

# LEASING ONLINE WITH CONSCIOUS EFFICIENCY

**KKCL**

KEWALKIRAN CLOTHING LIMITED

Annual Report 2012-13

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# OBITUARY

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**C.A. Mr. Mrudul Dattakumar Inamdar**  
(21st April 1956 - 1st January 2013)

Senior Partner - M/s. Bansi S. Mehta & Co.

Independent Non-Executive Director - M/s.

Kewal Kiran Clothing Limited

C.A Mr. Mrudul D. Inamdar left us for  
heavenly abode on 1st January 2013.

May his soul rest in eternal peace.



# FASHION ADDS A TOUCH OF BEAUTY TO OUR EXTERNAL APPEARANCE.

**Our conscience, on the other hand, drives us from inside and gives a meaningful direction to our existence on this planet.**

---

At Kewal Kiran Clothing Limited (KKCL), Fashion and Conscience are married together to cater to the external and internal needs of our customers. Our unique offerings help shape a durable relationship between in-trend fashion and economic sustainability.

As vital natural resources wane away every day, at KKCL, we have been striving hard since our incorporation to make all our operations environment friendly. Driven by our core values, we help our customers enhance their fashion quotient, while fulfilling our social commitments.

Today, we have emerged as one of India's largest fashion houses, while remaining true to our vision of being conscience driven. We have a diverse portfolio of top lifestyle apparel brands that helps us meet the fashion needs of our customers. At the same time, we offer them a chance to be associated with a noble cause of protecting the environment.

In order to find out more, read on. ▶



# CREATORS OF INSPIRING FASHION

We, at KKCL, are one of India's largest branded apparel manufacturers dealing in apparel for both men and women. We design, manufacture and market jeans, formals, semi-formals, casual wears and lifestyle accessories under the brands Killer, Easies, Lawman Pg3 and Integriti. These products are distributed through retail formats such as Addictions and K-Lounge, apart from other selling and distribution formats.

## COMPANY PHILOSOPHY

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

## LOOKING BACK

We have traversed a long way since a humble beginning in 1989. We started as a manufacturer and retailer of men's wear for reputed brands. Over the years,

we expanded our portfolio, included our own brands and spread our wings in the women's wear section. Our careful observation and interest in the ever-changing world of fashion, along with the ability to adapt fast to the transforming scenario, drive our endeavour at KKCL. We are committed to the global standards in quality, technology, marketing and branding, and provide our customers with best-in-class offerings at an affordable cost.

## MANUFACTURING

We have our designing and manufacturing facilities located in Dadar (Mumbai), Goregaon (Mumbai), Daman and Vapi. Our jeans manufacturing processes are supported by international technocrats. We use state-of-the-art technologies in jeans manufacturing processes. Our core competence in the manufacturing process, driven by innovation, helps us offer the best products to our customers.

## DISTRIBUTION CHANNELS

At KKCL, our wide network of distribution channels helps us to remain in touch with our diverse and expanding customer base. This network also keeps us abreast about their changing requirements. We reach out to our discerning customers through 141 K-Lounge showrooms, 3 K-Lounge for her showrooms, 129 Exclusive Brand Outlets (EBOs), various Lifestyle accessories stores, National Chain Stores (NCSs), Multi-Brand Outlets (MBOs) and many more. We also use other modes, including distributors, master stockists, brand licensees and online means.

# CMD'S MESSAGE

Dear shareholders,

It is my pleasure to present to you the 22nd Annual Report of the Company.

Our journey since incorporation has been quite encouraging. And the financial year 2012-13 proved no exception. Despite the sector facing considerable headwinds, our experience and performance during the year provided significant insights. More importantly, it strengthened our belief in the long-term business strategy over short-term benefits. The Company's Total Income increased from ₹ 313.63 Crores in FY 2011-12 to ₹ 315.17 Crores in FY 2012-13. Profit after Tax rose from ₹ 52.14 Crores in FY 2011-12 to ₹ 53.42 Crores in the last financial year. We continue to be in a strong financial position with total dividend payout (including interim dividends and final dividend) of ₹ 17.50 per share in the previous year.

Two qualities that stand out specifically in the context of fashion lifestyle and retailing business are 'Patience' and 'Perseverance'.

The year started with the headwinds of high inflation and elevated interest rates. The economic slowdown has had a limited impact on high price levels of the basic necessities of food and shelter (property) which occupy a significant portion of the consumer spend thus dampening discretionary expenditure. The Company braced itself for the resulting fallout on the

business trends and stayed focused on sustaining its core business. A fine balance had to be achieved between pushing sales and maintaining healthy profitability and cash flows. The efforts paid off as the year progressed. After a challenging start to the year, the Company was able to successfully claw back and exceed its revenues.

At the macro level, India represents a significant opportunity for growth due to huge and increasing population with earning capability, along with a low per capita spend on fashion apparel and



**We, at KKCL, are clearly focused on our growth trajectory and are investing in our core brands, infrastructure, distribution and innovation.**

KKCL believes that Integrity and Financial Prudence are equally important to build a sustainable and successful organisation that values and safeguards the interest of all its stakeholders. KKCL today is a financially strong Company with best-in-class operating parameters like profit margins, working capital cycle and cash flow.

As a proactive measure the Company has established a Business Progressive Fund wherein an amount of ₹ 10 Crores has been apportioned from the profits. This fund will be instrumental in addressing the adverse business impact that is experienced during periods of sluggishness, which are inherent to the industry and also providing enhanced support for superior, long-term growth.

We, at KKCL, are clearly focused on our growth trajectory and are investing in our core brands, infrastructure, distribution and innovation. In the Union Budget for FY 2013-14, the Government took heed to the challenges faced by the industry and rolled back the excise duty that was imposed in FY 2010-11. This move will benefit the branded apparel industry and provide the Company with some headroom to pursue its growth targets in a business scenario that continues to be challenging despite decreasing inflation.

The core philosophy and strategy of KKCL is to build a stable, sustainable and scalable business. I believe, we have established a strong and stable foundation and have demonstrated the ability to sustain the business in periods of volatility. With these building blocks firmly in place, we are now focusing our efforts

accessories as compared to developed markets. However, unlike the pocket-size of international consumers, the Indian environment is highly sensitive to price inflation and economic sentiments. For the Indian consumer, fashion clothing today is no longer an aspiration, but more of a lifestyle necessity.

Even as the consumer aspires for high quality fashion wear, the spending is constrained by core inflation that eats into the wallet share. This underscores the need for 'Patience' to tide over these intermittent periods of volatility and uncertainty and the need for 'Perseverance' to continue investing in the business to deliver high quality and innovative products to the discerning consumer.

KKCL has these qualities ingrained in its DNA. But these alone are not sufficient. Patience and Perseverance require robust financial backup that will enable the Company to sustain such prolonged periods of uncertainty without risking its very survival. The past twelve months witnessed several cases of disruption and decline, especially for companies that were over leveraged, causing suffering to all stakeholders including employees, shareholders, lenders and suppliers.

on business scalability. Needless to say, there are significant opportunities and with our ability to be patient and persevere, we will endeavour to scale up this business to greater heights.

We are privileged to have you, valued shareholders, who share this attitude and I am confident that you will benefit from this association as we continue on our journey of value creation.

Warm regards,

**KEWALCHAND P. JAIN**  
Chairman and Managing Director

**₹ 17.50 - Dividend per share**

We continue to be in a strong financial position with total dividend payout (including interim dividends and final dividend) of ₹ 17.50 per share in the previous year.

# 5 YEAR FINANCIAL HIGHLIGHTS

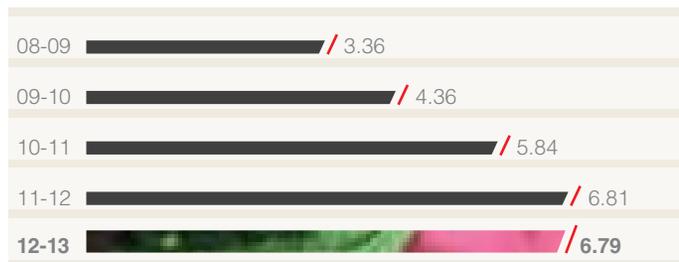


(₹ in Lakhs)

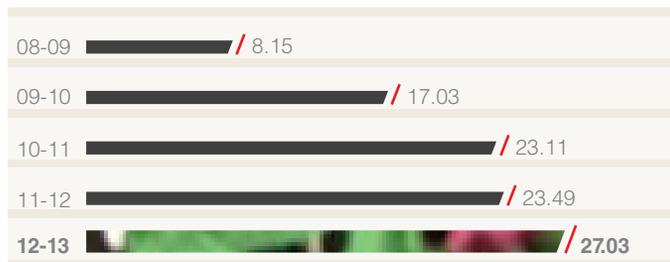
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Sales and Other Income</b>	<b>15,294</b>	<b>18,631</b>	<b>24,496</b>	<b>31,368</b>	<b>31,516</b>
EBITDA	2,847	5,692	6,869	7,336	7,366
Profit before Interest & Tax (PBIT)	2,343	5,108	7,132	7,891	7,989
<b>Profit before Tax (PBT)</b>	<b>2,072</b>	<b>4,875</b>	<b>6,926</b>	<b>7,632</b>	<b>7,727</b>
<b>Profit after Tax (PAT)</b>	<b>1,426</b>	<b>3,252</b>	<b>4,623</b>	<b>5,214</b>	<b>5,342</b>
Cash Profits (Profits after Current Tax + Depreciation + Amortisation)	1,930	3,836	5,196	8,255	8,321
Net Fixed Assets	4,555	4,308	4,272	4,432	4,425
Investments	3,082	3,290	2,685	5,264	15,905
Net Current Assets	9,706	11,335	13,784	16,942	6,262
Deferred Tax Assets	144	166	164	173	203
<b>Total Capital Employed</b>	<b>17,488</b>	<b>19,099</b>	<b>20,906</b>	<b>24,044</b>	<b>26,795</b>
<b>Networth</b>	<b>15,130</b>	<b>17,519</b>	<b>19,776</b>	<b>22,555</b>	<b>25,386</b>
<b>Borrowed Funds</b>	<b>2,359</b>	<b>1,580</b>	<b>557</b>	<b>1,489</b>	<b>1,409</b>
<b>Total Funds Employed</b>	<b>17,488</b>	<b>19,099</b>	<b>20,333</b>	<b>24,044</b>	<b>26,795</b>

# KEY PERFORMANCE INDICATORS

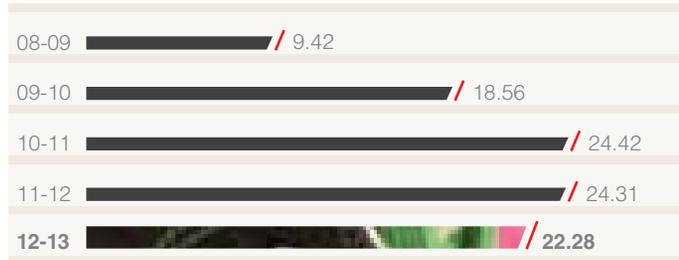
## Fixed Assets Turnover Ratio



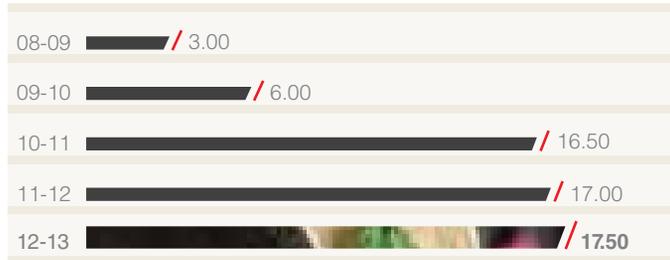
## Return on Capital Employed (ROCE) %



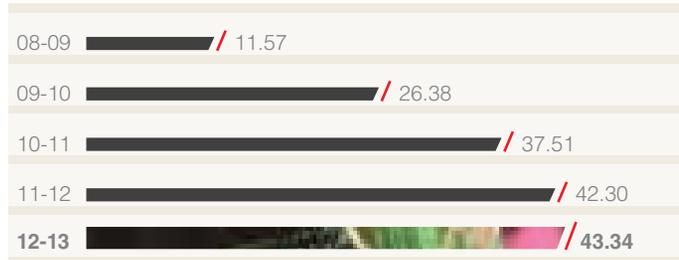
## Return on Net Worth (RONW) %



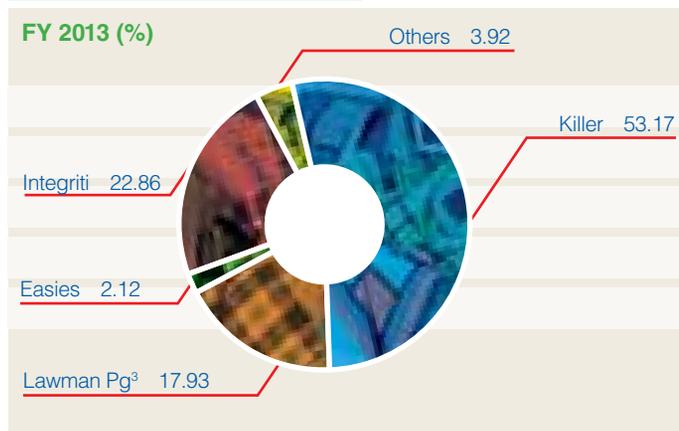
## Dividend Per Share (₹)



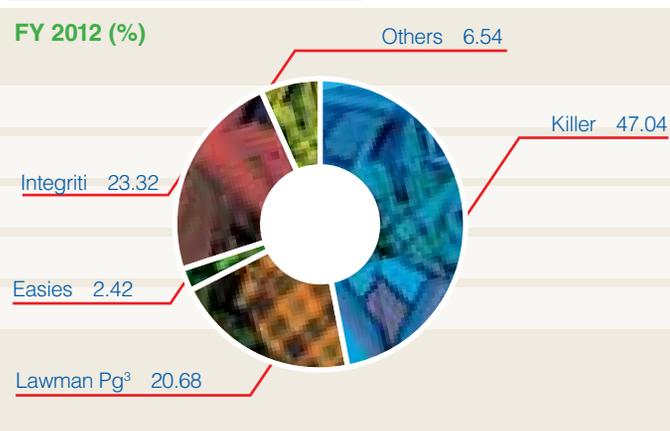
## Earnings Per Share (₹)



## Brand-wise Revenue 2013



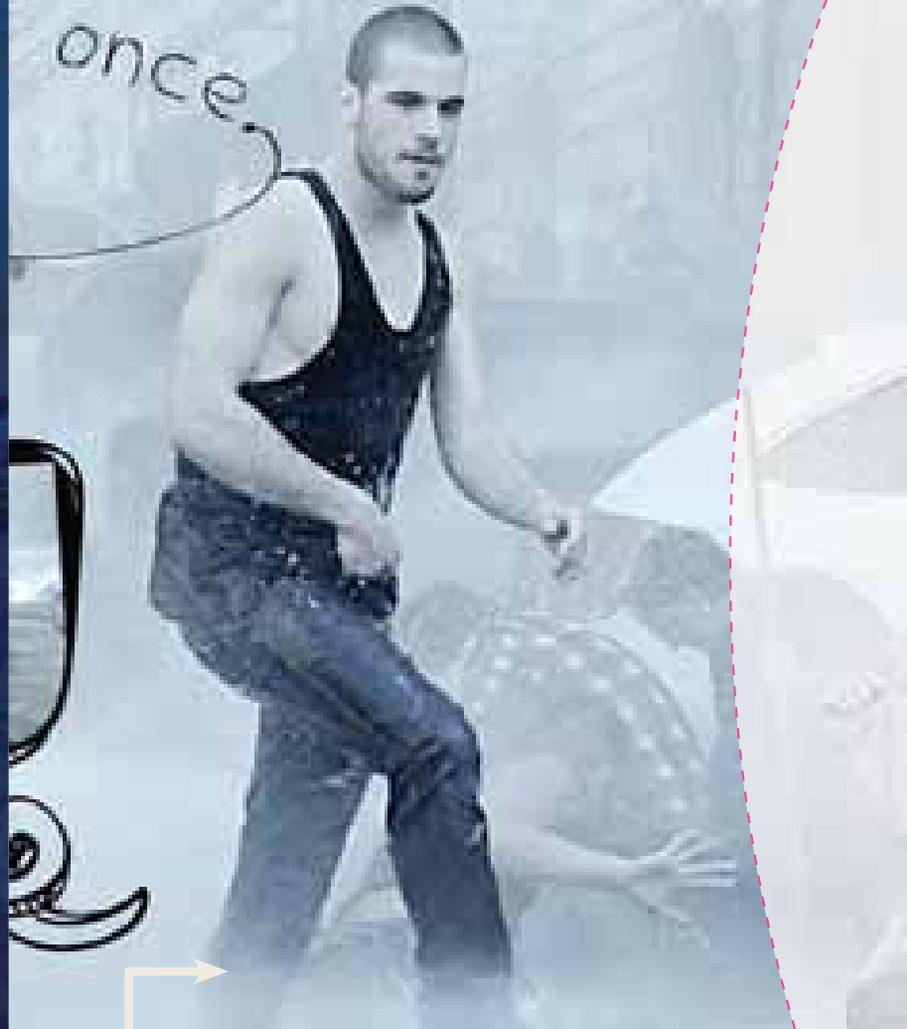
## Brand-wise Revenue 2012



# FUSION OF FASHION AND CAUSE

Offering an extensive range of fashionable, yet environment-friendly garments and accessories at the best prices sets us apart. The fashion that we recommend our customers is designed with a greater cause in view – protecting the environment.

MARKET  
PRUNE.  
low  
once



KILLER PRESENTS  
WATER SAVER JEANS THAT SAVE UP TO  
100 LITRES OF WATER IN MANUFACTURING.  
FOLD THEM UP TO SHOW YOUR GREEN SIDE  
AND TO SHOW YOUR SUPPORT.

WATER SAVER  
JEANS  
**KILLER** 





**100**  
**LITRES**

of water is  
saved during the  
manufacture of  
one pair of jeans

At KKCL, we understand the requirements of our discerning consumers and come up with a wide range of customer-centric products from time to time. However, we also feel the need to protect the environment. It also translates into a feel-good factor for our highly knowledgeable customers by offering them a chance to be associated with a noble cause.

A concern for the environment pervades our operations at KKCL. Our aim to protect the environment takes shape through our novel idea to offer the customers an environment-friendly product:

**KKCL's very own Water Saver Jeans.**

Killer's Water Saver Jeans represents our high technological prowess. The Jeans uses reduced chemical during manufacture. Hence, the manufacturing process requires significantly less water.

**80%**

Less water  
consumed by  
Killer's Water  
Saver Jeans than  
any other jeans



# AWARDS GALORE



Mr. Pankaj K. Jain - President Retail, receiving the award at the Olive Crown awards



## OLIVE CROWN AWARDS

At KKCL, our performance over the years has resulted in us being bestowed with several awards and recognitions. We received global recognition for Killer brand's advertisement. The denim brand's green advertisement made a dominating sweep at the Olive Crown Awards held in April, 2013. The awards were organised by the International Advertising Association, which awards brands and companies that encourage green-based advertising.

KKCL won awards in the following categories:

- 🏆 Gold Crown in Film Category
- 🏆 Gold Crown in Out of Home
- 🏆 Gold Crown for the Green Brand of the Year
- 🏆 Advertiser of the Year



## GRAND PRIX AWARD

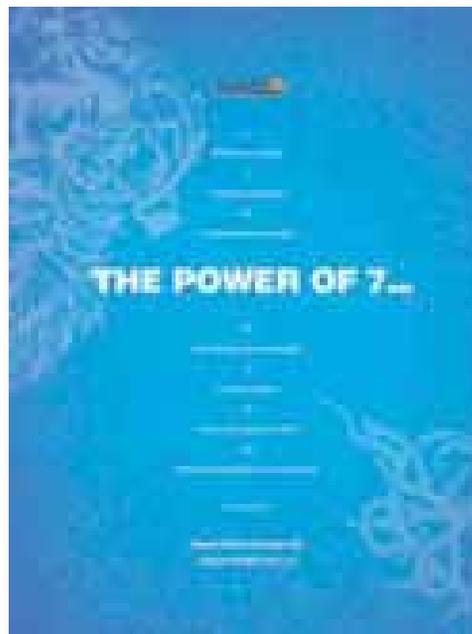
KKCL has also won the coveted Grand Prix Award at the Abby's held at Goafest 2013 - a recognition for KKCL's 30-second commercial on Water-saver jeans.



## LACP 2012 VISION AWARDS

Global acclaim for Kewal Kiran Clothing Limited's Annual Report FY 2011-12

The World's largest annual report competition, featuring more than 6,000 entries from more than two-dozen countries.



- Platinum award at 'The League of American Communications Professionals (LACP) - Vision Awards'
- Ranked 65th in Top 100 Annual Reports Worldwide
- Ranked 23rd in Top 50 Annual Reports in the Asia Pacific Region
- Gold for Most Creative Annual Report, Asia Pacific Region
- Ranked in Top 10 Indian Annual Reports of 2012





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

# FUNDAMENTALLY STRONG

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The economic environment during the previous year was not conducive to business and was fraught with risks. Keeping the risks in our stride, we, at KKCL, banked on our inherent strong fundamentals to steer past troubled waters. We have always done our business with vigour and flair. At the same time, we kept an eye on our fundamentals and core values that form our base which has been built and strengthened over the years.

Our strong fundamentals have allowed us to survive during times of stress and put up a comprehensive financial performance.

## THE RESULT

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- ⦿ Apparent increase in sales volume by 2.58% over the previous year
- ⦿ Increase in realisation per unit at ₹ 806 per unit, up 7.82%
- ⦿ The total cost of goods sold reduced by 2.44%
- ⦿ An addition of 69 stores during the year

We were driven by prudent cost management practices, better supply chain management and increase in volumes through various marketing strategies.

### ADDITIONAL MEASURES ADOPTED

We contributed ₹ 10 Crore out of our profits to the Business Progressive Fund. We planned this fund to use it as a buffer during economic turmoil: to support superior growth over the long term; to maintain normal growth momentum even in sluggish market conditions.

# FASHION SPEAKS

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At KKCL, we create aspirations for our customers. And our affordable products help meet the longing of the customers for the best products.

Our iconic products offer value for money for our highly discerning customers. We create inspiring fashion and drive customer aspirations. The products offered by us come at affordable prices, helping customers live their fashion dreams. Customers use the products offered by KKCL on a repetitive basis and thus, help generate return business.

# LEADING BY EXAMPLE

At KKCL, our proactive strategies help us to successfully anticipate the ever-evolving fashion trends and emerge as a future-ready organisation. We reciprocate by introducing various products every season. Be it in the field of in-trend styles or pursuing fashion for a cause - we, at KKCL, have always been the trendsetter in India's fashion industry.

The ever-evolving fashion industry is never easy for any company to remain in consonance with. It requires an eagle-eye observation of the changing trends, anticipating new trends early and adapting to them in the shortest possible time. Our ability to perform all these helps us set new trends in the industry.

## RESEARCH & DEVELOPMENT

Our R&D Division identifies upcoming trends and comes up with new and innovative products to remain relevant.

With excellent R&D abilities, high manufacturing capabilities and inspiring ideation, we are well placed to create style quotients that evolve in line with the ever-changing fashion trends.

## KKCL'S PORTFOLIO OF INNOVATIVE PRODUCTS

### INNOVATION

Innovation is the keyword that drives any business forward, even during the toughest times. To remain relevant in the changing world of fashion, it is important for every company to innovate and offer something new to the customers.

At KKCL, innovation is reflected in our novel offerings that make us a favourite among pan-India customers. Over the years, many of our products went on to become extremely popular and set new trends in India's fashion industry.

Y-fi Stitch – Making stitch fashionable

Vertebrae – Washing and stitching with precision

Emboss – Stitch and wash

Water Saver Jeans

# BRAND PAGEANTRY



## LAWMAN Pg<sup>3</sup>

Fashionable to the core, Lawman Pg<sup>3</sup> delivers great designs that appeal to a diverse range of consumers.



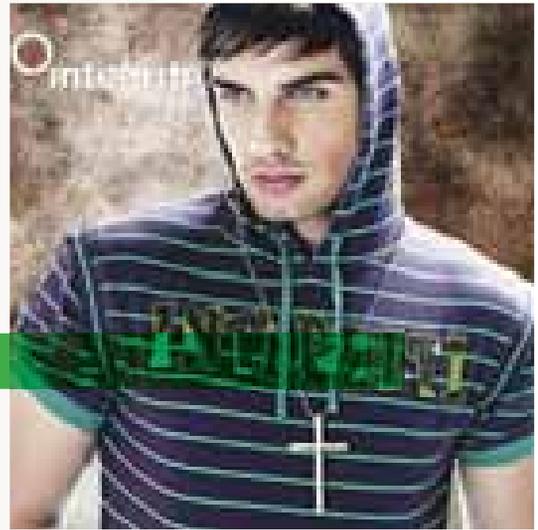
## KILLER

Our flagship brand, Killer, has changed the face of Indian denims. A brand with a powerful international feel and a unique style quotient, it is trendy, vibrant and dynamic – much like today's youth.

## EASIES

Easies is a fashionable yet functional brand, offering semi-formal range for those who are young at heart.





### INTEGRITI

Stylish, superior quality, yet an affordable brand that offers casuals as well as formal wear for the masses.

At KKCL, we have various categories of brands, through which we cater to a wide consumer range. Having adequate consideration for the desire of our consumers, we serve a wide social cross-section through our esteemed products range.



### ADDICTIONS

Addictions offers a wide range of accessories that caters to a diverse customer base.



### K-LOUNGE STORES

Our desirable stores offering direct-sales distribution channels of all brands under one roof enhance customer pull.

# GOVERNANCE AND COMPLIANCE

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Governance and compliance play a vital role in our day to day operations at KKCL.



## 'Rome was not built in a day'

Building an organisation or a brand may take many years. The key here is patience. There are many adversities and problems that a company faces during its lifetime. But its ability to weather a storm and come out atop is a true test of its character. The headwinds may be external as well as internal ones. At KKCL, we have developed ourselves in a manner such that we can derive lessons from the past and grasp quickly.

Besides, it is about manoeuvring through troubled waters. Patience holds the key for a Company to be able to see-through the tough phase. It is very important to take the right approach and work within right systems and move ahead.

## RIGHT' APPROACH AND RIGHT' SYSTEMS

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We, at KKCL, are always committed to proper Corporate Governance practices.

We use governance measures to enhance shareholders' value.

Having maintained highest levels of transparency, accountability and equity in all spheres of operations, we have always looked at enhancing other stakeholder values as well, which include Shareholders, Employees, Government and many other parties. We have kept up with the spirit of maintaining the highest level of ethical standards and good business practices.

# FOR THE EMPLOYEES

## TEAM SPIRIT

From performance to profitability, from enhancing social relevance to sustainability, a happy and motivated team drives our business forward.



01



02

01 Mr. Shyamsunder - Regional Head (South) with the winners of the 'Santa-Funta Contest' : Mr. A.Deepak, Mr.Chandrashekara J, Mr.Mubasher Bin Ahmed

02 Mr.Hasmukk Rathod (R) - National Sales Manager – Lawman is giving the Exemplary Employee Award to Mr. Vimal Kumar Chaurasiya (L)

Employees are the integral assets for KKCL, as they are the driving force for the business. We continuously strive to maintain their Happiness Quotient and emerge as an employer of choice. Our HR initiatives are directed towards creating motivated and satisfied employees, also including outsourced staff. These endeavours have reaped benefits by helping us maintain an attrition rate lower than the industry standards. We have also been able to motivate them to be more productive. Besides, our business also drives higher employee inclusion and engagement, thus enhancing employer branding.

We provide a congenial working environment across the Company, thus, increasing productivity, enhancing sales and creating a lively workplace ambiance.

With a view to motivate the employees across the organisation, we organised several inter-departmental contests, which elicited fabulous response. Every year, the HRD arranges various initiatives and contests to boost the performance of the employees and to enhance inter-departmental co-operation. Some of the contests organised by us included:

- Santa-Funta and Jacket Jhatka contests for KKCL Killer NCS staff
- Last Day Last Chance contest for Lawman and Integrati NCS staff
- Target Navaratri contest launched with an intention to open 18 new stores on the occasion of Navaratri
- Other contests included Grace the Face, Enjoy the Fragrance and The KKCL Dispatch Champion

We also gave away 'Employee Exemplary Award' to the dedicated employees.

## EMPLOYEE ENGAGEMENT

At KKCL, we engage with our employees to observe various festivals and contests. We celebrate the spirit of culture and life, which helps to develop a long-lasting bond among the employees.



03

### Festivals

Grandeur and joy pervade through our celebrations of festivals at KKCL. We celebrate festivals and special occasions, such as Diwali, Dussera, Ganesh Chaturthi, Christmas, Independence Day, Republic Day, Holi, Makar Sankranti, Gudhi-Padva and Women's Day. We distributed sweets and organised dance performances at the Corporate Head Office (CHO) and across various factories.

### Contests

We organised numerous motivational contests to rejuvenate our employees. This helped in instilling new vivacity, ultimately enhancing employee motivation. The contests organised by us at KKCL included:

- I Love India
- Sky Blue Handkerchief
- The Green Day
- The Grey Day
- Mr. & Ms. Sunshine
- Purity of White
- Desh mein - Diwali Dil Se
- Traditional Day



04

03 Ms. Pervin Dumasia- Head HR (Centre), Mr.Rohit Goyal - Chief Manager – Sales, with the winners of the 'Killer NCS Contest'

04 Navratri Celebration at the Synthofine Factory: CMD Mr.Kewalchand Jain with Employees

## EMPLOYEE WELFARE

At KKCL, we attach paramount importance to the health, safety, skills, family and career aspirations of our employees. KKCL has given its employees an edge through:



05 Appreciation to Mr. Santosh Hathi under 'Project Ganesha'

## Project Ganesha

Project Ganesha rewards peons for their unwavering loyalty. It allows to induct them as employees in departments having suitable opportunities, provided they have completed five years of service. Moreover, peons who have completed their higher education during their service and have basic knowledge of computers may be upgraded as an employee without consideration of the term of service.

## EMPLOYEE TRAINING AND DEVELOPMENT

At KKCL, we provide various training and development programmes across all the hierarchical levels to upgrade employees' knowledge, enhance skills and build competence. The initiatives undertaken were as follows:



06 ESIC Help Desk at Synthofine: Mr. Nandakumar Humbe (Branch Manager – Goregaon) solved the queries of the Employees related to the ESIC

- ☉ Organised weekly training programme at our CHO; wherein experts conducted sessions on various topics like KKCL and retailing; Ethics in Business; Cost-cutting and Effective Management; Complaint as a Gift; FDI in India - Impact on Apparel Business and so on.
- ☉ Introduced online training programmes, which largely benefited our employees.
- ☉ Circulated the training material related to Franchisee Guidelines, The ESI Act, 1948, and others in Hindi and English.
- ☉ Provided weekly training to the sub-staff on different issues, such as physical fitness, discipline, communication, grooming, etiquettes, among others.
- ☉ Conducted other training programmes like Corel Draw training, Logic training and so on

## EMPLOYEE PERKS

### Insurance for Employees

At KKCL, we understand the need of protection. Hence, we ensure that all our employees are adequately insured under a personal accidental and life insurance policy.

### Small savings mobilisation

We educate our employees about the mammoth benefits of savings and help them in better finance planning.

### Employee referral policy

We follow a policy of employing KKCL employees' children / relatives as a first preference for the regular vacancies for staff at the CHO.

# WE WANT TO BE THE CHANGE THAT WE WANT TO SEE AROUND US



07 Project Student Samarthan: Visit of the participants to the Synthofine factory as a part of their project.

### Project Student Samarthan

We provide an opportunity to students to do their internship to enhance their knowledge and skills. Till date, we have provided internship to 80 students.

### Women empowerment

We are proud of being a pro-women Company. The female employees ratio is being continuously increased from the past few years (4% in 2009 increased to 13% in 2013). We maintain the dignity of women employees by providing them equal opportunities in every matter of workplace and provide for their personal, economical and spiritual development. We practice 'Employee inclusion' and 'Women empowerment' in true spirit.

# SPONSORSHIPS AND ASSOCIATIONS

At KKCL, we have associated ourselves with many events in the past and continued doing so even in the previous year.



- ✦ Extended our association with the Pune Warriors team in IPL VI.
- ✦ Sponsored various Test and ODI cricket series' involving India.
- ✦ Proud association with a few Bollywood movies.
- ✦ Title sponsor for various concerts, such as 'Strings Music concert', 'Bangalore Open Air – Metal Band' concert and so on.
- ✦ Title sponsor for Justin Bieber's Album - 'Believe' launch in India.
- ✦ Association with inter-college festivals and many more.



# BOD PROFILE



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

#### Achievements and contribution

- Spearheaded the groups' foray into the branded apparel business.
- A keen student of finance and a hands-on manager, he heads the finance functions and is responsible for the overall management of the Company's affairs.

#### Other posts

- Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.
- Treasurer of Shree Jain Vyapar Udyog Seva Sansthan.

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

#### Achievements and contribution

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

#### Other posts

- Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.



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

#### Achievements and contribution

- Joined the business in 1990.
- Heads the Company's manufacturing operations.
- Specialises in production and HR-related issues.
- Responsible for ensuring optimum utilisation of the Company's production facilities at its units at Dadar, Goregaon, Daman and Vapi.

#### Other posts

- Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.
- Committee Member of Daman Industries Association.

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

#### Achievements and contribution

- Joined the Group in 1992.
- Heads the Company's operations and distribution functions.
- Responsible for marketing of Lawman and Integriti brands.
- Looks after the Company's retail business.
- Spearheads the lifestyle accessories business under the brand Addictions.
- Travels extensively and scouts for new technologies in garment manufacturing.

#### Other posts

- Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.



### 5. Mr. Popatlal F. Sundesha Independent Director

#### Education

Bachelor of Science (B. Sc.).

#### Experience

- Part of the reputed exporter of garments and has a vast experience in the field of marketing, finance and general administration.

#### Awards

- President's award in exports.
- Apparels Export Promotion Council Award for six years.

#### Other posts

- Director of Apaksh Broadband Limited.
- Director of Aksh Opti Fibre Limited.

### 6. Dr. Prakash A. Mody Independent Director

#### Education

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

#### Experience

- Rich experience in marketing, research and production.

#### Other posts

- Chairman and Managing Director of Unichem Laboratories Limited.
- Member of the Executive Committee of the Indian Drug Association.



### 7. Mr. Nimish G. Pandya Independent Director

#### Education

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

#### Experience

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

#### Other posts

- Proprietor at Pandya & Co., Advocates and Notary.
- Member of council of the management of Shree Sathya Sai Trust, Maharashtra.

### 8. C. A. Mr. Yogesh A. Thar Independent Director

#### Education

- Member of the Institute of Chartered Accountants of India.

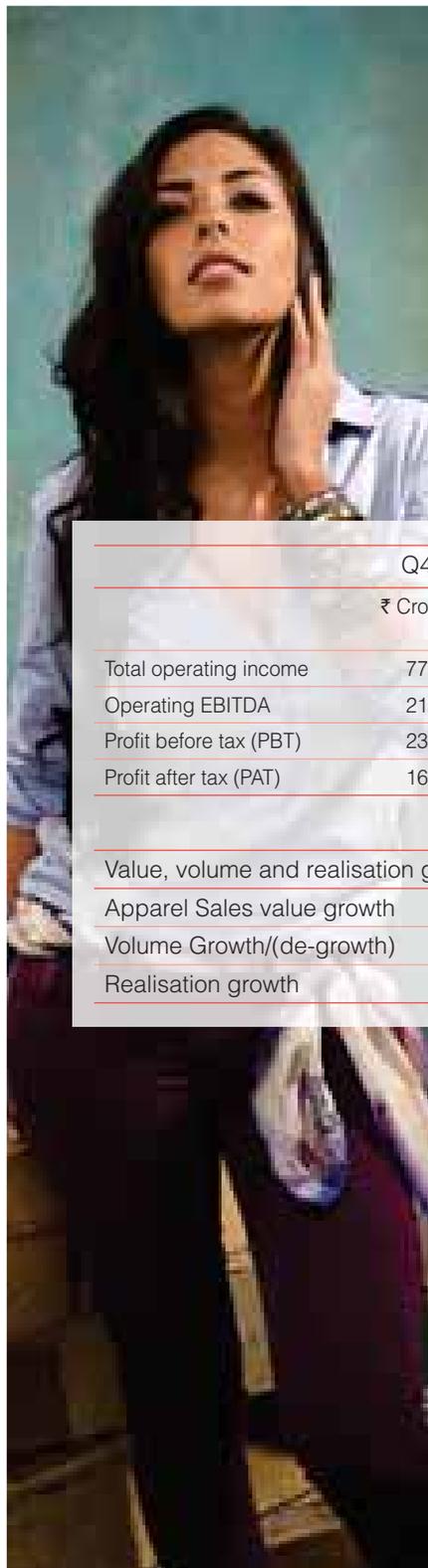
#### Experience

- Over 28 years of experience in business mergers, acquisitions and restructuring, business valuations, corporate taxation and taxation of non-resident citizens and foreign companies.

#### Other posts

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

# MANAGEMENT DISCUSSION AND ANALYSIS



## KEY PERFORMANCE INDICATORS

- ⦿ Achieved ₹ 303 Crores in income from operations
- ⦿ EBITDA margin maintained at 24.31% with EBITDA of ₹ 73.66 Crores
- ⦿ Profit after Tax increased to ₹ 53.42 Crores
- ⦿ Total dividend payout of ₹ 17.50 per share (including interim and final dividend)
- ⦿ Strong financial and liquidity position with ₹ 179 Crores in cash and bank and balances and current investments

	Q4 FY2013		Q4 FY 2012			FY2012-13		FY2011-12		
	₹ Crores	% of sales	₹ Crores	% of sales	Growth %	₹ Crores	% of sales	₹ Crores	% of sales	Growth %
Total operating income	77.12	100.00	67.17	100.00	14.81	302.99	100.00	301.87	100.00	0.37
Operating EBITDA	21.76	28.23	17.73	26.40	22.73	73.66	24.31	73.38	24.31	0.38
Profit before tax (PBT)	23.10	29.95	18.12	26.98	27.48	77.27	25.50	76.32	25.28	1.24
Profit after tax (PAT)	16.49	21.38	12.41	18.48	32.88	53.42	17.63	52.14	17.27	2.45

Value, volume and realisation growth (%)	FY2012-13	FY2011-12	Stores	Nos.
Apparel Sales value growth	16.71	2.99	Opened	69
Volume Growth/(de-growth)	2.58	(4.48)	Closed	48
Realisation growth	13.78	7.82	No. of stores as on 31st March 2013	273

## OVERVIEW

The Company achieved total income from operations of ₹ 303 Crores, a marginal increase over the previous financial year. Based on the maximum retail price (MRP), this would translate into record sales of ₹ 577 Crores. The FY 2013 has been a challenging period not just for the Company, but also for the Indian economy with persistent inflation, high interest rates and continued slowdown. The sentiment has been very weak and the much anticipated recovery in the growth momentum has been illusory. Notwithstanding the macro trends, the Company has been able to maintain its sales and profitability and recorded a life time high in its total income and profit after tax.

## BRANDS

Brand building is one of the key pillars, on which KKCL is building its business. The Company follows a policy of strengthening its core brands, which its customers can connect with and identify themselves. Each of the Company's brands represents an ethos, which is distinct and caters to the human instinct of aspiring for an enriching experience.

**Killer** – Killer is KKCL's power brand, which commands very high visibility and loyalty. The brand embodies a cult-like following with its world-class, cutting-edge styling and fit. Killer reinforced itself as the flagship brand by registering a growth of 13% from ₹ 141.31 Crores to ₹ 159.73 Crores in sales. The share of Killer increased from 47% to 53% of net sales. Killer continued with its sponsorship for the Pune Warriors team for the third consecutive year in IPL 2013. The consistent association with the high profile IPL cricket series has enhanced the brand's visibility and reach to a wide and growing audience. Killer also launched a unique and pioneering collection – water saver jeans. This range of jeans has a distinct green fold depicting the eco-friendly product made by consuming 80% less water.

**Integriti** – Killer is followed by Integriti, which is the Company's second largest brand with sales of ₹ 68.69 Crores representing 23% of net sales, similar to the levels achieved last year. Integriti caters to the discerning customer seeking good quality menswear and provides a compelling value proposition that speaks for itself.

**Lawman Pg<sup>3</sup>** – Fashion and Glamour have a deep and intimate relationship. Lawman Pg<sup>3</sup> stands apart as the brand that gives more to its customers - more fashion, more appeal, more iconic. Innovation is the bedrock of this brand and it has consistently introduced new collections like Vertebrae, Y-fi and Chica, which make a definitive personality statement. Lawman Pg<sup>3</sup> is the third largest brand of the Company with sales of ₹ 53.86 Crores, representing 18% share of net sales.

**Easies** – Easies is the semi-formal range of menswear and is the Company's fourth largest brand. This brand was introduced to address the demand for menswear in the 25-40 years age group and continues to cater to this niche segment. Easies clocked sales of ₹ 6.36 Crores during the year under review.

**Addictions** – The Company had entered the accessories business under the Addictions umbrella by introducing various lifestyle products under its key brands. The accessories business registered sales of ₹ 11.78 Crores representing less than 4% of net sales.

The product basket is varied and being in an early stage, this segment is being targeted tactically to ensure that the business prospects are well integrated with the Company's objective of achieving profitable growth.

### Brand-wise Breakup of Sales



### PRODUCTS

**Jeans** – Jeans continues to be the largest selling product category and registered net sales of ₹ 178.24 Crores, a robust growth of 17% over the previous year. The share of jeans in the net sales increased from 51% to 59%.

**Shirts** – Shirts is the second largest product category with 13% share and sales of ₹ 38.79 Crores, which was 15% lower compared to the previous year.

**Trousers** – Trousers constitute the third largest product segment and with sales of ₹ 24.65 Crores, it constituted 8% of net sales during the year under review.

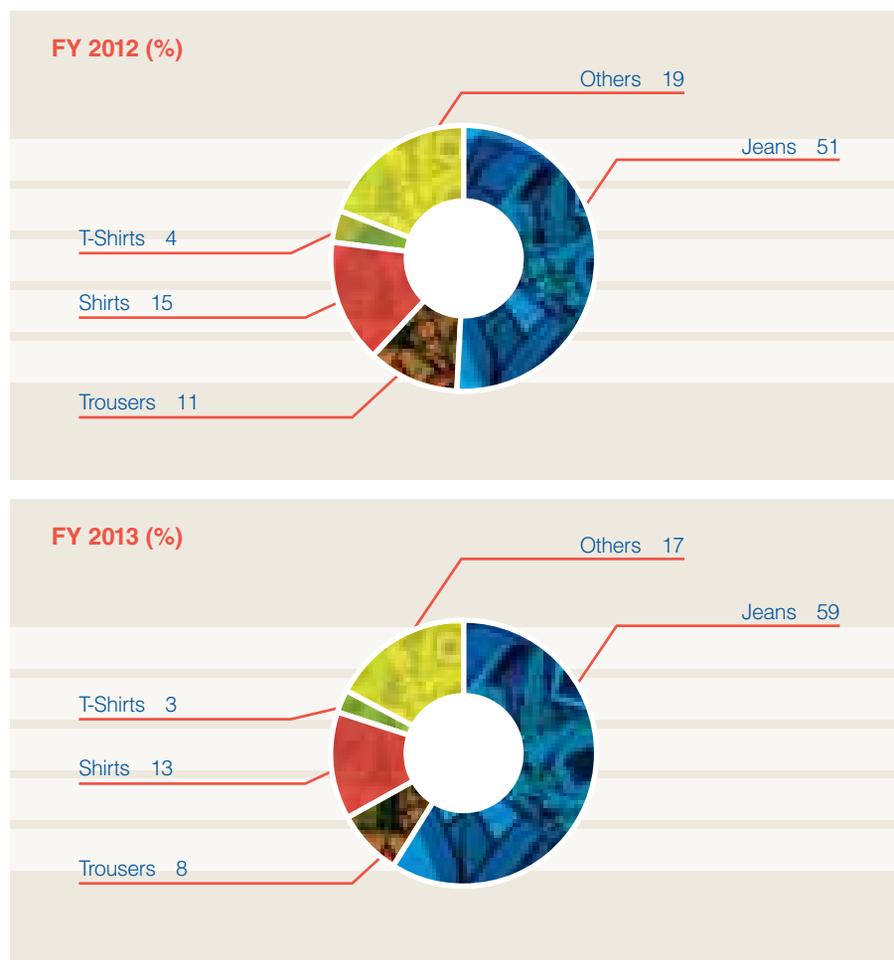
**T-Shirts** – T-Shirts achieved sales of ₹ 9.28 Crores (previous year ₹ 12.40 Crores) and accounted for 3% of net sales.

The Company achieved total income from operations of ₹ 303 Crores, a marginal increase over the previous financial year. Based on the MRP, this would translate into record sales of ₹ 577 Crores.



**Other products** – Other products included jackets, accessories and so on, which clocked sales of ₹ 49.46 Crores constituting 17% of net sales.

### Product wise Breakup of Sales



### SALES AND DISTRIBUTION CHANNELS

The Company has a nationwide presence with a well entrenched distribution network that reaches out to customers through various formats. The Company also has an international footprint and exports its products to select countries.

**Multi-Brand Outlets (MBOs)** – MBOs are the key distribution channel for the Company's brands. Sales through MBOs amounted to ₹ 170.31 Crores (previous year ₹ 173.26 Crores) and constituted 57% of the net sales. The Company caters to the MBOs through a wide network of distributors.

**K Lounges and Exclusive Brand Outlets (EBOs)** – This is the second largest sales channel of the Company and includes EBOs of the key brands as well as K-Lounge stores, which are destination stores housing all the brands

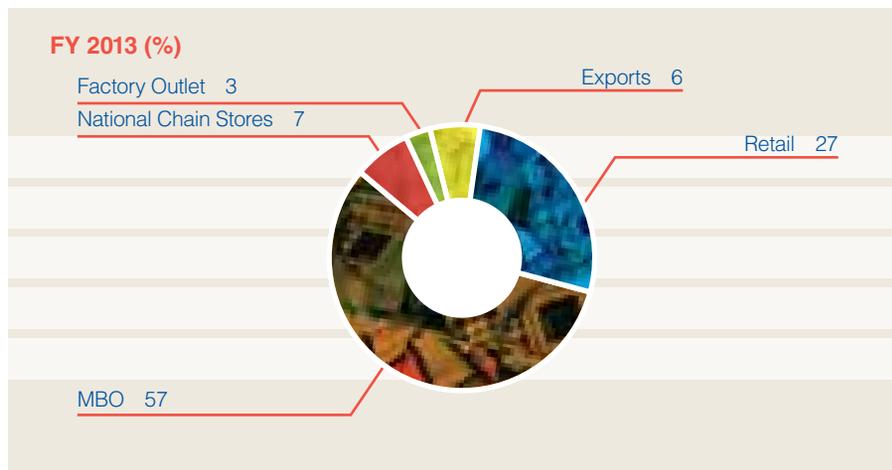
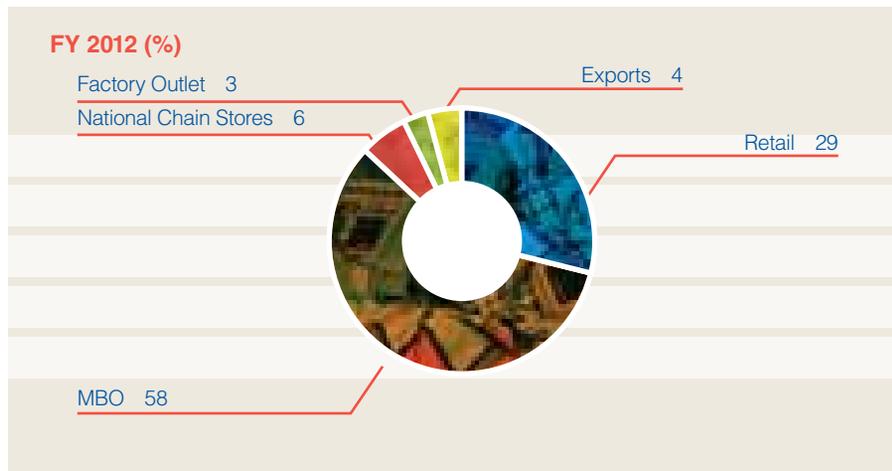
of the Company. These include owned stores as well as franchisee stores and provide the customers with an exclusive and world-class experience in terms of the ambience, customer service and a wide range of product offering. The Company achieved sales of ₹ 81.45 Crores (previous year ₹ 87.60 Crores) through these stores, representing 27% of net sales.

**National Chain Stores** – Modern retailing in India has been driven by the rapid growth of large format stores. The Company has been increasing its sales through these stores, which now form the third largest channel. Sales through these stores increased by 5% to ₹ 20.11 Crores and now represent 7% of the net sales.

**Exports** – Exports have shown strong growth of 48% to reach ₹ 17.49 Crores and constitute 6% of net sales. The Company sells its branded products mainly in the Middle East markets.

**Factory outlets** – Factory outlets accounted for sales of ₹ 11.06 Crores (previous year ₹ 8.37 Crores) and maintained their share at 3% of net sales.

### Channel-wise Breakup of Sales



### Store Roll-out

The Company had 273 retail stores with presence in over 154 cities across 19 states in India with 21 new stores in the pipeline. During the year, 69 new stores were opened and 48 existing stores were closed. K-Lounge is the trendsetting retail chain of the Company and houses all its brands and products. The Company has 141 K-Lounge stores and 3 K-Lounge for her stores, followed by brand-specific EBOs including Killer EBOs – 63 stores, Integriti EBOs – 51 stores and Lawman Pg<sup>3</sup> EBOs – 12 stores, Addictions EBO – 1 store, Easies EBO – 1 store and Lawman/Integriti EBO – 1 store.

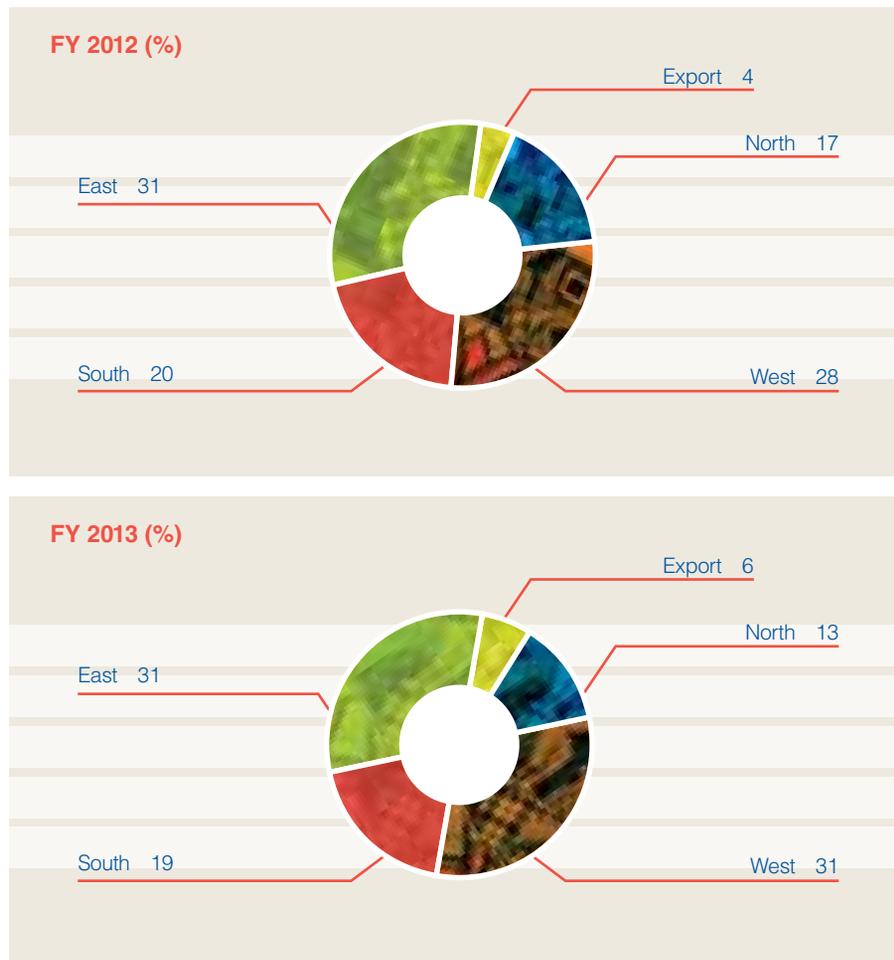
### REGIONS

The Company has a pan-India reach and has been scaling up its presence across all key markets.

The Western and Eastern regions are the largest selling regions and each constitutes 31% of net sales. The Company has been able to increase its sales in the Western region by 13% to ₹ 94.15 Crores, while the Eastern region accounted for sales of ₹ 92.47 Crores. These were followed by the South wherein sales were down by 7% to ₹ 56.47 Crores representing 19% of net sales and the Northern region, which clocked sales of ₹ 39.84 Crores representing 13% of net sales (down from 17% of net sales in previous year). International markets grew strongly by 48% with sales of ₹ 17.49 Crores, as compared to ₹ 11.79 Crores in the previous year and accounted for 6% of net sales.



## Region-wise Breakup of Sales



## RESULTS OF OPERATIONS

### Sales

The Company achieved total sales of ₹ 303 Crores, marginally higher than the previous year. The decline in apparel sales volume by 4.5% to 35.8 lakh units was offset by a 7.8% increase in the sales realisation per unit to ₹ 806 per unit. The strength of the core brands enabled the Company to implement price increases despite a highly price-sensitive operating environment. While the year started on a challenging note, the Company was able to enhance the growth momentum in the second half. The full year's performance provides a better perspective of the business as seasonal fluctuations due to festival periods can distort the quarterly trends, which may not be strictly comparable.

### Cost of Goods Sold

The cost of goods sold declined by 3.5% over the previous year to ₹ 126.29 Crores despite an increase in sales. This was driven by a slight correction in

cotton and fabric prices, which stayed range bound during the first half of the financial year. Further, there was a reduction of 44% in purchase of traded goods, which primarily relates to the accessories business.

### Other Costs

Considering the sluggish growth environment, the Company maintained a tight leash on operating expenditure. Manufacturing and operating expenses were restricted to below 8% of operational income and were almost flat at ₹ 23.83 Crores. With inflationary trends continuing, employee cost increased by 16.5% to ₹ 34.07 Crores representing 11.2% of operational income underlining the Company's focus on retaining and strengthening its human talent. Selling and distribution expenses were incurred judiciously and maintained close to previous year levels at ₹ 28.39 Crores representing 9.4% of operational income. Administrative and Other Expenses increased by 7.7% to 16.75 Crores.

## Profitability

The Company achieved an EBITDA of ₹ 73.66 Crores representing an EBITDA margin of 24.3% comparable to the levels achieved in the previous year. The Company was able to sustain the profitability of the business despite cost pressures and subdued sales volume, due to its ability to implement an increase in sales realisation per unit.

The Company registered a record Profit after Tax of ₹ 53.42 Crores as compared to ₹ 52.14 Crores in the previous year, an increase of 2.5%. PAT margin also increased from 17.3% to 17.6%. The EPS of the Company increased from ₹ 42.30 per share to ₹ 43.34 per share.

## Financial Position

The financial position of the Company has been strong and continues to be reinforced with the focused efforts on maintaining high profitability and robust cash flows through efficient working capital management. KKCL has established clear benchmarks for conducting its business and there is zero tolerance for compromises.

The Company held ₹ 60.77 Crores in cash and bank balances and ₹ 118.13 Crores in current investments, aggregating ₹ 178.90 in liquidity as compared to ₹ 129.39 Crores last year.

## Business Progressive Fund

The Company has undertaken an initiative to build a dedicated reserve that is specifically targeted towards creating a support mechanism for sustaining growth. As compared to other industries, the fashion apparel business has unique business dynamics, which require continuous investment into strengthening brands and expanding distribution, irrespective of intermittent periods of slowdown.

The Company has created 'Business Progressive Fund' by appropriating a sum of ₹ 10 Crores out of its profits during the year to maintain normal growth in sluggish market conditions and support superior growth for the long term. The said fund shall be for the purpose of launching and promoting new products, advertisement campaigns, promotional schemes and initial support to master stockiest and franchisees for development of retail business, reinforce existing channels of sales and so on. The amount of fund is specifically earmarked and invested in liquid mutual funds or any other safe and highly liquid investments. The Company has made adequate provisions in accordance with Accounting Standard (AS)-29 in normal course of business. AS-29 does not permit providing for expenses where present obligation does not exist or there is no fixed commitment.

Accordingly the Company has opted to create Business Progressive Fund. Further addition to the aforesaid fund shall be reviewed from time to time and considering business environment and conditions and the income accrued from the fund, however any accretion to the investment shall be credited to Statement of Profit and Loss.

## Credit Rating

CRISIL reaffirmed the Company's long-term rating as CRISILA+/ Stable and short-term rating as CRISIL A1+.

Ratios	FY2013	FY2012
Debt Equity Ratio	0.06	0.07
Current Ratio	4.09	4.19
Debtors Turnover (Days)	50	40
Creditors Turnover (Days)	42	24
Inventory Turnover (Days)	39	41
Finished Goods	18	21
WIP	16	14
Raw Materials	5	7
RONW	22.28%	24.64%
ROCE	33.77%	38.37%



The Company achieved an EBITDA of ₹ 73.66 Crores representing an EBITDA margin of 24.3% comparable to the levels achieved in the previous year.



## ADVERTISING AND BRANDING INITIATIVES

The Company undertook various above the line and below the line initiatives to strengthen its core brands and more importantly further reinforced the connect with its customers and target group.

- ❖ K-Lounge had the Title Sponsorship of One of India's Biggest College Festival held at IIT Kanpur titled Antaragini 2012. Over 13,000 IITian's and collegians from all over India participated in the event.
- ❖ Lawman Pg<sup>3</sup> brand was the title sponsors for 'Lawman Pg<sup>3</sup> Asian Super Model Contest 2012'.
- ❖ Integriti was the title sponsor and K-Lounge was associate sponsor of the popular reality show 'Integriti Presents Bindass Super dude' on UTV bindass.
- ❖ KILLER brand has been 'the Associate Sponsor' for Grand Inaugural T20 Sri Lanka Cricket League.
- ❖ Lawman Pg<sup>3</sup> was the Fashion Partner for the bollywood adult comedy movie - 'Kya Super Kool Hain Hum'.
- ❖ Integriti was the title sponsor for India's Only Heavy Metal Fest, which had performances by world renowned heavy metal groups.
- ❖ Integriti in association with Saregama Music Company presented performances by the popular band 'Strings' in Delhi and Mumbai recently.
- ❖ Integriti was an Associate Sponsor of the MTV Show titled 'Rush', which chronicles the lives of 12 college students involved in a college festival.
- ❖ Integriti associated with Universal Music to promote itself with the Album Launch of Justin Bieber titled 'Believe'.

## AWARDS

The Killer Jeans' green advertisement made a sweep at the Olive Crown Awards held in April, 2013. The awards were organised by the International Advertising Association, which recognises brands and companies that encourage

green based advertising. The Company won awards in the following categories:

- ❖ Gold Crown in Film Category
- ❖ Gold Crown in Out Of Home
- ❖ Gold Crown for the Green Brand of the Year
- ❖ Advertiser of the Year

In recognition of KKCL's 30-second commercial on 'Water-Saver Jeans', KKCL was awarded the coveted Grand Prix award at the Abby's held at Goafest 2013.

The Company's Annual Report for the FY 2012 won silver award from 'The League of American Communications Professionals' (LACP) in the world's largest annual report competition, featuring more than 6,000 entries from over two-dozen countries.

## OUTLOOK

Last year we had stated about the macro headwinds, which tend to have a dampening impact on consumer discretionary spend. The Company was able to weather the slowdown and maintain its sales and profitability. While many of the factors continue to persist, there are initial trends of softening of inflation and expectations of lowering interest rates, which can provide a cushion to the burdened consumer. The removal of excise duty in the recent budget has provided some relief to the industry. FY 2013 was a period of consolidation and the Company is optimistic about the future and believes that it is well positioned to deliver superior performance driven by its strong brands, robust financial position and a highly motivated and focused team.

## OPPORTUNITIES AND THREATS

The Indian consumption theme is now firmly established and the size of the consumer sector has attracted several players targeting various verticals in the industry. The modern retail industry is an integral part of the consumption revolution witnessed over the past decade and continues to grow. Within the branded fashion apparel space, there are no doubts about the long-term potential, which attracted several global

brands, especially those in luxury and premium product categories. Reforms in the retail sector with easing of FDI have started attracting more players.

The entry and expansion of global brands provide the consumer with a wide choice, thus increasing competition. But these brands also condition the consumer with newer and higher price points that fashion can command for a high-quality product. What is perceived as a potential threat also provides an opportunity for the Company with its well established brands to deliver world class products to its consumers with a compelling proposition.

There is a strong relationship between the economic scenario and the growth prospects of the industry and the Company. The sluggishness in the economy may persist; however, these factors do not overwhelm the Company as its vision and commitment are driven by a super long-term focus, which it pursues with relentless passion and efficient execution.



# DIRECTORS' REPORT



Your Directors have pleasure in presenting the 22nd Annual Report together with the audited accounts of the Company for the year ended 31st March 2013.

## FINANCIAL RESULTS:

		(Amount in ₹)	
Sr. No.	Particulars	Year Ended 31st March 2013	Year Ended 31st March 2012
1	Net Sales/Income from operations	3,029,924,892	3,018,718,697
2	Other Income	121,738,721	117,587,822
3	Total Expenditure	2,293,364,398	2,284,898,355
4	Gross profit (Before deducting any of the following)	858,299,215	851,408,164
a.	Finance charges	26,211,196	25,952,080
b.	Provision for depreciation	59,375,659	62,309,584
c.	Tax provision	238,539,612	241,738,491
5	Net profit for the year	534,172,748	521,408,009
i	Prior Period Expenses (Net of Tax)	-	NIL
ii	Balance of profit/(loss)	534,172,748	521,408,009
6	Appropriation of profit	404,476,276	295,656,726
i	Bonus shares issued during the year	Nil	Nil
ii	Proposed Dividend (Including Dividend Tax)	14,419,677	57,297,865
iii	Transfer to General Reserve	53,417,275	52,140,801
7	Dividend (in ₹) per ordinary share	17.50	17.00
8	Paid up Equity capital	123,250,370	123,250,370
9	Reserves except revaluation reserve	1,193,742,619	1,040,325,344
10	Surplus c/f	1,221,579,248	1,091,882,776

## TURNOVER & PROFITS:

Your Directors wish to inform you that during the financial year ended 31st March 2013, the sales and operating income was ₹ 302.99 Crores representing a growth of 0.37% and net profit after tax stood at ₹ 53.42 Crores representing a growth of 2.45% over the previous year.

## DIVIDEND

The Board of Directors had in their meeting held on 7th November 2012 declared the first interim dividend of ₹ 7/- per equity shares absorbing a sum of ₹ 86,275,259/- . The record date for the purpose of payment of interim dividend was 23rd November 2012 and the said interim dividend was paid in November 2012.

The Board of Directors had in their meeting held on 13th February 2013 declared the second interim dividend of ₹ 6.5/- per equity shares absorbing a sum of ₹ 80,112,740.50/- . The record date for the purpose of payment of interim dividend was 26th February 2013 and the said interim dividend was paid in March 2013.

The Board of Directors had in their meeting held on 11th May 2013 declared the third interim dividend of ₹ 3/- per equity shares absorbing a sum of ₹ 36,975,111/- . The record date for the purpose of payment of interim dividend was 22nd May 2013 and the said interim dividend was paid in May 2013.

Your directors are pleased to recommend a final dividend of ₹ 1/- per equity share of ₹ 10/- each for the year ended 31st March 2013.

The dividend once approved by the members in the ensuing Annual General Meeting will be paid out of the profits of your company for the year and will sum up to a total of ₹ 14,419,677/- including dividend distribution tax.

An amount of ₹ 53,417,275/- would be transferred to the reserves.

## OVERALL PERFORMANCE AND OUTLOOK

Being in the fashion business, the Company needs to keep innovating to meet the customer's expectations and deliver high quality products at a reasonable price and in line with changing trends. Your company is uniquely placed in the sector with an integrated business model that encompasses the complete value chain of design, manufacturing and sourcing, distribution, logistics and retailing. The Company has an in-house team of designers that track national and international trends to create innovative

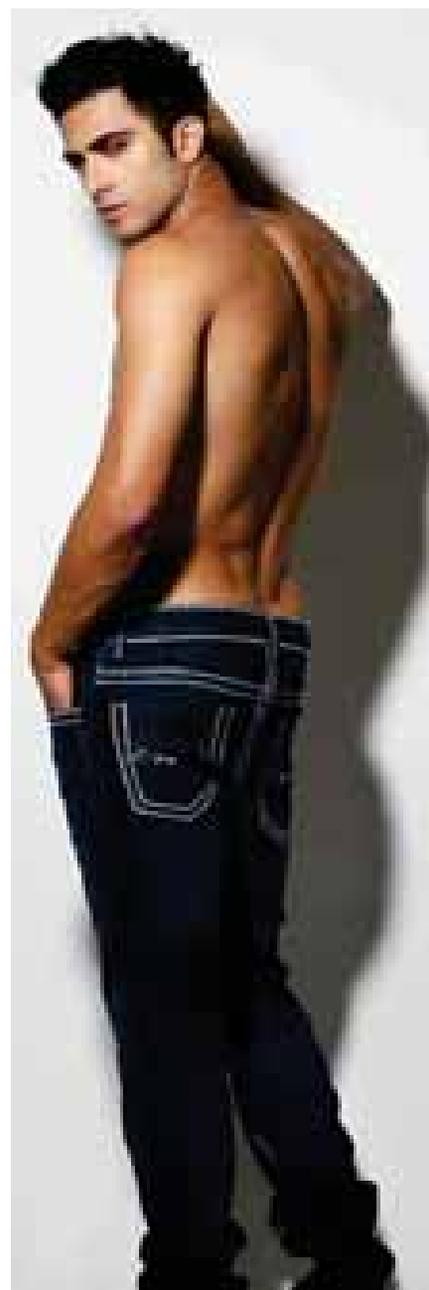
fashionable products that customers would relate to. The Company has state of the art manufacturing facilities that ensure quality and timely deliveries. This unique business model along with a strong and committed focus on its power brands has helped the Company sustain the challenging business environment and capitalise on the rebound in consumer confidence.

The financial year 2012-13 has been a challenging period not just for the Company but also for the Indian economy with persistent inflation, high interest rates and continued slowdown. The sentiment has been very weak and the much anticipated recovery in the growth momentum has been illusory. Also, the Company faced certain operational and supply chain constraints which affected the production and consequently the sales growth of Integriti and Lawman Pg<sup>3</sup> brands. Notwithstanding the macro trends and the minor bottlenecks which have been resolved and streamlined, the Company has been able to maintain its sales and profitability and recorded a life time high in its total income and profit after tax.

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

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

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



Your company is uniquely placed in the sector with an integrated business model that encompasses the complete value chain of design, manufacturing and sourcing, distribution, logistics and retailing.



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

### INVESTMENT IN WHITE KNITWEAR PRIVATE LIMITED:

The Company had invested in aggregate ₹ 34,550,000 (P.Y. ₹ 34,550,000) in Joint Venture "White Knitwear Private Limited" (WKPL). The WKPL had acquired land in Surat Special Economic Zone (SEZ) and constructed factory building for setting up of manufacturing unit for production of knitwear apparels for exports. However due to slowdown in International market, SEZ could not take off and most of the members of SEZ shelved their projects and approached to Gujarat Industrial Development Corporation (GIDC) and state and central government for de-notification of SEZ. Gujarat Industrial Development Corporation vide its circular No. GIDC/CIR/Distribution/Policy /13/05 dated 14th March 2013 has de-notified the SEZ and conceded the members to convert and use the erstwhile land in SEZ as Domestic Tariff Area (DTA) subject to fulfillment of conditions stated therein. WKPL vide its letter dated 4th April 2013 has consented for de-notification of its plot of Land and undertaken to complete the formal procedure for the same.

Post de-notification joint venture partners shall dispose of the Company/Land and building and realise the proceeds to return it to joint venture partners. No provision for diminution in the value of investment is considered necessary for the year ended March 2013 in view of the value of underlying assets base of joint venture. However, the Company had made a provision for its share of loss in joint venture of ₹ 4,900,000 (P.Y. ₹ 4,900,000) and provision is grouped under 'Other long term provisions'.

### CASH FLOW STATEMENT:

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the Cash Flow Statement for the year ended 31st March 2013 is annexed hereto.



### RELATED PARTY TRANSACTION:

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

### DIRECTORS:

Mr. Mrudul Inamdar, Non-Executive Independent Director demised on 1st January 2013. A brilliant professional and a humble soul, he will always be missed by all those who had the privilege of being associated with him. May his soul rest in eternal peace.

Mr. Yogesh Thar was appointed as an additional director in the Board Meeting held on 13th February 2013. Mr. Thar's would hold office as a Director upto the date of the ensuing Annual General Meeting. Notice from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment as an Ordinary Director liable to retire by rotation of Mr. Yogesh A. Thar along with a deposit of ₹ 500/- has been received by the Company.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of your company, Mr. Hemant P. Jain, Mr. Vikas P. Jain and Dr. Prakash A. Mody, Directors of your Company would retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the accounts for the financial year ended 31st March 2013 on a 'going concern' basis.

### **CORPORATE GOVERNANCE:**

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

### **MANAGEMENT DISCUSSION AND ANALYSIS:**

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

### **COMPLIANCE WITH THE CODE OF CONDUCT:**

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

### **AUDIT COMMITTEE:**

Mr. Mrudul D. Inamdar was the Chairman of the Audit Committee upto the time of his demise i.e 1st January 2013. Mr. Nimish G. Pandya was appointed as the Chairman of the Audit Committee in the audit committee meeting held on 13th February 2013.

Subsequent to the demise of Mr. Inamdar, Mr. Hemant P. Jain, Director of the Company was appointed as the member of the audit committee by circular board resolution dated 6th February 2013.

The Audit committee was reconstituted with Mr. Yogesh Thar, Mr. Nimish Pandya and Mr. Popatlal Sundesha as members in the Board Meeting held on 13th February 2013.

In the Audit Committee meeting held on 11th May 2013 Mr. Yogesh Thar was appointed as the Chairman of the Audit Committee.

In accordance with Clause 49 of the Listing Agreement the Audit Committee consists of three non-executive independent directors of the Company viz. Mr. Yogesh A. Thar (Chairman of Audit Committee), Mr. Popatlal F. Sundesha and Mr. Nimish G. Pandya.

### **FIXED DEPOSIT:**

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

### **LISTING FEES:**

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

### **PENDING SHARES UPLOAD:**

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

- i) Number of Shareholders outstanding at the beginning of the year: 7  
Outstanding shares in the demat suspense account at the beginning of the year: 190
- ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year: Nil

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



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

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company had made its initial public offering in March 2006 and the allotment of the shares was made on 5th April 2006. The application money received by the Company for allotment of shares and due for refund to the applicants lying unclaimed to the credit of the Escrow Accounts became due for transfer to the Investor Education and Protection Fund on 4th April 2013. The Company has accordingly transferred an amount of ₹ 97,200/- (Rupees Ninety Seven Thousand and Two Hundred Only) being the unclaimed application money received by the Company for allotment of shares and due for refund to the Investor Education and Protection Fund.

### AUDITORS:

Your company's auditors M/s. Jain & Trivedi, Chartered Accountants and the joint auditors M/s. N.A. Shah Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.



### COST AUDITOR:

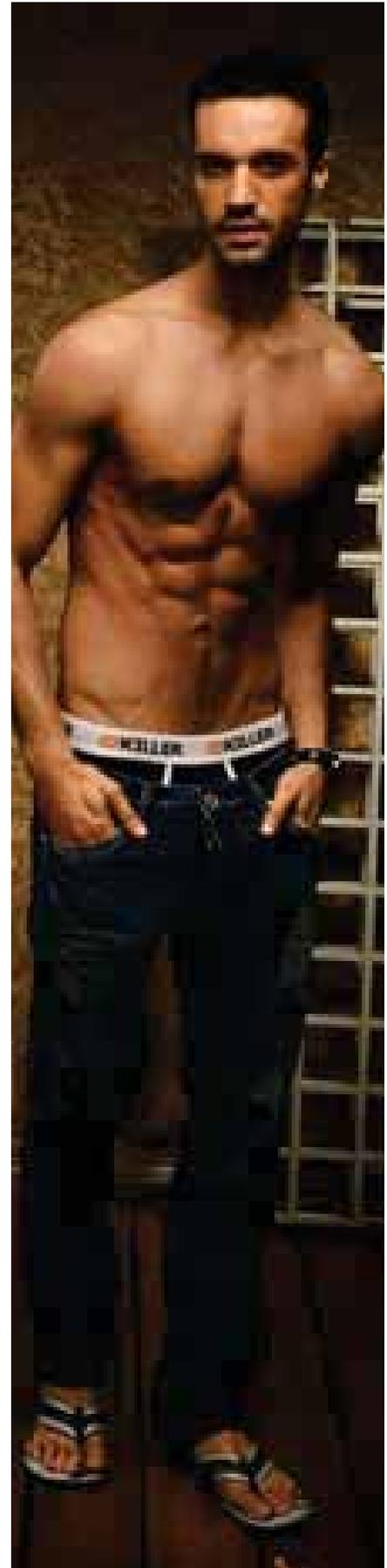
Pursuant to the provisions under section 233B of the Companies Act, 1956 the Company has appointed Mr. Vinayak Kulkarni, Cost Accountants as Cost Auditors of the Company for the financial year 2013-2014.

### PERSONNEL:

Employee relations continued to be cordial during the year ended 31st March 2013. Your Company continued its thrust on Human Resource Development. Your company has initiated various customised training programs viz. personality development, development of inter personal skills, communication skills, public speaking etc. for its employees that enhance both personal as well career growth of the employees. These programs are conducted round the year by professional trainers as well as by the human resource department of the Company. Your company has also encouraged its employees to attend seminars and discussions conducted by professional institutions and trade bodies. The Board wishes to place on record its appreciation to all the employees in the Company for their sustained efforts and immense contribution to the high level of performance and growth of the business during the year.

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

Information in accordance with Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forms a part of the Directors Report for the year ended 31st March 2013. However pursuant to the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Directors Report and Statement of Accounts are being sent to all shareholders excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the registered office of your Company.



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

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

### A. Conservation Of Energy

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

### B. Technology Absorption, Adaptations & Innovation:

Not Applicable

### C. Foreign Exchange Earnings And Outgo:

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

#### Total Foreign Exchange used and earned:

FOB Value	₹ 174,337,246/-
Domestic Sales	NIL
Total Foreign Exchange outgo	₹ 5,933,992/-

### ACKNOWLEDGEMENTS:

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

For and on behalf of the Board

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

Dated: 11th May 2013

Place: Mumbai



# CORPORATE GOVERNANCE REPORT



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

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

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

## II. BOARD OF DIRECTORS: –

### (a) Composition of the Board

The Board of Directors of Kewal Kiran Clothing Limited have an optimum combination of executive and non executive directors. As on 31st March 2013 the Board of Directors of the Company comprises of the Chairman and Managing Director, Mr. Kewalchand P. Jain, who is an executive director and one of the promoters of the Company. Besides, there are three executive directors viz. Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, who are also the promoters of the Company. The Board comprises of four non-executive independent directors, which accounts for fifty percent of the strength of Board. The non executive independent directors are eminent professionals with wide range of knowledge and experience in various spheres of business and industry, finance and law. The composition

of the Board and other relevant details relating to Directors as on 31st March 2013 are given below: –

Name of the Director	Designation	Category of Directorship	**No. of other Directorship	**No. of Committee Chairmanship/ membership
Mr. Kewalchand P. Jain	Chairman & Managing Director	Promoter & Executive	8	1
Mr. Hemant P. Jain	Whole-time Director	Promoter & Executive	8	1
Mr. Dinesh P. Jain	Whole-time Director	Promoter & Executive	7	0
Mr. Vikas P. Jain	Whole-time Director	Promoter & Executive	6	0
Mr. Popatlal F. Sundesha	Director	Independent Non Executive	3	3
Dr. Prakash A. Mody	Director	Independent Non Executive	7	1
Mr. Nimish G. Pandya	Director	Independent Non Executive	0	3
*Mr. Yogesh A. Thar	Director	Independent Non Executive	3	4

\* Mr. Mrudul Inamdar, Non-Executive Independent Director demised on 1st January 2013. Mr. Yogesh Thar was appointed as an additional director in the Board Meeting held on 13th February 2013.

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

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

- (i) The meetings of the Board of Directors are scheduled well in advance. The Board Members are presented in advance with the detailed agenda in respect of all Board meetings. During the year under review four meetings of the Board of Directors were held on the following dates: –

10th May 2012, 21st July 2012, 7th November 2012, and 13th February 2013. The gap between two board meetings is less than four months.

- (ii) The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March 2013 and during the last Annual General Meeting is as under: –

Directors	No. of Board Meetings Attended	Attendance At The Last AGM
Mr. Kewalchand P. Jain	4	Present
Mr. Hemant P. Jain	3	Present
Mr. Dinesh P. Jain	2	Present
Mr. Vikas P. Jain	3	Present
Mr. Popatlal F. Sundesha	2	Absent
*Mr. Mrudul D. Inamdar	3	Present
Dr. Prakash A. Mody	2	Present
Mr. Nimish G. Pandya	4	Present
*Mr. Yogesh A. Thar	1	NA

\* Mr. Mrudul Inamdar, Non-Executive Independent Director demised on 1st January 2013. Mr. Yogesh Thar was appointed as an additional director in the Board Meeting held on 13th February 2013.





### (c) Code of Conduct

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

### (d) Details of shares held in the Company as on 31st March 2013

Name of the Directors	Number of shares held
Mr. Kewalchand P. Jain*	703,911
Mr. Hemant P. Jain*	704,650
Mr. Dinesh P. Jain*	742,651
Mr. Vikas P. Jain*	734,086
Mr. Popatlal F. Sundesha	Nil
Mr. Yogesh A. Thar	Nil
Dr. Prakash A. Mody	336
Mr. Nimish G. Pandya	Nil

61,53,000 shares are held by Shantaben P. Jain j/w Kewalchand P. Jain j/w Hemant P. Jain as trustees of the P.K. Jain Family Holding Trust.

#### \*Note:

The said shares held by Mr. K.P. Jain includes 16,000 equity shares in his capacity of Karta of Kewalchand P. Jain H.U.F and 76,661 shares held j/w Veena K. Jain

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

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

The said shares held by Mr. V.P. Jain includes 16,000 equity shares in his capacity of Karta of Vikas P. Jain H.U.F and 90,836 shares held j/w Kesar V. Jain

### III. AUDIT COMMITTEE: –

#### Constitution of Audit Committee

The Audit Committee was constituted on 14th November 2005 in accordance with Clause 49 of the Listing Agreement, consisting of three Directors all being non-executive and independent. The Committee consists of the following non executive independent directors as on 31st March 2013:

Name of the Audit Committee Member	Position Held
Mr. Nimish G. Pandya	Chairman*
Mr. Popatlal F. Sundesha	Member
Mr. Yogesh A. Thar	Member*

#### \*Note:

Mr. Mrudul D. Inamdar was the Chairman of the Audit Committee upto the time of his demise i.e 1st January 2013. Mr. Nimish G. Pandya was appointed as the Chairman of the Audit Committee in the audit committee meeting held on 13th February 2013.

Subsequent to Mr. Inamdar's demise Mr. Hemant P. Jain, Director of the Company was appointed as the member of the audit committee by circular resolution dated 6th February 2013.

The Audit committee was reconstituted with Mr. Yogesh Thar, Mr. Nimish Pandya and Mr. Popatlal Sundesha as members in the Board Meeting held on 13th February 2013.

The Audit Committee in their meeting held on 11th May 2013 appointed Mr. Yogesh Thar as the Chairman of the Audit Committee.

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

All the members of the Audit Committee are financially literate and Mr. Nimish G. Pandya, Chairman of the Audit Committee possesses financial/accounting expertise.

### Meetings of Audit Committee

During the year ended 31st March 2013, five Audit Committee meetings were held on 10th May 2012, 27th June 2012, 21st July 2012, 7th November 2012, and 13th February 2013. The attendance of each Audit Committee member is given hereunder: –

Name of the Audit Committee Member	No. of meetings held	No. of meetings attended
Mr. Mrudul D. Inamdar	5	4
Mr. Popatlal F. Sundesha	5	2
Mr. Nimish G. Pandya	5	5
Mr. Hemant P. Jain	5	1*
Mr. Yogesh A. Thar	5	0*

#### \*Note:

Mr. Yogesh Thar was appointed as a member of the audit committee in the Board Meeting held on 13th February 2013. Mr. Thar attended the Audit Committee held on 13th February 2013 as a special invitee. Mr. Hemant Jain was appointed as a member of the Audit Committee w.e.f 6th February 2013 and ceased to be a member w.e.f 13th February 2013.

#### Attendees: -

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

The terms of reference of the Audit Committee includes:

#### Powers

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

#### Roles

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;



- b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  - 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up there on.
  9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  - 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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



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

#### IV. REMUNERATION COMMITTEE:-

##### Composition of committee

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

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

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

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

No meeting of the Remuneration committee was held during the year ended 31st March 2013.

Details of sitting fees, remuneration etc., paid to Directors for the year ended 31st March 2013.

Name of the Directors	Sitting Fees	Salary	Contribution to PF and Perquisites	Total
Mr. Kewalchand P. Jain	Nil	₹ 7,500,000	₹ 489,600	₹ 7,989,600
Mr. Hemant P. Jain	Nil	₹ 7,500,000	₹ 489,600	₹ 7,989,600
Mr. Dinesh P. Jain	Nil	₹ 7,500,000	₹ 489,600	₹ 7,989,600
Mr. Vikas P. Jain	Nil	₹ 7,500,000	₹ 489,600	₹ 7,989,600
Mr. Popatlal F. Sundesha	₹ 80,000	Nil	Nil	₹ 80,000
Mr. Mrudul D. Inamdar	₹ 140,000	Nil	Nil	₹ 140,000
Dr. Prakash A. Mody	₹ 40,000	Nil	Nil	₹ 40,000
Mr. Nimish G. Pandya	₹ 180,000	Nil	Nil	₹ 180,000
Mr. Yogesh A. Thar	₹ 20,000/-	Nil	Nil	₹ 20,000/-

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

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

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

There is no provision for severance fees.

##### Remuneration Policy of the Company

Remuneration Policy for Executive Directors





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

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

#### Remuneration Policy for Non Executive Directors

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

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

## V SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE: –

#### Composition of Committee:

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

The Committee is headed by a non executive independent director and comprises of the following directors:

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

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

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

Status report of Investors complaints for the year ended 31st March 2013

No. of complaints received	-	7
No. of complaints resolved	-	7
No. of complaints pending	-	NIL

Name and Designation of the compliance officer:

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

## VI. GENERAL BODY MEETINGS: –

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

Financial Year	Day & Date	Time	Venue
2009-10	Thursday, 5th August 2010	4.30 p.m	C. K. Nayudu Hall, The Cricket Club of India Limited, Brabourne Stadium, Dinshaw Vachha Road, Mumbai – 400 020
2010-11	Tuesday, 6th September 2011	3.00 p.m	M. C. Ghia Hall, Bhogilal Hargovindas Buiding, 2nd floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001
2011-12	Friday, 3rd August 2012	12.00 p.m	C. K. Nayudu Hall, The Cricket Club of India Limited, Brabourne Stadium, Dinshaw Vachha Road, Mumbai – 400 020

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

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

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

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

### Special Resolutions whether passed by postal ballot:

During the Financial Year 2012-13, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by postal ballot) Rules, 2001, the Company had conducted a postal ballot vide notice dated 10th May 2012, for obtaining approval of shareholders through postal ballot on special resolution under Section 17 of the Companies Act, 1956 for the Alteration of the object clause in the Memorandum of Association of the Company and on special resolution under section 149(2A) of the Companies Act, 1956 for commencement of new business.

The Company had appointed Mr. Jagdish Patel, a practicing Company Secretary of M/s Jagdish Patel & Co, as the scrutiniser for conducting the postal ballot process. Accordingly the postal ballot was conducted by the scrutiniser and results of which were declared on 23rd June 2012. The details of special



resolutions passed and voting pattern are noted below:

- I) Special Resolution under Section 17 of the Companies Act, 1956 for the Alteration of the object clause in the Memorandum of Association of the Company

Particulars	No. of Postal Ballot Forms	No. of Votes
Number of valid postal ballot forms received	112	9,507,861
Votes in favour of the Resolution	109	9,507,781
Votes against the Resolution	3	80
Number of invalid postal ballot forms received	3	75

- II) Special Resolution under Section 149(2A) of the Companies Act, 1956 for commencement of new business.

Particulars	No. of Postal Ballot Forms	No. of Votes
Number of valid postal ballot forms received	111	9,507,856
Votes in favour of the Resolution	108	9,507,776
Votes against the Resolution	3	80
Number of invalid postal ballot forms received	4	80

The Special Resolutions for the Alteration of the object clause in the Memorandum of Association of the Company and commencement of new business was accordingly passed with the requisite majority.

#### Procedure of Postal Ballot

The postal ballot process was conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by postal ballot) Rules, 2001.

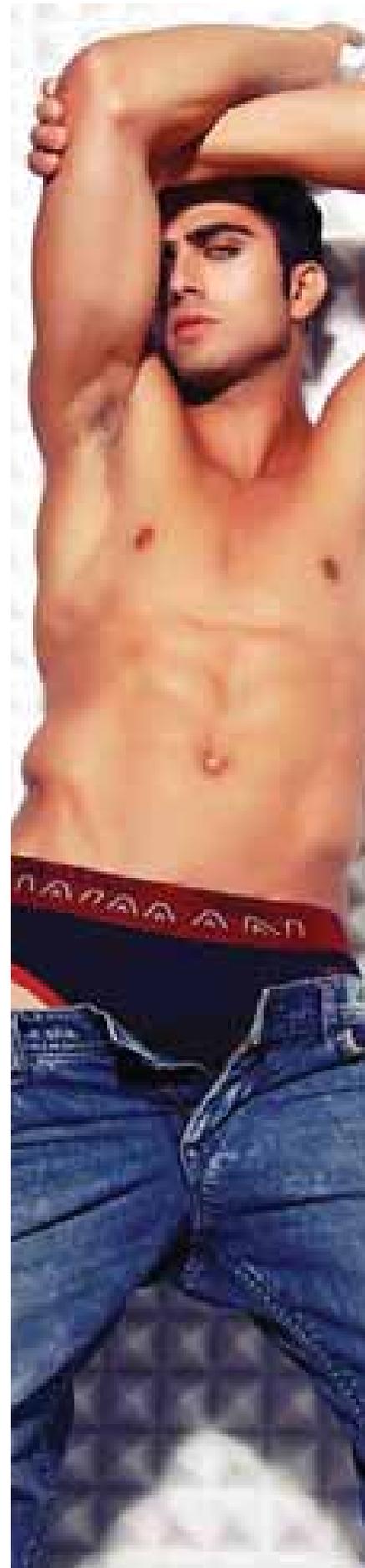
No special resolution is proposed to be conducted through postal ballot at the ensuing annual general meeting of the Company.

#### VII. DISCLOSURES: –

- (i) Disclosure regarding materially significant related party transaction: -

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed separately in note no. 2.41 to the financial statements.

- (ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital market during the last three years.
- (iii) The Board hereby confirms that no personnel have been denied access to the audit committee.
- (iv) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Except for the composition of the Remuneration committee of the Board of Directors, the Company has not adopted any other non mandatory requirements of Clause 49 of the Listing Agreement.
- (v) The Company paid ₹ 67,416/- to M/s. Bansi S. Mehta and Co. to represent the Company in an income tax matter before the income tax appellate



tribunal and ₹ 10,000/- to M/s. Pandya and Co. for opinion on a legal issue. Mr. Mrudul Inamdar, Non Executive Independent Director till his demise on 1st January 2013 was a partner in Bansi S. Mehta and Co. and Mr. Nimish Pandya, Non Executive Independent Director is the proprietor of M/s. Pandya & Co.

(vi) Disclosure of relationship between Directors inter-se:

Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain are brothers.

## VIII. MEANS OF COMMUNICATION: -

The results of the Company for the financial year ended 31st March 2013 are published in The Economic Times, DNA, Mint, Business Standard and Lokmat. The results of the Company are normally published in The Economic Times, Business Standard, DNA, and Lokmat. The financial results and other information are displayed on the Company's website viz. www.kewalkiran.com. The Company also displays official news releases on its website for the information of its shareholders/investors. Even presentations made to institutional investors have been displayed on the website of the Company.

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

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

## IX. GENERAL SHAREHOLDERS' INFORMATION: -

### a) Annual General Meeting

Date & Time : 22nd August 2013 at 12.00 p.m.

Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/120, Kaikhushru Dubash Marg, Behind Prince of Wales Museum, Mumbai - 400001.

### b) Financial Year

1st April to 31st March

### c) Dates of Book Closure

15th August 2013 to 22nd August 2013 (both days inclusive)

### d) Dividend payment date

Dividend when sanctioned by shareholders will be made payable on or after 29th August 2013.

### e) Listing on Stock Exchanges

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

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

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

#### Note:

Listing fees for the financial year 2013-14 has been paid to both the stock exchanges i.e BSE Limited and National Stock Exchange of India Limited.





#### f) Stock Code/Symbol

The BSE Limited: 532732

The National Stock Exchange of India Limited : KKCL

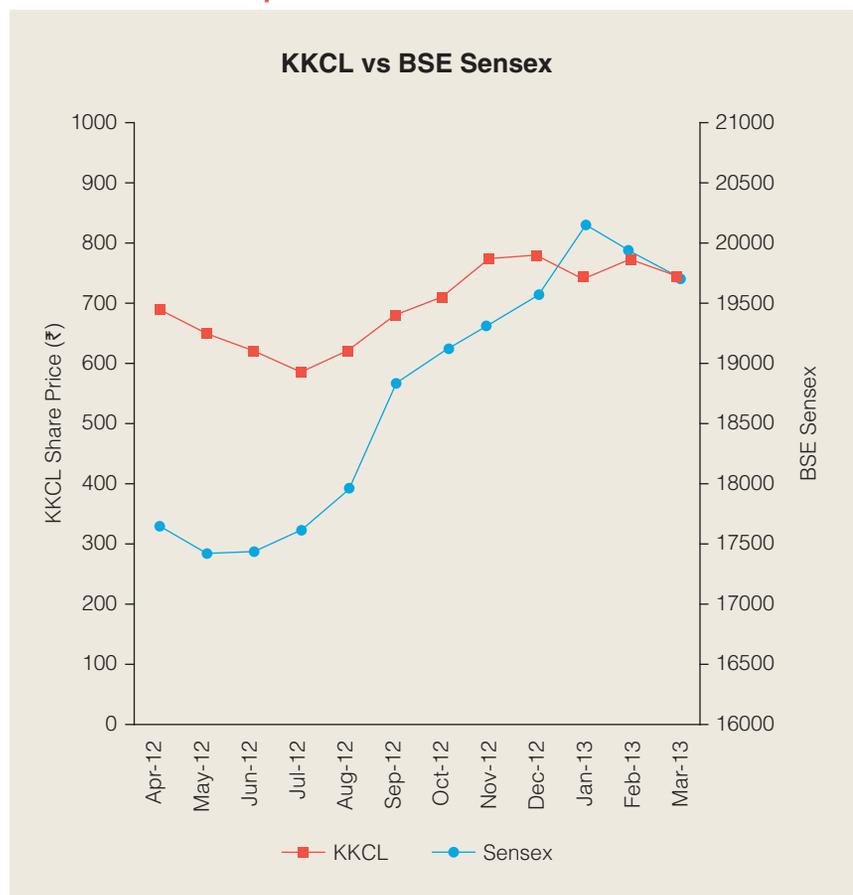
ISIN No. : INE401H01017

#### g) Market Price Data.

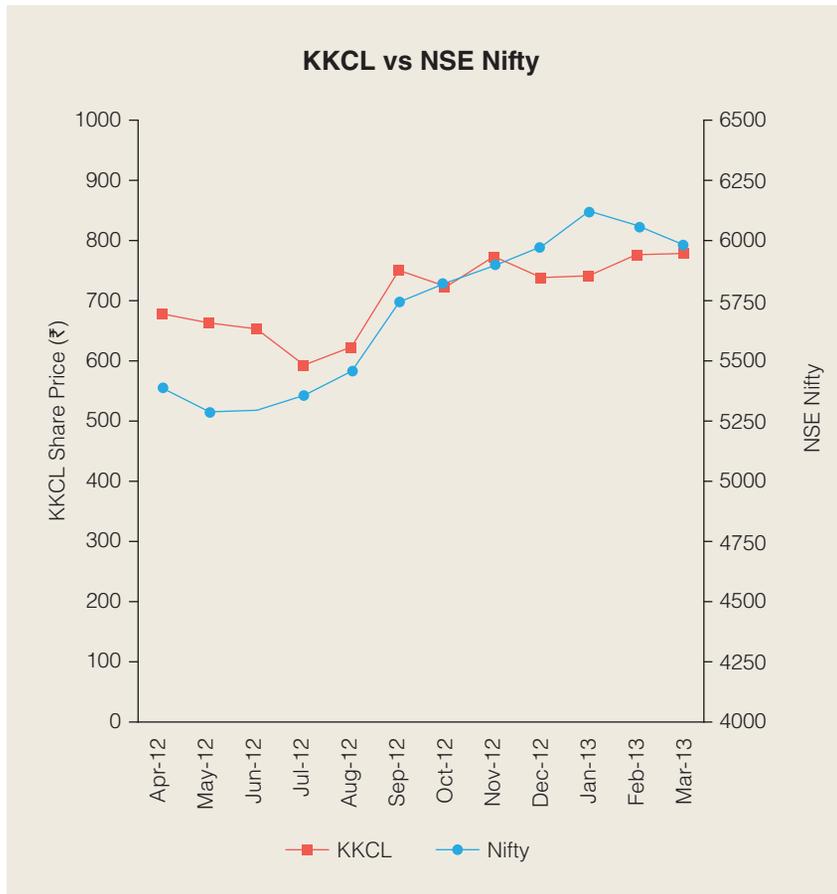
The monthly high & low quotations of the Company's shares traded on the BSE Limited and the National Stock Exchange of India Limited during the financial year 2012-2013 are as under:

Months	BSE		NSE	
	High (₹ Per share)	Low (₹ Per share)	High (₹ Per share)	Low (₹ Per share)
April 2012	688.75	615.00	675.00	615.70
May 2012	648.80	571.10	659.80	560.60
June 2012	620.00	535.85	649.95	547.00
July 2012	584.85	490.00	590.00	485.35
August 2012	621.00	498.30	620.00	492.30
September 2012	680.00	525.00	747.00	584.00
October 2012	710.00	663.00	720.00	662.10
November 2012	774.00	675.00	770.00	670.15
December 2012	779.95	645.05	735.00	646.85
January 2013	740.00	685.00	738.00	686.00
February 2013	773.00	685.00	772.95	670.50
March 2013	745.00	660.00	775.00	670.05

#### h) Performance in comparison to broad based indices



## Shareholding pattern graph as on 31st March 2013



### i) Registrar & Share Transfer Agents

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

### j) Share Transfer System

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

Transfers in Physical forms are registered by the registrar and transfer agents immediately on receipt of the completed documents and certificates are issued within 15 days of the date of lodgment of transfer. Invalid share transfer are returned within fifteen days of receipt.

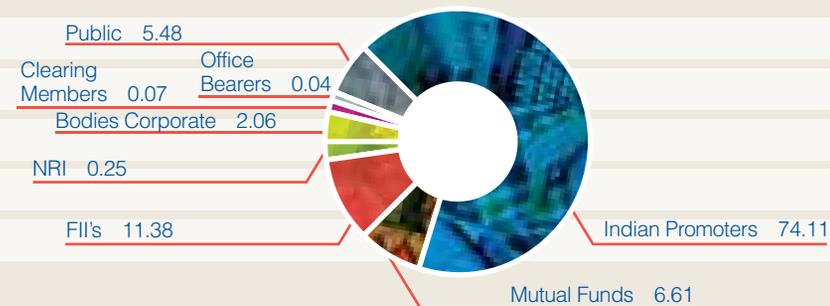


**k) Distribution Pattern of shareholding as on 31st March 2013**

No of equity shares	Shareholders		Amount	
	Number	% to total	In ₹	% to total
1-5000	3997	94.40	1,799,600	1.46
5001-10000	84	1.99	626,760	0.51
10001-20000	36	0.85	552,620	0.45
20001-30000	27	0.64	694,100	0.56
30001-40000	9	0.21	315,990	0.26
40001-50000	9	0.21	414,870	0.34
50001-100000	26	0.61	1,833,590	1.49
100001 & above	46	1.09	117,012,840	94.93
<b>Total</b>	<b>4234</b>	<b>100.00</b>	<b>123,250,370</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March 2013**

Category	No. of Shares	% to total
Indian Promoters	9,134,298	74.11
Mutual Funds	814,022	6.61
FII's	1,402,605	11.38
NRI	30,906	0.25
Bodies Corporate	253,654	2.06
Independent Director	336	0.00
Clearing Members	9,070	0.07
Office Bearers	4,394	0.04
Trusts	820	0.00
Public	674,932	5.48
<b>Total</b>	<b>12,325,037</b>	<b>100.00</b>

**Shareholding Pattern Graph as on 31st March 2013 (%)**

Group companies include Kornerstone Retail Limited, Kewal Kiran Management Consultancy Limited, Kewal Kiran Realtors and Infrastructures Private Limited, White Knitweaves Private Limited, Kewal Kiran Finance Private Limited, Kewal Kiran Media and Communication Limited, Kalpvriksh Realtors and Infrastructures Private Limited and Lord Gautam Charitable Foundation, P K Jain Family Holding Trust as also the firm viz. Kewal Kiran Enterprises.



## **i) Dematerialisation of equity shares**

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems –NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Nearly 99.98 % of total equity shares of the Company are held in dematerialised form with NSDL & CDSL as on 31st March 2013.

### **Liquidity**

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

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

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

## **n) Plant Locations**

### **Daman**

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

### **Vapi**

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

### **Mumbai**

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

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

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

### **Shareholding related queries**

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

### **General correspondence**

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

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



# ANNEXURE TO CORPORATE GOVERNANCE

Details of other Directorships/Committee Memberships of all Directors

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

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

### Committee Memberships

Name of The Company	Name of The Committee	Position Held
Kewal Kiran Clothing Limited	Shareholders and Investors Grievance Committee	Member

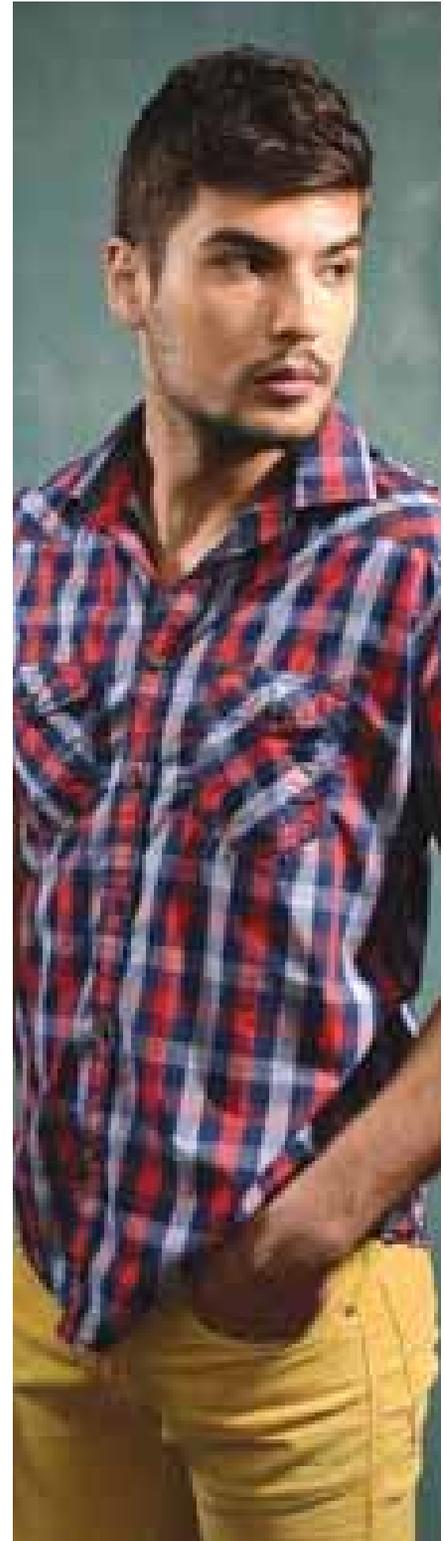
## [2] BODIES CORPORATE OF WHICH MR. HEMANT P. JAIN IS A CHAIRMAN/ DIRECTOR

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

### Committee Memberships

Name of The Company	Name of The Committee	Position Held
Kewal Kiran Clothing Limited	Shareholders and Investors Grievance Committee	Member
Kewal Kiran Clothing Limited	Audit Committee	Member

Mr. Hemant Jain was appointed as a member of the Audit Committee w.e.f 6th February 2013 and ceased to be a member w.e.f 13th February 2013.



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

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

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

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

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

Name of the Company	Board Position Held
Fulchand Finance Private Limited	Chairman
Apaksh Broadband Limited	Director
Aksh Opti Fibre Limited	Director

#### Committee Memberships:

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

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

Name of the Company	Board Position Held
Unichem Laboratories Limited	Chairman
Niche Generics Limited U.K	Director
Unichem Farmaceutica Do Brazil Ltda.	Director
Unichem SA (Pty) Limited (South Africa)	Director
Unichem Pharmaceuticals (USA) Inc	Director
Unichem Laboratories (Ireland)	Director
Unichem Laboratories Pty. Limited (Australia)	Director





### Committee Memberships:

Name of The Company	Name of The Committee	Position Held
Kewal Kiran Clothing Limited	Remuneration Committee	Member

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

Name of the Company	Board Position Held
NIL	NIL

### Committee Memberships:

Name of The Company	Name of The Committee	Position Held
Kewal Kiran Clothing Limited	Remuneration Committee	Chairman
Kewal Kiran Clothing Limited	Shareholders and Investors Grievance Committee	Chairman
Kewal Kiran Clothing Limited	Audit Committee	#Chairman

# Mr. Nimish G. Pandya was appointed as the Chairman of the Audit Committee in the audit committee meeting held on 13th February 2013. Mr. Pandya ceased to be the Chairman of the Audit Committee w.e.f. 11th May 2013

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

Name of the Company	Board Position Held
Rhodia Specialty Chemicals India Limited	Director
Sunshield Chemicals Limited	Director
LIL Investments Limited	Director

### Committee Memberships:

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

Mr. Yogesh A. Thar was appointed as the Chairman of the Audit Committee w.e.f. 11th May 2013



# AUDITORS' CERTIFICATE

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

1. We have examined the compliance of conditions of Corporate Governance by Kewal Kiran Clothing Ltd. (the Company), for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the abovementioned clause of the Listing Agreement, to the extent applicable.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Sandeep Shah**  
Partner  
Membership No.37381  
Place: Mumbai  
Dated: 11th May 2013

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

**Satish Trivedi**  
Partner  
Membership No.38317  
Place: Mumbai  
Dated: 11th May 2013

## CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

I, Kewalchand P. Jain, Chairman & Managing Director of the Company, hereby declare that the company has adopted a Code of Conduct for its Board Members and Senior Management, at a meeting of the Board of Directors held on 14th January, 2006 and the Board Members and Senior Management have affirmed compliance with the said Code of Conduct for the financial year ended 31st March, 2013.

For and on behalf of the Board

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

Dated: 11th May 2013  
Place: Mumbai



# CHAIRMAN AND MANAGING DIRECTOR'S AND CHIEF FINANCIAL OFFICER'S CERTIFICATION

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

Dear Sirs,

Sub: Certificate for the financial year ended 31st March, 2013 pursuant to Clause 49 of the Listing Agreement

We certify the following:

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

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

**Shantilal Kothari**  
Chief Financial Officer



# INDEPENDENT AUDITORS' REPORT

To,  
The Members of  
Kewal Kiran Clothing Limited

## Report on the financial statements

We have audited the accompanying financial statements of KEWAL KIRAN CLOTHING LIMITED ('the Company') which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to financial statements (together referred to as financial statements).

## Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- b. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') and as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;
  - e. On the basis of the written representations received from the directors of the Company as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

### For N. A. Shah Associates

Chartered Accountants  
Firm Registration No: 116560W

### Sandeep Shah

Partner  
Membership No.37381  
Place: Mumbai  
Dated: 11th May 2013

### For Jain & Trivedi

Chartered Accountants  
Firm Registration No: 113496W

### Satish Trivedi

Partner  
Membership No.38317  
Place: Mumbai  
Dated: 11th May 2013

# ANNEXURE TO THE INDEPENDENT AUDITORS REPORT

for the year ended 31st March 2013

- (i) In respect of fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) Fixed assets have been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) In respect of inventories:
  - (a) The inventories have been physically verified by the management during the year at reasonable intervals. In case of inventories lying with the third parties confirmations are obtained on regular basis. In our opinion, the frequency of such verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) In respect of loans taken / granted:
  - (a) As informed the Company has not taken / granted any loan from / to companies, firms and other parties listed in the register maintained under section 301 of the Act.
  - (b) Since there are no loans given or availed, sub clauses (iii) {(b) to (g)} of the Order are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) In respect of register maintained under section 301 of the Act:
  - (a) In our opinion and according to the information and explanations given to us, the transactions pertaining to contracts and arrangements that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
  - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Act and aggregating during the year to ₹ 500,000/- or more in respect of each party were made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits as referred to in section 58 and 58AA of the Act. Hence clause (vi) of the Order is not applicable. We are informed that no order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Company have been commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of manufacturing of apparels and generation of electricity from wind power. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (ix) In respect of statutory dues:
- (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Custom Duty, Cess and any other statutory dues (as applicable to the Company) during the year with the appropriate authorities except few minor delays in payment of Income Tax Deducted at Source, Tax Collected at Source, Profession Tax, Wealth Tax, Service Tax and Excise Duty. According to the information and explanations given to us, there are no undisputed statutory dues outstanding at year end for a period of more than six months from the date they became payable.
  - (b) According to information and explanations given to us, there is no disputed Income Tax, Sales-tax, Custom Duty, Wealth Tax, Service Tax and Excise Duty as on 31st March 2013 which have not been deposited. In respect of Income Tax for the assessment year 2005-2006, the demand of ₹ 6,894,195 is disputed before ITAT. In earlier year, the Income Tax department had adjusted the above demand against income tax refund due to the Company in respect of other years. Considering the above the amount of unpaid disputed dues is Nil.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
  - (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank during the year. There are no borrowings from financial institutions / debenture holders.
  - (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, provisions of clause (xiii) of the Order relating to compliance with the provisions of special statute relevant to chit fund / nidhi / mutual benefit society are not applicable to the Company.
  - (xiv) The Company has maintained proper records of transactions and contracts in respect of investments in Mutual Funds / Shares and Securities and timely entry has been made therein. All the Investments made by the Company are in the name of the Company.
  - (xv) Based on the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
  - (xvi) Since the Company has not taken any term loan during the year nor any unutilised amounts were outstanding at the beginning of the year, the question of reporting whether the term loans are applied for the purpose for which they have been obtained does not arise.
  - (xvii) According to the information and explanations given to us and on the basis of an overall examination of the financial statements, the funds raised on short-term basis have not been used for long term investments.
  - (xviii) The Company has not made any preferential allotment of shares to parties, firms and companies covered in the register maintained under section 301 of the Act.
  - (xix) The Company has not issued any debentures and accordingly no securities needs to be created.
  - (xx) The Company has not raised any money through a public issue during the year. At the beginning of the year under our audit there were no unutilised amounts in respect of public issue made in the earlier years.
  - (xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the Company noticed or reported during the year, nor have we been informed of any such case by the management.

**For N. A. Shah Associates**

Chartered Accountants  
Firm Registration No: 116560W

**Sandeep Shah**

Partner  
Membership No.37381  
Place: Mumbai  
Dated: 11th May 2013

**For Jain & Trivedi**

Chartered Accountants  
Firm Registration No: 113496W

**Satish Trivedi**

Partner  
Membership No.38317  
Place: Mumbai  
Dated: 11th May 2013

# BALANCE SHEET

as at 31st March 2013

(Amount in ₹)

Particulars	Note	As At 31st March 2013	As At 31st March 2012
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	123,250,370	123,250,370
Reserves and Surplus	2.2	2,415,321,866	2,132,208,120
		<b>2,538,572,236</b>	<b>2,255,458,490</b>
<b>Non-Current Liabilities</b>			
Other Long-Term Liabilities	2.3	54,340,491	38,661,577
Long-Term Provisions	2.4	5,542,023	6,946,819
		<b>59,882,514</b>	<b>45,608,396</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	2.5	140,907,135	148,903,166
Trade Payables	2.6	227,411,678	157,817,077
Other Current Liabilities	2.7	111,607,402	77,967,781
Short-Term Provisions	2.8	165,909,178	144,211,328
		<b>645,835,393</b>	<b>528,899,352</b>
<b>TOTAL</b>		<b>3,244,290,143</b>	<b>2,829,966,238</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	2.9		
Tangible Assets		431,720,105	432,509,351
Intangible Assets		3,706,679	1,830,800
Tangible Capital Work in Progress		7,034,040	8,860,793
Non Current Investments	2.10	34,828,044	35,077,783
Deferred Tax Assets(Net)	2.11	20,294,011	17,275,564
Long-Term Loans and Advances	2.12	96,810,146	106,516,218
Other Non-Current Assets	2.13	9,638,815	10,945,938
		<b>604,031,840</b>	<b>613,016,447</b>
<b>Current Assets</b>			
Current Investments	2.14	1,181,337,724	280,692,911
Inventories	2.15	336,691,933	320,931,825
Trade Receivables	2.16	478,695,845	482,166,067
Cash & Bank Balances	2.17	607,653,104	1,013,224,549
Short-Term Loans & Advances	2.18	18,148,995	45,569,103
Other Current Assets	2.19	17,730,702	74,365,336
		<b>2,640,258,303</b>	<b>2,216,949,791</b>
<b>TOTAL</b>		<b>3,244,290,143</b>	<b>2,829,966,238</b>
Significant accounting policies and notes on accounts	1 & 2		

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

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

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

For and on behalf of the Board of Directors

**Sandeep Shah**  
Partner  
Membership No. : 37381

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

**Kewalchand P Jain**  
Chairman & Managing Director

**Vikas P Jain**  
Whole time Director

**Abhijit Warange**  
Company Secretary

Place: Mumbai  
Date: 11th May 2013

# STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	For the Year Ended 31st March 2013	For the Year Ended 31st March 2012
<b>INCOME</b>			
Revenue from Operations (Gross)	2.20	3,203,945,130	3,260,553,582
Less: Excise Duty		174,020,238	241,834,885
Revenue from Operations (Net)		3,029,924,892	3,018,718,697
Other Income	2.21	121,738,721	117,587,822
		<b>3,151,663,613</b>	<b>3,136,306,519</b>
<b>EXPENDITURE</b>			
(Increase) / Decrease in Stocks	2.22	5,838,710	(16,684,481)
Cost of Material Consumed	2.23	1,178,562,883	1,185,020,994
Purchase of Trading Items: Lifestyle Accessories/ Products		78,530,140	140,168,631
Personnel Cost	2.24	340,751,505	292,362,746
Manufacturing and Operating Expenses	2.25	238,284,442	235,896,741
Administrative and Other Expenses	2.26	167,474,950	155,459,616
Selling and Distribution Expenses	2.27	283,921,768	292,674,108
Finance Expenses	2.28	26,211,196	25,952,080
Depreciation/ Amortisation	2.9	59,375,659	62,309,584
		<b>2,378,951,253</b>	<b>2,373,160,018</b>
<b>Net Profit Before Tax</b>		<b>772,712,360</b>	<b>763,146,500</b>
<b>Provisions for Taxation</b>			
Current Tax		241,000,000	242,588,032
Deferred Tax		(3,018,447)	(849,541)
Short Provision for taxes of earlier years		558,059	-
<b>Net Profit for the Year</b>		<b>534,172,748</b>	<b>521,408,009</b>
Earnings Per Share - Basic and Diluted (Face Value of ₹ 10 each fully paid up)		43.34	42.30
Weighted average number of shares used in computing earnings per share -Basic and Diluted		12,325,037	12,325,037
Significant accounting policies and notes on accounts	1 & 2		

The notes referred to above form integral part of Statement of Profit and Loss  
As per our audit report of even date

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

**Sandeep Shah**  
Partner  
Membership No. : 37381

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

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

For and on behalf of the Board of Directors

**Kewalchand P Jain**  
Chairman & Managing Director

**Vikas P Jain**  
Whole time Director

**Abhijit Warange**  
Company Secretary

Place: Mumbai  
Date: 11th May 2013

# CASH FLOW STATEMENT

for the year ended 31st March 2013

Particulars	Amount (₹)	
	2012-2013	2011-2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Taxes as per Statement of Profit and Loss</b>	772,712,360	763,146,502
Adjustments for:		
Depreciation/ Amortisation	59,375,659	62,309,584
(Gain)/Loss on Sale of Fixed Assets /Fixed Asset discarded (Net)	2,100,870	(1,692,737)
(Gain)/Loss on Redemption of units of Mutual Fund (Net)	(27,648,006)	(9,162,660)
Sundry Balance (written back)/written off (Net)	1,322,091	(296,927)
Finance Expenses	24,187,681	21,193,540
Dividend Income	(20,710,597)	(10,967,160)
Provision/(Reversal of provision) for Doubtful Debts , Advances, Deposits and Investments	(815,083)	12,107,373
Exchange Loss on Foreign Currency Loan	-	1,351,433
Provision/(Reversal of provision) for Contingent Rent	(1,404,796)	(1,197,244)
Provision/(Reversal of provision) for Contingencies	300,000	1,200,000
Provision/(Reversal of provision) for Margin on Sales Return	540,297	3,161,684
Provision/ (Reversal of Provision) of Exchange Rate Fluctuation (Net)	(155,151)	(323,060)
Interest Income	(70,215,754)	(93,606,817)
	(33,122,789)	(15,922,991)
	739,589,571	747,223,511
<b>Changes in Assets and Liabilities</b>		
Trade Receivable and Other Assets	28,232,019	(246,074,898)
Inventories	(16,550,108)	42,866,963
Trade Payables, Liabilities and Provisions	138,859,018	69,094,447
	150,540,929	(134,113,488)
<b>Net Cash Inflow from Operating Activities</b>	890,130,500	613,110,023
Less: Income Tax paid (refer note 1 below)	(227,956,265)	(243,711,204)
<b>Net Cash Inflow/(outflow) from Operating Activities</b>	<b>662,174,235</b>	<b>369,398,819</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(63,324,359)	(79,888,445)
Sale of Fixed Assets	2,229,490	2,949,161
Purchase of Investments in Mutual Funds-FMP	(1,216,148,514)	(314,105,851)
Redemption of Investments in Mutual Funds-FMP (including Income tax of ₹ 1,753,632 (P.Y. ₹ Nil))	341,298,075	190,489,351
Bank Deposit offered as Security	(9,250,486)	(7,092,560)
Maturity of Bank Deposit offered as Security	6,867,064	4,912,904
Maturity of Deposit with NBFC	20,000,000	20,000,000
Dividend Income	20,710,597	10,967,160
Interest received on Bank Deposits/NBFC's	133,710,185	51,380,967
Less : Income Tax Paid	(22,781,501)	(16,673,124)
<b>Net Cash inflow /(Outflow) from Investing Activities</b>	<b>(786,689,449)</b>	<b>(137,060,437)</b>

# CASH FLOW STATEMENT

for the year ended 31st March 2013

Particulars	Amount (₹)	
	2012-2013	2011-2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Secured Foreign Currency Loan Taken	-	52,247,550
Secured Foreign Currency Loan Repaid	-	(52,247,550)
Realised Exchange Loss on Repayment of Foreign Currency Loan	-	(1,351,433)
Secured Loans - Working Capital Demand Loan (Net)	(7,996,031)	93,365,397
Interest and Finance Charges	(23,787,681)	(20,967,064)
Payment of Dividend (Including Dividend Tax)	(250,678,157)	(329,344,740)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(282,461,869)</b>	<b>(258,297,840)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(406,977,087)</b>	<b>(25,959,458)</b>
<b>CASH AND CASH EQUIVALENTS - OPENING (refer note 2.17)</b>	<b>1,006,639,498</b>	<b>1,032,259,341</b>
	<b>599,662,414</b>	<b>1,006,299,883</b>
<b>Effect of Exchange(Gain)/Loss on Cash and Cash Equivalents</b>	<b>(20,114)</b>	<b>(339,615)</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING (refer note 2.17)</b>	<b>599,682,528</b>	<b>1,006,639,498</b>

Significant accounting policies and notes on accounts  
The notes referred to above form integral part of Cash Flow Statement

Notes:

- The Aggregate Income Tax paid during the year is ₹ 252,591,398 (P.Y. ₹260,484,327).

As per our audit report of even date

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

**Sandeep Shah**  
Partner  
Membership No. : 37381

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

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

For and on behalf of the Board of Directors

**Kewalchand P Jain**  
Chairman & Managing Director

**Vikas P Jain**  
Whole time Director

**Abhijit Warange**  
Company Secretary

Place: Mumbai  
Date: 11th May 2013

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

## 1. SIGNIFICANT ACCOUNTING POLICIES:

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

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government, relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except 1.3 below and where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### 1.2. Presentation and Disclosure of Financial Statements:

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

Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current & non-current classification of assets and liabilities.

### 1.3. Change in Accounting Policy:

During the year, the Company has changed the following accounting policies;

- a) Computers purchased after 31st March 2012 are depreciated equally over the period of three years. Computers purchased prior to 1st April 2012 will continue to be depreciated on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- b) Deposits with banks under lien are not considered as Cash and Cash Equivalents.

### 1.4. Use of Estimates:

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

### 1.5. Fixed Assets:

#### a) Tangible Assets

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

#### b) Intangible Assets

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

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

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

## 1.6. Depreciation/Amortisation:

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

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

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

## 1.7. Impairment:

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

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its useful life

## 1.8. Investments:

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

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

## 1.9. Accounting for Interest in Joint Ventures :

### a) Incorporated Jointly Controlled Entities

- i. Income on investments in incorporated jointly controlled entities is recognised when the right to receive the same is established.
- ii. Investment in such joint ventures is carried at cost after providing for any diminution in value other than temporary in nature, if any.

## 1.10. Inventories:

- a) The inventories (including traded goods) are valued at lower of cost and net realisable value after providing for cost of obsolescence wherever considered necessary. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- b) The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition. Since the Company is in fashion industry with diverse designs/styles, the cost of inventory is determined on the basis of specific identification method (as the same is considered as more suitable).
- c) In case of work in progress and finished goods, the costs of conversion include costs directly related to the units of production and systematic allocation of fixed and variable production overheads. The cost of finished goods also includes excise duty wherever applicable.

## 1.11. Revenue Recognition:

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

## 1.12. Foreign Currency Transactions:

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- b) As at balance sheet date, foreign currency monetary items are translated at closing exchange rate. Foreign currency non-monetary items are carried at historical cost using exchange rate on the date of transaction.

- c) Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise except to the extent exchange differences are regarded as an adjustment to interest cost and treated in accordance with Accounting Standard 16- Borrowing Cost.

### 1.13. Borrowing Costs:

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

### 1.14. Employees' Benefits:

#### a) Short term employee benefit

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

#### b) Post-employment benefits

##### i) Defined contribution plan

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

##### ii) Defined benefit plan

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

As per the Company's policy, employees who have completed specified years of service are eligible for death benefit plan wherein defined amount would be paid to the survivors of the employee on the death of the employee whilst in service with the Company. To fulfill the Company's obligation for the abovementioned plan, the Company has taken group term policy from an insurance company. The annual premium for insurance cover is recognised in Statement of Profit and Loss.

### 1.15. Operating Lease:

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

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

### 1.16. Taxes on Income:

- a) Tax expenses for the year comprise of current tax, deferred tax charge or credit and adjustments of taxes for earlier years.

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

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

### 1.17. Cash and Cash Equivalents:

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

### 1.18. Cash Flow Statement:

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

### 1.19. Provisions and Contingent Liabilities:

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

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

### 1.20. Earnings per Share:

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

Diluted earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 1.21. Segment Reporting

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

## 2. NOTES ON ACCOUNTS:

(Amount in ₹)			
Particulars	Note	As at 31st March 2013	As at 31st March 2012
<b>SHARE CAPITAL</b>	2.1		
<b>Authorised Capital</b>		200,000,000	200,000,000
20,000,000 (P.Y. 20,000,000) Equity shares of ₹10 each			
<b>Issued, subscribed and Paid up :</b>			
12,325,037 (P.Y. 12,325,037) Equity shares of ₹10 each, fully paid up		123,250,370	123,250,370
		<b>123,250,370</b>	<b>123,250,370</b>
The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.	2.1.1		
Reconciliation of the shares outstanding at the beginning and at the end of the year	2.1.2		

Particulars	Note	31st March 2013		31st March 2012	
		No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year		12,325,037	123,250,370	12,325,037	123,250,370
Shares issued during the year		-	-	-	-
Shares bought back during the year		-	-	-	-
Shares outstanding at the end of the year		12,325,037	123,250,370	12,325,037	123,250,370
Details of the shareholders holding more than 5% shares in the Company	2.1.3	-	-	-	-

Name of Shareholder	Note	As at 31st March 2013		As at 31st March 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Shantaben P. Jain j/w Kewalchand P. Jain j/w Hemant P. Jain (equity shares held in their capacity as trustees/beneficiaries of P.K.Jain Family Holding Trust)		6,153,000	49.92	6,153,000	49.92
Mr. Dinesh P Jain includes 99,401 (P.Y.98,400) shares jointly held with Mrs Sangeeta D. Jain		726,651	5.90	725,650	5.89
Mr.Vikas P Jain includes 90,836 (P.Y.89,836) shares jointly held with Mrs. Kesar V. Jain		718,086	5.83	717,086	5.82
Mr. Hemant P Jain includes 77,400 (P.Y.75,900) shares jointly held with Mrs Lata H. Jain		688,650	5.59	687,150	5.58
Mr. Kewalchand P Jain includes 76,661 (P.Y.74,161) shares jointly held with Mrs Veena K. Jain		687,911	5.58	685,411	5.56
Nalanda India Fund Limited		1,200,000	9.74	1,200,000	9.74
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders (After due adjustment in case shares are not fully paid up.)	2.1.4				

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
<b>RESERVES AND SURPLUS</b>			
<b>Securities Premium Reserve</b>	2.2	842,676,986	842,676,986
(As per Last Balance Sheet)			
<b>General Reserve</b>			
Opening Balance		197,648,358	145,507,557
Add: Amount transferred from Balance in the Statement of Profit and Loss		53,417,275	52,140,801
		251,065,633	197,648,358
<b>Balance in Statement of Profit and Loss</b>			
Opening balance		1,091,882,776	866,131,491
Add: Net profit after tax transferred from Statement of Profit and Loss		534,172,748	521,408,011
Amount retransferred from Business Progressive Fund		-	-
		1,626,055,524	1,387,539,502
<b>Less: Appropriations</b>			
Proposed Dividend		12,325,037	49,300,148
Interim Dividend		203,363,111	160,225,481
Tax on Proposed Dividend		2,094,640	7,997,717
Tax on Interim Dividend		33,276,213	25,992,579
Transfer to Business Progressive Fund		100,000,000	-
Transfer to General Reserve		53,417,275	52,140,801
		1,221,579,248	1,091,882,776
<b>Business Progressive Fund</b>			
Opening Balance		-	-
Add: Amount transferred from Balance in the Statement of Profit and Loss		100,000,000	-
Loss		-	-
Less: Amount retransferred to Balance in Statement of Profit and Loss		-	-
		100,000,000	-
		<b>2,415,321,866</b>	<b>2,132,208,120</b>

The Board of Directors have recommended a payment of final dividend of ₹1 per equity share of ₹ 10/- each for the financial year ended 31st March 2013. The Payment is subject to the approval of shareholders at the Annual General Meeting of the Company.

"The Company has created "Business Progressive Fund" by appropriating a sum of ₹ 10 Crores out of its profits during the year to maintain normal growth in sluggish market conditions and support superior growth for long term. The said fund shall be for the purpose of launching & promoting new products, advertisement campaigns, promotional schemes and initial support to master stockiest and franchisees for development of retail business, reinforce existing channels of sales etc. The amount of fund is specifically earmarked and invested in liquid mutual funds or any other safe and highly liquid investments. The Company has made adequate provisions in accordance with Accounting Standard (AS) -29 in normal course of business. AS-29 does not permit providing for expenses where present obligation does not exist or there is no fixed commitment.

Accordingly the Company has opted to create Business Progressive Fund. Further addition to the aforesaid fund shall be reviewed from time to time considering business environment and conditions and the income accrued from the fund. Any accretion to the investment shall be credited to Statement of Profit and Loss.

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
<b>OTHER LONG-TERM LIABILITIES</b>			
<b>Other Liabilities</b>			
Security Deposits		54,340,491	38,661,577
		<b>54,340,491</b>	<b>38,661,577</b>
<b>LONG TERM PROVISIONS</b>			
Other Long Term Provisions	2.4	5,542,023	6,946,819
		<b>5,542,023</b>	<b>6,946,819</b>
<b>SHORT TERM BORROWINGS</b>			
<b>Secured Loan</b>			
<b>a) Repayable on demand</b>			
Working Capital Loans from Bank (Secured by pari-passu first charge on Stock and Trade Receivables)		140,907,135	148,903,166
		<b>140,907,135</b>	<b>148,903,166</b>
<b>TRADE PAYABLE</b>			
<b>a) Micro and Small Enterprises</b>			
Materials		3,473,610	123,927
<b>b) Other than Micro and Small Enterprises</b>			
Materials		158,405,812	97,124,210
Expenses		65,532,256	60,568,940
		<b>227,411,678</b>	<b>157,817,077</b>
Disclosure U/s 22 of Micro, Small and Medium Enterprises Development Act, 2006	2.6.1		
a) Principal amount remaining unpaid to suppliers		3,473,610	123,927
b) Principal amount paid beyond due date		-	-
c) Amount of Interest paid u/s 16		3,178	3,501
d) Amount of Interest due and remaining unpaid		-	3,178
e) Amount of Interest accrued and remaining unpaid		-	-
f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the above Act.		-	-
Above information is disclosed to the extent available with the Company			
<b>OTHER CURRENT LIABILITIES</b>			
Unclaimed Share Application Money to be refunded	2.7	97,200	111,325
Unclaimed Dividend		403,312	265,771
Security Deposits		7,944,559	8,734,365
Others Payable			
Capital Goods (refer note 2.6.1)		3,473,059	3,439,011
Salary and Wages payable		41,126,597	31,146,596
Employee Benefits		10,319,334	4,306,434
Statutory Liabilities		4,399,641	3,904,640
Advance from Customers		43,843,701	26,059,639
		<b>111,607,402</b>	<b>77,967,781</b>
<b>SHORT TERM PROVISIONS</b>			
Provisions for Dividend & Dividend Distribution Tax	2.8	57,678,708	57,297,865
Provision for Margin on Sales Return (refer note 2.45)		3,701,981	3,161,684
Provision for Expenses and Contingencies (refer note 2.45)		104,528,489	83,751,780
		<b>165,909,178</b>	<b>144,211,328</b>

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

## FIXED ASSETS 2.9:

Sr. No.	Description of the Block of Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
		As at 01/04/2012	Additions	Deductions/ Discarded	As at 31/3/2013	As at 01/04/2012	Depreciation	Deductions	As at 31/3/2013	As at 31/03/2012
<b>Tangible Assets</b>										
1	Free Hold Land	10,437,168	2,500,000	-	12,937,168	-	-	-	12,937,168	10,437,168
2	Leasehold Land	19,061,883	-	-	19,061,883	1,097,763	242,640	-	1,340,403	17,721,480
3	Building	348,861,742	33,205,237	-	382,066,979	106,612,574	18,535,038	-	125,147,612	256,919,368
4	Furnitures & Fixtures	101,966,832	1,226,821	11,538,102	91,655,551	76,817,332	9,355,860	9,452,855	76,720,338	14,935,213
5	Plant and Machinery	200,385,171	18,035,992	6,641,763	211,779,401	83,661,959	22,669,428	4,786,127	101,545,261	110,234,140
6	Computer	23,496,445	2,165,911	682,177	24,980,179	16,656,022	4,275,704	633,868	20,297,858	4,682,321
7	Office Equipment	20,785,600	3,342,072	-	24,127,672	13,221,364	2,564,753	-	15,786,117	8,341,555
8	Vehicles	14,767,437	2,319,808	2,664,887	14,422,358	9,185,916	1,611,304	2,323,720	8,473,500	5,948,858
<b>Intangible Assets</b>										
9	Software	5,016,702	1,996,811	-	7,013,513	3,185,902	120,932	-	3,306,834	3,706,679
	<b>TOTAL</b>	744,778,981	64,792,652	21,526,929	788,044,704	310,438,832	59,375,659	17,196,570	352,617,922	435,426,784
	Previous Year	672,626,661	92,169,730	20,017,411	744,778,981	266,890,233	62,309,584	18,760,987	310,438,832	434,340,151

2.9.1 The Company has given part of the premises along with amenities under operating lease. The gross carrying amount, accumulated depreciation at the balance sheet date and depreciation recognised in Statement of Profit and Loss for the year of said premises is ₹ 15,990,000, ₹ 4,791,388, and ₹ 589,400 respectively (P.Y. ₹ 15,990,000, ₹ 4,201,998, and ₹ 620,421).

2.9.2 Building includes ₹ 1,400,000 (P.Y. ₹ 1,400,000) being the value of 14,000 (P.Y. 14,000) share of ₹ 100 each in Synthofine estate

2.9.3 Balance useful life of software (Tukacad Professional Edition software) as at year end 21 months (P.Y. 33 Months)

(Amount in ₹)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
<b>NON CURRENT INVESTMENTS</b>			
<b>Long Term Investments</b>			
<b>a) Trade Investments (Unquoted)</b>			
Investment in Joint Venture White Knitwear Private Limited			
<b>In Equity Shares</b>			
330,000 (P.Y. 330,000) Shares of face value ₹ 10 each, fully paid up.		3,300,000	3,300,000
<b>In Preference Shares</b>			
3,125,000 (P.Y. 3,125,000) 9% Cumulative Redeemable Preference Shares of face value of ₹10 each fully paid up.		31,250,000	31,250,000
<b>b) Other than Trade Investments (Quoted)</b>			
<b>In Equity Shares</b>			
4,512 (P.Y. 4,512) Reliance Power Limited Shares of face value ₹ 10 each fully paid up.		1,269,000	1,269,000
5 (P.Y. 1) Mahindra & Mahindra Financial Services Limited Share of face value ₹ 2 (P.Y. ₹ 10) each fully paid up.		330	330
Less: Provision for Diminution in value of Investment(Quoted)		(991,286)	(741,547)
		<b>34,828,044</b>	<b>35,077,783</b>
Aggregate Cost (Net of Provisions)			
- Quoted		278,044	527,783
- Unquoted		34,550,000	34,550,000
Aggregate Market / Net asset Value			
- Quoted		278,684	527,783
Aggregate Provision for diminution		991,286	741,547

The Company had invested in aggregate ₹ 34,550,000 (P.Y. ₹ 34,550,000) in Joint Venture "White Knitwear Private Limited" (WKPL). The WKPL had acquired land in Surat Special Economic Zone (SEZ) and constructed factory building for setting up of manufacturing unit for production of knitwear apparels for exports. However due to slowdown in International market, SEZ could not take off and most of the members of SEZ shelved their projects and approached to Gujarat Industrial Development Corporation (GIDC) and state and central government for de-notification of SEZ.

Gujarat Industrial Development Corporation vide its circular No. GIDC/CIR/Distribution/Policy /13/05 dated 14.03.2013 has de-notified the SEZ and conceded the members to convert and use the erstwhile land in SEZ as Domestic Tariff Area (DTA) subject to fulfillment of conditions stated therein. WKPL vide its letter dated 04.04.13 has consented for de-notification of its plot of Land and undertaken to complete the formal procedure for the same.

Post de-notification joint venture partners shall dispose of the Company/land and building and realise the proceeds to return it to joint venture partners.

No provision for diminution in the value of investment is considered necessary for the year ended March 2013 in view of the value of underlying assets base of joint venture. However, the Company had made a provision for its share of loss in joint venture of ₹ 4,900,000 (P.Y. ₹ 4,900,000) and provision is grouped under 'Other long term provisions'. (Refer Note 2.4).

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
<b>DEFERRED TAX</b>	2.11		
<b>Deferred Tax Assets:</b>			
Share Issue Expenses		2,739,627	5,230,196
Various Items including Provision for Assets and Others		16,802,007	11,733,863
Depreciation		752,377	311,504
<b>Deferred Tax Liability</b>		-	-
<b>Net Deferred Tax Asset/(Liabilities)</b>		<b>20,294,011</b>	<b>17,275,564</b>
Tax effect of share issue expenses eligible for the Income tax deduction, under section 35D, credited to securities premium reserve account	2.11.1		
Deferred tax asset is recognised only on those timing differences, which reverse in the post tax free period, as Company enjoys exemption under section 80-IA of Income Tax Act, 1961 in respect of revenue generated from Wind Turbine Generator.	2.11.2		
<b>LONG-TERM LOANS &amp; ADVANCES</b>	2.12		
(Unsecured considered good)			
Deposits (Net of Provision of ₹ 905,798 (P.Y. ₹ 151,000))		53,668,794	74,681,494
Capital Advances		4,288,834	3,896,329
Loan to Employees		1,175,131	1,513,297
Rent Deposits to Related Parties		783,000	783,000
Advance Tax / Tax deducted at source (Net of Provision)		36,442,378	25,409,038
Advance FBT (Net of Provision)		42,747	42,747
Prepaid Expenses		409,262	190,313
		<b>96,810,146</b>	<b>106,516,218</b>
<b>OTHER NON CURRENT ASSETS</b>	2.13		
Customer Security Deposits		5,944,906	5,944,906
Bank Deposits offered as Security		3,371,027	2,249,718
Interest receivables on Bank Deposits & NBFC's		322,882	2,751,314
		<b>9,638,815</b>	<b>10,945,938</b>
<b>CURRENT INVESTMENTS</b>	2.14		
<b>Investment in unquoted Mutual Funds</b>			
<b>In units of Fixed Maturity Plans (FMP's) of ₹ 10/- each fully paid up</b>			
Birla Sunlife Fixed Term Plan - Series FM-Growth [Units: 2,080,277 (P.Y. NIL )]		20,802,770	-
Birla Sunlife Fixed Term Plan - Series FS-Growth [Units: 3,330,210 (P.Y. NIL)]		33,302,100	-
Birla Sunlife Interval Income Fund-Annual Plan 2-Growth [Units: 10,000,000 (P.Y. NIL )]		100,000,000	-
HDFC FMP 370D - Growth Series 22 [Units: 1,035,374 (P.Y. NIL )]		10,353,740	-
HDFC FMP 371D - Growth Series 22 [Units: 3,800,000 (P.Y. NIL )]		38,000,000	-
HDFC FMP 372D - Growth Series 23		55,002,720	-

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
[Units: 5,500,272 (P.Y. NIL )]			
HDFC FMP 372D - Growth Series 23		100,000,000	-
[Units: 10,000,000 (P.Y. NIL )]			
IDFC Yearly Series Interval Fund - Series 1 - Growth		152,499,707	-
[Units: 15,279,970.718 (P.Y. NIL )]			
Kotak FMP Series 88 - Growth		3,291,080	-
[Units: 329,108 (P.Y. NIL )]			
Reliance Yearly Interval Fund - Series 4 - Growth		45,000,000	-
[Units: 4,500,000 (P.Y. NIL )]			
DSP Blackrock FMP Series 64-12 Month - Growth		10,973,478	-
[Units: 1,097,347.771 (P.Y. NIL )]			
Kotak FMP Series 46 - Growth		-	2,992,820
[Units: NIL (P.Y. 299,282)]			
Birla Sunlife Short Term FMP Series 23		-	20,790,150
[Units: NIL (P.Y. 2,079,015 )]			
DSP Blackrock FMP S6-12 Month		-	10,025,927
[Units: NIL (P.Y. 1,002,592.700 )]			
Birla Sunlife Fixed Term Plan Series DE Growth		-	30,364,080
[Units: NIL (P.Y. 3,036,408 )]			
Birla Sunlife Fixed Term Plan Series EM Growth		-	11,196,930
[Units: NIL (P.Y. 1,119,693 )]			
Birla sunlife FMP-series EE growth		-	85,066,970
[Units: NIL (P.Y. 8,506,697 )]			
HDFC FMP 370D (3)		-	50,048,430
[Units: NIL (P.Y. 5,004,843 )]			
ICICI FMP Series 61		-	10,000,000
[Units: NIL (P.Y. 1,000,000 )]			
IDFC Fixed Maturity plan Yr 61 growth		-	25,018,384
[Units: NIL (P.Y. 2,501,838.40 )]			
DWS FMP Series 5 Growth		-	25,000,000
[Units: NIL (P.Y. 2,500,000 )]			
Axis Fixed Term Plan -Series 21 Growth		10,189,220	10,189,220
[Units: 1,018,922 (P.Y. 1,018,922 )]			
<b>In the units of Income Funds of ₹ 10/- each fully paid</b>			
HDFC Income Fund - Growth		150,000,000	-
[Units: 5,609,044.817 (P.Y. : NIL )]			
SBI Magnum Income Fund - Growth		150,000,000	-
[Units: 5,213,093.902 (P.Y. : NIL )]			
Birla Sunlife Income Plus - Growth		150,000,000	-
[Units: 2,856,985.042 (P.Y. NIL )]			
Birla Sunlife Floating Rate Fund - Long Term - Growth		95,460,642	-
[Units: 688,309.861 (P.Y. NIL )]			

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
Birla Sunlife Short Term Fund - Growth [Units: 1,300,557.345 (P.Y. NIL)]		56,462,266	-
		<b>1,181,337,724</b>	<b>280,692,911</b>
Aggregate Cost		1,181,337,724	280,692,911
Aggregate Market / Net asset Value		1,201,793,988	287,070,744
Aggregate Provision for diminution		-	-
<b>INVENTORIES</b>	2.15		
Finished goods		124,238,105	162,161,735
Work-in-Progress		145,755,004	118,025,722
Raw material		43,949,619	14,477,505
Traded goods		5,607,279	15,069,592
Packing material & accessories		11,814,766	6,458,781
Stores, chemicals and consumables		5,327,160	4,738,490
		<b>336,691,933</b>	<b>320,931,825</b>
<b>TRADE RECEIVABLES</b>	2.16		
a) Debtors (Secured against Customer Security Deposit)			
i) Over Six Months from the date they are due for Payment		1,137,709	1,341,347
ii) Others		31,832,216	20,889,935
		32,969,925	22,231,282
b) Debtors (Unsecured)			
i) Over Six Months from the date they are due for Payment			
a) Considered Good		19,882,381	29,458,415
b) Doubtful		4,985,087	8,262,680
ii) Others			
a) Considered Good		425,843,540	430,476,370
b) Doubtful		5,414,913	4,746,940
		456,125,921	472,944,405
Debtors considered good includes :	2.16.1		
(1) ₹ 86,504,375 P.Y.(₹ 60,752,743) where Company hold the bank guarantee.			
(2) ₹ 783,495 (P.Y. ₹ 553,694) receivable from related parties.			
Less : Provision for Doubtful Debts		10,400,000	13,009,620
		<b>478,695,845</b>	<b>482,166,067</b>
<b>CASH &amp; BANK BALANCES</b>	2.17		
<b>Cash &amp; Cash Equivalents</b>			
Cash on Hand		1,509,956	2,026,537
<b>Balances with Banks :-</b>			
In Current Accounts		9,003,877	7,759,314
In EEFC Account [USD 318,630] (P.Y. USD 208,061)		17,327,110	10,642,331
In Bank Deposits		88,332,000	707,714,223
In Bank Deposits with more than 12 months maturity		109,140,569	67,857,000
Bank Deposits includes ₹ 197,472,569 (P.Y. ₹ 775,571,223) having a maturity period exceeding three months and which are readily convertible into known amounts of cash.	2.17.1		

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
Liquid Mutual Funds (As per details given below in note 2.17.2)		374,369,015	210,640,094
		599,682,527	1,006,639,499
<b>Other Bank Balances</b>			
In Public Issue Escrow Accounts		97,20 0	111,325
In Unclaimed Dividend Accounts		403,312	265,771
In Bank Deposits offered as Security		7,470,067	6,207,954
		7,970,578	6,585,049
		<b>607,653,104</b>	<b>1,013,224,549</b>
Details of Current Investments in Liquid Mutual Funds(Unquoted) as given below:	2.17.2		
<b>a) Face Value of ₹ 10/- each fully paid up</b>			
Birla Sunlife Dynamic Bond Fund-Retail Growth [Units: 733,997.66 (P.Y. 733,997.66 )]		13,117,125	13,117,125
HDFC Cash Management Treasury Advantage Plan -Daily Dividend [Units: NIL (P.Y. 1,019,314.50 )]		-	10,225,254
Templeton India Low Duration Fund - Monthly Dividend [Units: NIL (P.Y. 4,714,073.14 )]		-	48,603,847
HDFC Cash Management savings Plan Collection - Growth [Units: 288,549.785 (P.Y. 2,481,283.301 )]		7,063,554	55,234,607
HDFC Floating Rate Income Fund - STP - Growth [Units: 527,610.109 (P.Y. NIL )]		10,559,800	-
<b>TOTAL (A)</b>		<b>30,740,480</b>	<b>127,180,833</b>
<b>b) Face Value of ₹ 100/- each fully paid up</b>			
Birla Sunlife Savings Fund-Daily Dividend [Units: NIL (P.Y. 317,455.83 )]		-	31,767,169
ICICI Prudential Flexible Income Plan - Daily Dividend [Units: NIL (P.Y. 58,704.43 )]		-	6,207,113
ICICI Prudential Liquid Fund - Daily Dividend [Units: 201,246.406 (P.Y. NIL )]		20,129,189	-
ICICI Prudential Flexible Income Plan - Growth [Units: 98,278.687 (P.Y. NIL )]		21,519,386	-
Birla Sunlife Cash Plus - Daily Div [Units: 518,742.663 (P.Y. Nil )]		51,975,421	-
<b>TOTAL (B)</b>		<b>93,623,996</b>	<b>37,974,283</b>
<b>c) Face Value of ₹ 1,000/- each fully paid up</b>			
Tata Floater Fund Plan A - Daily Dividend [Units: 51,265.218 (P.Y. NIL )]		51,447,773	-
UTI Floating Rate Fund - STP - Growth [Units: 62,713.834 (P.Y. NIL )]		117,500,000	-
Axis Treasury Advantage Fund - Growth [Units: 39,012.902 (P.Y. NIL )]		50,562,367	-
Reliance Money Manager Fund-Growth [Units: NIL (P.Y. 15,522.99 )]		-	22,592,963
IDFC Cash Fund - Growth [Units: NIL (P.Y. 12,052.52 )]		-	22,892,016
Reliance Liquid Fund Treasury Plan - Growth [Units: 10,678.571 (P.Y. NIL )]		30,494,399	-
<b>TOTAL (C)</b>		<b>250,004,540</b>	<b>45,484,979</b>

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
Aggregate Cost		374,369,015	210,640,094
Aggregate Market / Net asset Value		376,944,099	211,843,615
Aggregate Provision for diminution		-	-
<b>SHORT TERM LOANS &amp; ADVANCES</b>	2.18		
(Unsecured, Considered Good)			
Advance to Employee		328,776	165,767
Loans to Employee		1,385,169	1,266,031
Deposits with NBFC's		-	20,000,000
Deposits		653,998	520,068
Advance to Suppliers		12,390,629	14,770,594
Prepaid Expenses		2,679,349	3,812,830
Other Assets		711,075	5,033,813
		<b>18,148,996</b>	<b>45,569,103</b>
<b>OTHER CURRENT ASSETS</b>	2.19		
Interest receivables on Bank Deposits & NBFC's		11,850,746	72,916,745
Duty Drawback Receivable		5,879,956	1,448,591
		<b>17,730,702</b>	<b>74,365,336</b>

(Amount in ₹)

	<b>For the Year Ended 31st March 2013</b>	For the Year Ended 31st March 2012
<b>REVENUE FROM OPERATIONS</b>	2.20	
<b>A. Sales Income</b>		
Sales of Apparel and Lifestyle Accessories/products	3,178,243,818	3,243,141,886
Less : Excise Duty	174,020,238	241,834,885
	3,004,223,580	3,001,307,001
Sale of Power	950,076	368,429
	<b>3,005,173,656</b>	<b>3,001,675,430</b>
<b>B. Other Operating Income</b>		
Service Income	5,177,577	6,001,700
Export Incentives	11,971,986	7,602,993
Miscellaneous Operating Income	5,081,791	1,756,996
Insurance Premium Recovered (Net of Expenses)	944,763	-
Rent Income	1,575,119	1,681,578
	<b>24,751,236</b>	<b>17,043,267</b>
<b>Total Revenue from Operations</b>	<b>3,029,924,892</b>	<b>3,018,718,698</b>
<b>OTHER INCOME</b>	2.21	
Interest on Bank Deposits & NBFC's	69,840,152	93,606,817
Income from Current Investments and Liquid Mutual Funds:		
Dividend Income	20,710,597	10,967,160
Gain on redemption of investments (Net)	27,648,006	9,162,660
Exchange Rate Fluctuation (Net)	3,539,966	2,158,448
Profit on Sale of Tangible Fixed Assets (Net)	-	1,692,737
	<b>121,738,721</b>	<b>117,587,822</b>
<b>(INCREASE) / DECREASE IN STOCKS</b>	2.22	
<b>Opening stock</b>		
Work - in- Progress	118,025,722	118,063,711
Finished goods and traded goods	177,231,327	165,386,506
	295,257,049	283,450,217
<b>Closing Stock</b>		
Work - in- Progress	145,755,004	118,025,722
Finished goods and traded goods	128,421,627	177,231,327
	274,176,631	295,257,049
Add/(Less): Variation in Excise Duty on Opening and Closing Stock of finished goods and traded goods	15,241,708	4,877,649
(Increase)/Decrease in Stock	<b>5,838,710</b>	<b>(16,684,481)</b>
<b>COST OF MATERIAL CONSUMED</b>	2.23	
a. Raw Material Consumed:		
Opening stock	14,477,505	69,810,982
Add: Purchases	836,981,522	717,602,313
	851,459,027	787,413,295
Less: Sale of raw material	3,995,924	491,965
Less: Closing stock	43,949,619	14,477,505
	803,513,484	772,443,825
b. Semi-Finished Goods	179,455,609	232,586,145
c. Packing Material, Accessories and others	148,701,215	141,023,075
d. Stores, Chemicals and Consumables	46,892,574	38,967,949
	<b>1,178,562,883</b>	<b>1,185,020,994</b>

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	For the Year Ended 31st March 2013	For the Year Ended 31st March 2012
<b>PERSONNEL COST</b>	2.24		
Salary, Wages and Allowances		288,967,665	253,205,664
Contribution to Provident and other Funds		23,041,857	20,205,502
Bonus and Ex-gratia		6,859,603	5,955,950
Gratuity (refer note 2.39a)		9,967,333	3,539,646
Leave Benefits (refer note 2.39b)		6,450,385	3,558,383
Staff Welfare		5,464,662	5,897,601
		<b>340,751,505</b>	<b>292,362,746</b>
<b>MANUFACTURING AND OPERATING EXPENSES</b>	2.25		
Embroidery expenses		13,639,098	18,790,035
Electricity expenses (Net of credit received from Windmill of ₹ 5,282,032 (P.Y. ₹ 6,096,502))		12,635,281	9,804,123
Factory Rent		2,344,998	2,346,264
General factory expenses		4,381,313	6,127,548
Processing charges		132,454,202	145,420,517
Fuel expenses		42,294,789	29,848,949
Water Charges		4,160,789	4,079,328
Waste Disposal Charges		2,808,750	2,434,854
Repairs & Maintenance		22,383,306	16,045,539
Wind Turbine expenses		1,181,915	999,584
		<b>238,284,442</b>	<b>235,896,741</b>
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>	2.26		
Rent, Rates and Taxes (Including provision for contingency ₹ 6,050,000 (P.Y. Nil) (refer note 2.45))		29,068,687	29,218,534
Communication expenses		7,593,891	7,465,935
Insurance Premium(net of recoveries)		-	1,461,209
Legal and Professional fees		31,273,387	21,762,499
Consultancy Fees		15,000,894	15,880,321
Printing and Stationery		4,817,705	4,431,825
Donations		17,452,183	7,522,518
Vehicle expenses		2,844,871	5,174,996
Auditors Remuneration		4,155,065	2,689,698
Conveyance & Travelling expenses		2,663,411	8,046,497
Electricity Expenses		12,629,768	10,826,098
Repairs & Maintenance		17,288,587	13,554,077
Directors Sitting Fees		460,000	600,000
Provision for Diminution in value of investments		249,739	57,753
General office expenses		20,425,374	16,247,656
Bad Debts		2,060,139	2,810,380
Less: Provision for Doubtful Debts		(2,060,139)	-
Provision for Doubtful debts		(549,481)	7,709,620
Loss on Sale/discard of Fixed Assets (Net)		2,100,870	-
		<b>167,474,950</b>	<b>155,459,616</b>

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	For the Year Ended 31st March 2013	For the Year Ended 31st March 2012
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>			
	2.27		
Commission on Sales		7,323,709	12,708,343
Discount and Incentive on Sales		105,634,886	76,377,483
Octroi, clearing and forwarding charges on Sales		15,531,014	15,247,218
Tour and Travelling expenses (Net of recoveries)		21,716,754	24,345,256
Advertisement and Publicity expenses (Net of recoveries)		122,746,186	147,492,906
Sales Promotion expenses (Net of recoveries)		10,128,922	12,141,217
Provision for Margin on Sales Return		540,297	3,161,684
Provision for Contingencies		300,000	1,200,000
		<b>283,921,768</b>	<b>292,674,108</b>
<b>FINANCE EXPENSES</b>			
	2.28		
Bank charges		1,371,231	1,693,236
Exchange Rate Fluctuation on Loan		-	1,815,462
Finance charges		11,450,125	12,183,471
Interest on Working Capital Loan		13,316,248	9,189,617
Other Interest		73,592	1,070,294
		<b>26,211,196</b>	<b>25,952,080</b>
<b>AGGREGATE EXPENSES</b>			
	2.29		
Rent Including Common Area Maintenance Charges		18,764,318	27,114,246
Electricity Expenses(net of credit received from windmill)		24,379,039	19,951,808
Repair & Maintenance (Building)		34,941,840	23,280,520
Repair & Maintenance (Machinery)		8,950,918	10,183,528
Insurance Premium(net of recoveries)		(934,775)	1,470,409
Rates & Taxes		6,417,745	3,548,117
Provision for contingencies (net)		6,350,000	1,200,000
<b>AUDITORS REMUNERATION</b>			
As Auditors [current year figures are including service tax]	2.30	2,574,066	1,750,000
For Taxation matters		770,000	330,000
For Others matters		711,000	600,000
For Reimbursement of Expenses		100,000	9,698
		<b>4,155,066</b>	<b>2,689,698</b>
<b>C.I.F.VALUE OF IMPORTS</b>			
	2.31		
Capital goods		3,550,205	1,377,415
Components and spare parts		23,226	5,723,796
Apparel & Life style accessories/product		26,384,824	40,386,616
Consumable goods		-	1,087,289
		<b>29,958,255</b>	<b>48,575,116</b>

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note	For the Year Ended 31st March 2013	For the Year Ended 31st March 2012
<b>EXPENDITURE IN FOREIGN CURRENCIES</b>			
	2.32		
Travelling expenses		1,309,300	3,118,804
Interest on bank loan		-	114,414
Advertisement expenses		3,333,132	7,199,707
Legal expenses		149,440	807,332
Bank charges		1,142,120	1,427,146
Others		-	262,702
		<b>5,933,992</b>	<b>12,930,105</b>
The amounts mentioned above are net of Tax Deducted at source, if any.			
<b>EARNINGS IN FOREIGN CURRENCIES</b>			
	2.33		
Export of goods (F.O.B. value)		174,337,246	117,381,000
<b>TOTAL</b>		<b>174,337,246</b>	<b>117,381,000</b>
<b>INDIGENOUS AND IMPORTED CONSUMPTION</b>			
	2.34		
Indigenous (97.30% (P.Y. 94.98% ) of total consumption)		1,146,774,496	1,125,966,325
Imported (2.70% (P.Y. 5.02% ) of total consumption)		31,788,387	59,546,633
<b>TOTAL</b>		<b>1,178,562,883</b>	<b>1,185,512,958</b>

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

Particulars	Measure	31st March 2013		31st March 2012	
		Qty	₹	Qty	₹
<b>DETAILS OF MATERIAL CONSUMED</b>	2.35				
<b>Material</b>					
Woven Fabric	Mtrs	5,449,687	804,116,293	4,600,297	772,318,238
Knitted Fabric	Kgs	293	115,253	288	125,587
Semi-finished	Pcs	428,988	179,455,609	608,530	232,586,145
Packing material	**	**	57,251,615	**	47,766,398
Accessories	**	**	91,449,600	**	93,256,677
Stores, chemicals and consumables	**	**	46,174,513	**	38,967,949
<b>TOTAL</b>			<b>1,178,562,883</b>		<b>1,185,020,994</b>

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

Quantitative and Other Details 2.36

## PARTICULARS OF FINISHED PRODUCTS

Particulars	(Qty in Units)							
	Opening Stock		Production		Sales/Captive Consumption		Closing Stock	
	Qty	₹	Qty	₹	Qty	₹	Qty	₹
Apparel	375,496	162,161,735	3,482,718	-	3,584,373	2,886,416,609	273,841	124,238,105
	(372,447)	(149,403,899)	(3,779,927)		(3,776,878)	2,804,088,022	(375,496)	(162,161,735)
Power Generation	-	-	1,212,048	-	1,212,048	6,232,108	-	-
	-	-	(1,236,088)		(1,236,088)	(6,464,931)	-	-

## PARTICULARS OF TRADING ACTIVITIES - LIFESTYLE ACCESSORIES/ PRODUCTS

Particulars	(Qty in Units)							
	Opening Stock		Purchases		Sales		Closing Stock	
	Qty	₹	Qty	₹	Qty	₹	Qty	₹
Trading of Lifestyle Accessories/ Products	163,628	15,069,592	841,883	78,530,140	939,851	117,806,971	65,660	5,607,279
	(159,326)	(15,982,607)	(2,022,820)	140,168,631	(2,018,518)	197,218,979	(163,628)	(15,069,592)

Note:

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

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

## 2.37 Contingent Liabilities:

- Disputed demands in respect of income tax not acknowledged as debt – ₹ 6,894,195 (P.Y. ₹ 9,648,192). Future cash outflows in respect of above are dependent on outcome of matter under dispute.
- The Company had purchased capital assets under EPCG license against which export obligation is fulfilled. Further, in respect of the above, outstanding bonds at the year-end executed by the Company in favour of customs authority aggregating ₹ 32,429,895 (P.Y. ₹ 32,429,895) are under the process of discharge from custom authorities.
- Bank guarantees of ₹ 9,395,420 (P.Y. ₹ 8,457,672)

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

## 2.38 Estimated amount of contracts remaining to be executed on-

- Capital Account and not provided for ₹ 160,900,000 (net of advances) (P.Y. ₹ 30,199,535).
- Other commitments—Relating to Advertisement contracts aggregating to ₹ 1,600,000 (Net of advances) (P.Y ₹ 4,100,000). Also Refer Note 2.42 in respect of minimum lease rental payment under non-cancellable operating lease.

## 2.39 Employee Benefits:

### a) Disclosure in respect of gratuity liability

Reconciliation on Change in Benefit Obligation :	<b>31st March 2013</b>	31st March 2012
	(₹)	(₹)
Liability at the beginning of the year	17,107,759	15,076,036
Interest Cost	1,368,621	1,206,083
Current Service Cost	3,412,849	2,888,512
Benefit Paid	(4,171,610)	(2,847,312)
Actuarial (gain)/loss on obligations	6,769,981	784,440
<b>Liability at the end of the year</b>	<b>24,487,600</b>	<b>17,107,759</b>
Reconciliation of Fair value of Plan Assets :	<b>31st March 2013</b>	31st March 2012
	(₹)	(₹)
Fair Value of Plan Assets at the beginning of the year	16,730,435	14,187,379
Expected Return on Plan Assets	1,584,118	1,339,389
Contributions	6,165,068	4,050,979
Benefit Paid	(4,171,610)	(2,847,312)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>20,308,011</b>	<b>16,730,435</b>
Amount recognised in the Balance Sheet :	<b>31st March 2013</b>	31st March 2012
	(₹)	(₹)
Liability at the end of the year	24,487,600	17,107,759
Fair Value of Plan Assets at the end of the year	20,308,011	16,730,435
<b>Liability in the Balance Sheet</b>	<b>4,179,589</b>	<b>377,324</b>

Gratuity recognised in the Statement of Profit and Loss	<b>31st March 2013</b>	31st March 2012
Current Service Cost	3,412,849	2,888,512
Interest Cost	1,368,621	1,206,083
Expected Return on Plan Assets	(1,584,118)	(1,339,389)
Actuarial (Gain)/Loss	6,769,981	784,440
<b>Expense Recognised in Statement of Profit and Loss</b>	<b>9,967,333</b>	<b>3,539,646</b>

Principal Assumption used in determining Gratuity liability	<b>31st March 2013</b>	31st March 2012
Discount Rate	8%	8%
Expected Rate of return	9.00%	9.00%
Employee Turnover	1-3%	1-3%
Salary Escalation	7.5%	6%
Mortality Table	LIC (1994-96) Ultimate	

Other disclosures	<b>31st March 2013 (₹)</b>	31st March 2012 (₹)	31st March 2011 (₹)	31st March 2010 (₹)	31st March 2009 (₹)
Defined benefit obligation	24,487,600	17,107,759	15,076,036	9,770,658	7,715,465
Plan assets	20,308,011	16,730,435	14,187,379	8,153,128	4,846,990
Surplus/(deficit)	(4,179,589)	(377,324)	(888,657)	(1,617,530)	(2,868,475)
Experience adjustments on plan liabilities – loss/ (gain)	(6,769,981)	784,440	3,844,358	268,524	(399,645)

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

The Company expects to contribute ₹ 7,000,000 (P.Y. ₹ 4,000,000) to gratuity trust for contribution to LIC of India in year 2013-14.

**b) Disclosure in respect of leave entitlement liability:**

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

**c) Death in service benefit:**

The Company has taken group term policy from an insurance company to cover its obligation for death in service benefit given to eligible employees. The insurance premium of ₹ 317,221 (P.Y. ₹ 366,500) is recognised in Statement of Profit and Loss.

**d) The Company contributes towards Employees Provident Fund, Employees State Insurance and Labour Welfare Fund. The aggregate amount contributed and charged to Statement of Profit and Loss is ₹ 23,041,857 (P.Y. ₹ 20,205,502).**

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

## 2.40 Segment Reporting:

### a) Primary Segment:

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

(Amount in ₹)

Particulars	Apparel & Life style Accessories Products	Other\ Reconciling Item	Unallocated	Total
<b>1. Segment Revenue</b>				
External Net Sales/ Income from Operation	3,028,974,816	950,076	-	3,029,924,892
	(3,018,350,269)	(368,429)	(-)	(3,018,718,698)
Add: Inter Segment Revenue	-	5,282,032	-	5,282,032
	(-)	(6,096,502)	(-)	(6,096,502)
<b>Total Segment Revenue</b>	<b>3,028,974,816</b>	<b>6,232,108</b>	<b>-</b>	<b>3,035,206,924</b>
	<b>(3,018,350,269)</b>	<b>(6,464,931)</b>	<b>(-)</b>	<b>(3,024,815,200)</b>
<b>2. Segment Result</b>				
Segment Result	676,923,104	2,027,920	-	678,951,024
	(668,367,792)	(1,904,021)	-	(670,271,813)
Less : Interest expenditure			24,187,680	24,187,680
			(20,804,196)	(20,804,196)
Add: Other unallocable income net of unallocable expenditure			117,949,016	117,949,016
			(113,678,885)	(113,678,885)
<b>Profit before Tax</b>				<b>772,712,360</b>
				<b>(763,146,502)</b>
Less : Provision For Tax			238,539,612	238,539,612
			(241,738,491)	(241,738,491)
<b>Net Profit</b>				<b>534,172,748</b>
				<b>(521,436,585)</b>
<b>3. Other Information</b>				
Segment Assets	1,356,219,873	19,768,550	1,868,301,720	3,244,290,143
	(1,356,825,384)	(23,928,668)	(1,449,212,187)	(2,829,966,238)
Segment Liabilities	501,731,553	-	146,307,646	648,039,199
	(363,029,622)	(-)	(211,478,126)	(574,507,748)
Depreciation/ Amortisation	56,353,386	3,022,273	-	59,375,659
	(58,748,258)	(3,561,326)	(-)	(62,309,584)
Non Cash Expenses other than Depreciation		103,817		103,817
	(-)	(104,102)	(-)	(104,102)
Capital Expenditure	64,792,652	-	-	64,792,652
	(92,169,730)	(-)	(-)	(92,169,730)

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

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

(Amount in ₹)			
Particulars	India	Outside India	Total
Sales / Income from Operations	2,855,068,529	174,856,363	3,029,924,892
	(2,901,117,925)	(117,600,773)	(3,018,718,698)
Segment Assets *	3,226,091,845	18,198,298	3,244,290,143
	(2,819,484,422)	(10,481,816)	(2,829,966,238)

(Figures in bracket indicate previous year's figures)

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

## 2.41 Related Party Disclosure:

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

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

### Joint Ventures:

White Knitwear Private Limited

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

Kornerstone Retail Limited

Smt. Jatnobai Karamchandji Ratanparia Chouhan Charitable Trust

Lord Gautam Charitable Foundation

### Key Management Personnel:

Kewalchand P. Jain Chairman & Managing Director

Hemant P. Jain Whole-time Director

Dinesh P. Jain Whole-time Director

Vikas P. Jain Whole-time Director

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

Shantaben P Jain (Mother of Key Management Personnel)

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

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

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

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

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

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

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

Pukhraj K. Jain (HUF)

Kewalchand P. Jain (HUF)

Hemant P. Jain (HUF)

Dinesh P. Jain (HUF)

Vikas P. Jain (HUF)

P.K. Jain Family Holding Trust

### Employee Funds:

Kewal Kiran Clothing Limited – Employee Group Gratuity Scheme.

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

						(Amount in ₹)
b) Nature of Transaction	Enterprises where KMP & their relatives have significant influence.	Joint Venture	Relatives/ Other Concerns of Key Management Personnel	Key Management Personnel	Employee Funds	
Purchase of Tangible Fixed Assets and consumables.	290,531 (868,121)	- (-)	- (-)	- (-)	- (-)	- (-)
Rent Expenses	- (-)	- (-)	918,000 (918,000)	2,989,200 (2,989,200)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	31,800,000 (31,800,000)	- (-)	- (-)
Salary	- (-)	- (-)	1,916,667 (1,650,000)	- (-)	- (-)	- (-)
Rent Income (exclusive of service tax)	1,575,119 (1,681,578)	- (-)	- (-)	- (-)	- (-)	- (-)
Dividend Paid	- (-)	- (-)	110,477,500 (145,199,000)	49,372,715 (64,751,831)	- (-)	- (-)
Donation Paid	15,000,000 (5,400,000)	- (-)	- (-)	- (-)	- (-)	- (-)
Contribution to Gratuity Fund	- (-)	- (-)	- (-)	- (-)	6,165,068 (4,050,979)	- (-)
<b>Outstanding balance as on 31st March 2013</b>						
Trade and other Payable	- (-)	- (-)	588,177 (294,198)	8,169,816 (5,145,532)	3,834,307 (377,324)	- (-)
Trade and other Receivable	783,495 (553,694)	- (-)	- (-)	- (-)	- (-)	- (-)
Deposit Receivable	- (-)	- (-)	459,000 (459,000)	324,000 (324,000)	- (-)	- (-)
Investments	- (-)	34,550,000 (34,550,000)	- (-)	- (-)	- (-)	- (-)

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

Nature of Transaction	Name of the related party	Amount in ₹
Purchase of Tangible Fixed Assets and other consumables.	Kornerstone Retail Limited	290,531
		(868,121)
	Kewalchand P. Jain	997,800
		(997,800)
Rent Expenses	Hemant P. Jain	859,800
		(859,800)
	Dinesh P. Jain	565,800
		(565,800)
	Vikas P. Jain	565,800
		(565,800)
	Shantaben P. Jain	918,000
		(918,000)
Managerial Remuneration	Kewalchand P. Jain	7,950,000
		(7,950,000)
	Hemant P. Jain	7,950,000
		(7,950,000)
	Dinesh P. Jain	7,950,000
		(7,950,000)
	Vikas P. Jain	7,950,000
		(7,950,000)
Rent Income (exclusive of service tax)	Kornerstone Retail Limited	1,575,119
		(1,681,578)
Salary	Pankaj K. Jain	1,000,000
		(750,000)
	Arpita K. Jain	416,667
		(400,000)
	Hitendra H. Jain	500,000
		(500,000)
	Shantaben P. Jain (Trustee/Beneficiary of P. K. Jain Family Holding Trust)	107,677,500
		(141,519,000)
Dividend Paid	Kewalchand P. Jain	12,038,443
		(15,764,453)
	Hemant P. Jain	12,051,375
		(15,804,450)
	Dinesh P. Jain	12,716,393
		(16,689,950)
	Vikas P. Jain	12,566,505
		(16,492,978)
Contribution to Gratuity Fund	Employee Fund	6,165,068
		(4,050,979)
Donation Paid	Smt. Jatnobai Karamchandji Ratanparia Chouhan Charitable Trust	-
		(900,000)
	Lord Gautam Charitable Foundation	15,000,000
	(4,500,000)	

Note:

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

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

## 2.42 Operating Lease Arrangements:

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

### a) As lessee:

Rental expenses of ₹ 17,379,517 (P.Y. ₹ 25,746,833) under operating leases have been recognised in the Statement of Profit and Loss. It includes contingent lease rent of ₹ 3,189,672 (P.Y. ₹ 3,465,089) based on revenue sharing model.

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

Particulars	31st March 2013 (₹)	31st March 2012 (₹)
Due not later than one year	9,158,050	21,313,097
Due later than one year but not later than five years	15,604,185	48,197,453
Later than five years	923,175	6,327,811
<b>TOTAL</b>	<b>25,685,410</b>	<b>75,838,361</b>

The above figures include:

- The agreements are executed for the periods of 33 to 108 months with a non-cancellable period at the beginning of the agreement ranging from 12 to 36 months and having a clause for extension of lease period.
- Lease rentals based on estimated date of commencement of lease in cases where the agreements / MOU's have been entered into but the date of commencement of lease is dependent on the date of construction/renovation of premises and based on the commitment for delivery by lessors.
- The afore-mentioned lease rentals include a lease the period of which is dependent on the occurrence of an event, the date of which is not ascertainable beyond five years. Hence, the lease rentals are considered up to a period of five years only.
- Lease rentals do not include common area maintenance charges and tax payable, if any.
- The above details of Lease Rental obligation exclude the amounts payable by franchisee in accordance with the arrangement with them (a) not later than 1 year ₹ 12,623,281 (P.Y. ₹ 9,535,550) (b) between 1 to 5 year ₹ 27,095,618 (P.Y. ₹ 25,414,833) (c) more than 5 years ₹ 579,179 (P.Y. ₹ 210,000).

### b) As Lessor:

Rental income of ₹ 1,575,119 (P.Y. ₹ 1,681,578) is recognised in the Statement of Profit and Loss. It includes contingent lease rent of ₹ 375,119 (P.Y. ₹ 481,578) based on revenue sharing model, which is higher of fixed amount or percentage of revenue of lessee. There is no escalation clause and the arrangement is mutually cancellable. The initial direct cost (if any) is charged off to expenses in the year in which it is incurred.

## 2.43 Joint Venture Information:

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

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

Name	Description of Interest	Country of Incorporation	Percentage of interest as on 31st March 2013	Percentage of interest as on 31st March 2012
White Knitwear Private Limited	Equity Shareholding	India	33.33%	33.33%

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

Name	Assets (₹)	Liabilities (₹)	Income (₹)	Expenditure (₹)
White Knitwear Private Limited	22,981,289	27,660	429,958	431,196
	(22,987,956)	(33,090)	(169,359)	(88,193)

The Company's share in the contingent liability and capital/other commitment of the Joint Venture are ₹ 3,500,000 (P.Y. ₹ Nil) and ₹ Nil (P.Y. ₹ Nil) - respectively. The Company's share in contingent liability towards cumulative preference dividend including tax thereon of the Joint Venture aggregates to ₹ 11,652,000 (P.Y. ₹ 9,500,000) which is payable to its joint venture partners.

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

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

## 2.44 Disclosure regarding Derivative Instrument and unhedged Foreign Currency Exposure:

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

Particulars	Currency	31st March 2013		31st March 2012	
		Amt. in Foreign Currency	₹	Amt. in Foreign Currency	₹
Trade Receivables	USD	351,998	19,141,671	227,431	11,633,084
Trade Payables	USD	3,171	172,439	180	9,207
Advance from Customer	USD	14,177	770,934	22,327	1,142,044
Advance to Supplier	USD	35,000	1,903,300	528	27,010
Balance in EEFC account	USD	318,630	17,327,110	208,061	10,642,331
Foreign currency in hand	Multiple		99,941	-	104,794

## 2.45 Provisions:

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

Particulars	Provision for Contingencies *		Provision for Reimbursement of expenses & claims		Provision for margin on sales return	
	31st March 2013 ₹	31st March 2012 ₹	31st March 2013 ₹	31st March 2012 ₹	31st March 2013 ₹	31st March 2012 ₹
Opening Balance	5,500,000	4,300,000	29,285,571	19,797,118	3,161,684	-
Addition	9,550,000	1,200,000	39,450,000	40,900,000	540,297	3,161,684
Utilisation	3,000,000	-	31,565,558	30,411,547	-	-
Reversals	200,000	-	-	1,000,000	-	-
Closing Balance	11,850,000	5,500,000	37,170,013	29,285,571	3,701,981	3,161,684

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

# NOTES ON ACCOUNTS

for the year ended 31st March 2013

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

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

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

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

As per our audit report of even date attached

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

**Sandeep Shah**  
Partner  
Membership No. : 37381

Place: Mumbai  
Date: 11th May 2013

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

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

For and on behalf of the Board of Directors

**Kewalchand P Jain**  
Chairman & Managing Director

**Vikas P Jain**  
Whole time Director

**Abhijit Warange**  
Company Secretary

Place: Mumbai  
Date: 11th May 2013





# GENERAL INFORMATION

## BOARD OF DIRECTORS

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

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

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

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

**Mr. Popatlal F. Sundesha**  
Director

**Dr. Prakash A. Mody**  
Director

**Mr. Nimish G. Pandya**  
Director

**C. A. Mr. Yogesh A. Thar**  
Director

**Mr. S. L. Kothari**  
Chief Financial Officer

**Mr. Abhijit B. Warange**  
Vice President - Legal & Company  
Secretary

## STATUTORY AUDITORS

**M/s. Jain & Trivedi**  
Chartered Accountants, Mumbai

**M/s. N.A. Shah Associates**  
Chartered Accountants, Mumbai

## INTERNAL AUDITORS

**M/s. Bhandarkar & Kale**  
Chartered Accountants, Mumbai

**Solomon and Co., Mumbai**  
Solicitors & Advocates

**Pandya and Co., Mumbai**  
Advocates, High Court & Notary

**Standard Chartered Bank, Mumbai**  
Bankers

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

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

## FACTORIES

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

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

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

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

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

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



**Registered Office:**

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

**WWW.KEWALKIRAN.COM**

# NOTICE

## KEWAL KIRAN CLOTHING LIMITED

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

### NOTICE OF 22<sup>ND</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of Kewal Kiran Clothing Limited will be held on Thursday, 22nd August 2013 at M.C Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum) Mumbai-400001 at 12.00 p.m to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2013 and the Profit and Loss Account for the financial year ended 31st March 2013 together with the report of the Directors and Auditors thereon.
2. To declare the final dividend and confirm the three interim dividends of ₹ 7/-, ₹ 6.5/- and ₹ 3/- per equity share for the year ended 31st March 2013.
3. To appoint a Director in place of Mr. Hemant P. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vikas P. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Prakash A. Mody, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Jain & Trivedi, Chartered Accountants as the Statutory Auditors of the Company and fix their remuneration.
7. To appoint M/s. N.A. Shah Associates, Chartered Accountants as the joint Statutory Auditors of the Company and fix their remuneration.

#### SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Yogesh A. Thar, who was appointed as an Additional Director of the Company with effect from 13th February 2013 pursuant to Article 125 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 and whose term of office as an Additional Director expires at this Annual General meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act 1956, alongwith the prescribed deposit, from a member proposing the candidature of Mr. Yogesh A. Thar for the office of Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation”

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

“RESOLVED THAT in modification of the resolution passed in the Annual General Meeting held on 6th September 2011 and pursuant to Section 314(1B) and other applicable provision, if any of the Companies Act, 1956 consent of the members be and is hereby accorded to revise w.e.f. 1st September 2013 the remuneration payable to Mr. Pankaj K. Jain, a relative of Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Directors of the Company and holding an office of profit under the Company as a ‘President – Retail’ as per the terms and conditions mentioned herein below:”

##### I. Salary

- a. Basic and DA – ₹ 74,096/- per month.
- b. Other allowances including House Rent Allowance, Education Allowance, Conveyance Allowance, Medical Allowance etc. not exceeding ₹ 74,096/- per month.

##### II. Perquisites:

In addition to the salary and allowances payable as above, Mr. Pankaj K. Jain will also be entitled to the following perquisites :

- a. Medical reimbursement from time to time upto a limit of ₹ 15,000/- per annum, for himself and his family members.
- b. Attire Allowance from time to time upto a limit of ₹ 50,000/- per annum.
- c. Leave Travel Allowance from time to time upto a limit of ₹ 50,000/- per annum.
- d. Company's contribution to Provident Fund as per rules of the Company.

FURTHER RESOLVED THAT Mr. Pankaj K. Jain would be responsible to assist the management in its finance and retail operations;

LASTLY RESOLVED THAT Mr. Abhijit Warange, Company Secretary be and is hereby authorised to file the necessary forms, if any and make the necessary applications, if any and do all such acts deeds matters and things as are necessary to give effect to this resolution.”

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

“RESOLVED THAT in modification of the resolution passed through postal ballot on 21st December 2010 and pursuant to Section 314(1B) and other applicable provision, if any of the Companies Act, 1956 consent of the members of the Company be and is hereby accorded to revise w.e.f. 1st September 2013 the remuneration payable to Mr. Hitendra H. Jain a relative of Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Directors of your Company and holding an office of profit under the Company as a ‘Manager’ not being a Manager within the meaning of Section 2(24) read with Section 385 of the Companies Act, 1956 as per the terms and conditions mentioned herein below:”

##### I. Salary

- a. Basic and DA – ₹ 39,505/- per month.
- b. Other allowances including House Rent Allowance, Education Allowance, Conveyance Allowance, Medical Allowance etc. not exceeding ₹ 39,505/- per month.

## II. Perquisites:

In addition to the salary and allowances payable as above, Mr. Hitendra H. Jain will also be entitled to the following perquisites:

- a. Medical reimbursement from time to time upto a limit of ₹ 15,000/- per annum, for himself and for his family members.
- b. Attire Allowance from time to time upto a limit of ₹ 40,000/- per annum.
- c. Leave Travel Allowance of ₹ 40,000/- per annum.
- d. Company's contribution to Provident Fund as per rules of the Company.

FURTHER RESOLVED THAT Mr. Hitendra H. Jain would be responsible for Business Development, lifestyle accessories division and such other functions as may be assigned to him from time to time;

LASTLY RESOLVED THAT Mr. Abhijit Warange, Company Secretary be and is hereby authorised to file the necessary forms, if any and make the necessary applications, if any and do all such acts deeds matters and things as are necessary to give effect to this resolution."

By order of the Board of Directors

Abhijit Warange  
Vice President-Legal & Company Secretary

Regd. Office:

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

Date: 11th May 2013  
Place: Mumbai

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. IN ORDER TO BE VALID, PROXIES DULY STAMPED, SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the meeting.
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 8 to 10 stated above is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 15th August 2013 to Thursday, 22nd August 2013 (both days inclusive).
5. The dividend as may be declared shall be payable to members of the Company whose names appear:
  - a) As Beneficial Owners as at the end of business hours on Wednesday, 14th August 2013, as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of the shares held in electronic form and
  - b) As members on the Register of Members of the Company as at Thursday, 22nd August 2013 after giving effect to valid transfers in respect of transfer request lodged with the Company on or before the close of business hours on Wednesday, 14th August 2013.
6. The Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) have advised all listed companies to mandatorily use the National Electronic Clearing Services (NECS) facility wherever possible for dividend payment to the shareholders. In view of this stipulation the Company proposes to implement the NECS facility. Members are requested to provide the Company with NECS mandate for crediting the future dividend payment directly to their respective bank accounts. The Company shall be able to coordinate with the bankers only on receipt of the necessary information. The main information required therein is the type of account, name of the bank and the account number. It should be signed by all the holders, as per the specimen signature recorded with the Company/Depository Participant.
7. Members who have not claimed or not encashed their dividend warrants for dividend declared by the Company so far are requested to make their claims to the Company immediately. The said amounts remaining unpaid or unclaimed for seven years from the date they become due for payment are required to be transferred to investor education and protection fund pursuant to Section 205C of the Companies Act, 1956. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said fund in respect of individual amount which remains unclaimed or unpaid for a period of seven years from the date they first become due for payment and no payment shall be made in respect of any such claims.

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

Financial year	Date of allotment/declaration	Last date for claiming dividend
Final Dividend 2005-06	14th September 2006	19th October 2013
Final Dividend 2006-07	7th August 2007	11th September 2014
Interim Dividend 2007-08	20th October 2007	24th November 2014
Final Dividend 2007-08	4th August 2008	9th September 2015
Final Dividend 2008-09	3rd August 2009	8th September 2016
Final Dividend 2009-10	5th August 2010	10th September 2017
1st Interim Dividend 2010-11	27th October 2010	1st December 2017
2nd Interim Dividend 2010-11	2nd April 2011	8th May 2018
Final Dividend 2010-11	6th September 2011	11th October 2018
1st Interim Dividend 2011-12	20th October 2011	25th November 2018
2nd Interim Dividend 2011-12	2nd March 2012	7th April 2019
Final Dividend 2011-12	3rd August 2012	8th September 2019
1st Interim Dividend 2012-13	7th November 2012	13th December 2019
2nd Interim Dividend 2012-13	13th February 2013	22nd March 2020

The Company had made its initial public offering in March 2006 and the allotment of the shares was made on 5th April 2006. The application money received by the Company for allotment of shares and due for refund to the applicants lying unclaimed to the credit of the Escrow Accounts became due for transfer to the Investor Education and Protection Fund on 4th April 2013. The Company has accordingly transferred an amount of ₹ 97,200/- (Rupees Ninety-Seven Thousand and Two Hundred only) being the unclaimed application money received by the Company for allotment of shares and due for refund to the Investor Education and Protection Fund.

8. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith relevant share certificates to the Company's Registrar & Transfer Agents, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400 078.
9. Members holding shares in physical segment are requested to notify change in their address/status, if any, immediately to the Company's Registrar & Transfer Agents, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400 078.
10. The Company has designated an exclusive e-mail id called **[grievanceredressal@kewalkiran.com](mailto:grievanceredressal@kewalkiran.com)** for redressal of shareholders complaints/grievances. In case you have any queries/complaints or grievances then please write to us at **[grievanceredressal@kewalkiran.com](mailto:grievanceredressal@kewalkiran.com)**
11. Members who would like to ask any questions on the accounts are requested to send their questions at Registered Office of the Company at least 10 days before the Annual General Meeting to enable the Company to answer their queries satisfactorily.
12. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.
13. The members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
14. Appointment/Reappointment of Directors:

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

At the ensuing Annual General Meeting Mr. Hemant P. Jain, Mr. Vikas P. Jain and Dr. Prakash A. Mody retires by rotation and being eligible, offers themselves for re-appointment. Pursuant to Clause 49 of Listing Agreement relating to Code of Corporate Governance, the particulars of the aforesaid Directors are given below:

**1. Mr. Hemant P. Jain**

Born in 1965, Mr. Hemant Pukhraj Jain decided to join the business at early age after completing school. He learnt business on the job and leads the marketing functions of the Company. He was instrumental in launching the new brands of the Company. He is also instrumental in setting up and expanding the network of the retail stores of the Company under the banner of K-LOUNGE. An avid traveler and field person, he keeps a keen eye on the latest trends in international fashion.

Mr. Jain holds 704,650 shares which includes 16,000 shares held as a Karta of Hemant P. Jain (H.U.F) and 77,400 shares held j/w Lata H. Jain in the Company as on the date of this notice.

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

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

The details of committee memberships of Mr. Hemant P. Jain are as follows:-

Name of the Company	Name of the Committee	Position Held
Kewal Kiran Clothing Limited	Shareholders and Investors Grievance Committee	Member
Kewal Kiran Clothing Limited	Audit Committee	Member

Mr. Hemant Jain was appointed as a member of the Audit Committee w.e.f 6th February 2013 and ceased to be a member w.e.f 13th February 2013.

## 2. Mr. Vikas P. Jain:

Born in 1970 Mr. Vikas Pukhraj Jain joined the business in 1992, after completing his graduation in commerce. Mr. Jain heads the operations and distribution functions of the Company. He is responsible for marketing of Lawman and Intigriti brands. He also looks after the retail business of the Company. He is instrumental in launching "ADDICTION" the retail arm of the Company for lifestyle accessories products. Mr. Jain travels extensively and scouts for new technologies in garment manufacturing. He is a trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.

Mr. Jain holds 734,086 shares which includes 16,000 shares as a Karta of Vikas P. Jain (H.U.F) and 90,836 shares held j/w Kesar V. Jain in the Company as on the date of this notice.

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

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

## 3. Dr. Prakash A. Mody:

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

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

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

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

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

Name of the Company	Board Position Held
Unichem Laboratories Limited	Chairman
Niche Generics Limited U.K	Director
Unichem Farmaceutica Do Brazil Ltda.	Director
Unichem SA (Pty) Limited (South Africa)	Director
Unichem Pharmaceuticals (USA) Inc	Director
Unichem Laboratories (Ireland)	Director
Unichem Laboratories Pty. Limited (Australia)	Director

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

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

**B. Profile of Directors to be appointed as ordinary directors liable to retire by rotation:**

**Mr. Yogesh A. Thar**

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

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

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

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

Mr. Thar presently is a Member of Managing Committee of the Income-tax Appellate Tribunal Bar Association, Mumbai; Member of the Taxation Committee of the Bombay Chartered Accountants' Society and a Member of the Direct Tax Committee of the Chamber of Tax Consultants.

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

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

Name of the Company	Board Position Held
Rhodia Specialty Chemicals India Limited	Director
Sunshield Chemicals Limited	Director
LIL Investments Limited	Director

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

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

**\*Note:**

Mr Yogesh A. Thar was appointed as a Chairman of the Audit Committee in the Audit Committee meeting held on 11th May 2013

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

### **Item No. 8:**

Mr. Yogesh A. Thar was appointed as an Additional Director of the Company in the Board Meeting held on 13th February 2013. Pursuant to Section 260 of the Companies Act, 1956 he would hold office of director till the ensuing Annual General meeting of the Company. A notice from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Thar as an ordinary director liable to retire by rotation along with a deposit of ₹ 500/- has been received by the Company. It will be advantageous for the Company to continue to avail the services of Mr. Thar and take the benefit of his vast experience and expert knowledge.

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

Except Mr. Yogesh A. Thar no other director is interested or concerned in this resolution.

### **Item No. 9:**

In the Board meeting held on 26th May 2011 the Board of Directors had subject to the approval of the members approved the revision of remuneration payable to Mr. Pankaj K. Jain, a relative of the executive Directors of the Company. Since Mr. Jain is related to the Directors his appointment is governed by the provisions of Section 314 of the Companies Act, 1956. In the Annual General Meeting of the Company held on 6th September 2011 the members of the Company accorded their consent to the remuneration payable to Mr. Jain.

In appreciation of the dedicated efforts and having regard to the increased responsibilities and for further improving the performance of the Company in this competitive market and subject to the approval of the shareholders in the ensuing general meeting, the Board of Directors have in their meeting held on 11th May 2013 approved revision w.e.f. 1st September 2013 in the remuneration payable to Mr. Pankaj K. Jain.

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

Except Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain no other Director is in any way concerned/interested in the resolution.

### **Item No. 10:**

In the Board meeting held on 27th October 2010 the Board of Directors had subject to the approval of the members approved the appointment and remuneration payable to Mr. Hitendra H. Jain, a relative of the executive Directors of the Company. Mr. Jain was appointed as a Manager not being a Manager within the meaning of Section 2(24) read with Section 385 of the Companies Act, 1956. Since Mr. Jain is related to the Directors his appointment is governed by the provisions of Section 314 of the Companies Act, 1956. The members of the Company accorded their consent to the appointment and remuneration payable to Mr. Jain by postal ballot on 21st December 2010.

In appreciation of the dedicated efforts and having regard to the increased responsibilities and for further improving the performance of the Company in this competitive market and subject to the approval of the shareholders in the ensuing general meeting, the Board of Directors have in their meeting held on 11th May 2013 approved revision w.e.f. 1st September 2013 in the remuneration payable to Mr. Hitendra H. Jain.

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

Except Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain no other Director is in any way concerned/interested in the resolution.

By order of the Board of Directors

Abhijit Warange  
Vice President-Legal & Company Secretary

Regd. Office:

Kewal Kiran Estate

460/7, I. B. Patel Road,

Goregaon (E), Mumbai-400 063

Date: 11th May 2013

Place: Mumbai

# KEWAL KIRAN CLOTHING LIMITED

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

## ATTENDANCE SLIP

Folio No.....

No. of shares held.....

# D.P. Id.....

# Client Id.....

Name and Address of the shareholder: .....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 22nd Annual General Meeting of the Company on Thursday, 22nd August 2013 at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum) Mumbai: 400 001 at 12.00 p.m.

# Applicable for shareholders holding shares in electronic form.

.....  
Signature of the attending member/proxy

Note:

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

# KEWAL KIRAN CLOTHING LIMITED

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

## PROXY

Folio No.....

No. of shares held.....

# D.P. Id.....

# Client Id.....

I/We ..... resident of .....

being a member(s) of KEWAL KIRAN CLOTHING LIMITED hereby appoint ..... resident of

..... failing him ..... resident of

..... as my/our proxy to attend and vote on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Thursday, 22nd August 2013 at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum) Mumbai: 400 001 at 12.00 p.m. and any adjournment thereof.

Signed this ..... day of ..... 2013

Affix ₹ 1/-  
Revenue  
Stamp

# Applicable for shareholders holding shares in electronic form.

Note : 1. The Proxy need NOT be a member.

.....  
Signature(s)

2. The Proxy Form signed across ₹ 1/- revenue stamp should reach the Company's Registered Office atleast 48 hours before the scheduled time of meeting.

3. This form is to be used in favour of / against the resolution. Unless otherwise instructed, the proxy will vote as he thinks fit.

