

KHADIM INDIA LIMITED

ANNUAL REPORT

2015-16

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Siddhartha Roy Burman	Chairman & Managing Director
Ms. Tanusree Roy Burman	Whole-time Director
Prof. Amar Nath Sadhu	Independent Director
Dr. Indra Nath Chatterjee	Independent Director
Prof. Ashoke Kumar Dutta	Independent Director
Ms. Namrata Chotrani	Nominee Director
Mr. Vinayak Vishwanath Kamath	Nominee Director

REGISTERED OFFICE

"Kankaria Estate", 5th Floor,
6, Little Russell Street, Kolkata - 700071, India
Phone: +91 33 40090501 / Fax: + 91 33 40090500
Website : www.khadims.com

CHIEF FINANCIAL OFFICER

Ms. Ishani Ray

COMPANY SECRETARY & HEAD-LEGAL

Mr. Abhijit Dan

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells
Bengal Intelligent Park, Building Alpha
1st Floor, Block EP & GP, Sector-V
Salt Lake, Kolkata - 700091

SECRETARIAL AUDITORS

M/s. BKG & Company
11A, Esplanade East, 1st Floor,
Kolkata-700069

BANKERS

State Bank of India
State Bank of Hyderabad
Yes Bank Limited
Axis Bank Limited
ICICI Bank Limited
HDFC Bank Limited

SOLICITORS

Ms. Khaitan & Co.
1B, Old Post Office Street, Kolkata-700001

COST AUDITORS

M/s. B. Ray & Associates
NDDM Commercial Complex
757, M.B. Road, Birati, Kolkata - 700051

KHADIM INDIA LIMITED

CIN:U19129WB1981PLC034337

Regd. Off. : Kankaria Estate, 5th Floor, 6, Little Russell Street, Kolkata 700 071

Tel No.:+91-33-4009 0501, Fax No. +91-33-40090500,

E-mail: frontoffice@khadims.com , Website: www.khadims.com

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

The Directors have pleasure to present the 35th Annual Report on the business and operations of Khadim India Limited ("the Company") together with Audited Financial Statements for the Financial Year ended 31st March, 2016.

Financial Results

The Company's financial performance for the year ended March 31st, 2016 is summarized below:-

Amount in Rs.

	2015-2016	2014-2015
Revenue from Operations (Net)	5,34,52,10,829	4,60,15,75,526
Other Income	4,30,92,622	5,54,56,991
Profit before Depreciation, Interest, and Tax	56,65,96,254	19,56,32,221
Depreciation	16,28,79,980	19,45,31,397
Interest	14,55,00,392	19,21,54,106
Profit before tax	25,82,15,882	(19,10,53,281)

Provision for Taxation	57,78,314	(44,81,829)
- Current and deferred Tax		
Profit for the year after tax	25,24,37,568	(18,65,71,452)

Dividend

No dividend is recommended for the financial year ended 31st March 2016.

Reserves

No amount has been transferred to the General Reserve for the financial year ended 31st March 2016.

Operations and State of Company's Affairs

Operations

During the financial year ended 31st March 2016 your company recorded a gross turnover of Rs. 534.52 Crores in comparison to gross turnover of Rs. 460.15 crores during the financial year ended 31st March 2015. The net profit of your Company for the financial year ended 31st March 2016 stood at Rs. 25.24 crores in comparison to loss of Rs. 18.66 crores during last financial year ended 31st March 2015.

Your Company's turnover during the year recorded a growth of 16.16 % compared to the financial year ended 31st March 2015. Your Board is happy to inform that during the year under report performance of your Company exceeded the budgeted figures.

As informed in the last Annual Report several corrective measures have taken like cost reduction initiative, liquidating inventory level through various incentives, optimizing the capacity of Panpur and Kasba Factories etc.

Your Company has opened 79 retail outlets including 53 BOs/EBOs, 17 FRMs and 9 COOs during this period. In the Non Retail segment your Company has added 71 new distributors during the year making the total numbers of distributors across the country crossing 500. During the year under report your Company has taken initiative to renovate its existing COOs / BOs / EBOs to match them with the ultra-look and décor of the new outlets. Keeping in mind the potential of western zone in which your Company has not penetrated substantially; your Company has opened a new store at Vile Parle, Mumbai, on a test basis during the year under report. Your Company has collaborated with Brands like Pantaloons; Reliance Footprints; Globus etc. to increase its presence in the retail segment. Your Company has opened various mega EBOs during this period including EBO at Raja Bazar Patna.

Manufacturing

During the year under report, 85.77 lakh pairs of footwear have been produced in Panpur Factory as against 53.04 lakh pairs in the last financial year, resulting an overall productive growth of 55% considering both the Factories. During the year, various new footwear items were introduced in PVC/DIP, Stuck-on and Hawaii (both Premium and Fabricated) categories. PVC injection molding process has been introduced in Panpur Factory resulting increase in supply corresponding to demand for trendy and designer footwear. In the category of Premium and Fabricated Hawaii of higher product value, the Company has produced 12.81 lakh pairs during the year under report. In order to strengthen its position in the organized footwear market in India, your Company has been continuously improving its collection of various range of footwear across all categories – men, women and children. It has also been introducing new varieties of footwear which are trendy, stylish and also affordable.

Supply Chain Management

Your Company has standardized new and old footwear accessories line bearing in mind the present market trend and demand. During the year under report, stock corrections have been made by way of numerous strategies like salesman's incentives, discount and extra margin to dealers and Distributors for slow/non-moving stocks. Your Company has attained optimal inventory control through steady supply of products by proper Vendor Management and regulation of ordering system. Improved Quality Control has also been achieved through more control on major components and raw materials which are essential (e.g.- Sole, Insole, Adhesive, Uppers etc.) to make footwear / accessories and increased involvement into the production process of each and every vendor. The gross margin has been improved considerably through better vendor negotiations, effective process controls, proper

merchandising and innovative Product Development. Customers' and Stakeholders' satisfaction has been ensured through improved quality control, faster delivery and speedy order fulfilment.

Brand and Marketing

During the year 2015-16, there has been considerable focus on all aspects of Brand Marketing, such as Television, In-store, E-commerce and Social Media marketing, including Sponsorship in Sporting events. Retail consumer schemes such as 'Milega Much More' and 'Great Loot offer' - scratch card schemes have helped the Company reach out to both its existing customers as well as attract new customers. Successful TV brand campaign, Walk Your Talk, not only gave brand Khadim's the desired exposure but also helped to boost sales during the festive season. It helped to showcase the brand in the National Television channels. There has been noticeable growth in the e-commerce sector with the help of renowned online marketplace management services. In addition to Flipkart and Snapdeal, brand Khadim's now enjoys a presence in Amazon and Jabong, and many other online players like eBay, Paytm, Shopclues, Indiarush, Limeroad, Voonik and RediffShopping, contributing to wider customer reach and sales, especially in areas without our retail presence. Social media branding activities by empanelled digital agency has also resulted in wider exposure and awareness of the brand. The Company's association and sponsorship of team KKR in IPL 2016 and subsequent in-store activity has given an incredible boost to the brand's image as well. In the Distribution sector, the Company continues to provide our channel partners with marketing collaterals for improved sales. The website of the Company has been revamped in order to provide better edge and service to the stakeholders and customers.

Finance

During the year, with an improved and efficient working capital management aided by a significant growth in cash profits, the Company managed to keep its debt levels lower than the previous year and hence achieved major savings in terms of interest expenditure. Interest rate cuts by the RBI ensured that the average working capital cost also came down by almost 40 basis points. Further, the Company did not have to raise any new funds from the bankers to meet its short / long term requirements.

Internal Audit & Internal Control Systems

In discharging the various audit functions the Internal Audit Department of your Company, like earlier years, has correspondingly focused on review of existing Internal Controls both on financial and

operational functions and ensured controls are in practice. Moreover, enhancement of controls with implementation of the same, wherever needed, has also been carried out.

The Internal Audit and Internal Control System of your Company have been set and designed adequately in different functions of operations as an ongoing practice considering the type of business and the level of operations to prevent any loss or misappropriation. Under the existing system, cases of deviations from the pre-set Rules or otherwise become identified and rectified on time. All significant observations with the corrective actions of Internal Audit have been reported quarterly before the Audit Committee of the Board of Directors for their knowledge, valued guidance and direction.

Human Resource Management

Your Company recognizes Human Resource as the most important element of the business which will deliver the expected business goals, thus it considers each employee as a talent and focuses on development and retention of the talent through various HR interventions. Most of the employees have grown with the Company and has been consistently delivering. There has been a focus on the people processes to deliver the best of services to our esteemed customers. Your Company is professionally managed by group of experienced and competent senior leadership team, which continuously drives to achieve the business goals.

Your Company wishes to express its appreciation to all the employees for their outstanding contribution to the business. Company introduced the incentive plan for the frontline employees to boost the productivity.

Your Company is focused on introducing the most contemporary Human Resource practices and to recruit, retain and develop the highest quality people with diverse background.

Information Technology

Your Company has successfully implemented Microsoft Dynamics AX as its core application. Online physical stock taking process in Factories has been implemented without hampering normal operations. Towards supply Chain optimization, a specialized and renowned group was engaged and accordingly the applications of the Company have been streamlined to generate automatic rationing, automatic norm suggestion, Phase-out suggestion, Dynamic Buffer Management, Trend Management etc. Your Company has replaced its existing system of Attendance through Machine in all the COOs by application software namely Retail Management System (RMS).

Share Capital

The paid up equity Share Capital as on March 31, 2016 was Rs.17,29,85,310/- divided into 1,72,98,531 equity Share of face value of Rs. 10/- each. No change in the Share Capital has been recorded during the financial year 2015-16.

Change(s) in the nature of the business

There has been no change(s) of business of the Company or in the nature of business carried on by the Company during the financial year under review.

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

No material changes and commitments affecting the Financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate and the date on which this Report has been signed.

Significant and material orders passed by the regulators/courts/tribunals impacting the going concern status and the Company's operations in future

During the year under review, no significant and material orders have been passed by the regulators / courts / tribunals that may impact the going concern status and the operations of the Company in future.

Subsidiaries, joint ventures and associate companies

The Company does not have any subsidiary / associate / joint venture company for the year ended 31st March 2016.

Deposits

During the year under review the Company has not accepted any deposit from public within the meaning of chapter V of the Companies Act, 2013.

Corporate Social Responsibility

The provisions of the Companies Act, 2013 regarding Corporate Social Responsibility are applicable to the Company and towards this end the Company has adopted a comprehensive and Revised CSR Policy duly recommended by the CSR Committee vide its Meeting held on 25th March 2016, which defines the framework for your Company's CSR Program. The Board of Directors of the Company had reconstituted the CSR Committee vide its meeting held on 23rd May 2015, 10th March 2016 and 25th March 2016 during the year. The present constitution of the committee is as follows:

Sl. No.	Name	Category	Designation
1.	Prof. A.N. Sadhu	Independent Director	Chairman
2.	Mr. Siddhartha Roy Burman	Whole - time Director	Member
3.	Ms. Tanusree Roy Burman	Whole - time Director	Member
4.	Mr. Vinayak Vishwanath Kamath [^]	Nominee Director	Member
5.	Ms. Namrata Chotrani ^{^^}	Nominee Director	Member
6.	Mr. Abhijit Dan ^{^^^}	CS & Head-Legal	Secretary

[^] Mr. Vinayak Vishwanath Kamath has been appointed as a Member of the Committee w.e.f. 25th March 2016 in place of Mr. Rahul Manek who has resigned from the directorship of the Company w.e.f. 17th March, 2016.

^{^^} Ms. Namrata Chotrani has been appointed as a Member of the Committee w.e.f. 10th March 2016 in place of Mr. Rubin Chheda who has resigned from the directorship of the Company w.e.f. 16th February, 2016

^{^^^} Mr. Abhijit Dan has been appointed as Secretary to the Committee w.e.f. 4rd May 2015 in place of Mr. Joydev Sengupta who has resigned from the Company as CS & Head-Legal w.e.f. 31st March 2015

In respect of Company's contribution towards Corporate Social Responsibility activities for the financial year 2015-16 your Company intend to donate an Ambulance near vicinity of Panpur Factory of the Company as decided in the Board and CSR Committee meetings dated 25th March 2016. A provision of

Rs. 8,50,00/- (calculated pursuant to provisions of section 135(5) of the Companies Act, 2013) has been made during the year under report for purchase of the Ambulance under promotion of healthcare including preventive health care. Your Company is in the process of identification of registered society / Trust / Public Body etc. to which the Ambulance will be donated to the extent possible in terms of the contemplation expressed in the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014.

Business Risk Management

Your Company monitors its major risks and concerns at regular intervals through effective Internal Control System. Your Company has constituted a Risk Management Committee which has been entrusted, inter alia, with the responsibility of overseeing and approving the Company's risk management framework. The risk management framework works at various levels across the organization. The Company has a robust Organizational structure for managing and reporting on risks. The Risk Management Committee is also empowered to review and recommend to the Board the modifications to the Risk Management Policy.

Vigil Mechanism and Whistle Blower Policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standard of professionalism, honesty, integrity and ethical behavior the Company has adopted a comprehensive Vigil Mechanism Policy.

Directors and Key Managerial Personnel

At the 33rd Annual General Meeting of the Company held on 29th September, 2014, the Company has appointed existing Independent Directors, viz. Dr. Indra Nath Chatterjee, Prof. Amar Nath Sadhu and Prof. Ashoke Kumar Dutta as Independent Directors under the Companies Act, 2013 for a period of 5 consecutive years from the conclusion of the 33rd Annual General Meeting. The said Directors are not liable to retire by rotation. All Independent Directors have given the declaration that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act in accordance with the provision of the Companies Act, 2013.

The Board of Directors of the Company ("the Board") in its meeting dated 10th March 2016 has on recommendation of the Nomination and Remuneration Committee of the Board, subject to the approval

of the members of the Company at the ensuing Annual General Meeting, re-appointed Mr. Siddhartha Roy Burman as Chairman & Managing Director ("Whole-time Key Managerial Personnel") and Ms. Tanusree Roy Burman as Whole-time Director of the Company for a period of 3 years with effect from 1st April 2016 till 31st March 2019.

Mr. Rubin Chheda and Mr. Rahul Manek, have resigned from the directorship of the Company w.e.f. 16 February 2016 and 17 March 2016 respectively due to their non-association with the Reliance Alternative Investment Fund –Private Equity Scheme –I of which they were representatives.

Ms. Namrata Chotrani (w.e.f. 10th March 2016) and Mr. Vinayak Vishwanath Kamath(w.e.f. 25th March 2016) have been appointed as nominee directors representing Reliance Alternative Investment Fund – Private Equity Scheme –I in replacement of Mr. Chheda and Mr. Manek respectively.

Mr. Abhijit Dan has been appointed as Company Secretary & Head - Legal w.e.f. 4 May 2015 in terms of Section 203 of the Companies Act, 2013.

Meetings

For the Financial Year 2015-16, five meetings of the Board of Directors were held viz on 23rd May 2015, 31st July 2015, 17th November 2015, 10th March 2016 and 25th March 2016.

Composition of the Audit Committee

The present Composition of the Audit Committee is as under:

Sl. No.	Name	Category	Designation
1.	Prof. A.N. Sadhu	Independent Director	Chairman
2.	Dr. Indra Nath Chatterjee	Independent Director	Member
3.	Prof. Ashoke Kr. Dutta	Independent Director	Member
4.	Ms. Namrata Chotrani ^{^^^}	Nominee Director	Member
5.	Mr. Vinayak Vishwanath Kamath ^{^^}	Nominee Director	Member
6.	Mr. Abhijit Dan [^]	CS & Head-Legal	Secretary

^^^ Ms. Namrata Chotrani has been appointed as a Member to the Committee w.e.f. 10th March 2016 in place of Mr. Rubin Chheda who has resigned from the directorship of the Company w.e.f. 16 February, 2016

^^ Mr. Vinayak Vishwanath Kamath has been appointed as a Member to the Committee w.e.f. 25th March 2016 in place of Mr. Rahul Manek who has resigned from the directorship of the Company w.e.f. 17 March, 2016.

^Mr. Abhijit Dan has been appointed as Secretary to the Committee w.e.f. 4th May 2015

Extract of Annual Return

The extract of the Annual return in the format MGT-9 for the Financial Year 2015-2016 has been enclosed with this report as Annexure " A " .

Particulars of contracts and arrangement with Related Parties

During the year under report all the Transactions with the Related Parties as defined in the Companies Act, 2013 and rules framed thereunder were in the ordinary course of business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions to be provided under section 134(3)(h) of the Companies Act, 2013, in Form AOC – 2 is not applicable.

Secretarial Auditor

The Board has appointed Ms. BKG & Company, Practicing Company Secretary to conduct the Secretarial Audit for the Financial Year 2015-2016. The Secretarial Audit Report for the Financial Year ended March 31st, 2016 is annexed herewith, marked as Annexure-" B" to this report. The Secretarial Audit Report for the financial Year ended March 31, 2016 does not contain any qualification, reservation or adverse remark.

Directors Responsibility Statement

In terms of provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31st March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis; and
- e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March 2016

Statutory Auditor and Auditors' Report

Ms. Deloitte, Haskins & Sells (Firm Registration No-302009E, Chartered Accountants) have been appointed as Statutory Auditors of the Company at the Annual General Meeting of the Company held on 29th September, 2014 for a period of 4 years till the Financial Year 2017-2018 which has been ratified by the members in the last Annual General Meeting held on 24th September 2015. They have confirmed their eligibility to the effect that ratification for their appointment, if made, in the ensuing Annual General Meeting would be within the prescribed limits mentioned in the Act and they are not disqualified for such ratification.

The Members are requested to ratify the appointment of the Statutory Auditors as aforesaid and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remarks.

Cost Auditor

Although the Company is not coming under the purview of compulsory cost audit as per the Companies Act, 2013 your Company has continued with the service of the Cost Auditor for the Financial Year 2015-2016 and for the succeeding Financial Year.

Particulars of Loans, Investments, Guarantees etc.

In the Financial Year 2015-16, the Company has not made any investment, have not given any loans, have not provided any guarantees, have not provided any security in connection with any loan, have not acquired securities by way of subscription, purchase or otherwise in excess of the thresholds provided in Section 186 of the Companies Act, 2013.

Conservation of Energy, Technology absorption and Foreign exchange earnings and outgo

A) Conservation of energy

Energy conservation is an ongoing process in the Company through investments in the latest energy efficient technologies to conserve energy at all locations, plants and sites of the Company. As a part of your Company's endeavor towards conservation of energy and prevention of energy wastage, constant steps are taken in order to conserve energy on an ongoing basis. In Manufacturing Unit at Panpur, the Factory Building has been designed by using Energy Conservation methods like use of Translucent Roofing Sheet which permit natural light inside the premises thereby reducing the need of electrical lights to a negligible level during daytime, use of Turbo Vents and Ridge Vents and latest insulating materials for the roof and side panels for reducing the internal heat and thus keeping the temperature at a moderate level even during peak summer without use of air-conditioning. During the year under review, your Company has taken various steps to optimize the consumption of electricity by reducing operational losses as much as possible. Also through installation of Light Emitting Diode (LED) at various locations your Company has saved a considerable expenditure towards consumption of Electricity during the year under report. Capital Investment of Rs. 22.17 lakhs has been made during the year for purchase of LED for the purpose of energy conservation / savings. Presently your Company is not using any alternate source of energy.

(B) Technology absorption

No specific technology was absorbed, adapted or innovated and no separate expenditure was incurred on Research and Development during the year under report. No technology was imported during last five years. However, your Company, which is present in the retail segment, understands the importance

of continuous improvement of the product line and development initiatives and thus continued to carry out various design development and improvement activities not only to keep itself abreast with the market but also to stay ahead of the times.

(C) Foreign exchange earnings and outgo

The details of foreign earnings and outgo are as follows:

		Amount in Rs.
Sl.	Particulars	2015-16
(a)	Value of import on CIF basis	
	Raw material, components & spare parts	6,80,05,797
	Finished footwear	9,46,71,396
	Capital Goods - including Moulds	3,57,75,929
(b)	Foreign exchange Earning	1,86,83,198
(c)	Foreign exchange outgo	12,24,616
(d)	Others	NIL

Particulars of Employees and related disclosures

Information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 has been enclosed with this report as Annexure "C".

Disclosures under the Sexual Harassment of women at work place (Prevention, Prohibition & Redressal) Act, 2013

No case relating to the above has been filed during the year under report.

Nomination and Remuneration Policy

A Nomination and Remuneration Policy has been formulated pursuant to the provisions of Section 178 and other applicable provisions of the Companies Act, 2013 and Rules thereto stating therein the Company's policy on Directors' appointment and remuneration by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

Fraud Reporting

During the year under review, no fraud has been reported by auditors under sub-section (12) of section 143 of the Companies Act, 2013.

Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and cooperation received from the financial institution, banks, government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service by the executives, staffs and workers of the Company.

For on behalf of the Board of Directors

Place: Kolkata

Date: 22nd July, 2016

Siddhartha Roy Burman

(Chairman and Managing Director)

Annexure "A"
Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration and other details:

i	CIN	U19129WB1981PLC034337
ii	Registration Date	03/12/1981
iii	Name of the Company	Khadim India Limited
iv	Category / Sub-Category of the Company	Public Company/ Limited by Shares
v	Address of the registered office and contact details	"Kankaria Estate", 5 th floor, 6 Little Russell Street, Kolkata-700071 Tel. No. +91-33-40090501 Fax. No. +91-33- 40090500
vi	Whether listed company	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata - 700020, Tel: 033 - 2289 0540, Telefax:033 -2289 0539, Email: kolkata@linkintime.co.in

II. Principal business activities of the company: Footwear Industry-Retailing and Direct sales

Business activities contributing 10 % or more of the total turnover* of the company are:-

Sl. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Footwear – Retail	47713	44%
2	Footwear – Wholesale	46413	45%

III. Particulars of holding, subsidiary and associate companies

S. NO	Name and Address of The company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Knightsville Private Ltd.	U45209WB2005PTC103948	Holding	50.51%	2 (46)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Govt(s)									
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	5852093	-	5852093	33.83	5852093	-	5852093	33.83	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	5852093	-	5852093	33.83	5852093	-	5852093	33.83	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	5852093	-	5852093	33.83	5852093	-	5852093	33.83	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	5852093	11446438	17298531	100	5852093	11446438	17298531	100	-

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Siddhartha Roy Burman	2173149	12.56	-	2173149	12.56	-	-
2.	Ms. Tanusree Roy Burman	60	-	-	60	-	-	-
3.	Knightsville Pvt. Ltd.	8737829	50.51	-	8737829	50.51	-	-
4.	Khadim Development Co. Pvt. Ltd.	302950	1.751	-	302950	1.751	-	-
5.	Moviewallah Communications Pvt. Ltd	172450	0.99	-	172450	0.99	-	-
6.	Photo Imaging Pvt. Ltd.	25000	0.14	-	25000	0.14	-	-
7.	Tetenal Photochemie Pvt. Ltd.	35000	0.20	-	35000	0.20	-	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Date of Change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
No change in Promoters' Shareholding during the Financial year 2015-16						

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Particulars	Date of Change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Reliance Alternative Investments Fund-Private Equity Scheme-I		5852093	33.83	No change in Shareholding during the Financial Year 2015-16	

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Date of Change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Siddhartha Roy Burman		2173149	12.56	No change in Shareholding during the Financial Year 2015-16	
2.	Ms. Tanusree Roy Burman		60	-	Do	

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payments

Amount in Rs.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,33,07,27,024	Nil	Nil	1,33,07,27,024
ii) Interest due but not paid	57,82,738	Nil	Nil	57,82,738
iii) Interest accrued but not due	3,36,607	Nil	Nil	3,36,607
Total (i+ii+iii)	1,33,68,46,369	Nil	Nil	1,33,68,46,369
Change in Indebtedness				

during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	19,11,83,989	Nil	Nil	19,11,83,989
Net Change	19,11,83,989	Nil	Nil	19,11,83,989
Indebtedness at the end of the financial year				
i) Principal Amount	1,14,37,27,620	Nil	Nil	1,14,37,27,620
ii) Interest due but not paid	17,20,788	Nil	Nil	17,20,788
iii) Interest accrued but not due	2,13,972	Nil	Nil	2,13,972
Total (i+ii+iii)	1,14,56,62,380	Nil	Nil	1,14,56,62,380

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in Rs.

Sl. no.	Particulars of Remuneration	Name of the Director		Total Amount
		Mr. Siddhartha Roy Burman	Ms. Tanusree Roy Burman	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	2,04,11,425	21,51,946	2,25,63,371
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961			
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act,1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - Others, specify			
5.	Others, please specify			
	Total (A)	2,04,11,425	21,51,946	2,25,63,371
Ceiling as per the Act- Rs 1.20 Crores as per Section-II of Part-II of Schedule-V in absence of profit.				

B. Remuneration to other directors:

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of directors			Total
		Dr. I.N. Chatterjee	Prof. A.K. Dutta	Prof. A.N. Sadhu	
1.	Independent director				

a.	Fee for attending Board / Committee meetings	2,00,000	2,00,000	Nil	4,00,000
b.	Commission	-		-	
c.	Others, please specify	-		-	
	Total (1)	2,00,000	2,00,000	Nil	4,00,000
2.	Other Non-Executive Directors	Mr. Rahul Manek * / Mr. Vinayak Vishwanath Kamath **	Mr. Rubin Chheda ^/ Ms. Namrata Chotrani ^^		
a.	Fee for attending Board / Committee Meetings	-	-	-	-
b.	Commission	-	-	-	-
c.	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	2,00,000	2,00,000	Nil	4,00,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	Sitting Fee paid to Non-Executive Director does not form a part of the Total Managerial Remuneration			

* Resigned w.e.f. 17th March 2016

** Appointed w.e.f. 25th March 2016

^ Resigned w.e.f. 16th February 2016

^^ Appointed w.e.f. 10th March 2016

C. Remuneration to Key Managerial Personnel other than Managing Director, Whole-time Directors and/or Manager:

Amount in Rs.

Sl. No.	Particulars of Remuneration	Mr. Abhijit Dan, CS & Head-Legal @	Ms. Ishani Ray, CFO	Total amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,91,566	41,87,390	58,78,956
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - others, specify...			
5.	Others, please specify			
	Total (A)	16,91,566	41,87,390	58,78,956

@ Mr. Abhijit Dan has been appointed as CS & Head-Legal w.e.f. 4th May 2015

VII. Penalties / punishment/ compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty Punishment Compounding			NIL		
B. Directors					
Penalty Punishment Compounding			NIL		
C. Other officers in default					
Penalty Punishment Compounding			NIL		

Form No. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9
of the Companies Appointment and Remuneration Personnel) Rules, 2014]*

To,
The Members,
KHADIM INDIA LIMITED
Kankaria Estate, 5th Floor
6 Little Russell Street,
Kolkata-700071

We have conducted the Secretarial Audit in respect of compliance with applicable statutory provisions and the adherence to good corporate practices by **M/s. Khadim India Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

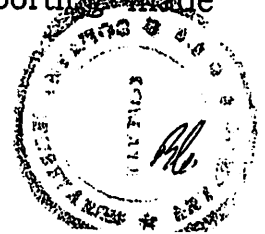
➤ **Management's Responsibility for Secretarial Compliance**

The Company's management is responsible for preparation and maintenance of Secretarial records and devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

➤ **Secretarial Auditor Responsibility**

Our responsibility is to express an opinion on the Secretarial records, standard and procedure followed by the Company with respect to Secretarial Compliances. Our report is based on the Company's books, papers, minute books, forms filed and other records maintained by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit.

The company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:



We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Khadim India Limited** ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(The shares of the Company are not listed on Stock Exchange, hence, not applicable).**
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. **(Not applicable to the Company during the Audit Period);**
- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **are not applicable to the Company, as the shares are not listed on any Stock Exchange.**
- vi. The company is mainly engaged in the business of Footwear Industry and on examination of the relevant documents and records in pursuance thereof and as confirmed by the management, we believe that no specific law applicable to the Footwear Industries in India.

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India **(SS-1 and SS-2 for Board Meeting and General Meeting applicable w.e.f. 1st July, 2015)**
- The Listing Agreements entered into by the Company with Calcutta Stock Exchange; **(The shares of the Company are not listed on Stock Exchange, hence, not applicable).**



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Material Compliances are listed in the Annexure attached to this report and named as 'Annexure-B'.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, approved and signed accordingly as the case may be.
- During the period under review, Resolutions were carried through majority decisions. The Minutes of the Meetings held during the audit period did not reveal any dissenting member's view. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



We further report that as that the company has had the following specific events:

- a) The Company has obtained approval of shareholders, by way of special resolution passed on 17th December, 2015, pursuant to the provision of section 180 (1)(a) of the Companies Act, 2013 authorising the board of directors to create charge / mortgage / pledge / hypothecation / security, etc, on the assets of the Company so as to secure the borrowing of the Company from time to time upto the limits approved by the shareholders u/s 180(1)(c) of the Act, and subject to the reserved matters mentioned in the Articles of Association of the Company
- b) The Company has obtained approval of shareholders, by way of special resolution passed on 17th December, 2015, pursuant to the provision of section 180 (1) (c) of the Companies Act, 2013 authorising the board of directors to borrow any sum of money, in excess of the paid up share capital and free reserves upto Rs. 250 Crore (Rupees two hundred and fifty crore only), and subject to the reserved matters mentioned in the Articles of Association of the Company.
- c) The Company has obtained approval of Board at their meeting held on 10th March, 2016 for reappointment of **Mr. Siddhartha Roy Burman** as the Chairman and Managing Director and **Mrs. Tanusree Roy Burman** as the Whole-time Director of the Company, with effect from 01/04/2016 to 31/03/2019.

For **B K G & COMPANY**
Company Secretaries

Binod K. Gupta

(**BINOD KUMAR GUPTA**)

Partner

(ACS-12965, C. P. No.- 3242)



Place: Kolkata

Date: 21/07/2016

[Note: This Report is to be read with our letter of even date which is annexed as Annexure A and Annexure B, forms an integral part of this report.]

'ANNEXURE A'

To,
The Members,
Khadim India Limited
Kankaria Estate, 5th Floor
6 Little Russell Street,
Kolkata-700071

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **B K G & COMPANY**
Company Secretaries

Binod K. Gupta

(BINOD KUMAR GUPTA)

Partner

(ACS-12965, C. P. No.- 3242)



Place: Kolkata
Date: 21/07/2016

'ANNEXURE B'

In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers and agents, we report that Company has, during the financial year under review, complied with the provisions of the Acts, Rules made there under and the Memorandum and Articles of Association of the Company with regard to:

1. Maintenance of various statutory registers and documents and making necessary entries therein;
2. Contracts, Common Seal, Registered office and publication of name of the Company;
3. Forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional Director, Central Government, Company Law Board or such other authorities;
4. Service of documents by the Company on its Members, Directors, Auditors and the Registrar of Companies.
5. Constitution of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Committee for Property Acquisition, Legal Committee, Committee for Banking & Related Activities and Corporate Social Responsibility Committee.
6. Appointment, re-appointment and changes of Directors including Managing Director and Executive Directors and payment of remuneration to them.
7. Disclosure of interest and concerns in contracts and arrangements, shareholdings and directorship in other Companies and interest in other entities by the Directors;
8. Disclosure requirements in respect to the eligibility of Directors for appointment, declaration of their independence and compliances with the applicable provisions of the Companies Act, 2013 and rules made there under;



9. All transactions with related parties were in the ordinary course of the business and arms length basis and were placed before Audit Committee whenever required.
10. Establishing a Vigil Mechanism and providing to Complainants, if any, unhindered access to the Chairman of the Audit Committee.
11. During the period, the provisions relating to Corporate Social Responsibility was applicable to the Company and accordingly, the Company has formed a Corporate Social Responsibility Committee and as informed by the Management, suitable provision has been made for Company's contribution towards Corporate Social Responsibility activities.
12. Changes in the office of following Key Managerial Personnel and Directors-
 - a) Appointment of **Mr. Abhijit Dan** as 'Company Secretary & Head Legal' w.e.f **4th May, 2015**.
 - b) Resignation of **Mr. Rubin Chedda** w.e.f **16th February, 2016** and **Mr. Rahul Bharat Manek** w.e.f **17th March, 2016** from the Directorship of the Company.
 - c) Appointment of **Mr. Vinayak Vishwanath Kamath** w.e.f **25th March, 2016** and **Ms. Namrata Ashok Chotrani** w.e.f **10th March, 2016** as Nominee Directors representing Reliance Alternative Investments Fund - Private Equity Scheme I.
13. Appointment and remuneration of Statutory Auditor, Secretarial Auditor and Cost Auditor.
14. Appointment of Internal Auditor.
15. Notice of meetings of the Board and Committee thereof.
16. Minutes of meetings of the Board and Committees thereof including passing of resolutions.
17. Notice convening the 34th Annual General Meeting of the Company held on 24th September, 2015 and holding of the Annual General Meeting on that date.



18. Minutes of General Meeting.
19. Approvals of members, Board of Directors, Committees of Directors and Government Authorities, wherever required.
20. Form of Balance Sheet and Profit and Loss Account as on 31st March, 2015 as prescribed under part I of Schedule VI of Companies Act 2013.
21. Report of the Board of Directors for the Financial Year ended 31st March, 2015.
22. Borrowing, Satisfaction and Registration of charges.
23. Investment of the Company's Fund including inter corporate loans and investments.



For **B K G & COMPANY**
Company Secretaries

Binod K. Gupta

(BINOD KUMAR GUPTA)

Partner

(ACS-12965, C. P. No.- 3242)

Place: Kolkata
Date: 21/07/2016

Annexure -C

**Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies
(Appointment & Remuneration of Managerial Personnel) Rules, 2014**

NAME	AGE	DESIGNATION	REMUNERATION RECEIVED (Rs.)	NATURE OF EMPLOYMENT	QUALIFICATION & EXPERIENCE	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT HELD	SHARE HOLDING IN THE COMPANY	RELATION WITH OTHER DIRECTORS
Mr. Siddhartha Roy Burman	55	Chairman & Managing Director	2,04,11,425	Contractual	B.com with 33 years of experience	25/09/1990	NA	21,73,149	Husband of Mrs. Tanusree Roy Burman (whole - time Director)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KHADIM INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **KHADIM INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the

accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

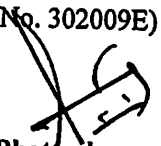
Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and 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 it 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 aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice, also refer Note 32 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)


A. Bhattacharya
Partner

Membership No. 054110

Kolkata, July 22, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **KHADIM INDIA LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)


A. Bhattacharya
Partner

Membership No. 054110

Kolkata, 22 July, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement except the following:

Particulars of the land and building	Gross Block (as at the 31st March 2016) Rs	Net Block (as at the 31st March 2016) Rs	Remarks
Leasehold land at Laskarhat Kolkata measuring 34.25 cottah	1,71,25,000/-	1,57,12,627/-	Registration of 34.25 Cottah of Leasehold Land is pending till disposal of legal suit at Calcutta High court.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.



(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable .
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs.)
Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	2007-08	10,27,885
Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	2008-09	82,587
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax	2011-12	22,58,700
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax	2012-13	30,01,880
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2004 to 2007	10,62,800
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2007-08	1,62,832
Finance Act, 1994	Service Tax	Assistant Commissioner of Service Tax	2005-06 and 2006-07	1,51,000
West Bengal Value Added Tax Act, 2003	Sales Tax	West Bengal Commercial Taxes Appellate & Review Board	2010-11	17,22,840
West Bengal Value Added Tax Act, 2003	Sales Tax	West Bengal Taxation Tribunal	2011-12	9,46,675
West Bengal Value Added Tax Act, 2003	Sales Tax	West Bengal Taxation Tribunal	2015-16	2,56,249
Bihar Value Added Tax Act, 2005	Sales Tax	Joint commissioner of Commercial Tax (Appeals)	2012-13	8,14,973
Bihar Value Added Tax Act, 2005	Sales Tax	Joint commissioner of Commercial Tax (Appeals)	2013-14	7,44,008



Bihar Value Added Tax Act,2005	Sales Tax	Joint commissioner of Commercial Tax (Appeals)	2014-15	13,81,944
Central Sales Tax Act , 1956	Sales Tax	West Bengal Commercial Taxes Appellate & Revisional Board	2010-11	9,14,272
Central Sales Tax Act , 1956	Sales Tax	West Bengal Commercial Taxes Appellate & Revisional Board	2011-12	16,82,700
Central Sales Tax Act , 1956	Sales Tax	Commissioner Sales Tax	2012-13	70,79,976


There are no dues of Customs Duty as on March 31, 2016 on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. In respect of two whole-time directors, aggregate remuneration of Rs. 2,25,63,371/- paid/provided during the year, is subject to the approval of the Members at the forthcoming Annual General Meeting.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.



- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)


A. Bhattacharya
Partner
Membership No. 054110

Kolkata, 22 July , 2016

KHADIM INDIA LIMITED
 Balance Sheet as at 31st March 2016
 (All amounts in Rupees, unless otherwise stated)

Particulars	Note No.	As at 31 March 2016	As at 31 March 2015
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	17,29,85,310	17,29,85,310
(b) Reserves and Surplus	4	1,37,10,16,815	1,11,85,79,247
2 Non- Current Liabilities			
(a) Long - Term Borrowings	5	7,05,78,000	16,86,36,000
(b) Deferred Tax Liabilities (Net)	6	6,41,20,186	7,01,59,644
(c) Other Long - Term Liabilities	7	8,79,50,988	7,74,50,341
(d) Long - Term Provisions	8	50,82,190	82,94,154
3 Current Liabilities			
(a) Short - Term Borrowings	9	97,64,21,619	1,05,04,94,667
(b) Trade Payables			
(i) Total outstanding dues to micro enterprises and small enterprises		2,12,59,144	1,33,83,620
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	10	54,72,03,218	56,09,29,650
(c) Other Current Liabilities	11	17,71,01,213	19,58,22,945
(d) Short - Term Provisions	12	2,92,76,756	1,92,94,159
Total		3,52,29,95,439	3,45,60,29,737
B ASSETS			
1 Non - Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	13	1,42,03,92,961	1,50,59,86,196
(ii) Intangible Assets	14	1,45,78,960	1,13,19,016
(iii) Capital Work - In - Progress	.	86,18,620	51,60,427
(iv) Intangible assets under development		-	1,59,92,568
(b) Non - Current Investment	15	4,82,451	4,82,451
(c) Long - Term Loans and Advances	16	29,10,64,741	23,31,17,978
(d) Other non-current assets	17	1,14,94,303	90,26,000
2 Current Assets			
(a) Current investments	18	1,05,00,000	-
(b) Inventories	19	1,00,89,48,641	1,13,77,82,706
(c) Trade Receivables	20	34,85,51,629	24,09,02,784
(d) Cash and Bank Balances	21	19,42,12,825	12,44,05,316
(e) Short - Term Loans and Advances	22	15,04,34,217	11,09,94,673
(f) Other Current Assets	23	6,37,16,091	6,08,59,622
Total		3,52,29,95,439	3,45,60,29,737

See accompanying notes forming part of the financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells
 Chartered Accountants

A. Bhattacharya
 Partner

Place: Kolkata
 Date: 22nd July 2016



For and on behalf of Board of Directors

Siddhartha Roy Burman
 Siddhartha Roy Burman
 Chairman & Managing Director

Tanusree Roy Burman
 Tanusree Roy Burman
 Wholtime Director

Bhrami Ray
 Bhrami Ray
 Chief Financial Officer

Abhijit Dan
 Abhijit Dan
 Company Secretary & Head - Legal

KHADIM INDIA LIMITED
Statement of Profit and Loss for the year ended 31st March 2016
 (All amounts in Rupees, unless otherwise stated)

Particulars	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
I. Revenue from Operations (Gross)	24	5,35,11,26,873	4,61,84,00,956
Less: Excise Duty		59,16,044	1,68,25,430
Revenue from Operations (Net)		5,34,52,10,829	4,60,15,75,526
II. Other Income	25	4,30,92,622	5,54,56,991
III. Total Revenue (I + II)		5,38,83,03,451	4,65,70,32,517
IV. Expenses :			
Cost of Materials Consumed	26	76,17,85,652	61,20,07,553
Purchase of Stock-In-Trade	27	2,46,71,16,247	2,54,85,44,941
Changes in Inventories of Finished Goods, Work- In-Progress and Stock-In-Trade	28	13,06,86,411	(3,68,59,920)
Employee Benefits Expense	29	45,28,25,765	46,07,08,326
Finance Costs	30	14,55,00,392	19,21,54,106
Depreciation and Amortisation Expense	14.1	16,28,79,980	19,45,31,397
Other Expenses	31	1,00,92,93,122	87,69,99,395
Total expenses		5,13,00,87,569	4,84,80,85,798
V Profit/(Loss) before tax (III - IV)		25,82,15,882	(19,10,53,281)
VI Tax expenses			
(1) Current tax expense		5,00,00,000	-
(2) Less: MAT credit entitlement		(4,19,76,119)	-
(3) Short provision for tax relating to prior years		37,93,891	6,33,542
(4) Net current tax expense		1,18,17,772	6,33,542
(5) Deferred tax		(60,39,458)	(51,15,371)
Net tax expense		57,78,314	(44,81,829)
VII. Profit/(Loss) for the year (V - VI)		25,24,37,568	(18,65,71,452)
VIII. Earnings per equity share : [Nominal Value per Share Rs.10/- (Previous year Rs.10/-)]	34		
(1) Basic		14.59	(11.98)
(2) Diluted		14.59	(10.79)

See accompanying notes forming part of the financial statements.

In terms of our Report attached

For and on behalf of Board of Directors

For Deloitte Haskins & Sells
 Chartered Accountants

A. Bhattacharya
 Partner

Place: Kolkata
 Date: 22nd July 2016



Siddhartha Roy Burman
 Siddhartha Roy Burman
 Chairman & Managing Director

Tanusree Roy Burman
 Tanusree Roy Burman
 Wholetime Director

Shani Ray
 Shani Ray
 Chief Financial Officer

Abhijit Dan
 Abhijit Dan
 Company Secretary & Head - Legal

KHADIM INDIA LIMITED
Cash Flow Statement for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	25,82,15,882	(19,10,53,281)
Adjustments for:		
Depreciation and amortisation	16,28,79,980	19,45,31,397
(Profit)/Loss on Sale of Fixed Assets (Net)	56,89,207	(1,82,44,441)
Interest Received	(1,03,70,487)	(70,43,946)
Dividend Income from Current Investments	(20,588)	-
Gain on Sale of Current Investments	-	(69,76,842)
Liabilities/Provisions no longer required written back	(26,26,409)	(69,84,206)
Government grant received	(50,69,081)	(28,59,638)
Provision for doubtful debts, advances and other assets	35,80,985	22,36,224
Debts/Advances/Claims written off	11,35,057	-
Foreign Currency translations and transactions - Net	(9,17,770)	(5,350)
Finance cost	14,55,00,392	19,21,54,106
Operating Profit before Working Capital Changes	55,79,97,169	15,57,54,023
Adjustments for:		
Trade Receivables, Loans and Advances and Other Assets	(14,34,86,973)	29,12,25,740
Inventories	12,88,34,065	26,94,712
Trade Payables, Other Liabilities and Provisions	(1,18,91,154)	(37,66,14,593)
Cash Generated from Operations	53,14,53,107	7,30,59,882
Payment of Direct Taxes	(3,28,43,753)	(3,05,55,965)
Net cash flow from Operating Activities	49,86,09,354	4,25,03,917
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9,20,39,729)	(14,42,40,552)
Sale of Fixed Assets	48,63,012	2,88,68,917
(Increase)/Decrease in Margin Account	1,94,007	(99,519)
Investments in bank deposits under lien	(3,82,92,183)	(5,99,63,719)
Maturity of bank deposits under lien	1,84,07,316	27,30,04,460
Purchase of Current Investments	(1,05,00,000)	(35,09,92,200)
Sale of Current Investments	-	35,79,69,042
Dividend Income from Current Investments	20,588	-
Interest Received	52,83,140	64,15,574
Net Cash from/(used in) Investing Activities	(11,20,63,849)	11,09,62,003
C CASH FLOW FROM FINANCING ACTIVITIES		
Net increase/(decrease) in working capital, demand loans and buyer's credit	(7,38,14,376)	27,07,35,100
Interest Paid	(14,96,84,977)	(19,19,17,901)
Repayment of Term Loans	(11,24,25,500)	(20,80,63,993)
Repayment of Vehicle Loan	(5,00,857)	(14,19,801)
Net Cash used in Financing Activities	(33,64,25,710)	(13,06,66,595)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	5,01,19,795	2,27,99,325
Exchange differences on translation of foreign currency cash and cash equivalents	(3,146)	-
Cash and Cash Equivalents at beginning of year	3,36,89,905	1,08,90,580
Cash and Cash Equivalents at end of year	8,38,06,554	3,36,89,905



KHADIM INDIA LIMITED
Cash Flow Statement for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

Notes:

- I The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard - 3 on "Cash Flow Statement".
- II Cash and Cash Equivalents represent cash and bank balances:
- | | | |
|------------------------------------|--------------|--------------|
| Cash and Cash Equivalents: | | |
| Cash and Cash Equivalents as above | 8,38,06,554 | 3,36,89,905 |
| Other Bank Balances | 11,04,06,271 | 9,07,15,411 |
| Cash and Bank Balances (Note 21) | 19,42,12,825 | 12,44,05,316 |
- III During the year ended 31st March 2015, Zero Coupon Compulsorily Convertible Debentures (Unsecured) issued in 2013-14, of face value Rs.10 had been converted into 5,163,293 Equity Shares of face value Rs.10 each at a conversion premium of Rs.140.03 per share (Refer Note 3.5). This was a non-cash transaction.
- IV Previous year's figures have been regrouped, wherever necessary, to conform current year's presentation

See accompanying notes forming part of the financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. Bhattacharya
Partner

Place: Kolkata
Date: 22nd July 2016



For and on behalf of Board of Directors

Siddhartha Roy Burman
Chairman and Managing Director

Tansuree Roy Burman
Wholetime Director

Ishani Ray
Chief Financial Officer

Abhijit Dan
Company Secretary & Head - Legal

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

1 Corporate Information

Khadim India Limited (the 'Company') is an unlisted Public Limited Company engaged in the manufacturing / retail business of footwear and leather accessories.

The Company is incorporated and domiciled in Republic of India. The address of its Registered office is "Kankaria Estate", 5th Floor, 6, Little Russell Street, Kolkata - 700071.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

2.2 Use of Estimates:

The preparation of the Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and the disclosure of contingent liabilities as at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised in the period in which the results are known/materialised.

2.3 Revenue Recognition

- i) Items of Income and expenditure are recognised on accrual basis.
- ii) Sales and retail revenues, net of trade discounts and taxes but inclusive of excise duty are recognised on delivery of goods / merchandise to the dealers / customers.
- iii) Revenue from displays and sponsorships are based on the period for which the products / displays are sponsored or carried out.
- iv) Income on investments is accounted for when the right to receive the payment is established.
- v) Revenue from services is recognised on rendering of services.

2.4 Fixed Assets

- i) Fixed Assets (comprising both tangible and intangible items) are stated at cost. The cost includes the original cost of asset, freight, taxes (Net of CENVAT) and other incidental expenses relating to the acquisition and installation.
- ii) Cost of Leasehold rights of Land and Buildings, including incidental charges thereto are amortised over the period of lease.
- iii) Intangible assets (Computer Software) are stated at their cost less accumulated amortisation. An intangible asset is recognised where it is probable that the future economic benefits attributable to the asset will flow to the Company and where its costs can be reliably measured. The carrying value is reviewed at each Balance Sheet date.
- iv) Capital expenses, pending installation/commercial use and certain expenses which can be regarded as incidental and directly related to the project set up are transferred to Capital Work-in-Progress. These expenses are allocated to fixed assets in the year of installation/commencement of commercial usage.
- v) Expenditure on software development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.
- vi) Impairment loss, if any, is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount i.e. net selling price or value in use, whichever is higher.

2.5 Depreciation

Depreciation (including amortisation) is calculated in the following manner :

- (a) Leasehold land is amortised over the period of lease.
- (b) Depreciation on other fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain Furniture and fixtures in whose case life of the assets has been assessed at 6 years, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.
- (c) Intangible assets are depreciated over the useful life (generally 3-5 years) on straight line basis.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair-value whichever is lower. Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary in the value of the investments, such reduction being determined and made for each investment individually

2.7 Inventories

Inventories are valued at cost or net realisable value, which ever is lower. For this purpose, basis of ascertainment of cost is as under:

- Raw-Materials and Packing Materials : At cost on First-in-First-out basis (FIFO).
- Stock in process: Raw material cost plus conversion cost upto the stage of completion.
- Finished goods : Raw-material cost and other related overhead cost inclusive of excise duty payable on clearance
- Trading goods : At landed cost plus related overhead cost, determined on FIFO basis.



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

2.8 Taxation

Current Tax in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred Tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation. No deferred tax asset on unabsorbed depreciation and carry forward of losses are recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

2.9 Employee Benefits

- (i) Short-term Employee benefits (i.e. benefits payable within one year) are recognised in the period in which the employee services are rendered.
- (ii) Contributions to Provident Fund and other funds in accordance with the relevant plans / schemes (Defined Contribution Schemes) are charged to Statement of Profit and Loss on accrual basis.
- (iii) Gratuity is maintained as a defined benefit retirement plan and contribution is made to Life Insurance Corporation Of India as per Company's Scheme. Provision/ Write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date as determined by actuarial valuation following projected unit credit method.
- (iv) Leave encashment (Defined Benefit Scheme) is provided annually based on actuarial valuation carried out by an independent actuary using projected unit credit method as at the Balance Sheet date. Regular contributions are made to SBI Life Insurance Company Limited as per Company's Scheme

2.10 Treatment of Prior Period, Extraordinary Items and Changes in Accounting Policies

- (i) Any material items (other than those arising out of over / under-estimation of earlier years) arising as a result of error or omission in preparation of earlier years Financial Statements are separately disclosed.
- (ii) Any material gains/ losses, which arise from the events or transactions which are distinct from ordinary activities of the Company are separately disclosed.

2.11 Foreign Currency Transactions and Translation

Foreign Currency transactions are recorded at the prevalent exchange rates as on the dates of the respective transactions. Year-end monetary assets/liabilities, denominated in foreign currencies, are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.12 Borrowing Costs

Borrowing Cost, if any, that are attributable to the acquisition, construction or production of 'Qualifying Assets' are capitalised as part of cost of such assets. A 'Qualifying Asset' is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as expenses in the period in which they are incurred.

2.13 Leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

2.14 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.15 Derivative Transactions

Premium / discount on forward exchange contracts are amortised over the period of the contracts. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

2.16 Government Grants

Government Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Grants related to depreciable fixed assets are treated as deferred income. The deferred income is recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of assets to which the grant relates to. Such allocation to income is made over the periods and in proportions in which depreciation on related assets is charged.

2.17 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

3 SHARE CAPITAL

Authorised

6,00,00,000 (31st March 2015 : 6,00,00,000) Equity Shares of Rs.10/- each

Issued, Subscribed and Paid up

1,72,98,531 (31st March 2015 : 1,72,98,531) Equity Shares of Rs.10/- each

Total

As at 31 March 2016	As at 31 March 2015
60,00,00,000	60,00,00,000
17,29,85,310	17,29,85,310
17,29,85,310	17,29,85,310

3.1 Reconciliation of the number of Equity shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
Balance as at the beginning of the year	1,72,98,531	17,29,85,310	4,85,40,952	12,13,52,380
Consolidation of 4 shares of Rs.2.50/- each into 1 share of Rs.10/- each [Refer Note 3.6]	-	-	(3,64,05,714)	-
Equity shares issued on conversion of debentures [Refer Note 3.5]	-	-	51,63,293	5,16,32,930
Balance as at the end of the year	1,72,98,531	17,29,85,310	1,72,98,531	17,29,85,310

3.2 Details of Shares held by Shareholders holding more than 5 % of the aggregate shares in the Company

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held*	% of Holding	No. of Shares held	% of Holding
Knightsville Private Limited (Holding Company)	87,37,829	50.51	87,37,829	50.51
Siddhartha Roy Burman	21,73,149	12.56	21,73,149	12.56
Reliance Alternative Investments Fund - PE Scheme I	58,52,093	33.83	58,52,093	33.83

3.3 Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of Equity Shares having a face value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all Preferential amounts, in proportion to their shareholding.

Equity Shares allotted as fully paid up bonus shares for the period of five years immediately preceding 31st March 2016

3.4

The Company had issued bonus shares during the year ended 31st March 2014 to the shareholders in the ratio of 1:3 aggregating 3,64,05,714 number of equity shares of Rs.10 each as fully paid by utilising balance in General Reserve account and Surplus in Statement of Profit and Loss Account to the extent of Rs. 4,339,000 and Rs 35,97,18,140 respectively.

3.5

Equity Shares allotted as fully paid pursuant to contract without payment being received in cash during the period of five years immediately preceding 31st March 2016

During the year 2014-15 the Company had issued 51,63,293 Equity Shares of face value Rs.10 each at a conversion premium of Rs.140.03 per share (Refer Note 4) on conversion of Zero Coupon Compulsorily Convertible Debentures (Unsecured) issued in 2013-14, as per the formula set out in, and each with rights, preferences and privileges contained in the Securities Subscription and Share Purchase Agreement

3.6

Consolidation in face value of Equity Shares

The Company in its Extra-Ordinary General Meeting dated 4th June, 2014 had passed a special resolution for consolidation in the face value of the Equity Shares of the Company, whereby, the Authorised Share Capital of the Company was consolidated, from 24,00,00,000 Equity Shares of Rs. 2.50/- each to 6,00,00,000 Equity Shares of Rs. 10/- each and the Issued, Subscribed and Paid-up capital was consolidated from 4,85,40,952 Equity Shares of Rs. 2.50/- each to 1,21,35,238 Equity Shares of Rs.10/- each.



KHANIM INDIA LIMITED**Notes to Financial Statements for the year ended 31st March 2016**
(All amounts in Rupees, unless otherwise stated)**4 RESERVES AND SURPLUS**

	As at 31 March 2016	As at 31 March 2015
Capital Reserve - Amalgamation Reserve (Refer Note 4.1)	23,19,16,072	23,19,16,072
Securities Premium Account		
Opening Balance	76,11,49,151	3,81,43,681
Add: Amount credited on conversion of debentures into equity shares (Refer Note 3.5)	-	72,30,05,470
Closing Balance	76,11,49,151	76,11,49,151
Surplus in Statement of Profit and Loss		
Opening Balance	12,55,14,024	34,67,47,756
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life [Net of deferred tax Rs.Nil (Previous Year - Rs.1,71,21,158)] (Refer Note 42)	-	3,46,62,280
Profit/(Loss) for the year	25,24,37,568	(18,65,71,452)
Closing Balance	37,79,51,592	12,55,14,024
Total	1,37,10,16,815	1,11,85,79,247

4.1 Pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court at Calcutta with effect from 1st October, 2004, the surplus of net assets over the Equity Shares issued as purchase consideration has been treated as Capital Reserve.



KHADIM INDIA LIMITEDNotes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)**5 LONG - TERM BORROWINGS****SECURED LOANS**

Term Loans

From Banks

	As at 31 March 2016	As at 31 March 2015
SBI Term Loan [Refer Note 1 of 5.1]	91,10,000	4,76,60,000
AXIS Bank Term Loan I [Refer Note 2 of 5.1]	3,75,00,000	7,50,00,000
AXIS Bank Term Loan II [Refer Note 3 of 5.1]	99,68,000	1,99,76,000
Small Industries Development Bank of India [Refer Note 4 of 5.1]	1,40,00,000	2,60,00,000
Total	7,05,78,000	16,86,36,000

6 DEFERRED TAX LIABILITIES (NET)

Tax effect of items constituting deferred tax liabilities:

On difference between book balance and tax balance of fixed assets

Tax effect of items constituting deferred tax assets:

	As at 31 March 2016	As at 31 March 2015
On difference between book balance and tax balance of fixed assets	7,63,13,413	8,00,26,579
Provision for Leave Encashment	5,66,256	17,93,630
Provision for Doubtful Debts And Advances	44,37,314	38,25,328
Provision for slow moving inventories	71,89,657	42,47,977
Total	6,41,20,186	7,01,59,644

7 OTHER - LONG TERM LIABILITIES

Others:

	As at 31 March 2016	As at 31 March 2015
Security Deposits	8,03,99,797	6,87,30,683
Deferred Government Grant	75,51,191	87,19,658
Total	8,79,50,988	7,74,50,341



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

5.1 Nature of Security and Terms of repayment for Secured borrowings

Nature of Security	Terms of Repayment and rate of interest
<p>1 Primary security - Secured by mortgage of 7 owned properties situated at Bhubaneswar, Serampore, Chinsurah, Chandannagore, Darjiling, Howrah and Rashbehari Avenue alongwith hypothecation of interiors, furniture and fixtures and all other assets therein, leasehold property situated at Calcutta Leather Complex, 24 Paraganas (South), 24 leased properties situated at Amravati, Ratlam, Jeedimetla, Marathalli, Puttenhalli, Arera Colony, Kolar Road, Durg, Lucknow, Dunlop, Ujjain, Srinivasnagar, Velachery, B B Ganguly Street, B T Road, Porur, Cross Cut Road, Madurai, Annanagar, TVS Road, Dharampet, Salem, Barasat and Bhilai. Collateral security - 2nd charge on entire current assets of the Company both present and future on pari passu basis with other consortium member banks, mortgage over 4 properties situated at Rajkot, Jamnagar, Kasba, Salt Lake City, leasehold properties situated at Bangalore, Coimbatore, Chennai, Mysore, Hyderabad and Akola, pledge of STDR, in the name of Khadim India Limited, personal guarantees of promoter directors and corporate guarantees of group companies</p> <p>2 Primary security - Exclusive charge on movable and immovable fixed assets related to the factory for manufacturing of Hawaii products at Panpur and second pari passu charge on the current assets (both present and future) Collateral security - Personal guarantees of promoter directors.</p> <p>3 Primary security - Exclusive charge on freehold property at 31/32, G T Road, PO - Ushagram, PS - Asansol, Burdwan. Collateral security - Personal guarantees of promoter directors.</p>	<p>1 Repayable - By way of 16 quarterly instalments of Rs.1.196 crore each starting from December 2011, followed by 4 quarterly instalments of Rs.1.329 crore each, 3 quarterly instalments of Rs.0.532 crore each and final instalment of Rs.0.512 crore Rate of interest - 12.90% per annum</p> <p>2 Repayable - By way of 20 equal quarterly instalments of Rs.0.94 crore each starting from June 2013 Rate of interest ranging from 13.50% per annum to 13.75% per annum</p> <p>3 Repayable - By way of 59 equal monthly instalments of Rs.0.08 crore each starting from April 2013 followed by a final instalment of Rs.0.08 crore. Rate of interest ranging from 13.50% per annum to 13.75% per annum</p>



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

5.1 Nature of Security and Terms of repayment for Secured borrowings (continued...)

Nature of Security

4 **Primary security** - Secured by hypothecation of all the movable assets (including Current Assets), both present and future. The charge is subservient to all the existing and prospective charges created / to be created on the said assets in favor of other banks which have extended loans for the same business as SIDBI.

Collateral security - Personal guarantee of Promoter Directors and Corporate Guarantee of Holding Company.

5 The scheduled maturity of these term loans is mentioned as under:

Name of the Bank	2016-17	2017-18	2018-19
SBI Term Loan	37,220,000	9,110,000	-
AXIS Bank Term Loan I	37,500,000	37,500,000	-
AXIS Bank Term Loan II	10,008,000	9,968,000	-
SIDBI	12,000,000	12,000,000	2,000,000
Total	9,67,28,000#	68,578,000	2,000,000

Represents 'Current maturities of long term debt' (refer Note 11 - Other current liabilities)

Terms of Repayment and rate of interest

4 **Repayable** - By way of 50 monthly instalments of Rs.0.10 crore each starting from 36 months from the date of first disbursement (25th March 2011).

Rate of interest 13.50% per annum



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

8 LONG - TERM PROVISIONS

	As at 31 March 2016	As at 31 March 2015
Provisions for employee benefits		
Leave Encashment	50,82,190	82,94,154
Total	50,82,190	82,94,154

9 SHORT - TERM BORROWINGS

	As at 31 March 2016	As at 31 March 2015
SECURED		
Loans repayable on demand		
Cash Credit / Working Capital Demand Loans from Banks		
SBI Cash Credit [Refer Note 1 of 9.1]	48,26,44,463	17,80,31,350
SBI Demand Loan [Refer Note 1 of 9.1]	-	25,00,00,000
SBI - Standby Line of Credit [Refer Note 1 of 9.1]	-	4,00,00,000
SBH Cash Credit [Refer Note 2 of 9.1]	25,16,45,260	23,80,71,612
YES Bank Cash Credit [Refer Note 1 of 9.1]	2,77,08,082	3,27,06,612
ICICI Bank Demand Loan [Refer Note 3 of 9.1]	6,00,00,000	7,50,00,000
YES Bank Demand Loan [Refer Note 4 of 9.1]	-	2,00,00,000
Axis Bank Cash Credit [Refer Note 1 of 9.1]	4,57,77,691	4,99,90,645
ICICI Bank Cash Credit [Refer Note 1 of 9.1]	-	2,89,00,325
HDFC Bank Cash Credit [Refer Note 1 of 9.1]	9,71,42,492	9,99,50,100
	96,49,17,988	1,01,26,50,644
Bank Overdraft		
From Banks :		
ICICI Bank [Refer Note 1 of 9.2]	-	1,21,24,222
Buyer's Credit from Banks		
SBI [Refer Note 1 of 9.1]	1,15,03,631	2,57,19,801
Total	97,64,21,619	1,05,04,94,667



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

9.1 Nature of Security of Working Capital Demand Loans and Buyer's credit from Banks

Nature of Security
<p>1 Primary security - Hypothecation charge on inventory, receivables and all other current assets of the Company, both present and future, on pari-passu basis with other working capital member banks under the consortium.</p> <p>Collateral security - 2nd charge on the primary security for all SBI Term loans, equitable mortgage of properties at Kancharapara, Vadodara, KG Road, Bangalore and Civil Station, Bangalore, on pari-passu basis with other working capital members banks under the consortium, personal guarantees of promoter directors and corporate guarantees of group companies.</p>
<p>2 Primary security - Same as SBI Cash Credit (Refer Note 1 above).</p> <p>Collateral security - Equitable mortgage of properties at Kancharapara, Vadodara, Kancharapara, Vadodara, KG Road, Bangalore and Civil Station, Bangalore, on pari-passu basis with other working capital members banks under the consortium, exclusive charge on property at P-43 and P-43A at Kasba Industrial Estate, Kolkata, subservient charge on all the movable and immovable assets of the Company, personal guarantees of promoter directors and corporate guarantees of group companies.</p>
<p>3 Primary security - Secured by hypothecation of all credit card receivables both present and future, mortgage of factory building at S19, S20 and S21 at Kasba, Kolkata, retail outlet at Rashbehari Avenue, Kolkata, liquid security in form of fixed deposits, Corporate guarantee of the Holding Company and personal guarantee of Managing Director.</p>
<p>4 Secured by subservient charge on all Current Assets, movable fixed assets and immovable properties (both present and future) of the Company alongwith personal guarantee of Managing Director.</p>

9.2 Nature of Security for Bank Overdraft

Nature of Security
<p>1 Primary security - Secured by hypothecation of all credit card receivables both present and future, mortgage of factory building at S19, S20 and S21 at Kasba, Kolkata, retail outlet at Rashbehari Avenue, Kolkata, liquid security in form of fixed deposits, Corporate guarantee of the Holding Company and personal guarantee of Managing Director.</p>



KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

10 TRADE PAYABLES

(Total outstanding dues of creditors other than micro enterprises and small enterprises)

Acceptances
 Other than Acceptances
 Employee Benefits Payable

Total

As at 31 March 2016	As at 31 March 2015
3,58,70,940	10,34,13,206
49,08,47,345	44,83,18,939
2,04,84,933	91,97,505
54,72,03,218	56,09,29,650

11 OTHER CURRENT LIABILITIES

Current maturities of long - term debt:
 Vehicle Loans
 Term Loans

Interest accrued but not due on borrowings
 Interest accrued and due on borrowings
 Advance from customers
 Security Deposits
 Investors Education and Protection Fund (the fund) shall be credited
 by the following amount

Unclaimed/Unpaid Dividend [Refer Note 11.1]

Other payables:

Statutory remittances (VAT and Sales Tax, Contribution to Provident and Other Funds,
 Withholding Tax)

Payables on purchase of fixed assets

Deferred Government Grant

Others (Coupon liability, Provision for Corporate Social Responsibility etc.)

Total

As at 31 March 2016	As at 31 March 2015
-	5,00,857
9,67,28,000	11,10,95,500
9,67,28,000	11,15,96,357
2,13,972	3,36,607
17,20,788	57,82,738
2,37,31,949	3,49,33,501
53,04,420	48,23,531
1,335	1,335
2,19,82,426	2,39,38,515
2,34,18,372	74,28,247
11,14,038	10,62,652
28,85,913	59,19,462
17,71,01,213	19,58,22,945

11.1 There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956/Section 125 of the Companies Act, 2013 as at the year end.

12 SHORT - TERM PROVISIONS

(a) Provision for employee benefits

Leave Encashment

(b) Others

Provision for Income Tax [Net of advance taxes Rs.7,73,54,127; Previous Year Rs.3,24,10,688]

Total

As at 31 March 2016	As at 31 March 2015
8,13,812	11,48,351
8,13,812	11,48,351
2,84,62,944	1,81,45,808
2,92,76,756	1,92,94,159



KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

13 TANGIBLE ASSETS	GROSS BLOCK - AT COST				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01 April 2015	Additions during the year	Sales/ Adjustment during the year	As at 31 March 2016	As at 01 April 2015	For the Year	On Sales/ Adjustment during the year	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Freehold Land	1,67,64,096	-	-	1,67,64,096	-	-	-	-	1,67,64,096	1,67,64,096
Leasehold Land [Refer Note 13.1]	15,98,32,656	6,35,493	-	16,04,68,149	1,68,09,521	24,51,707	-	1,92,61,228	14,12,06,921	14,30,23,135
Buildings :										
Leasehold	4,53,63,838	-	4,53,63,838	-	1,68,23,391	-	1,68,23,391	-	-	2,85,40,447
Freehold	77,72,29,185	5,77,517	-	77,78,06,702	9,10,60,060	1,73,01,701	-	10,83,61,761	66,94,44,941	68,61,69,125
Plant and Machinery	48,06,33,958	6,31,58,517	2,01,67,172	52,36,25,303	19,12,41,506	4,01,65,147	1,96,27,090	21,17,79,563	31,18,45,740	28,93,92,452
Furniture and Fixtures	58,16,45,852	3,98,48,034	3,03,05,336	59,11,88,550	27,49,89,060	8,64,43,406	2,36,15,303	33,78,17,163	25,33,71,387	30,66,56,792
Vehicles	2,26,66,117	29,43,928	22,45,132	2,33,64,913	1,27,32,628	33,39,922	22,45,132	1,38,27,418	95,37,495	99,33,489
Office Equipments	5,47,80,840	14,32,009	23,72,754	5,38,40,095	2,92,74,180	78,37,889	14,94,355	3,56,17,714	1,82,22,381	2,55,06,660
Total	2,13,89,16,542	10,85,95,498	10,04,54,232	2,14,70,57,808	63,29,30,346	15,75,39,772	6,38,05,271	72,66,64,847	1,42,03,92,961	1,50,59,86,196



KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2016
 (All amounts in Rupees, unless otherwise stated)

13 TANGIBLE ASSETS	GROSS BLOCK - AT COST				DEPRECIATION/ AMORTISATION					NET BLOCK	
	As at 01 April 2014	Additions during the year	Sales/ Adjustment during the year	As at 31 March 2015	As at 01 April 2014	For the Year	On Sales/ Adjustment during the year	Transition Adjustment recorded against Surplus balance in Statement of Profit and Loss [Refer Note 42]	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Freehold Land	1,67,64,096	-	-	1,67,64,096	-	-	-	-	-	1,67,64,096	1,67,64,096
Leasehold Land [Refer Note 13.1]	15,98,32,656	-	-	15,98,32,656	1,43,72,955	24,36,566	-	-	1,68,09,521	14,30,23,135	14,54,59,701
Buildings :											
Leasehold	4,53,63,838	-	-	4,53,63,838	1,40,83,617	27,39,774	-	-	1,68,23,391	2,85,40,447	3,12,80,221
Freehold	78,48,79,558	9,06,689	85,57,062	77,72,29,185	7,54,16,117	1,73,20,442	16,76,499	-	9,10,60,060	68,61,69,125	70,94,63,441
Plant and Machinery	44,24,73,451	4,37,40,102	55,79,595	48,06,33,958	14,99,68,737	4,02,72,352	51,09,523	61,09,940	19,12,41,506	28,93,92,452	29,25,04,714
Furniture and Fixtures	50,94,60,431	9,34,57,363	2,12,71,942	58,16,45,852	14,34,10,588	11,45,04,734	1,92,98,793	3,63,72,531	27,49,89,060	30,66,56,792	36,60,49,843
Vehicles	2,10,73,010	26,66,034	10,72,927	2,26,66,117	1,01,08,378	32,10,372	6,17,197	31,075	1,27,32,628	99,33,489	1,09,64,632
Office Equipments	5,13,88,358	50,23,553	16,31,071	5,47,80,840	1,20,74,397	95,36,038	16,06,147	92,69,892	2,92,74,180	2,55,06,660	3,93,13,961
Total	2,03,12,35,398	14,57,93,741	3,81,12,597	2,13,89,16,542	41,94,34,789	19,00,20,278	2,83,08,159	5,17,83,438	63,29,30,346	1,50,59,86,196	1,61,18,00,609

13.1 Leasehold land includes Rs.2,25,00,000 paid to Kolkata Metropolitan Development Authority (KMDA) as lease premium for a land at Laskarhat, Kolkata having a lease term of 99 years. The Company has received possession for 10.75 kottahs. The related lease deed has been executed subsequently. Remaining portion of the said land is under dispute for which legal proceeding is pending.



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

14 INTANGIBLE ASSETS	GROSS BLOCK - AT COST				AMORTISATION				NET BLOCK		
	As at 01 April 2015	Additions during the year	Sales/ Adjustment during the year	As at 31 March 2016	As at 01 April 2015	For the Year	On Sales/ Adjustment during the year	Transition Adjustment recorded against Surplus balance in Statement of Profit and Loss [Refer Note 42]	As at 31 March 2016	As at 31 March 2015	
Software (acquired)	5,82,62,838	1,10,43,859	2,95,15,198	3,97,91,499	4,69,43,822	53,40,208	2,70,71,491	-	2,52,12,539	1,45,78,960	1,13,19,016
Total	5,82,62,838	1,10,43,859	2,95,15,198	3,97,91,499	4,69,43,822	53,40,208	2,70,71,491	-	2,52,12,539	1,45,78,960	1,13,19,016
Previous Year	5,54,29,887	28,32,951	-	5,82,62,838	4,24,32,703	45,11,119	-	-	4,69,43,822	1,13,19,016	

14.1 Details of Depreciation and Amortisation Expenses

	Year Ended 31 March 2016	Year Ended 31 March 2015
Depreciation of Tangible Assets	15,75,39,772	19,00,20,278
Amortisation of Intangible Assets	53,40,208	45,11,119
Net Depreciation Charged to Statement of Profit and Loss	16,28,79,980	19,45,31,397



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

**15 NON - CURRENT INVESTMENTS
(At Cost)****Investments in Mutual Fund**

Quoted :

UTI Infrastructure Fund of Rs.21.09 each

Total

Aggregate book value of investments

Quoted

Unquoted

Total

Aggregate market value of quoted investments

As at 31 March 2016		As at 31 March 2015	
Number	Amount	Number	Amount
22,876	4,82,451	22,876	4,82,451
	4,82,451		4,82,451
	4,82,451		4,82,451
	-		-
	4,82,451		4,82,451
	4,64,619		5,72,980



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

16 LONG -TERM LOANS AND ADVANCES

	As at 31 March 2016	As at 31 March 2015
Unsecured, Considered Good		
Capital Advances	85,79,003	74,00,131
Security Deposits	18,41,52,586	18,19,31,499
Other Loans and advances:		
Prepaid expenses	2,86,50,075	50,22,228
Advance income tax [Net of Provision for Income Tax Rs.4,17,92,642; Previous Year Rs.7 35,43,283]	2,15,05,958	3,21,38,960
MAT Credit entitlement	4,19,76,119	-
Other long term advances	62,01,000	66,25,160
Unsecured, Considered Doubtful		
Capital Advances	-	2,54,000
Security Deposits	-	27,427
Less : Provision for Doubtful Advances/ Security Deposits	-	(2,81,427)
Total	29,10,64,741	23,31,17,978

17 OTHER NON-CURRENT ASSETS

	As at 31 March 2016	As at 31 March 2015
Unsecured, Considered Good		
Government Grant Receivable	1,14,94,303	90,26,000
Total	1,14,94,303	90,26,000

18 CURRENT INVESTMENTS

(At lower of cost and fair value, unless otherwise stated):

Investments in Mutual Fund

Quoted :

4,72,846 (Previous Year : Nil) Units of Rs.10 each of DSP Blackrock Ultra Short Term Fund

2,762 (Previous Year : Nil) Units of Rs.1000 each of Reliance Money Manager Fund

	As at 31 March 2016	As at 31 March 2015
	50,00,000	-
	55,00,000	-
	1,05,00,000	-
Aggregate amount of quoted investments	1,05,00,000	-
Aggregate market value of listed and quoted investments	1,09,06,066	-

19 INVENTORIES

(Refer Notes 19.1)

Raw Material, packing material and components

Work-in-progress (footwear)

Finished goods*

Stock-in-trade

Total

	As at 31 March 2016	As at 31 March 2015
	9,20,03,048	8,85,80,806
	5,55,58,598	6,57,47,731
	86,13,86,995	85,14,14,844
	-	13,20,39,325
Total	1,00,89,48,641	1,13,77,82,706

*Finished goods include stock in trade of footwear and accessories, as both are stocked together.

19.1 Refer Note 2.7 above for mode of valuation



KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

20 TRADE RECEIVABLES

	As at 31 March 2016	As at 31 March 2015
Outstanding for a period exceeding six months from the date they are due for payment.		
Secured, considered good	72,24,420	66,46,823
Unsecured, considered good	45,67,564	57,75,908
Unsecured, considered doubtful	1,51,49,801	1,26,48,808
	2,69,41,785	2,50,71,539
Less : Provision for doubtful debts	1,51,49,801	1,26,48,808
	1,17,91,984	1,24,22,731
Other trade receivables		
Secured, considered good	3,59,46,512	3,12,66,747
Unsecured, considered good	30,08,13,133	19,72,13,306
Unsecured, considered doubtful	2,65,288	-
	33,70,24,933	22,84,80,053
Less : Provision for doubtful debts	2,65,288	-
	33,67,59,645	22,84,80,053
Total	34,85,51,629	24,09,02,784

21 CASH AND BANK BALANCES

	As at 31 March 2016	As at 31 March 2015
Cash and Cash Equivalents		
Cash on hand	77,36,315	60,95,745
Cheques/drafts on hand	10,85,000	36,31,139
Balances with banks		
On Current Accounts	7,29,85,239	2,39,63,021
On Fixed deposits*	20,00,000	-
	8,38,06,554	3,36,89,905
Other Bank Balances		
On Dividend Accounts	1,335	1,335
On Margin Accounts	-	1,94,007
On Fixed Deposits*		
- Against guarantees and letter of credit	2,79,31,311	91,74,470
- As security with Sales Tax Authorities	3,02,095	2,78,503
- Pledged against bank overdraft	8,21,71,530	8,10,67,096
	11,04,06,271	9,07,15,411
Total	19,42,12,825	12,44,05,316

*Represents deposits with original maturity of more than 3 months and includes deposits with remaining maturity of more than 12 months from the balance sheet date Rs.16,24,719 (Previous Year Rs.4,31,46,538)

22 SHORT - TERM LOANS AND ADVANCES

	As at 31 March 2016	As at 31 March 2015
Unsecured, Considered Good		
Advance to Suppliers:		
Trade advances to related parties	60,274	1,56,190
Other trade advances	1,10,69,478	98,69,613
Others:		
Employee Advances	14,72,450	8,01,018
Advance to Government Authorities	11,08,84,220	7,99,36,047
Prepaid expenses	2,44,89,698	1,93,56,905
Gratuity	24,07,385	7,49,531
Others (advance against expenses)	50,712	1,25,369
Unsecured, Considered Doubtful		
Advance to Suppliers (other trade advances)	-	7,16,518
Less : Provision for Doubtful Advances	-	(7,16,518)
Total	15,04,34,217	11,09,94,673

23 OTHER CURRENT ASSETS

	As at 31 March 2016	As at 31 March 2015
Unsecured, Considered Good		
Interest Receivable	73,83,246	22,95,899
Fixed assets held for sale	5,24,93,339	5,24,93,339
Government Grant Receivable	31,15,645	36,15,948
Others (Accrued export incentive, etc.)	7,23,861	24,54,436
Total	6,37,16,091	6,08,59,622



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

24 REVENUE FROM OPERATIONS

Sale of products (Refer Note 24.1)

Other operating revenues

Sale of packing materials

Scrap Sales

Export incentive (Duty drawback, etc.)

REVENUE FROM OPERATIONS (gross)

Less : Excise Duty

REVENUE FROM OPERATIONS (net)

	For the year ended 31 March 2016	For the year ended 31 March 2015
Sale of products (Refer Note 24.1)	5,294,927,983	4,561,729,425
Other operating revenues		
Sale of packing materials	44,395,985	37,387,233
Scrap Sales	9,780,695	16,271,849
Export incentive (Duty drawback, etc.)	2,022,210	3,012,449
REVENUE FROM OPERATIONS (gross)	5,351,126,873	4,618,400,956
Less : Excise Duty	5,916,044	16,825,430
REVENUE FROM OPERATIONS (net)	5,345,210,829	4,601,575,526

24.1 Details of sale of products

Footwear and accessories

Large Format Retail - Apparels

Large Format Retail - Other than Apparels

Gold Jewellery

Total

	For the year ended 31 March 2016	For the year ended 31 March 2015
Footwear and accessories	5,117,981,785	4,076,157,195
Large Format Retail - Apparels	-	82,209,807
Large Format Retail - Other than Apparels	-	19,071,123
Gold Jewellery	176,946,198	384,291,300
Total	5,294,927,983	4,561,729,425

25 OTHER INCOME

Interest :

- On deposits with Banks

- On deposits with others

Dividend Income from Non-Current Investments

Gain on Sale of Current Investments

Other non-operating income:

Net gain on foreign currency transactions

Profit on sale of fixed assets (net)

Royalty

Government Grant received

Insurance Claim

Liabilities/Provisions no longer required written back

Rent income

Miscellaneous Income

Total

	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest :		
- On deposits with Banks	10,199,111	6,865,849
- On deposits with others	171,376	178,097
Dividend Income from Non-Current Investments	20,588	-
Gain on Sale of Current Investments	-	6,976,842
Other non-operating income:		
Net gain on foreign currency transactions	163,765	3,112,423
Profit on sale of fixed assets (net)	-	18,244,441
Royalty	296,460	40,731
Government Grant received	5,069,081	2,859,638
Insurance Claim	640,460	4,691,025
Liabilities/Provisions no longer required written back	2,626,409	6,984,206
Rent income	13,646,113	1,744,622
Miscellaneous Income	10,259,259	3,759,117
Total	43,092,622	55,456,991



KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

26 COST OF MATERIALS CONSUMED	For the year ended 31 March 2016	For the year ended 31 March 2015
Opening Inventory	8,85,80,806	12,87,94,706
Add: Purchases (Net)	76,52,07,894	57,17,93,653
	85,37,88,700	70,05,88,359
Less: Closing Inventory	9,20,03,048	8,85,80,806
Materials Consumed	76,17,85,652	61,20,07,553
Total	76,17,85,652	61,20,07,553

26.1 Details of Materials (Including Components and packing materials) consumed:

<u>Indigenous</u>	Value	Percentage
PVC Compound (Previous Year)	15,85,08,051 8,98,45,096	21 15
Packing materials (Previous Year)	20,29,00,768 18,49,23,011	27 30
EVA Compound (Injected) (Previous Year)	1,67,72,394 1,36,23,874	2 2
Leather (Previous Year)	2,02,62,241 2,08,19,040	3 3
Natural rubber (Previous Year)	6,23,21,467 3,77,19,763	8 6
EVA Compound (Compressed) (Previous Year)	4,72,61,374 5,37,67,560	6 9
PU Compound (Previous Year)	3,99,265 -	0 -
Others (Previous Year)	19,07,11,295 17,73,68,351	25 29
	A 69,91,36,854	92
(Previous Year)	57,80,66,695	94
<u>Imported :</u>		
EVA Compound (Compressed) (Previous Year)	6,26,48,798 3,39,40,858	8 6
	B 6,26,48,798	8
(Previous Year)	3,39,40,858	6
	A+B 76,17,85,652	100.00
(Previous Year)	61,20,07,553	100.00



KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

	For the year ended 31 March 2016	For the year ended 31 March 2015
27 PURCHASE OF STOCK-IN-TRADE		
Footwear and accessories	2,43,67,85,821	2,12,56,56,656
Large Format Retail - Apparels	-	1,87,45,177
Large Format Retail - Other than Apparels	-	2,20,28,580
Gold and Jewellery	3,03,30,426	38,21,14,528
Total	2,46,71,16,247	2,54,85,44,941
28 CHANGES IN INVENTORIES OF FINISHED GOODS,		
WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year		
Stock-in-trade	-	13,20,39,325
Work - in - progress (footwear)	5,55,58,598	6,57,47,731
Finished goods	86,13,86,995	85,14,14,844
	91,69,45,593	1,04,92,01,900
Inventories at the beginning of the year		
Stock-in-trade	13,20,39,325	14,98,75,558
Work - in - progress (footwear)	6,57,47,731	7,72,43,561
Finished goods	85,14,14,844	78,45,63,593
	1,04,92,01,900	1,01,16,82,712
	13,22,56,307	(3,75,19,188)
Increase/(Decrease) in excise duty on inventories	(15,69,896)	6,59,268
TOTAL NET (INCREASE)/ DECREASE	13,06,86,411	(3,68,59,920)



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

29 EMPLOYEE BENEFITS EXPENSE	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries and wages	40,33,90,503	41,03,32,233
Contribution to Provident and other funds	1,50,52,772	1,54,87,341
Staff Welfare Expenses	3,43,82,490	3,48,88,752
Total	45,28,25,765	46,07,08,326

29.1 Employee Benefits

The Company has recognised, in the Statement of Profit and Loss for the year ended 31st March, 2016 an amount of Rs.1,19,66,800 (Previous Year Rs.1,36,47,377) as expenses under defined contribution plans (Employer's Contribution to Provident Fund).

29.2 Defined Benefit Plan

The employees' gratuity fund scheme is managed by Life Insurance Corporation Of India (LICI) as a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in same manner as gratuity and managed by SBI Life Insurance Company Limited.



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

Reconciliation of Opening and Closing Balances of the Present Value of Defined Benefit Obligation and Planned Assets as below :

29.3

	Gratuity (Funded)		Leave Encashment (Funded)	
	2015-16	2014-15	2015-16	2014-15
I. Components of Employer Expense				
a. Current Service cost	27,05,606	27,53,351	15,49,960	25,11,318
b. Interest cost	21,56,339	22,62,048	8,51,045	13,14,426
c. Expected return on plan assets	(22,76,724)	(22,07,576)	(2,35,179)	(1,22,172)
d. Net Actuarial (gain) / loss recognised during the year	5,00,751	(9,67,859)	17,42,188	(57,04,863)
e. Total expenses recognised in the Statement of Profit and Loss	30,85,972	18,39,964	39,08,014	(20,01,291)
The Gratuity expenses have been recognised in "Contribution to Provident and other Funds" and Leave Encashment in "Salaries, Wages and Bonus" in Employee Benefit Expense (Refer Note 28)				
II. Actual Returns	25,69,755	22,08,275	2,34,489	1,22,600
III. Net Asset/ (Liability) recognized in the Balance Sheet				
a. Present value of obligations at the end of the year	2,77,24,232	2,60,36,940	1,01,02,990	1,11,15,004
b. Fair value of plan assets at the end of the year	3,01,31,617	2,67,86,471	42,06,988	16,72,499
c. Funded Status [Surplus/(Deficit)]	24,07,385	7,49,531	(58,96,002)	(94,42,505)
d. Net Asset/(Liability) recognised in the Balance Sheet	24,07,385	7,49,531	(58,96,002)	(94,42,505)
- Current	24,07,385	7,49,531	(8,13,812)	(11,48,351)
- Non-Current	-	-	(50,82,190)	(82,94,154)
IV. Changes in present value of Defined Benefit Obligations (DBO)				
a. Present value of obligations at the beginning of the year	2,60,36,940	2,42,30,794	1,11,15,004	1,80,94,473
b. Interest Cost	21,56,339	22,62,048	8,51,045	13,14,426
c. Current Service Cost	27,05,606	27,53,351	15,49,960	25,11,318
d. Benefits paid	(39,68,435)	(22,42,093)	(51,54,517)	(51,00,778)
e. Actuarial (gain)/loss on obligations	7,93,782	(9,67,160)	17,41,498	(57,04,435)
f. Present value of Obligations at the end of the year	2,77,24,232	2,60,36,940	1,01,02,990	1,11,15,004
V. Best estimate of Employers' expected contribution for the next year	47,48,102	52,94,760	30,99,688	50,43,210
VI. Change in the fair value of plan assets				
a. Fair value of plan assets at the beginning of the year	2,67,86,471	2,24,05,536	16,72,499	10,49,899
b. Expected return on plan assets	22,76,724	22,07,576	2,35,179	1,22,172
c. Actual company contributions	47,43,826	44,14,753	74,54,517	56,00,778
d. Benefits paid	(39,68,435)	(22,42,093)	(51,54,517)	(51,00,778)
e. Actuarial gain/(loss) on plan assets	2,93,031	699	(690)	428
f. Fair value of plan assets at the end of the year	3,01,31,617	2,67,86,471	42,06,988	16,72,499



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

29.3

Reconciliation of Opening and Closing Balances of the Present Value of Defined Benefit Obligation and Planned Assets (contd.):

VII. Actuarial Assumptions	2015-16		2014-15		
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	
a. Discount Rate (%)	8.00%	8.00%	8.00%	8.00%	
b. Expected rate of return on Plan Assets	8.00%	8.00%	9.00%	9.00%	
c. Salary Escalation	5.00%	5.00%	5.00%	5.00%	
d. Mortality	Indian Assured Lives Mortality (2006-08) ultimate				
The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.					
VIII. Major Category of Plan Assets as a % of the Total Plan Assets					
	% Invested as at 31st March,2016		% invested as at 31st March,2015		
Gratuity - Funds managed by Insurer (LIC in Group Gratuity Scheme)	100%		100%		
Leave Encashment - Funds managed by Insurer (SBI Life Insurance Company Limited)	100%		100%		
In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.					
IX. Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity					
Present value of DBO	2,77,24,232	2,60,36,940	2,42,30,794	1,88,83,379	1,56,91,795
Fair value of plan assets	3,01,31,617	2,67,86,471	2,24,05,536	1,78,14,299	1,48,51,703
Funded status [Surplus / (Deficit)]	24,07,385	7,49,531	(18,25,258)	(10,69,080)	(8,40,092)
Experience gain / (loss) adjustments on plan liabilities*	-	(7,83,565)	1,08,291	-	-
Experience gain / (loss) adjustments on plan assets*	2,93,031	699	(22,337)	-	-
Leave Encashment					
Present value of DBO	1,01,02,990	1,11,15,004	1,80,94,473	1,21,03,472	86,45,459
Fair value of plan assets	42,06,988	16,72,499	10,49,899	4,00,000	-
Funded status [Surplus / (Deficit)]	(58,96,002)	(94,42,505)	(1,70,44,574)	(1,17,03,472)	(86,45,459)
Experience gain / (loss) adjustments on plan liabilities*	-	(3,62,903)	43,31,799	36,67,461	46,56,535
Experience gain / (loss) adjustments on plan assets*	690	(428)	(15,346)	(18,000)	-

* Information provided to the extent the same is available with the Company.



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

30 FINANCE COSTS	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest Expense	12,99,03,406	16,74,24,418
Other borrowing costs	1,55,96,986	2,47,29,688
Total	14,55,00,392	19,21,54,106

31 OTHER EXPENSES	For the year ended 31 March 2016	For the year ended 31 March 2015
Consumption of Stores	9,51,598	11,25,811
Rent	17,46,94,451	16,41,87,785
Rates and Taxes [including Wealth Tax Rs.61,760 (Previous Year Rs.41,790)]	2,62,15,815	2,23,42,917
Bank Charges	1,15,21,818	98,66,266
Insurance	1,47,89,327	1,47,11,634
Repairs:		
Buildings	11,19,633	30,61,176
Plant and Machinery	69,54,590	63,41,805
Other	7,20,42,315	7,68,37,582
Travelling and Conveyance Expenses	4,19,25,288	3,96,89,250
Stationery and Printing	37,68,454	26,78,327
Postage, Telephone and other Communication Expenses	2,79,09,462	2,10,72,394
Advertising, Marketing and Sales Promotion Expenses	17,98,47,187	17,21,79,184
Power and Fuel	9,79,18,561	9,53,22,284
Freight Charges, Transport and Delivery	13,18,19,162	12,55,49,106
Jobwork and Hallmarking Charges	7,48,72,296	1,96,24,069
Professional Fees	4,61,46,984	4,58,37,556
Commission and Discount	5,69,74,073	1,92,19,188
Legal Expenses	61,156	1,24,266
Debts/Advances/Claims written off	11,35,057	-
Loss on sale/discard of Assets - Net	56,89,207	-
Provision for doubtful debts, advances and other assets	35,80,985	22,36,224
Security Hire Charges	1,46,06,163	1,94,37,436
Miscellaneous Expenses (Refer Note 31.1)	1,47,49,540	1,55,55,135
Total	1,00,92,93,122	87,69,99,395

31.1 Miscellaneous Expenses include .

Amount paid /payable to Auditors (excluding service tax)	For the year ended 31 March 2016	For the year ended 31 March 2015
- Statutory Audit	13,00,000	12,00,000
- Tax Audit	3,00,000	3,00,000
- Other matters	30,000	2,20,000
- Out of pocket expenses	1,93,026	57,909
Total	18,23,026	17,77,909



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

- 31.2 The Company has entered into operating Lease arrangements primarily for various commercial premises / retail outlets and distribution centres. Some of the significant terms and conditions are :
- These leasing arrangements which are not non - cancellable range between 11 months and 40 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms.

Rent in respect of the above amounting to Rs.17,46,94,451 (Previous Year - Rs.16,41,87,785) has been charged to Statement of Profit and Loss in "Other Expenses".

32 Contingent Liabilities in respect of -

Claims not acknowledged as debts :

- a. Sales Tax Matters under dispute
- b. Income Tax Matters under dispute
- c. Service Tax matters under dispute
- d. Excise Duty matters under dispute

	As at 31 March 2016	As at 31 March 2015
	1,79,54,247	1,30,38,200
	11,10,472	12,11,442
	1,51,000	1,51,000
	22,50,632	22,50,632

It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

33 Capital Commitment (Net of capital advances Rs.77,28,095; Previous Year - Rs.76,54,131)

	47,03,753	29,33,923
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KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

34 Earnings Per Share (EPS) - The numerator and denominator used to calculate Basic and Diluted EPS :

		Year Ended 31 March 2016	Year Ended 31 March 2015
Profit/(Loss) after Tax attributable to the Equity Shareholders	A	25,24,37,568	(18,65,71,452)
Basic			
i. Number of Equity Shares at the beginning of the year		1,72,98,531	4,85,40,952
ii. Consolidation of 4 Equity Shares of Rs.2.50 each into 1 Equity Share of Rs.10 each		-	(3,64,05,714)
iii. Number of Equity Shares shares issued on conversion of debentures		-	51,63,293
iv. Number of Equity Shares at the end of the year		1,72,98,531	1,72,98,531
v. Weighted average number of Equity Shares outstanding during the year	B	1,72,98,531	1,55,72,718
vi. Nominal Value of each Equity Share (Rs)		10/-	10/-
Basic Earnings per Share (Rs.)	A/B	14.59	(11.98)
Diluted			
vii. Weighted average number of Equity Shares for Basic EPS		1,72,98,531	1,55,72,718
viii. Add: Effect of Convertible debentures which are dilutive		-	17,25,813
ix. Weighted average number of Equity Shares for Diluted EPS	C	1,72,98,531	1,72,98,531
x. Nominal Value of each Equity Share (Rs)		10/-	10/-
Diluted Earnings per Share (Rs.)	A/C	14.59	(10.79)

35 The Company is primarily engaged in the business of Manufacturing / Retail business of Footwear, Leather Accessories and Gold Jewellery catering predominantly to the domestic market and therefore, according to the management, this is a 'Single Segment' Company, as envisaged in the Accounting Standard (AS) 17-Segment Reporting.



KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2016
(All amounts in Rupees, unless otherwise stated)

36 Related Party Disclosure in keeping with Accounting Standard 18 on "Related Party Disclosures"
A) List of Related Parties

Ultimate Holding Company	Knightsville Private Limited
Key Management Personnel (KMP)	Mr. Siddhartha Roy Burman - Chairman and Managing Director Mrs. Tanushree Roy Burman - Wholetime Director Mrs. Ishani Ray, Chief Financial Officer Mr. Abhijit Dan, Company Secretary and Head Legal (4th May 2015 onwards) Mr. Suman Barman Roy, Chief Executive Officer (till 31st March 2015) Mr. Joydev Sengupta, Company Secretary and Head Legal (till 31st March 2015)
Enterprises over which KMP and their Relatives have substantial interest	Khadim Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K M. Khadim & Co St Marys' Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprise Moviewallah Communications Private Limited
Relatives of KMP	Mrs. Namita Roy Burman (Mother of Mr. Siddhartha Roy Burman) Mr. Ritoban Roy Burman (Son of Mr. Siddhartha Roy Burman) Mr. Ritlick Roy Burman (Son of Mr. Siddhartha Roy Burman)

B) Particulars of transactions during the year ended 31st March, 2015 :

Particulars	Year Ended		Year Ended	
	31 March 2016		31 March 2015	
I) Ultimate Holding Company		-		-
II) Key Management Personnel				
a) Remuneration [Refer Note 36.1]				
- Siddhartha Roy Burman	2,04,11,425		1,83,26,700	
- Tanushree Roy Burman	21,51,946		21,91,147	
- Suman Barman Roy	-		54,66,596	
- Ishani Ray	41,87,390		41,76,872	
- Abhijit Dan	16,91,566		-	
- Joydev Sengupta	-	2,84,42,327	23,84,740	3,25,46,055
b) Rent paid to Siddhartha Roy Burman		60,000		60,000
c) Year - end Balance				
- Siddhartha Roy Burman	-	5,000 (Cr.)		5,000 (Cr.)
III) Enterprises over which KMP and their relatives have substantial interest				
a) Advances given / refunded to parties				
- Moviewallah Communications Pvt.Ltd		-		21,30,770
b) Advances received from / refunded by parties				
- Moviewallah Communications Pvt.Ltd.		-		21,30,770
d) Royalty received from K M Khadim & Co.		2,96,460		40,731
e) Rent paid to Khadim Development Co Pvt Ltd		6,36,000		6,36,000
f) Sales to K M Khadim & Co.		-		24,17,995
g) Advertisement cost paid to Moviewallah Communications Pvt Ltd		-		37,50,000
h) Commission paid				
- Khadim Enterprises	3,29,873		2,99,224	
- Bee Tee Enterprises	7,52,651		6,66,014	
- Sheila Departmental Stores Pvt Ltd	6,69,812		6,44,570	
- St. Mary's Clinic & Drug Stores	1,17,685	18,70,021	1,23,385	17,33,193
i) Year - end Balance				
- Khadim Enterprises	6,15,849 (Cr.)		5,17,461 (Cr.)	
- Bee Tee Enterprises	16,59,967 (Cr.)		15,42,582 (Cr.)	
- Sheila Departmental Stores Pvt Ltd	18,26,201 (Cr.)		15,23,370 (Cr.)	
- St. Mary's Clinic & Drug Stores	60,274 (Dr.)		1,56,190 (Dr.)	
- Khadim Development Co Pvt Ltd	47,700 (Cr.)		47,700 (Cr.)	
- K M Khadim & Co.	3,09,800 (Dr.)	37,79,643 (Cr.)	41,692 (Dr.)	34,33,232 (Cr.)
IV) Relatives of Key Management Personnel				
a) Remuneration		32,46,208		31,25,208
b) Year - end Balance (Net)		-		-

36.1 Remuneration paid to Key Management Personnel comprise Rs.2,25,63,371 attributable to remuneration of two directors which is subject to approval by the members of the Company in General Meeting.



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

	Year Ended 31 March 2016	%	Year Ended 31 March 2015	%
37 Value of Imported and Indigenous Consumption of Stores				
	<u>Value</u>		<u>Value</u>	
Imported	-	-	-	-
Indigenous	9,51,598	100	11,25,811	100
	9,51,598	100	11,25,811	100
38 C.I.F. Value of Imports :				
(a) Raw materials	6,80,05,797		4,26,79,704	
(b) Finished Footwear	9,46,71,396		18,17,41,367	
(c) Capital Goods	3,57,75,929		1,25,91,771	
	19,84,53,122		23,70,12,842	
39 Expenditure in Foreign Currency :				
(a) Travelling	8,71,974		9,85,829	
(b) Interest on foreign currency term loan	3,52,642		13,53,817	
	12,24,616		23,39,646	
40 Earnings in Foreign Exchange				
(a) Export of goods calculated on FOB basis	1,86,83,198		2,50,47,936	

41 Foreign Exchange Contracts:

The Company uses forward exchange contracts to hedge its exposures in foreign currency.

41.1 Outstanding forward exchange contracts entered into by the Company

Currency	Amount as at 31st March 2016	Buy/Sell	Cross Currency
USD	1,73,423	Buy	Rupees
(USD)	(18,38,630)	(Buy)	(Rupees)

Note: Figures in brackets relate to the previous year

41.2 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31st March 2016			As at 31st March 2015		
Receivable/ (Payable) in Rupees	Currency	Receivable/ (Payable) in foreign currency	Receivable/ (Payable) in Rupees	Currency	Receivable/ (Payable) in foreign currency
83,33,432	USD	1,25,629	61,48,612	USD	98,821
-	-	-	6,86,111	Euro	10,257
(3,11,68,238)	USD	(4,69,876)	(1,53,04,731)	USD	(2,44,817)



KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2016

(All amounts in Rupees, unless otherwise stated)

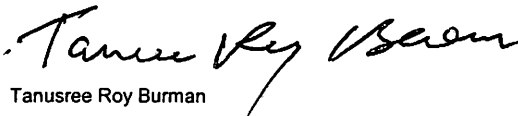
- 42 Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company during the previous year had fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and had adjusted an amount of Rs. 3,46,62,280 (net of deferred tax of Rs. 1,71,21,158) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus. The depreciation expense in the Statement of Profit and Loss for the previous year was higher by Rs. 8,50,07,567/- consequent to the change in the useful life of the assets made in that year.
- 43 **Micro, Small and Medium scale business entities:**
A sum of Rs.2,12,59,144 is payable to Micro and Small Enterprises as at 31st March, 2016 (2015 - Rs.1,33,83,620). There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 44 In the opinion of the Directors, there is no impairment on assets as at 31st March, 2016.
- 45 Miscellaneous Expenses included in "Note 31 - Other Expenses" includes expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities comprising assets to be purchased for promoting health care - Rs.8,15,000 (Previous Year - Rs.Nil) which is accrued for payment as on 31st March, 2016.
- 46 Previous year's figures have been regrouped/rearranged wherever necessary.

Signatures to Notes '1' to '46'

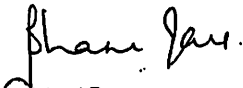
For and on behalf of Board of Directors



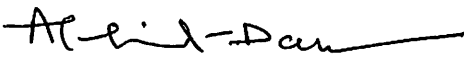
Siddhartha Roy Burman
Chairman and Managing Director



Tanusree Roy Burman
Wholetime Director



Ishani Ray
Chief Financial Officer



Abhijit Dan
Company Secretary & Head - Legal

Place: Kolkata

Date: 22nd July, 2016

