme, Employee Pension Scheme and Labour Welfare Fund. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the period in which employee renders the related service.

ii) Defined benefit plan

The Company's obligation towards gratuity liability is funded to an approved gratuity fund, which fully covers the said liability under Cash Accumulation Policy of Life Insurance Corporation of India (LIC). The present value of the defined benefit obligations is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognized immediately in the Statement of Profit and Loss as income or expense.

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 recognized in Statement of Profit and Loss.

1.14. 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 expenses on assets obtained under operating lease arrangements are recognized on a straight-line basis as an expense in the Statement of Profit and Loss over the lease term of respective lease arrangement.

1.15. Taxes on Income:

- a) Tax expenses comprise of current tax, deferred tax charge or credit and adjustments of taxes for earlier years.
- b) Provision for current tax is made as per the provisions of Income Tax Act, 1961.
- c) Deferred tax charge or credit reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years and are measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each balance sheet date. At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably/virtually certain as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.16. Cash and Cash Equivalents:

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term highly liquid investments / mutual funds that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

1.17. 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.

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on Accounts for the year ended March 31, 2014

1.18. Provisions and Contingent Liabilities:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

1.19. Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split if any.

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

1.20. Segment Reporting:

The segments have been identified taking into account the nature of the products / services, geographical locations, nature of risks and returns, internal organization structure and internal financial reporting system. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2. NOTES ON ACCOUNTS:

| (₹ in Lakhs) | | | |
|---|--------------|--------------------------|--------------------------|
| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
| SHARE CAPITAL | 2.1 | | |
| Authorized Capital | | 2,000.00 | 2,000.00 |
| 20,000,000 (P.Y. 20,000,000) Equity shares of ₹ 10 each | | | |
| Issued, subscribed and Paid up : | | | |
| 12,325,037 (P.Y. 12,325,037) Equity shares of ₹ 10 each, fully paid up | | 1,232.50 | 1,232.50 |
| | | 1,232.50 | 1,232.50 |
| 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 | | |

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on Accounts for the year ended March 31, 2014

| Particulars | Note | 31st March 2014 | | 31st March 2013 | |
|--|--------------|-------------------|-----------------|-------------------|-----------------|
| | | No. of shares | ₹ In lakhs | No. of shares | ₹ In lakhs |
| Shares outstanding at the beginning of the year | | 12,325,037 | 1,232.50 | 12,325,037 | 1,232.50 |
| Shares issued during the year | | - | - | - | - |
| Shares bought back during the year | | - | - | - | - |
| Shares outstanding at the end of the year | | 12,325,037 | 1,232.50 | 12,325,037 | 1,232.50 |
| Details of the shareholders holding more than 5% shares in the company | 2.1.3 | | | | |

| Name of Shareholder | Note | As at 31 March 2014 | | As at 31 March 2013 | |
|--|--------------|---------------------|--------------|---------------------|--------------|
| | | 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 | | 728,831 | 5.91 | 726,651 | 5.90 |
| includes 99,401 (P.Y. 99,401) shares jointly held with Mrs Sangeeta D. Jain | | | | | |
| Mr.Vikas P Jain | | 721,321 | 5.85 | 718,086 | 5.83 |
| includes 91,836 (P.Y.90,836) shares jointly held with Mrs Kesar V. Jain | | | | | |
| Mr. Hemant P Jain | | 690,915 | 5.61 | 688,650 | 5.59 |
| includes 77,400 (P.Y.77,400) shares jointly held with Mrs Lata H. Jain | | | | | |
| Mr. Kewalchand P Jain | | 690,111 | 5.60 | 687,911 | 5.58 |
| includes 76,661(P.Y.76,661) 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. 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 | | | | |

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on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
|--|--------------|--------------------------|--------------------------|
| RESERVES AND SURPLUS | 2.2 | | |
| Securities Premium Reserve | | 8,426.77 | 8,426.77 |
| (As per Last Balance Sheet) | | | |
| General Reserve | | | |
| Opening Balance | | 2,510.66 | 1,976.48 |
| Add: Amount transferred from Balance in the Statement of Profit and Loss | | 670.28 | 534.17 |
| | | 3,180.94 | 2,510.66 |
| Balance in Statement of Profit and Loss | | | |
| Opening balance | | 12,215.79 | 10,918.83 |
| Add: Net profit after tax transferred from Statement of Profit and Loss | | 6,702.76 | 5,341.73 |
| Amount retransferred from Business Progressive Fund | | - | - |
| | | 18,918.55 | 16,260.56 |
| Less: Appropriations | | | |
| Proposed Dividend | | 184.88 | 123.25 |
| Interim Dividend | | 2,403.38 | 2,033.63 |
| Tax on Proposed Dividend | | 31.42 | 20.95 |
| Tax on Interim Dividend | | 408.45 | 332.76 |
| Transfer to Business Progressive Fund | | 500.00 | 1,000.00 |
| Transfer to General Reserve | | 670.28 | 534.17 |
| | | 14,720.14 | 12,215.79 |
| Business Progressive Fund | | | |
| Opening Balance | | 1,000.00 | - |
| Add: Amount transferred from Balance in the Statement of Profit and Loss | | 500.00 | 1,000.00 |
| Less: Amount retransferred to Balance in Statement of Profit and Loss | | - | - |
| | | 1,500.00 | 1,000.00 |
| | | 27,827.85 | 24,153.22 |
| The Board of Directors have recommended a payment of final dividend of Re. 1.50 per equity share of ₹ 10/- each for the financial year ended 31st March 2014. The Payment is subject to the approval of shareholders at the Annual General Meeting of the Company. | 2.2.1 | | |
| The Company has created "Business Progressive Fund" by appropriating a sum of ₹ 1,500.00 lakhs (P.Y. 1,000.00 lakhs) out of its profits to maintain normal growth in sluggish market conditions and support superior growth for long term. The said fund shall be for the purpose of launching & promoting new products, advertisement campaigns, promotional schemes and initial support to master stockiest and franchisees for development of retail business, reinforce existing channels of sales etc. The amount of fund is specifically earmarked and invested in liquid mutual funds or any other safe and highly liquid investments. The Company has made adequate provisions in accordance with Accounting Standard (AS) -29 in normal course of business. AS-29 does not permit providing for expenses where present obligation does not exist or there is no fixed commitment. | 2.2.2 | | |
| Accordingly the Company has opted to create Business Progressive Fund. Further addition to the aforesaid fund shall be reviewed from time to time considering business environment and conditions and the income accrued from the fund. Any accretion to the investment shall be credited to Statement of Profit and Loss. | | | |

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on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
|--|--------------|--------------------------|--------------------------|
| OTHER LONG-TERM LIABILITIES | 2.3 | | |
| Other Liabilities | | | |
| Security Deposits | | 728.30 | 543.40 |
| | | 728.30 | 543.40 |
| LONG TERM PROVISIONS | 2.4 | | |
| Other Long Term Provisions | | 58.71 | 55.43 |
| | | 58.71 | 55.43 |
| SHORT TERM BORROWINGS | 2.5 | | |
| Secured Loan | | | |
| a) Repayable on demand | | | |
| Working Capital Loans from Bank | | 1,187.70 | 1,409.07 |
| (Secured by pari-passu first charge on Stock and Trade Receivables) | | | |
| | | 1,187.70 | 1,409.07 |
| TRADE PAYABLES | 2.6 | | |
| a) Micro and Small Enterprises | | | |
| Materials | | 32.55 | 34.74 |
| b) Other than Micro and Small Enterprises | | | |
| Materials | | 1,618.52 | 1,549.32 |
| Expenses | | 1,076.55 | 655.32 |
| | | 2,727.62 | 2,239.38 |
| Disclosure U/s 22 of Micro, Small and Medium Enterprises Development Act, 2006 | 2.6.1 | | |
| a) Principal amount remaining unpaid to suppliers | | 32.55 | 34.74 |
| b) Principal amount paid beyond due date | | 1.47 | 0.16 |
| c) Amount of Interest paid u/s 16 | | - | - |
| d) Amount of Interest due and remaining unpaid | | - | - |
| e) Amount of Interest accrued and remaining unpaid | | 0.04 | 0.03 |
| f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the above Act. | | - | - |
| Above information is disclosed to the extent available with the company | | | |
| OTHER CURRENT LIABILITIES | 2.7 | | |
| Interest accrued but not due on borrowings | | 0.31 | - |
| Unclaimed Share Application Money to be refunded | | - | 0.97 |
| Unclaimed Dividend | | 3.85 | 4.03 |
| Security Deposits | | 20.19 | 79.45 |
| Others Payable | | | |
| Capital Goods (refer note 2.6.1) | | 28.25 | 34.73 |
| Salary and Wages payable | | 292.55 | 411.27 |
| Employee Benefits | | 156.77 | 103.19 |
| Statutory Liabilities | | 110.65 | 44.00 |
| Advance from Customers | | 315.63 | 438.44 |
| | | 928.20 | 1,116.08 |
| SHORT TERM PROVISIONS | 2.8 | | |
| Provision for Taxations (Net of Advance Tax) | | 193.51 | - |
| Provisions for Dividend & Dividend Distribution Tax | | 937.28 | 576.79 |
| Provision for Margin on Sales Return (refer note 2.45) | | 42.07 | 37.02 |
| Provision for Expenses and Contingencies (refer note 2.45) | | 1,189.81 | 1,045.28 |
| | | 2,362.67 | 1,659.09 |

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on Accounts for the year ended 31st March, 2014

FIXED ASSETS 2.9:

| Sr. No. | Description of the Block of Assets | GROSS BLOCK | | | DEPRECIATION / AMORTIZATION | | | NET BLOCK | |
|-------------------|------------------------------------|------------------|-----------|-----------------------|-----------------------------|-----------------------------|------------|------------------|------------------|
| | | As at 01/04/2013 | Additions | Deductions/ Discarded | As at 01/04/2013 | Depreciation / Amortization | Deductions | As at 31/03/2014 | As at 31/03/2013 |
| Tangible Asset | | | | | | | | | |
| 1 | Free Hold Land | 129.37 | - | - | - | - | - | 129.37 | 129.37 |
| 2 | Leasehold Land | 190.62 | 45.04 | - | 13.40 | 2.92 | - | 219.33 | 177.21 |
| 3 | Building | 3,820.67 | 26.75 | - | 1,251.48 | 178.56 | - | 2,417.39 | 2,569.19 |
| 4 | Furnitures & Fixtures | 916.56 | 13.17 | 6.83 | 767.20 | 41.86 | 5.77 | 119.61 | 149.35 |
| 5 | Plant and Machinery | 2,117.79 | 236.38 | 123.50 | 1,015.45 | 206.75 | 87.79 | 1,096.27 | 1,102.34 |
| 6 | Computer | 249.80 | 44.41 | 43.33 | 202.98 | 32.71 | 37.77 | 52.97 | 46.82 |
| 7 | Office Equipments | 241.28 | 13.32 | 4.74 | 157.86 | 15.30 | 3.87 | 80.56 | 83.42 |
| 8 | Vehicles | 144.22 | 45.65 | 11.01 | 84.74 | 18.27 | 11.01 | 86.87 | 59.49 |
| Intangible Assets | | | | | | | | | |
| 1 | Software | 70.14 | 25.58 | - | 33.07 | 14.77 | - | 47.88 | 37.07 |
| 2 | Membership Rights | - | 18.00 | - | - | 3.60 | - | 14.40 | - |
| Total | | 7,880.45 | 468.30 | 189.41 | 3,526.18 | 514.73 | 146.22 | 4,264.65 | 4,354.27 |
| | Previous Year | 7,447.79 | 647.93 | 215.27 | 3,104.39 | 593.76 | 171.97 | 4,354.27 | - |

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 ₹ 159.90 lakhs, ₹ 53.51 lakhs and ₹ 5.60 lakhs respectively (P.Y. ₹ 159.90 lakhs, ₹ 47.91 lakhs, and ₹ 5.89 lakhs).

2.9.2 Building includes ₹14.00 lakhs (P.Y. ₹ 14.00 lakhs) being the value of 14,000 (PY:14,000) share of ₹ 100 each in Synthofine estate.

2.9.3 Balance useful life of software (Tukacad Professional Edition software) as at year end is 9 months (P.Y. 21 months). Balance useful life of membership rights as at year end is 48 months (P.Y. Nil).

2.9.4 Movement of Tangible capital work in progress is as given below

| Particulars | 2013-2014 | 2012-2013 |
|-----------------|-----------|-----------|
| Opening | 70.34 | 88.61 |
| Additions | 22.17 | 70.34 |
| Capitalized | 89.81 | 88.61 |
| Closing Balance | 2.70 | 70.34 |

NOTES

on Accounts for the year ended March 31, 2014

| (₹ in Lakhs) | | | |
|--|---------------|--------------------------|--------------------------|
| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
| NON CURRENT INVESTMENTS | 2.10 | | |
| Long Term Investments | | | |
| a) Trade Investments (Unquoted) | | | |
| Investment in Joint Venture White Knitwear Private Limited | | | |
| In Equity Shares | | | |
| 330,000 (P.Y. 330,000) Shares of face value ₹ 10 each, fully paid up. | | 33.00 | 33.00 |
| In Preference Shares | | | |
| 3,125,000 (P.Y. 3,125,000) 9% Cumulative Redeemable Preference Shares of face value of ₹ 10 each fully paid up. | | 312.50 | 312.50 |
| b) Other than Trade Investments (Quoted) | | | |
| In Equity Shares | | | |
| 4,512 (P.Y. 4,512) Reliance Power Limited Shares of face value ₹ 10 each fully paid up. | | 12.69 | 12.69 |
| 5 (P.Y. 5) Mahindra & Mahindra Financial Services Limited Share of face value ₹ 2 (P.Y. ₹ 2) each fully paid up. | | - | - |
| Less: Provision for Diminution in value of Investment(Quoted) | | (9.52) | (9.91) |
| | | 348.68 | 348.28 |
| Aggregate Cost (Net of Provisions) | | | |
| - Quoted | | 3.18 | 2.78 |
| - Unquoted | | 345.50 | 345.50 |
| Aggregate Market / Net asset Value | | | |
| - Quoted | | 3.19 | 2.79 |
| Aggregate Provision for Diminution | | 9.52 | 9.91 |
| The company had invested in aggregate ₹ 345.50 lakhs (P.Y. ₹ 345.50 lakhs) in Joint Venture "White Knitwear Private Limited" (WKPL). The WKPL had acquired land in Surat Special Economic Zone (SEZ) and constructed factory building for setting up of manufacturing unit for production of Knitwear Apparels for exports. However due to slowdown in International market, SEZ could not take off and most of the members of SEZ shelved their projects and approached to Gujarat Industrial Development Corporation (GIDC) and State and Central government for de-notification of SEZ. | 2.10.1 | | |
| Gujarat Industrial Development Corporation vide its circular No. GIDC/CIR/Distribution/Policy /13/05 dated 14.03.2013 has de-notified the SEZ and conceded the members to convert and use the erstwhile land in SEZ as Domestic Tariff Area (DTA) subject to fulfillment of conditions stated therein. WKPL vide its letter dated 04.04.13 has consented for de-notification of its plot of land and undertaken to complete the formal procedure for the same, however Central Government approval is awaited. | | | |
| Post de-notification joint venture partners shall dispose of the company/land and building and realize 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 2014 in view of the value of underlying assets base of joint venture. However, the company had made a provision for its share of loss in joint venture of ₹ 49.00 lakhs (P.Y. ₹ 49.00 lakhs) and provision is grouped under 'Other Long Term Provisions'. (Refer Note 2.4). | | | |

NOTES

on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
|--|---------------|--------------------------|--------------------------|
| DEFERRED TAX | 2.11 | | |
| Deferred Tax Assets: | | | |
| Share Issue Expenses | | - | 27.40 |
| Various Items including Provision for Assets and Others | | 213.62 | 168.02 |
| Depreciation/Amortization | | - | 7.52 |
| Deferred Tax Liability | | | |
| Depreciation/Amortization | | 35.34 | - |
| Net Deferred Tax Asset/(Liabilities) | | 178.28 | 202.94 |
| Tax effect of share issue expenses eligible for the Income tax deduction, under section 35D, credited to securities premium reserve 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 | | |
| LONG-TERM LOANS & ADVANCES | 2.12 | | |
| (Unsecured considered good) | | | |
| Deposits (Net of provision of ₹ 9.53 lakhs (P.Y. ₹ 9.05 lakhs)) | | 426.06 | 536.69 |
| Capital Advances | | 0.11 | 42.89 |
| Loan to Employees | | 16.21 | 11.75 |
| Rent Deposits to Related Parties | | 7.83 | 7.83 |
| Advance Tax / Tax deducted at source (Net of Provision) | | 365.50 | 364.42 |
| Advance FBT (Net of Provision) | | 0.43 | 0.43 |
| Prepaid Expenses | | 2.41 | 4.09 |
| | | 818.55 | 968.10 |
| OTHER NON CURRENT ASSETS | 2.13 | | |
| Customer Security Deposits | | 17.75 | 59.45 |
| Bank Deposits offered as Security | | 52.46 | 33.71 |
| Interest receivables on Bank Deposits | | 3.16 | 3.23 |
| | | 73.37 | 96.39 |
| CURRENT INVESTMENTS | 2.14 | | |
| Investment in unquoted Mutual Funds | | | |
| In units of Fixed Maturity Plans (FMP's) of ₹ 10/- each fully paid up | | | |
| Birla Sunlife Fixed Term Plan - Series FM-Growth [Units: NIL (P.Y. 2,080,277)] | | - | 208.03 |
| Birla Sunlife Fixed Term Plan - Series FS-Growth [Units: NIL (P.Y. 3,330,210)] | | - | 333.02 |
| Birla Sunlife Interval Income Fund-Annual Plan 2-Growth [Units: NIL (P.Y. 10,000,000)] | | - | 1,000.00 |
| HDFC FMP 370D - Growth Series 22 [Units: NIL (P.Y. 1,035,374)] | | - | 103.54 |
| HDFC FMP 371D - Growth Series 22 [Units: NIL (P.Y. 3,800,000)] | | - | 380.00 |
| HDFC FMP 372D - Growth Series 23 [Units: NIL (P.Y. 5,500,272)] | | - | 550.03 |
| HDFC FMP 372D - Growth Series 23 [Units: NIL (P.Y. 10,000,000)] | | - | 1,000.00 |

NOTES

on Accounts for the year ended March 31, 2014

| (₹ in Lakhs) | | | |
|--|------|--------------------------|--------------------------|
| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
| IDFC Yearly Series Interval Fund - Series 1 - Growth [Units: 15,249,970.718 (P.Y. 15,249,970.718)] | | 1,657.79 | 1,525.00 |
| Kotak FMP Series 88 - Growth [Units: NIL (P.Y. 329,108)] | | - | 32.91 |
| Reliance Yearly Interval Fund - Series 4 - Growth [Units: NIL (P.Y. 4,500,000)] | | - | 450.00 |
| DSP Blackrock FMP Series 64-12 Month - Growth [Units: NIL (P.Y. 1,097,347.771)] | | - | 109.73 |
| Axis Fixed Term Plan -Series 21 Growth [Units: NIL (P.Y. 1,018,922)] | | - | 101.89 |
| Birla Sunlife FTP Series HB Growth [Units: 3,603,918 (P.Y. NIL)] | | 363.09 | - |
| Birla Sunlife FTP Series JA Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| Birla Sunlife FTP Series JS Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| Birla Sunlife FTP Series KD Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| Birla Sunlife Interval Income Annual Plan 1-GZ Growth [Units: 4,599,139.041 (P.Y. NIL)] | | 500.00 | - |
| DSP Blackrock FMP Series 111-12 Month - Growth [Units: 1,196,613.851 (P.Y. NIL)] | | 119.66 | - |
| DWS FMP Series 43 Growth [Units: 1,001,858.70 (P.Y. NIL)] | | 100.19 | - |
| DWS FMP Series 45 Growth [Units: 2,000,000 (P.Y. NIL)] | | 200.00 | - |
| HDFC FMP 370D July 2013-2 Growth [Units: 4,155,338 (P.Y. NIL)] | | 415.53 | - |
| HDFC FMP 371D Dec 2013-2 Growth [Units: 3,000,000 (P.Y. NIL)] | | 300.00 | - |
| HDFC FMP 369D Jan 2014-1 Growth [Units: 5,091,849 (P.Y. NIL)] | | 509.18 | - |
| HDFC FMP 372D Feb 2014-1 Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| ICICI Pru FMP Series 68-369D Plan I [Units: 7,464,604 (P.Y. NIL)] | | 746.46 | - |
| ICICI Pru FMP Series 71-371D Plan M [Units: 2,000,000 (P.Y. NIL)] | | 200.00 | - |
| ICICI Pru FMP Series 72-368D Plan A [Units: 2,000,000 (P.Y. NIL)] | | 200.00 | - |
| IDFC FTP Series 49 Growth [Units: 2,002,581 (P.Y. NIL)] | | 200.26 | - |
| IDBI FMP Series IV 366 Days(2014)-E Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| IDBI FMP Series IV 387 Days(2014)-G Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| Kotak FMP Series 111 Growth [Units: 160,000 (P.Y. NIL)] | | 16.00 | - |
| Kotak FMP Series 116 Growth [Units: 1,100,000 (P.Y. NIL)] | | 110.00 | - |

NOTES

on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
|--|------|--------------------------|--------------------------|
| Kotak FMP Series 128 Growth [Units: 2,002,583 (P.Y. NIL)] | | 200.26 | - |
| Kotak FMP Series 136 Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| LIC NOMURA FMP Series 75 370 Days Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| Principal PNB FMP Series B14 390 Days Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| Reliance Fixed Horizon Fund - XXIV - Series 15 Growth [Units: 11,500,000 (P.Y. NIL)] | | 1,150.00 | - |
| Reliance Yearly Interval Fund - Series 6 - Growth [Units: 1,100,000 (P.Y. NIL)] | | 110.00 | - |
| Sundaram FTP EW 366 Days Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| Sundaram FTP EY 366 Days Growth [Units: 6,000,000 (P.Y. NIL)] | | 600.00 | - |
| Sundaram FTP FA 406 Days Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| Sundaram FTP FF 366 Days Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| TATA FMP Series 43 Scheme C Growth [Units: 1,100,000 (P.Y. NIL)] | | 110.00 | - |
| TATA FMP Series 46 Scheme I Growth [Units: 5,000,000 (P.Y. NIL)] | | 500.00 | - |
| UTI Fixed Term Income Fund Series XV-IV 366Days Growth [Units: 12,114,448.663 (P.Y. NIL)] | | 1,211.44 | - |
| In the units of Income Funds of ₹ 10/- each fully paid | | | |
| HDFC Income Fund - Growth [Units: NIL (P.Y. : 5,609,044.817)] | | - | 1,500.00 |
| SBI Magnum Income Fund - Growth [Units: NIL (P.Y. : 5,213,093.902)] | | - | 1,500.00 |
| Birla Sunlife Income Plus - Growth [Units: 352,601.849 (P.Y. 2,856,985.042)] | | 200.00 | 1,500.00 |
| Birla Sunlife Floating Rate Fund - Long Term - Growth [Units: NIL (P.Y. 688,309.861)] | | - | 954.61 |
| Birla Sunlife Short Term Fund - Growth [Units: NIL (P.Y. 1,300,557.345)] | | - | 564.62 |
| UTI Short Term Income Fund Growth [Units: 348,585.093 (P.Y.: NIL)] | | 50.00 | - |
| SBI Dynamic Bond Fund Growth [Units: 967,105.518 (P.Y.: NIL)] | | 150.00 | - |
| Edelweiss Short Term Income Fund [Units: 709,975.151 (P.Y.: NIL)] | | 100.00 | - |
| Reliance Floating Rate Fund - Short Term Plan Growth [Units: 1,026,799.466 (P.Y.: NIL)] | | 200.00 | - |
| DWS Banking and PSU Debt Fund Growth [Units: 944,233.566 (P.Y.: NIL)] | | 100.00 | - |
| | | 16,319.86 | 11,813.38 |
| Aggregate Cost | | 16,319.86 | 11,813.38 |
| Aggregate Market / Net asset Value | | 16,804.08 | 12,017.94 |
| Aggregate Provision for diminution | | - | - |

NOTES

on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
|---|---------------|--------------------------|--------------------------|
| INVENTORIES | 2.15 | | |
| Finished goods | | 2,113.24 | 1,242.38 |
| Work-in-Progress | | 1,991.33 | 1,457.55 |
| Raw material | | 418.44 | 439.50 |
| Traded goods | | 52.27 | 56.07 |
| Packing material & accessories | | 164.54 | 118.15 |
| Stores, chemicals and consumables | | 49.37 | 53.27 |
| | | 4,789.19 | 3,366.92 |
| TRADE RECEIVABLES | 2.16 | | |
| a) Debtors (Secured against Customer Security Deposit) | | | |
| i) Over Six Months from the date they are due for payment | | 92.98 | 11.38 |
| ii) Others | | 445.19 | 318.32 |
| | | 538.17 | 329.70 |
| b) Debtors (Unsecured) | | | |
| i) Over Six Months from the date they are due for payment | | | |
| a) Considered Good | | 594.84 | 198.82 |
| b) Doubtful | | 24.19 | 49.85 |
| ii) Others | | | |
| a) Considered Good | | 5,235.15 | 4,258.44 |
| b) Doubtful | | 118.81 | 54.15 |
| | | 5,972.99 | 4,561.26 |
| Debtors considered good includes : | | | |
| (1) ₹ 1,104.62 lakhs (P.Y. ₹ 865.04 lakhs) where company holds the bank guarantee. | | | |
| (2) ₹ 5.56 lakhs (P.Y. ₹ 7.83 lakhs) receivable from related parties. | 2.16.1 | | |
| Less : Provision for Doubtful Debts | | 143.00 | 104.00 |
| | | 6,368.17 | 4,786.96 |
| CASH & BANK BALANCES | 2.17 | | |
| Cash & Cash Equivalents | | | |
| Cash on Hand | | 20.12 | 15.10 |
| Balances with Banks :- | | | |
| In Current Accounts | | 211.56 | 90.04 |
| In EEFC Account [USD 1,195] (P.Y. USD 318,630) | | 0.72 | 173.27 |
| In Bank Deposits | | 331.86 | 883.32 |
| In Bank Deposits with more than 12 months maturity | | 335.82 | 1,091.41 |
| Bank Deposits includes ₹ 667.68 lakhs (P.Y. ₹ 1,974.73 lakhs) having a maturity period exceeding three months and which are readily convertible into known amounts of cash. | 2.17.1 | | |
| Liquid Mutual Funds includes ₹ 1,500.00 lakhs (P.Y. ₹ 1,000.00 lakhs) earmarked in respect to Business Progressive Fund. As per details given below in note 2.17.2 | | 2,443.19 | 3,743.69 |
| | | 3,343.27 | 5,996.83 |
| Other Bank Balances | | | |
| In Public Issue Escrow Accounts | | - | 0.97 |
| In Unclaimed Dividend Accounts | | 3.85 | 4.03 |
| In Bank Deposits offered as Security | | 69.39 | 74.70 |
| | | 73.25 | 79.70 |
| | | 3,416.51 | 6,076.53 |

NOTES

on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
|---|---------------|--------------------------|--------------------------|
| Details of Current Investments in Liquid Mutual Funds(Unquoted) as given below: | 2.17.2 | | |
| a) Face Value of ₹ 10/- each fully paid up | | | |
| Birla Sunlife Dynamic Bond Fund-Retail Growth [Units: 732,544.24 (P.Y. 733,997.66)] | | 150.94 | 131.17 |
| HDFC Cash Management savings Plan Collection - Growth [Units: NIL (P.Y. 288,549.785)] | | - | 70.64 |
| HDFC Floating Rate Income Fund - STP - Growth [Units: NIL (P.Y. 527,610.109)] | | - | 105.60 |
| Kotak Banking and PSU Debt Fund - Daily Dividend [Units: 2,029,520.692 (P.Y. NIL)] | | 204.14 | - |
| TOTAL (a) | | 355.08 | 307.41 |
| b) Face Value of ₹ 100/- each fully paid up | | | |
| ICICI Prudential Liquid Fund - Daily Dividend [Units: NIL (P.Y. 201,246.406)] | | - | 201.29 |
| ICICI Prudential Flexible Income Plan - Growth [Units: NIL (P.Y. 98,278.687)] | | - | 215.19 |
| Birla Sunlife Cash Plus - Daily Div [Units: 114,461.467 (P.Y. 518,742.663)] | | 114.68 | 519.75 |
| ICICI Pru Flexible Income Plan - Daily Dividend [Units: 720,432.891 (P.Y. NIL)] | | 761.76 | - |
| TOTAL (b) | | 876.44 | 936.24 |
| c) Face Value of ₹ 1,000/- each fully paid up | | | |
| Tata Floater Fund Plan A - Daily Dividend [Units: 54,900.946 (P.Y. 51,265.218)] | | 550.97 | 514.48 |
| UTI Floating Rate Fund - STP - Growth [Units: NIL (P.Y. 62,713.834)] | | - | 1,175.00 |
| Axis Treasury Advantage Fund - Growth [Units: 46,487.062 (P.Y. 39,012.902)] | | 660.70 | 505.62 |
| Reliance Liquid Fund Treasury Plan - Growth [Units: NIL (P.Y. 10,678.571)] | | - | 304.94 |
| TOTAL (c) | | 1,211.67 | 2,500.04 |
| Aggregate Cost (a+b+c) | | 2,443.19 | 3,743.69 |
| Aggregate Market / Net asset Value | | 2,452.02 | 3,769.44 |
| Aggregate Provision for Diminution | | - | - |
| SHORT-TERM LOANS & ADVANCES | 2.18 | | |
| (Unsecured, Considered Good) | | | |
| Advance to Employee | | 7.72 | 3.29 |
| Loans to Employee | | 16.48 | 13.85 |
| Deposits | | 100.00 | 6.54 |
| Advance to Suppliers | | 206.36 | 123.91 |
| Prepaid Expenses | | 28.58 | 26.79 |
| Other Advances | | 2.99 | 7.11 |
| | | 362.13 | 181.49 |

NOTES

on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | As at 31st March 2014 | As at 31st March 2013 |
|---------------------------------------|-------------|--------------------------|--------------------------|
| OTHER CURRENT ASSETS | 2.19 | | |
| Interest receivables on Bank Deposits | | 36.61 | 118.51 |
| Duty Drawback Receivable | | 69.85 | 58.80 |
| Other Receivable | | 5.01 | - |
| | | 111.47 | 177.30 |

(₹ in Lakhs)

| Particulars | Note | For the Year Ended 31st March 2014 | For the Year Ended 31st March 2013 |
|---|-------------|---------------------------------------|---------------------------------------|
| REVENUE FROM OPERATIONS | 2.20 | | |
| A. Sales Income | | | |
| Sales of Apparel and Lifestyle Accessories/ Products | | 36,448.09 | 31,782.44 |
| Less : Excise Duty | | 62.45 | 1,740.20 |
| | | 36,385.64 | 30,042.24 |
| Sale of Power | | - | 9.50 |
| Sales net of tax and duty (refer note 2.20a) | | 36,385.64 | 30,051.74 |
| B. Other Operating Income | | | |
| Service Income | | 43.28 | 51.78 |
| Export Incentives | | 175.86 | 119.72 |
| Miscellaneous Operating Income* | | 100.21 | 60.27 |
| Rent Income | | 16.48 | 15.75 |
| | | 335.83 | 247.51 |

*Includes ₹ 64 lakhs (PY: ₹ 23 lakhs) towards selling and distribution expenses provided in earlier year now written back.

| | | | |
|--|--------------|------------------|------------------|
| Total Revenue from Operations | | 36,721.47 | 30,299.25 |
| Note :- | | | |
| Sales (Gross of tax and duty) | 2.20a | 37,165.35 | 31,938.58 |
| Less: Excise duty | | 62.45 | 1,740.20 |
| Less: Sales Tax | | 717.26 | 156.14 |
| Sales net of tax and duty | | 36,385.64 | 30,042.24 |
| OTHER INCOME | 2.21 | | |
| Interest on Bank Deposits & NBFC's | | 126.75 | 698.40 |
| Income from Current Investments and Liquid Mutual Funds: | | | |
| Dividend Income | | 176.36 | 207.11 |
| Gain on Redemption of Investments (Net) | | 775.57 | 276.48 |
| Reversal of Provision for Diminution in Value of Investment | | 0.40 | - |
| Exchange Rate Fluctuation (Net) | | 79.45 | 35.40 |
| Profit on Sale of Tangible Fixed Assets (Net) | | 23.84 | - |
| | | 1,182.36 | 1,217.39 |

NOTES

on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | For the Year Ended 31st March 2014 | For the Year Ended 31st March 2013 |
|--|-------------|---------------------------------------|---------------------------------------|
| (INCREASE) / DECREASE IN STOCKS | 2.22 | | |
| Opening stock | | | |
| Work - in- Progress | | 1,457.55 | 1,180.26 |
| Finished goods and Traded goods | | 1,284.22 | 1,772.31 |
| | | 2,741.77 | 2,952.57 |
| Closing Stock | | | |
| Work - in- Progress | | 1,991.33 | 1,457.55 |
| Finished goods and Traded goods | | 2,165.50 | 1,284.22 |
| | | 4,156.83 | 2,741.77 |
| Add/(Less): Variation in Excise Duty on Opening and Closing Stock of Finished goods and Traded goods | | - | 152.42 |
| (Increase)/Decrease in Stock | | (1,415.06) | 58.38 |
| COST OF MATERIAL CONSUMED | 2.23 | | |
| a. Raw Material Consumed: | | | |
| Opening stock | | 439.50 | 144.78 |
| Add: Purchases | | 9,572.07 | 8,369.82 |
| | | 10,011.57 | 8,514.60 |
| Less: Sale of raw material | | 499.92 | 39.96 |
| Less: Closing stock | | 418.44 | 439.50 |
| | | 9,093.21 | 8,035.14 |
| b. Semi-Finished Goods | | 4,211.17 | 1,794.56 |
| c. Packing Material, Accessories and others | | 1,970.41 | 1,487.01 |
| d. Stores, Chemicals and Consumables | | 566.68 | 468.93 |
| | | 15,841.47 | 11,785.64 |
| PERSONNEL COST | 2.24 | | |
| Salary, Wages and Allowances | | 3,310.13 | 2,889.68 |
| Contribution to Provident and other Funds | | 251.15 | 230.42 |
| Bonus and Ex-gratia | | 79.39 | 68.60 |
| Gratuity (refer note 2.39a) | | 64.04 | 99.67 |
| Leave Benefits (refer note 2.39b) | | 69.36 | 64.50 |
| Staff Welfare | | 51.83 | 54.65 |
| | | 3,825.90 | 3,407.52 |
| MANUFACTURING AND OPERATING EXPENSES | 2.25 | | |
| Embroidery Expenses | | 182.98 | 136.39 |
| Electricity Expenses (Net of credit received from Windmill of ₹ 62.00 lakhs (P.Y. ₹ 60.97 lakhs) | | 129.11 | 126.35 |
| Factory Rent | | 23.42 | 23.45 |
| General Factory Expenses | | 45.00 | 43.81 |
| Processing Charges | | 1,877.46 | 1,324.54 |
| Fuel Expenses | | 519.13 | 422.95 |
| Water Charges | | 51.34 | 41.61 |
| Waste Disposal Charges | | 35.93 | 28.09 |
| Repairs & Maintenance | | 208.23 | 223.83 |
| Wind Turbine Expenses | | 10.84 | 11.82 |
| | | 3,083.44 | 2,382.84 |

NOTES

on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | For the Year Ended 31st March 2014 | For the Year Ended 31st March 2013 |
|---|-------------|---------------------------------------|---------------------------------------|
| ADMINISTRATIVE & OTHER EXPENSES | 2.26 | | |
| Rent, Rates and Taxes (Including provision for contingency ₹ 27.40 lakhs (P.Y. ₹ 60.50 lakhs) (refer note 2.45) | | 174.76 | 290.69 |
| Communication Expenses | | 75.21 | 75.94 |
| Legal and Professional Fees | | 537.46 | 312.73 |
| Consultancy Fees | | 135.10 | 150.01 |
| Printing and Stationery | | 43.25 | 48.18 |
| Donations | | 156.02 | 174.52 |
| Vehicle Expenses | | 53.04 | 28.45 |
| Auditors Remuneration | | 51.32 | 41.55 |
| Conveyance & Travelling Expenses | | 24.43 | 26.63 |
| Electricity Expenses | | 129.89 | 126.30 |
| Repairs & Maintenance | | 158.02 | 172.89 |
| Directors Sitting Fees | | 3.40 | 4.60 |
| Provision for Diminution in value of Investments | | - | 2.50 |
| General Office Expenses | | 231.80 | 204.25 |
| Bad Debts | | 5.61 | 20.60 |
| Less: Provision for Doubtful Debts | | (5.61) | (20.60) |
| Provision for Doubtful debts | | 44.61 | (5.49) |
| Loss on sale/discard of Fixed Assets (Net) | | - | 21.01 |
| | | 1,818.31 | 1,674.76 |
| SELLING & DISTRIBUTION EXPENSES | 2.27 | | |
| Advertisement and Publicity Expenses (Net of recoveries) | | 1,697.21 | 1,227.46 |
| Sales Promotion Expenses (Net of recoveries) | | 176.73 | 101.29 |
| Discount and Incentive on Sales | | 1,091.24 | 1,056.35 |
| Octroi, clearing and forwarding charges on Sales | | 173.19 | 155.31 |
| Tour and Travelling Expenses (Net of recoveries) | | 190.41 | 217.17 |
| Commission on Sales | | 92.67 | 73.24 |
| Provision for Margin on Sales Return | | 5.05 | 5.40 |
| Provision for Contingencies | | - | 3.00 |
| | | 3,426.50 | 2,839.22 |
| FINANCE EXPENSES | 2.28 | | |
| Bank Charges | | 13.70 | 13.71 |
| Finance Charges | | 136.91 | 114.50 |
| Interest on Working Capital Loan | | 139.51 | 133.16 |
| Other Interest | | 5.67 | 0.74 |
| | | 295.79 | 262.11 |
| AGGREGATE EXPENSES | 2.29 | | |
| Rent Including Common Area Maintenance Charges | | 136.51 | 187.64 |
| Electricity Expenses(net of credit received from windmill) | | 251.65 | 243.79 |
| Repair & Maintenance (Building) | | 325.38 | 349.42 |
| Repair & Maintenance (Machinery) | | 96.85 | 89.51 |
| Insurance Premium | | 32.60 | 26.60 |
| Rates & Taxes | | 26.55 | 64.18 |
| Provision for Contingencies (net) | | 27.40 | 63.50 |
| General Expenses (Office and factory) | | 276.80 | 248.07 |

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on Accounts for the year ended March 31, 2014

(₹ in Lakhs)

| Particulars | Note | For the Year Ended 31st March 2014 | For the Year Ended 31st March 2013 |
|--|-------------|---------------------------------------|---------------------------------------|
| AUDITORS REMUNERATION | 2.30 | | |
| As Auditors | | 26.74 | 25.74 |
| For Taxation matters | | 3.71 | 7.70 |
| For Management Services | | 13.48 | - |
| For Other matters | | 7.39 | 7.11 |
| For Reimbursement of Expenses | | - | 1.00 |
| TOTAL | | 51.32 | 41.55 |
| C.I.F. VALUE OF IMPORTS | 2.31 | | |
| Capital goods | | 136.66 | 35.50 |
| Components and Spare parts | | 8.35 | 0.23 |
| Apparel & Life style Accessories/Product | | 599.07 | 263.85 |
| Consumable goods | | 35.94 | - |
| TOTAL | | 780.02 | 299.58 |
| EXPENDITURE IN FOREIGN CURRENCIES | 2.32 | | |
| Traveling Expenses | | 6.90 | 13.09 |
| Advertisement Expenses | | - | 33.33 |
| Legal Expenses | | 3.52 | 1.49 |
| Bank Charges | | 12.65 | 11.42 |
| Others | | 1.11 | - |
| | | 24.18 | 59.33 |
| The amounts mentioned above are net of Tax Deducted at source, if any. | | | |
| EARNINGS IN FOREIGN CURRENCIES | 2.33 | | |
| Export of goods (F.O.B. value) | | 2,504.98 | 1,743.37 |
| Total | | 2,504.98 | 1,743.37 |
| INDIGENOUS AND IMPORTED CONSUMPTION | 2.34 | | |
| Indigenous (95.43% (P.Y. 97.30%) of total consumption) | | 15,117.68 | 11,467.74 |
| Imported (4.57% (P.Y. 2.70% of total consumption) | | 723.78 | 317.88 |
| Total | | 15,841.46 | 11,785.62 |

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DETAILS OF MATERIAL CONSUMED

2.35

| Particulars | Measure | 31st March 2014 | | 31st March 2013 | |
|-----------------------------------|---------|-----------------|------------------|-----------------|------------------|
| | | Qty | ₹ in Lakhs | Qty | ₹ in Lakhs |
| Material | | | | | |
| Woven Fabric | Mtrs | 5,405,399 | 9,090.37 | 5,449,687 | 8,041.16 |
| Knitted Fabric | Kgs | 686 | 2.83 | 293 | 1.15 |
| Semi-finished | Pcs | 960,108 | 4,211.17 | 428,988 | 1,794.56 |
| Packing material | ** | ** | 768.80 | ** | 572.52 |
| Accessories | ** | ** | 1,201.60 | ** | 914.50 |
| Stores, chemicals and consumables | ** | ** | 566.68 | ** | 461.75 |
| Total | | | 15,841.46 | | 11,785.63 |

** Comprises of various items the value of which is less than 10% of the Total Cost of Material

Quantitative and Other Details

2.36

PARTICULARS OF FINISHED PRODUCTS

(Qty in Units)

| Particulars | Opening Stock | | Production | | Sales/Captive Consumption | | Closing Stock | |
|------------------|---------------|------------|-------------|------------|---------------------------|-------------|---------------|------------|
| | Qty | ₹ in Lakhs | Qty | ₹ in Lakhs | Qty | ₹ in Lakhs | Qty | ₹ in Lakhs |
| Apparel | 273,841 | 1,242.38 | 4,165,727 | - | 3,974,446 | 35,048.91 | 465,122 | 2,195.74 |
| | (375,496) | (1,621.62) | (3,482,718) | - | (3,584,373) | (28,864.17) | (273,841) | (1,242.38) |
| Power Generation | - | - | 1,108,848 | - | 1,108,848 | 62.01 | - | - |
| | - | - | (1,212,048) | - | (1,212,048) | (62.32) | - | - |

PARTICULARS OF TRADING ACTIVITIES

(Qty in Units)

| Particulars | Opening Stock | | Purchases | | Sales | | Closing Stock | |
|--|---------------|------------|-----------|------------|-----------|------------|---------------|------------|
| | Qty | ₹ in Lakhs | Qty | ₹ in Lakhs | Qty | ₹ in Lakhs | Qty | ₹ in Lakhs |
| Trading of Lifestyle Accessories/ Products | 65,660 | 56.07 | 844,836 | 800.33 | 853,752 | 1,336.73 | 56,744 | 55.02 |
| | (163,628) | (150.70) | (841,883) | (785.30) | (939,851) | (1,178.07) | (65,660) | (56.07) |

Note:

- Figures in brackets indicate previous year's figures
- Sales includes sample distributed free of cost
- Closing stock is after adjusting shortages on physical verification of inventories

2.37 CONTINGENT LIABILITIES:

- Disputed demands in respect of income tax not acknowledged as debt - ₹ 68.94 lakhs (P.Y. ₹ 68.94 lakhs). 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 ₹ 15.55 lakhs (P.Y. Nil). Contingent liability, to the extent of duty saved in respect of EPCG is ₹ 2.59 lakhs (P.Y. Nil). The balance export obligation to be fulfilled as per license upto year 2020-2021.

Further, in respect of the above, outstanding bonds at the year-end executed by the Company in favour of customs authority aggregates to ₹ 259.10 lakhs (P.Y. ₹ 324.30 lakhs). Out of above, bonds aggregating to ₹ 251.97 lakhs (P.Y. ₹ 324.30 lakhs) are under the process of discharge from customs authorities.

- Bank guarantees of ₹ 95.22 lakhs (P.Y. ₹ 93.95 lakhs)

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

2.38 Estimated amount of contracts remaining to be executed on-

- Capital Account and not provided for ₹ 1,698.00 lakhs (net of advances) (P.Y. ₹ 1,609.00 lakhs).
- Other commitments-Relating to Advertisement contracts aggregating to ₹ 41.00 lakhs (Net of advances) (P.Y. ₹ 16.00 lakhs). Also Refer Note 2.42 in respect of minimum lease rental payment under non-cancellable operating lease.

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on Accounts for the year ended March 31, 2014

2.39 EMPLOYEE BENEFITS:

a) Disclosure in respect of gratuity liability

(₹ in Lakhs)

| Reconciliation on Change in Benefit Obligation : | 31-03-2014 | 31-03-2013 |
|--|---------------|---------------|
| Liability at the beginning of the year | 244.88 | 171.08 |
| Interest Cost | 19.59 | 13.69 |
| Current Service Cost | 52.02 | 34.13 |
| Benefit Paid | (54.09) | (41.72) |
| Actuarial (gain)/loss on obligations | 12.57 | 67.70 |
| Liability at the end of the year | 274.97 | 244.88 |

| Reconciliation of Fair Value of Plan Assets : | 31-03-2014 | 31-03-2013 |
|---|---------------|---------------|
| Fair Value of Plan Assets at the beginning of the year | 203.08 | 167.30 |
| Expected Return on Plan Assets | 20.15 | 15.84 |
| Contributions | 92.56 | 61.65 |
| Benefit Paid | (54.09) | (41.72) |
| Fair Value of Plan Assets at the end of the year | 261.70 | 203.08 |

| Amount recognized in the Balance Sheet : | 31-03-2014 | 31-03-2013 |
|--|--------------|--------------|
| Liability at the end of the year | 274.97 | 244.88 |
| Fair Value of Plan Assets at the end of the year | 261.70 | 203.08 |
| Liability in the Balance Sheet | 13.27 | 41.80 |

| Gratuity recognized in the Statement of Profit and Loss | 31-03-2014 | 31-03-2013 |
|---|--------------|--------------|
| Current Service Cost | 52.02 | 34.13 |
| Interest Cost | 19.59 | 13.69 |
| Expected Return on Plan Assets | (20.15) | (15.84) |
| Actuarial (Gain)/Loss | 12.57 | 67.70 |
| Expense Recognized in Statement of Profit and Loss | 64.03 | 99.67 |

| Principal Assumption used in determining Gratuity liability | 31-03-2014 | 31-03-2013 |
|---|------------------------|------------|
| Discount Rate | 8.00% | 8.00% |
| Expected Rate of return | 9.00% | 9.00% |
| Employee Turnover | 1-3% | 1-3% |
| Salary Escalation | 7.50% | 7.50% |
| Mortality Table | LIC (1994-96) Ultimate | |

| Other disclosures | 31-03-2014 | 31-03-2013 | 31-03-2012 | 31-03-2011 | 31-03-2010 |
|---|------------|------------|------------|------------|------------|
| Defined benefit obligation | 274.97 | 244.88 | 171.08 | 150.76 | 97.71 |
| Plan assets | 261.70 | 203.08 | 167.30 | 141.87 | 81.53 |
| Surplus/(deficit) | (13.27) | (41.80) | (3.77) | (8.89) | (16.18) |
| Experience adjustments on plan liabilities - loss/ (gain) | 12.57 | (67.70) | 7.84 | 38.44 | 2.69 |

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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 ₹ 65.00 lakhs (P.Y. ₹ 70.00 lakhs) to gratuity trust for contribution to LIC of India in financial year 2014-15.

b) Disclosure in respect of leave entitlement liability:

Leave entitlement is short term benefit which is recognized 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 ₹ 3.73 lakhs (P.Y. ₹ 1.91 lakhs) is recognized 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 ₹ 251.15 lakhs (P.Y. ₹ 230.42 lakhs).

2.40 SEGMENT REPORTING:

a) Primary Segment:

The Company is engaged in the business of manufacturing and marketing of Apparels & trading of Lifestyle Accessories/Products. 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.

(₹ in Lakhs)

| Particulars | Apparel & Life style Accessories/ Products | Other/ Reconciling Item | Unallocated | Total |
|--|--|-------------------------|-------------|-------------------|
| 1. Segment Revenue | | | | |
| External Net Sales/ Income from Operation | 36,721.48 | - | - | 36,721.48 |
| | (30,289.75) | (9.50) | (-) | (30,299.25) |
| Add: Inter Segment Revenue | - | 62.00 | - | 62.00 |
| | (-) | (52.82) | (-) | (52.82) |
| Total Segment Revenue | 36,721.48 | 62.00 | - | |
| | (30,289.75) | (62.32) | (-) | |
| 2. Segment Result | | | | |
| Segment Result | 8,862.03 | 25.51 | - | 8,887.53 |
| | (6,769.23) | (20.28) | - | (6,789.51) |
| Less : Interest expenditure | | | 250.18 | 250.18 |
| | | | (241.88) | (241.88) |
| Add: Other unallocable income net of unallocable expenditure | | | 1,075.07 | 1,075.07 |
| | | | (1,179.49) | (1,179.49) |
| Profit before Tax | | | | 9,712.43 |
| | | | | (7,727.13) |
| Less : Provision For Tax | | | 3,009.66 | 3,009.66 |
| | | | (2,385.40) | (2,385.40) |
| Net Profit | | | | 6,702.77 |
| | | | | (5,341.73) |

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| Particulars | Apparel & Life style Accessories/ Products | Other/ Reconciling Item | Unallocated | Total |
|--|---|-------------------------------|-------------|-------------|
| 3. Other Information | | | | |
| Segment Assets | 16,397.50 | 166.97 | 20,489.10 | 37,053.57 |
| | (13,562.20) | (197.69) | (18,683.02) | (32,442.91) |
| Segment Liabilities | 5,621.55 | - | 2,371.66 | 7,993.21 |
| | (5,017.32) | (-) | (2,039.86) | (7,057.18) |
| Depreciation/ Amortization | 489.07 | 25.66 | - | 514.73 |
| | (563.53) | (30.22) | (-) | (593.75) |
| Non Cash Expenses other than Depreciation | - | 1.04 | - | 1.04 |
| | (-) | (1.04) | (-) | (1.04) |
| Capital Expenditure | 468.30 | - | - | 468.30 |
| | (647.93) | (-) | (-) | (647.93) |

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 | India | Outside India | Total |
|--------------------------------|-------------|---------------|-------------|
| Sales / Income from Operations | 34,206.01 | 2,515.47 | 36,721.48 |
| | (28,550.69) | (1,748.56) | (30,299.25) |
| Segment Assets * | 36,793.06 | 260.50 | 37,053.56 |
| | (32,260.92) | (181.98) | (32,442.90) |

(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.

2.41 RELATED PARTY DISCLOSURE:

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

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

Joint Ventures:

White Knitwear Private Limited

Enterprises where Key Management Personnel (KMP) and their relatives have significant influence:

Kornerstone Retail Limited

Smt. Jatnobai Karamchandji Ratanparia Chouhan Charitable Trust

Lord Gautam Charitable Foundation

Kewal Kiran Finance Private Limited (w.e.f. 26th June 2013)

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

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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)

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 Limited – Employee Group Gratuity Scheme.

(₹ in Lakhs)

| b) Nature of Transaction | Enterprises Where KMP & their relatives have significant influence. | Joint Venture | Relatives/ Other Concerns of Key Management Personnel | Key Management Personnel | Employee Funds |
|--|---|--------------------|---|--------------------------|------------------|
| Purchase of Assets & consumables | 12.93 (2.29) | - (-) | - (-) | - (-) | - (-) |
| Purchase of Services (Repairs & Maintenance) | 2.26 (0.62) | - (-) | - (-) | - (-) | - (-) |
| Rent Expenses | - (-) | - (-) | 9.18 (9.18) | 29.89 (29.89) | - (-) |
| Managerial Remuneration | - (-) | - (-) | - (-) | 318.00 (318.00) | - (-) |
| Salary | - (-) | - (-) | 24.33 (19.17) | - (-) | - (-) |
| Rent Income (exclusive of service tax) | 16.48 (15.75) | - (-) | - (-) | - (-) | - (-) |
| Dividend Paid | 0.36 (-) | - (-) | 1,167.91 (1,104.78) | 522.05 (493.73) | - (-) |
| Donation Paid | 147.00 (150.00) | - (-) | - (-) | - (-) | - (-) |
| Contribution to Gratuity Fund | - (-) | - (-) | - (-) | - (-) | 92.56 (61.65) |
| Outstanding balance as on 31st March 2014 | | | | | |
| Trade and other Payables | 0.20 (-) | - (-) | 15.33 (5.88) | 52.41 (81.70) | 13.27 (41.80) |
| Trade and other Receivables | 5.56 (7.83) | - (-) | - (-) | - (-) | - (-) |
| Deposit Receivable | - (-) | - (-) | 4.59 (4.59) | 3.24 (3.24) | - (-) |
| Investments | - (-) | 345.50 (345.50) | - (-) | - (-) | - (-) |

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on Accounts for the year ended March 31, 2014

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

| Nature of Transaction | Name of the related party | Amounts in ₹ |
|--|--|--------------|
| Purchase of Assets & consumables | Kornerstone Retail Limited | 12.93 |
| | | (2.29) |
| Purchase of Services (Repairs & Maintenance) | Kornerstone Retail Limited | 2.26 |
| | | (0.62) |
| Rent Expenses | Kewalchand P. Jain | 9.98 |
| | | (9.98) |
| | Hemant P. Jain | 8.60 |
| | | (8.60) |
| | Dinesh P. Jain | 5.66 |
| | | (5.66) |
| | Vikas P. Jain | 5.66 |
| | | (5.66) |
| | Shantaben P. Jain | 9.18 |
| | | (9.18) |
| Managerial Remuneration | Kewalchand P. Jain | 79.50 |
| | | (79.50) |
| | Hemant P. Jain | 79.50 |
| | | (79.50) |
| | Dinesh P. Jain | 79.50 |
| | | (79.50) |
| | Vikas P. Jain | 79.50 |
| | | (79.50) |
| Rent Income (exclusive of service tax) | Kornerstone Retail Limited | 16.48 |
| | | (15.75) |
| Salary | Pankaj K. Jain | 15.83 |
| | | (10.00) |
| | Arpita K. Jain | - |
| | | (4.17) |
| | Hitendra H. Jain | 8.50 |
| | | (5.00) |
| Dividend Paid | Shantaben P. Jain (Trustee/Beneficiary of P. K. Jain Family Holding Trust) | 1,138.31 |
| | | (1,076.78) |
| | Kewalchand P. Jain | 127.60 |
| | | (120.38) |
| | Hemant P. Jain | 127.75 |
| | | (120.51) |
| | Dinesh P. Jain | 133.35 |
| | | (127.16) |
| | Vikas P. Jain | 133.35 |
| | | (125.67) |
| Contribution to Gratuity Fund | Employee Fund | 92.56 |
| | | (61.65) |
| Donation Paid | Smt. Jatnobai Karamchandji Ratanparia | 12.00 |
| | Chouhan Charitable Trust | (-) |
| | Lord Gautam Charitable Foundation | 135.00 |
| | | (150.00) |

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.

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2.42 OPERATING LEASE ARRANGEMENTS:

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

a) As lessee:

Rental expenses of ₹ 126.68 lakhs (P.Y. ₹ 173.80 lakhs) under operating leases have been recognized in the Statement of Profit and Loss. It includes contingent lease rent of ₹ 17.73 lakhs (P.Y. ₹ 31.90 lakhs) based on revenue sharing model.

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

| (₹ in Lakhs) | | |
|---|---------------|---------------|
| Particulars | 31-03-2014 | 31-03-2013 |
| Due not later than one year | 83.95 | 91.58 |
| Due later than one year but not later than five years | 118.45 | 156.04 |
| Later than five years | - | 9.23 |
| Total | 202.40 | 256.85 |

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 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 ₹ 91.54 lakhs (P.Y. ₹ 126.23 lakhs) (b) between 1 to 5 year ₹ 123.87 lakhs (P.Y. ₹ 270.96 lakhs) (c) more than 5 years ₹ Nil (P.Y. ₹ 5.79 lakhs).

b) As Lessor:

Rental income of ₹ 16.48 lakhs (P.Y. ₹ 15.75 lakhs) is recognized in the Statement of Profit and Loss. It includes contingent lease rent of ₹ 3.03 lakhs (P.Y. ₹ 3.75 lakhs) based on revenue sharing model, which is higher of fixed amount or percentage of revenue of lessee. 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 31-03-2014 | Percentage of interest as on 31-03-2013 |
|--------------------------------|-------------------------|--------------------------|---|---|
| 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 | 230.06 (229.71) | 0.30 (0.28) | 4.84 (4.30) | 2.71 (4.41) |

The company's share in the contingent liability and capital/other commitment of the Joint Venture are ₹ 35.00 lakhs (P.Y. ₹ 35.00 lakhs) and ₹ Nil (P.Y. ₹ Nil) - respectively. The Company's share in contingent liability towards cumulative preference dividend including tax thereon of the Joint Venture aggregates to ₹ 138.32 lakhs (P.Y. ₹ 116.52 lakhs) which is payable to its joint venture partners.

The Company's contingent liability and capital/other commitment in relation to joint venture ₹ Nil (P.Y. ₹ Nil) and ₹ Nil (P.Y. ₹ Nil).

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.

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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:

(₹ in Lakhs)

| Particulars | Currency | 31-03-2014 | | 31-03-2013 | |
|--------------------------|----------|----------------------------|--------|----------------------------|--------|
| | | Amount in Foreign Currency | ₹ | Amount in Foreign Currency | ₹ |
| Trade Receivables | USD | 437,950 | 263.16 | 351,998 | 191.42 |
| Trade Payables | USD | - | - | 3,171 | 1.72 |
| Advance from Customer | USD | 4,437 | 2.66 | 14,177 | 7.71 |
| Advance to Supplier | USD | - | - | 35,000 | 19.03 |
| Balance in EEFC account | USD | 1,195 | 0.72 | 318,630 | 173.27 |
| Foreign currency in hand | Multiple | - | 5.26 | - | 1.00 |

2.45 PROVISIONS:

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

(₹ in Lakhs)

| Particulars | Provision for Contingencies * | | Provision for Reimbursement of expenses & claims | | Provision for margin on sales return | |
|-----------------|-------------------------------|---------------|--|---------------|--------------------------------------|--------------|
| | 31-03-2014 | 31-03-2013 | 31-03-2014 | 31-03-2013 | 31-03-2014 | 31-03-2013 |
| Opening Balance | 118.50 | 55.00 | 371.70 | 292.86 | 37.02 | 31.62 |
| Addition | 27.40 | 95.50 | 491.00 | 394.50 | 5.05 | 5.40 |
| Utilization | - | 30.00 | 440.07 | 315.66 | - | - |
| Reversals | - | 2.00 | - | - | - | - |
| Closing Balance | 145.90 | 118.50 | 422.63 | 371.70 | 42.07 | 37.02 |

* It comprises of special rebate /advertisement expenses, rates & taxes and others.

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 and assessment of rates and taxes. 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 Additional information as required by para 5 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.

2.47 Previous year figures are regrouped or rearranged wherever considered necessary.

As per our audit report of even date

**For and on behalf of
N. A. Shah Associates**

Chartered Accountants
Registration No.:116560W

Sandeep Shah

Partner
Membership No. : 37381

Place : Mumbai
Date : 10th May 2014

**For and on behalf of
Jain & Trivedi**

Chartered Accountants
Registration No. : 113496W

Satish Trivedi

Partner
Membership No. : 38317

For and on behalf of the Board of Directors

Kewalchand P Jain

Chairman & Managing Director
DIN : 00029730

S. L. Kothari

Chief Financial Officer

Hemant P Jain

Whole time Director
DIN : 00029822

Abhijit Warange

Company Secretary

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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 (upto March 31, 2014)

Dr. Prakash A. Mody

Director

Mr. Nimish G. Pandya

Director

CA Mr. Yogesh A. Thar

Director

CA Ms. Drushti R. Desai

Director (w.e.f. July 23, 2014)

Mr. S. L. Kothari

Chief Financial Officer

Mr. Abhijit B. Warange

Vice President - Legal & Company Secretary

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

FACTORIES

Vapi

Plot No. 787/1/2A/3,
40 Shed, II Phase, G.I.D.C
Vapi: 396 195
Gujarat

Daman

697/3/5/5A/13, Near Maharani Estate,
Somnath Road, Dabel
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

Windmill

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

Website

<http://www.kewalkiran.com>

Solomon and Co., Mumbai

Solicitors & Advocates

Pandya and Co., Mumbai

Advocates, High Court & Notary

Standard Chartered Bank, Mumbai

Bankers

Registered Office

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

Registrar & Transfer Agents

Link Intime India Private Limited, C-13,
Pannalal Silk Mills Compounds, L.B.S. Marg,
Bhandup (West), Mumbai-400078

We'd like to thank

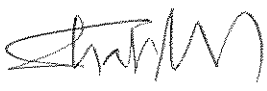
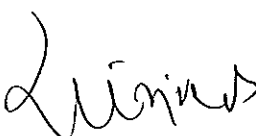



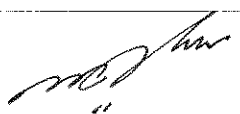
the big, the small,
the round, the pear,
the apple, the fat,
the thin, the flat,
the curvy, the perky,
the tight, the right,
the narrow, the wide,
and all other behinds,
behind our success.



FORM A

(Clause 31(a) of the Equity Listing Agreement)

Covering Letter of the annual audit report to be filed with the stock exchanges

| | | |
|---|--|---|
| 1 | Name of the Company | Kewal Kiran Clothing Limited |
| 2 | Annual Financial Statements for the year ended | 31 st March 2014 |
| 3 | Type of Audit observation | Unqualified Report |
| 4 | Frequency of Observation | Not Applicable |
| 5 | Signed by | |
| | Mr. Kewalchand P. Jain Chairman & Managing Director DIN :- 00029730 | For KEWAL KIRAN CLOTHING LTD. 18-03-2014 Chairman & Managing Director |
| | Mr. Shantilal Kothari Chief Financial Officer |  |
| | M/s Jain & Trivedi Statutory Auditor Firm Reg. No. 113496W Mr. Satish Trivedi (Partner) Membership No. 38317 |   |
| | M/s N.A. Shah Associates Joint Statutory Auditor Firm Reg. No. 116560W Mr. Sandeep Shah (Partner) Membership No. 37381 |   |
| | C.A. Mr. Yogesh A. Thar Audit Committee Chairman DIN :- 02687466 |  |