

KHADIM INDIA LIMITED
AUDITED FINANCIAL STATEMENTS
FOR
2006-07
(01.04.2006 TO 31.03.2007)

RAY & RAY
Chartered Accountants

Kolkata Mumbai Delhi Bangalore Chennai

AUDITORS' REPORT

**TO THE MEMBERS OF
KHADIM INDIA LIMITED**

1. We have audited the attached Balance Sheet of **KHADIM INDIA LIMITED** (the "Company") as at 31 March 2007, the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (hereinafter referred to as "financial statements"), which have been signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act')



and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure**, a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - 4.1 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;
 - 4.2 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;
 - 4.3 The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 4.4 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Sub-section (3C) of Section 211 of 'the Act';
 - 4.5 On the basis of written representations received from the Directors, as on 31 March 2007 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31 March 2007 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of 'the Act';
 - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by 'the Act', and also 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 31 March 2007;
- (b) in the case of the Profit and Loss Account, of the profit 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.

For RAY & RAY
Chartered Accountants


R.N.ROY

(Partner)

Place: Kolkata

Date : 20 June 2007

(Membership No – F-8608)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1.
 - (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) During the year, no substantial part of fixed assets has been disposed off by the Company.

2.
 - (a) The inventory has been physically verified by the management during the year. In respect of the inventory lying with the third parties and in transit, substantial confirmation and/ or subsequent receipt have been verified. In our opinion, the frequency of verification is generally reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of 'the Act'. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.
 - (b) The Company has taken unsecured loan from a Company covered in the register maintained under Section 301 of 'the Act'. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs.8,000 (*in thousands*).
 - (c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
 - (d) According to the information and explanations given to us, the Company is not required to repay its principal amounts including interest thereof, within the current financial year in accordance with the accepted terms and conditions of the said unsecured loan.
4. In our opinion and according to the information and explanations given to us, there are, in general, adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the 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, there are no transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of 'the Act' and exceeding the value of Rupees Five Lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits during the year from the public under Section 58A and 58AA of 'the Act' and rules framed there under.
7. In our opinion, the Company's internal audit system is generally commensurate with its size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209 (1)(d) of 'the Act'.
9. (a) According to information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. There are no outstanding dues in respect of the above items, which are of more than six months as at the Balance Sheet date.
- (b) According to the information and explanations given to us, the particulars of dues of income tax, sales tax and excise duty as at 31 March 2007, which have not been deposited on account of dispute are given in the Appendix 1. Apart from the same,

there are no outstanding dues in respect of custom duty, wealth tax, service tax and cess.

10. The Company has no accumulated loss as at 31 March 2007 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution / bank.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
13. The provisions of any special statute applicable to chit fund / nidhi/ mutual benefit fund / societies are not applicable to the Company.
14. The Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loan taken by others from bank or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans raised by the Company have been applied for the purposes for which they were raised.
17. In our opinion and according to the information and explanations given to us and on the basis of an overall examination of the Balance Sheet and Cash Flow Statement of the Company, funds raised on short term basis have, to the extent of Rs.77,508 (*in thousands*), been used to purchase fixed assets.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of 'the Act' during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of books of account 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 instance 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.

Place: Kolkata

Date : 20 June 2007

For RAY & RAY
Chartered Accountants


R.N. ROY
(Partner)

(Membership No – F-8608)

APPENDIX 1 TO THE AUDITORS' REPORT

[Referred to in paragraph (ix) (b) of the Annexure to the Auditors' Report of even date to the members of KHADIM INDIA LIMITED on the financial statements for the year ended 31 March 2007]

Name of the Statute	Nature of dues	Amount (Rs in Thousands)	Forum where dispute is pending	Year to which the amount relates
Income Tax Act, 1961	Income Tax	139	Commissioner of Income Tax (Appeals)-III	2003-04
		22,626	-Do-	2002-03
		2,834	-Do-	2001-02
Central Sales Tax Act, 1956	Sales Tax	265	Deputy Commissioner of Commercial Taxes	2002-03
		11,220	-Do-	2003-04
		7,505	-Do-	2003-04
West Bengal Sales Tax Act, 1994				
Central Excise Act, 1944	Excise Duty	92	Commissioner of Central Excise (Appeals)	2001-02

KHADIM INDIA LIMITED

BALANCE SHEET as at 31st March, 2007

(Rupees in Thousand)

	Schedule Reference	31st March, 2007	31st March, 2006
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	109,241	87,393
Reserves and Surplus	2	378,308	349,310
Loan Funds			
Secured Loans	3	394,611	232,789
Unsecured Loans		21,620	36,097
Net Deferred Tax Liability [Note 4 on Schedule 17]		26,014	16,707
TOTAL		929,794	722,296
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	583,762	513,066
Less: Depreciation		69,803	43,002
Net Block		513,959	470,064
Capital Work-in-Progress		95,873	499,430
Investments	5	14,800	2,267
Current Assets, Loans and Advances			
Inventories	6	293,181	172,134
Sundry Debtors	7	82,885	101,016
Cash and Bank Balances	8	28,567	38,335
Other Current Assets	9	2,999	3,229
Loans and Advances	10	148,486	80,917
		556,118	395,631
Less:			
Current Liabilities and Provisions			
Current Liabilities	11	249,576	173,321
Provisions		1,380	1,711
		250,956	175,032
Net Current Assets		305,162	220,599
TOTAL		929,794	722,296
Notes on Accounts	17		

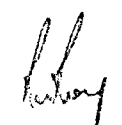
The schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to

in our report of even date

For Ray and Ray

Chartered Accountants


R. N. Roy
(Partner)

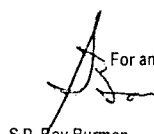
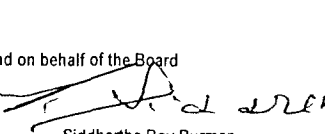
Membership No.F- 8608

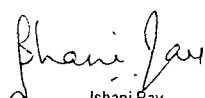
Place: Kolkata

Date: 20th June 2007

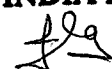


For and on behalf of the Board

 
S.P. Roy Burman Siddhartha Roy Burman
(Chairman) (Managing Director)


Ishani Ray
(Chief Finance Officer)


Joydev Sengupta
(Company Secretary)

CERTIFIED TO BE TRUE COPY
KHADIM INDIA LIMITED

JOYDEV SENGUPTA
COMPANY SECRETARY & HEAD-LEGAL

KHADIM INDIA LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2007

(Rupees in Thousand)

	Schedule Reference	2006-07	2005-06
INCOME			
Turnover (Gross)		1,536,613	1,352,991
Less : Excise Duty		43,146	37,620
Turnover (Net)		1,493,467	1,315,371
Other Income	12	10,161	8,979
		1,503,628	1,324,350
EXPENDITURE			
Purchase of General Merchandise		1,074,977	878,008
Raw Materials Consumed	13	89,351	97,932
(Accretion)/Decretion in Stocks	14	(121,668)	(20,369)
Manufacturing, Selling and Administrative Expenses	15	345,562	274,896
Depreciation (Note 6 on Schedule 4)		28,506	4,959
Interest	16	36,881	28,473
		1,453,609	1,263,899
PROFIT BEFORE TAXATION		50,019	60,451
TAXATION			
Current Tax [Including earlier years' adjustments of Rs.480 (Previous Year Rs.10)]		10,072	8,231
Fringe Benefit Tax		1,642	1,262
Deferred Tax		9,307	12,173
PROFIT AFTER TAXATION		28,998	38,785
Balance brought forward from previous year		113,055	74,270
BALANCE CARRIED TO BALANCE SHEET		142,053	113,055

Notes on Accounts

17

Earnings per Share - Basic and Diluted (Rupees)

2.85

4.44

(Note 15 on Schedule 17)

The schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred

to in our report of even date.

For Ray and Ray

Chartered Accountants


R. N. Roy

(Partner)

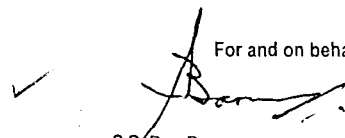
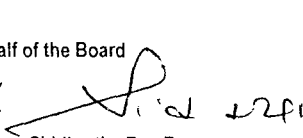
Membership No.F- 8608



Place: Kolkata

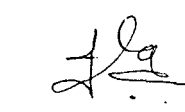
Date: 20th June 2007

For and on behalf of the Board

S.P. Roy Burman Siddhartha Roy Burman
 (Chairman) (Managing Director)


Ishani Ray
(Chief Finance Officer)


Joydev Sengupta
(Company Secretary)

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KHADIM INDIA LIMITED**


**JOYDEV SENGUPTA
COMPANY SECRETARY & HEAD-LEGAL**

KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 1

(Rupees in Thousand)

		31st March, 2007	31st March, 2006
SHARE CAPITAL			
Authorised			
25,000,000	Equity Shares of Rs.10/- each	250,000	250,000
Issued, Subscribed and Paid-up			
10,924,138	(Previous Year 8,739,308) Equity Shares of Rs. 10/- each fully paid-up [Refer Notes below]	109,241	87,393

NOTES :

1. Of the above shares 30,000,000 (Previous Year - 30,000,000) shares have been issued and allotted as fully paid-up bonus shares, by capitalisation of General Reserve and 5,639,308 (Previous Year -5,639,308) Equity Shares of Rs.10/- each fully paid-up, have been issued and allotted, pursuant to the Scheme of Amalgamation, without payment being received in cash.
2. Of the above 87,37,829 (Previous Year - 87,37,829) equity shares of Rs.10/- each fully paid up are held by holding company, Knightsville Private Limited.
3. During the year 21,84,830 (Previous Year - Nil) shares of Rs.10/- each have been issued and allotted by way of rights issue.



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 2

(Rupees in Thousand)

RESERVES AND SURPLUS

	As At 31st March, 2006	Additions during the year	Transfer/ Adjustments during the year	As at 31st March, 2007
CAPITAL RESERVE				
- Amalgamation Reserve - As per last account Refer Note 5 on Schedule 17	231,916	-	-	231,916
GENERAL RESERVE				
- As per last account	4,339	-	-	4,339
	<hr/> 236,255	<hr/> -	<hr/> -	<hr/> 236,255
Profit and Loss Account - As annexed	113,055	28,998	-	142,053
	<hr/> 349,310	<hr/> 28,998	<hr/> -	<hr/> 378,308



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 3

(Rupees in Thousand)

LOANS

31st March, 2007 31st March, 2006

A SECURED LOANS

Security
as per Note

Term Loans from Banks	1	130,252	77,592
Corporate Loan from Banks	2	-	625
Bank Overdrafts	3	15,350	5,426
Vehicle Loan from Banks	4	494	1,516
Working Capital Loan from Banks	5	244,644	145,989
Interest accrued and due:			
- on Term Loans		1,299	-
- on Bank Overdrafts		111	-
- on Working Capital Loan		2,461	1,641

394,611 232,789

B UNSECURED LOANS

(Refer Note below)

From Directors		-	5,807
Inter Corporate Deposits		17,000	21,050
Others		4,620	9,240

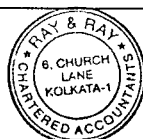
21,620 36,097

Note:

Repayable within one year - Rs.13,620 (Previous Year - Rs.31,477)

TOTAL [(A) + (B)]

416,231 268,886



SCHEDULES TO ACCOUNTS

3. LOANS

Secured Loan (Contd.)

NOTES:

1. Secured by way of equitable mortgage by deposit of respective title/lease deeds of certain immovable properties, and mortgage of leasehold rights of certain retails, and extension of charges including collateral created by way of hypothecation of certain stock-in-trade, receivables and other current assets of retail division. It is additionally secured by personal guarantees of certain Directors and corporate guarantee by a group corporate.
2. Secured by way of equitable mortgage by deposit of respective title/lease deeds of certain immovable properties and extension of charges including collateral created by way of hypothecation of certain stock in trade and receivables.
3. Secured by pledging of term deposits with the banks.
4. Secured by way of hypothecation of the vehicles financed.
5. Secured by way of hypothecation of certain current assets and further secured by creating collateral charges on certain owned/leased properties of the Company. It is additionally secured by personal guarantees of certain Directors, corporate guarantee by holding company and residual value of properties funded through term loan



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 4

(Rupees in Thousand)

FIXED ASSETS

PARTICULARS	GROSS BLOCK - AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	Cost as on 31st March, 2006	Additions during the year	Sales / Adjustments during the year	Cost as on 31st March, 2007	As on 31st March, 2006	For the year	On Items Sold/ Adjusted during the year	Total up to 31st March, 2007	As on 31st March, 2007	As on 31st March, 2006
A. Tangible Assets										
Land										
Freehold	20,479	8	-	20,487	-	-	-	-	20,487	20,479
Leasehold	51,954	-	-	51,954	1,055	704	-	1,759	50,195	50,899
Buildings										
Freehold	189,370	4,933	-	194,303	6,693	4,048	-	10,741	183,562	182,677
Leasehold	17,338	12,607	-	29,945	806	974	-	1,780	28,165	16,532
Plant and Machinery	102,711	10,235	5,679	107,267	16,617	11,277	1,538	26,356	80,911	86,094
Furniture and Fixtures	121,192	43,430	-	164,622	15,445	9,743	-	25,188	139,434	105,747
Vehicles	7,389	-	838	6,551	2,158	700	167	2,691	3,860	5,231
	510,433	71,213	6,517	575,129	42,774	27,446	1,705	68,515	506,614	467,659
B. Intangible Assets										
Trademarks, Copyrights and Designs	2,633	182	-	2,815	228	287	-	515	2,300	2,405
Audio-Visuals	-	5,604	-	5,604	-	768	-	768	4,836	-
Computer Software	-	214	-	214	-	5	-	5	209	-
	2,633	6,000	-	8,633	228	1,060	-	1,288	7,345	2,405
	513,066	77,213	6,517	583,762	43,002	28,506	1,705	69,803	513,959	470,064
Previous Year	432,686	82,380	2,000	513,066	38,984	21,932	17,914	43,002	470,064	
Capital Work in Progress									95,873	29,366

NOTES :

- Leasehold land has been amortised over the period of lease, in terms of Note 1 (c)(ii) on Schedule 17.
- Vehicles hypothecated amounting to Rs.2,046 (Previous Year - Rs.2,844)
- (a). Trademarks/Copyrights are amortised uniformly over the useful life, generally ranging over a period of ten years.
- (b). Software acquired by the Company, having an enduring useful life, is amortised over the best estimate of its useful life ranging from three to five years.
- Capital work in progress includes capital advances (unsecured, considered good) Rs.37,080 (Previous Year - Rs.1,733)
- Capital advances include advances of Rs.29,230 (Previous Year - Rs.28,231) paid for acquisition of lands / immovable properties, for which the related Deed of Conveyance / Lease Deed are yet to be executed. Out of the said advance Rs.22,500 (Previous Year - Rs.22,500) has been paid to Kolkata Municipal Authority (KMDA) as lease premium for a land having lease term of 99 years against which permissive possession has been received.
- The method of depreciation on certain assets was changed from Written Down Value ("WDV") method to Straight Line Method ("SLM") with retrospective effect from 1996-97 in the previous year and the resultant surplus arising from the change in the method amounting to Rs.16,973 was adjusted against depreciation charge for that year.



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 5

(Rupees in Thousand)

INVESTMENTS

	31st March, 2007	31st March, 2006
Long Term - Non-Trade (At Cost)		
<i>Unquoted</i>		
5.25% National Housing Bank Bonds of 36 units of Rs,10,000 each	360	360
7% National Highway Authority of India Bonds of 39 units of Rs,10,000 each	390	390
5.25% Rural Electricity Corporation Ltd. Bonds of 105 units of Rs,10,000 each	1,050	1,050
<i>Quoted</i>		
US 64 Bonds of UTI (Tax-free) of 4,667 Bonds of Rs.100 each	467	467
Current - Non-Trade (At Cost)		
<i>Quoted</i>		
2,50,000 Units of JM Arbitrage Advantage Fund of Rs.10 each	2,500	-
9,63,939 Units of JM High Liquidity Fund of Rs.10 each	10,033	-
	<u>14,800</u>	<u>2,267</u>
Aggregate Book Value of Quoted Investments	13,000	467
Aggregate Book Value of Unquoted Investments	1,800	1,800
Market Value/Net Asset Value of quoted investments	13,153	475



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 6

(Rupees in Thousand)

INVENTORIES

[Note 1(f) on Schedule 17]

31st March,
2007

31st March,
2006

Raw Materials	13,736	14,406
Work-in-progress	8,701	8,539
Stock-in-Trade		
Finished Goods	229,160	115,794
(Including Goods in Transit Rs.14,824 ; Prevoius Year - Rs.1,993)		
General Merchandise (including Gold and Jewellery)	41,584	33,395
	<u>293,181</u>	<u>172,134</u>



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 7

(Rupees in Thousand)

SUNDRY DEBTORS

	31st March, 2007	31st March, 2006
Unsecured -		
Exceeding six months -		
Considered Good	11,890	18,535
Considered Doubtful	1,675	-
	<hr/> 13,565	<hr/> 18,535
Others -		
Considered Good	70,995	82,481
	<hr/> 84,560	<hr/> 101,016
Less : Provision for Doubtful Debts	1,675	-
	<hr/> <hr/> 82,885	<hr/> <hr/> 101,016



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 8

(Rupees in Thousand)

CASH AND BANK BALANCES

	31st March, 2007	31st March, 2006
Cash in hand [Including Cheques/Drafts in hand - Rs. 2,704 (Previous Year - Rs.6,295)]	7,544	8,948
Balance with Scheduled Banks on :		
- Current Accounts	8,774	9,424
- Margin Accounts	25	-
- Fixed Deposits		
Against Guarantees and Letter of Credit	5,026	4,961
Pledged against Overdraft	7,198	5,463
Held by the Company	-	9,539
	<u>28,567</u>	<u>38,335</u>



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 9

(Rupees in Thousand)

OTHER CURRENT ASSETS

(Unsecured - Considered Good)

	31st March, 2007	31st March, 2006
Interest Receivable	697	1,028
Prepayments	2,179	1,987
Others	123	214
	<u>2,999</u>	<u>3,229</u>



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 10

(Rupees in Thousand)

LOANS AND ADVANCES

Unsecured-

Advances recoverable in cash or in kind or
for value to be received

31st March,
2007

31st March,
2006

9,682

11,549

Balance with Central Excise and Other Government Authorities

8,931

2,146

Security Deposits -including deposits with Government Authorities -

102,663

43,275

- In National Savings Certificates Rs.23 (Previous Year - Nil)

- In Fixed Deposits Rs.150 (Previous Year - Nil)

Income and Fringe Benefit Tax payments/refunds

27,557

23,947

[Net of provision Rs.20,717 (Previous Year - Rs.26,976) and including Taxes
deducted at source Rs.1,628 (Previous Year - Rs.3,193)]

Note :

	31st March, 2007	31st March, 2006
--	---------------------	---------------------

Considered Good

148,486

80,917

Considered Doubtful

347

-

148,833

80,917

148,833

80,917

Less : Provision for Doubtful Advances

347

148,486

80,917



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 11

(Rupees in Thousand)

CURRENT LIABILITIES AND PROVISIONS

	31st March, 2007	31st March, 2006
A. Current Liabilities		
Sundry Creditors (Note 6 on Schedule 17)		
Total outstanding dues of small scale industrial undertakings	20,270	11,257
Total outstanding dues of other sundry creditors	191,810	136,812
Sundry Advances from Customers	3,400	6,580
Security Deposits	20,283	13,747
Other Liabilities	13,735	4,915
Interest accrued but not due on Loans	78	10
Total	249,576	173,321
B. Provisions		
Gratuity [Refer Notes 1 (g) and 8 on Schedule 17]	1,065	1,537
Leave Encashment	315	174
Total	1,380	1,711
Grand Total [(A) + (B)]	250,956	175,032



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 12

(Rupees in Thousand)

OTHER INCOME

2006-07

2005-06

Royalty [Tax deducted at source Rs.9 (Previous Year - Nil)]	151	774
Dividend on Long Term Non-trade Investments	33	-
Interest on Bank/other deposits and bonds [Tax deducted at source Rs.217 (Previous Year - Rs.764)]	1,110	2,641
Other Interest	706	238
Rent [Tax deducted at source Rs.458 (Previous Year - Rs.181)]	2,040	1,218
Scrap Sales	1,798	1,383
Profit on sale of Long Term Non-trade Investments	-	1,219
Liability no longer required, written back (Refer Note 8 on Schedule 17)	2,645	468
Miscellaneous	1,678	1,038
	<u>10,161</u>	<u>8,979</u>



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 13

(Rupees in Thousand)

RAW MATERIALS CONSUMED

	2006-07	2005-06
Opening Stock	14,406	13,147
Add : Purchases	88,681	99,191
	<u>103,087</u>	<u>112,338</u>
Less: Closing Stock	13,736	14,406
	<u>89,351</u>	<u>97,932</u>



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 14

(Rupees in Thousand)

(ACCRETION)/DECRETION IN STOCKS*

	2006-07	2005-06
Opening Stock		
Finished Goods	149,189	131,626
Work-in-progress	8,539	5,733
	<hr/>	<hr/>
	157,728	137,359
Less: Closing Stock		
Finished Goods	270,695	149,189
Work-in-progress	8,701	8,539
	<hr/>	<hr/>
	(121,668)	(20,369)
	<hr/> <hr/>	<hr/> <hr/>

*Includes General Merchandise including Gold and jewellery



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 15

(Rupees in Thousand)

MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES

	2006-07	2005-06
Salaries, Wages and Bonus	71,853	46,424
Contribution to Provident and Family Pension Funds	3,319	2,262
Contribution to Gratuity Funds	2,649	584
Workmen and Staff Welfare Expenses	5,831	3,192
Consumption of Stores and Spare Parts	858	584
Power and Fuel	22,213	17,835
Jobwork and Hallmarking charges	10,853	9,823
Material Handling Charges	2,293	1,518
Repairs and Maintenance		
- Buildings	2,351	311
- Plant and Machinery	1,033	1,510
- Others	10,453	7,539
Advertisement, Marketing and Sales Promotion expenses	91,994	82,530
Rent	26,565	12,446
Rates and Taxes [including Wealth Tax Rs.9 (Previous Year - Rs.8)]	5,347	5,261
Insurance	3,247	2,143
Communication expenses	7,640	5,623
Freight, Transport and Delivery	19,050	15,651
Travelling and Conveyance Expenses	16,806	10,787
Printing and Stationery	3,423	4,581



SCHEDULE 15

(Rupees in Thousand)

MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES

	2006-07	2005-06
Commission and Discount on Sales	7,363	9,195
Professional and Consultancy charges	12,055	21,827
Legal Expenses	356	468
Security Hire charges	5,666	5,462
Exchange Loss / (Gain) - Net	193	36
Loss on sale of assets - Net	3,735	409
Debts and other debits written off	108	24
Provisions for Doubtful Debts, Advances and other assets	2,021	-
Miscellaneous Expenses (Refer Note 10 on Schedule 17)	6,287	6,871
	<u>345,562</u>	<u>274,896</u>



KHADIM INDIA LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 16

(Rupees in Thousand)

INTEREST

	2006-07	2005-06
Interest on Fixed Loans	11,420	7,668
Interest on others	23,440	19,343
Other Finance charges	2,021	1,462
	<u>36,881</u>	<u>28,473</u>



KHADIM INDIA LIMITED

SCHEDULE -17

NOTES ON ACCOUNTS

(All Amounts in Rs. thousands, unless otherwise indicated)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under historical cost convention, on accrual basis and the relevant provisions of the Companies Act, 1956.

(b) Use of Estimates

While preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amount of revenue and expenses during that reported period. Actual results may differ from those estimates. Any revision to such estimates is recognized in the period in which the same is determined/materialised.

(c) Fixed Assets

- (i) Fixed Assets are stated at their original cost, which includes freight taxes, duties (net of CENVAT) and other incidental expenses relating to acquisition and installation.
- (ii) Costs of leasehold rights of land and buildings, including incidental charges thereto are amortised over the period of lease.
- (iii) Intangible Assets (Trademarks, Copyrights and Designs, Audio-Visuals and Computer Softwares) are stated at their cost less accumulated amortisation. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the Company and where its costs can be reliably measured. The depreciable / amortised amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis. The carrying value is reviewed at each Balance Sheet date.



(iv) Capital expenses, pending installation / commercial use, certain expenses of revenue nature and advances, which can be regarded as incidental and directly related to project set-up are transferred to "Capital Work-in-Progress". These expenses are allocated to fixed assets in the year of installation / commencement of commercial usage.

(d) Depreciation

(i) Depreciation is provided on "Straight-Line Method (SLM)" at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956

(ii) Leasehold improvements are depreciated over the respective lease periods.

(e) Investments

(i) Long Term investments are stated at cost. Diminution of permanent nature, if any, is provided for.

(ii) Current investments (other than long term) are carried at lower of cost and net realizable value.

(f) Inventories

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

- Raw materials : At cost on First-in-First out basis.
- Stock-in-process : Raw material cost plus conversion cost upto the stage of completion.
- Finished goods and finished goods in transit : Raw material cost and other related overhead costs inclusive of excise duty payable on clearance.
- Trading goods : At landed cost plus related overhead costs.

(g) Retirement Benefits

(i) Contribution to Provident Fund and other Funds in accordance with the relevant plans / schemes (Defined Contribution Schemes), are charged to Profit and Loss Account on accrual basis.



- (ii) The Company's employees are covered under "Group Gratuity Scheme" with the "Life Insurance Corporation of India (LIC)", which is a Defined Benefit Scheme and is funded in accordance with the LIC's demand. The same is appropriately expensed to the revenue account on accrual basis. Actuarial valuation is carried out at the Balance Sheet date and incremental liability, if any, is also provided for.
- (iii) Leave Encashment (Defined Benefit Scheme) is provided annually based on actuarial valuation carried out by an independent actuary as at the Balance Sheet date.

(h) Foreign Currency Transactions

Foreign Currency Transactions are recorded at the prevalent exchange rates as on the dates of the respective transactions. Year-end monetary assets / liabilities, denominated in foreign currencies, are realigned at the applicable exchange rates or at forward contract rates, wherever applicable, prevailing at the Balance Sheet date. All exchange variations are recognized in the Profit and Loss Account, other than those relating to acquisition of fixed assets which are adjusted to the carrying cost of the related assets.

(i) Taxes on Income

Income Tax expenses are accounted in the same period to which the revenue and expenses relate.

Current tax is determined on the amount of tax payable in respect of taxable income for the year.

Deferred tax is provided and recognised on timing differences between the taxable income and accounting income subject to prudential consideration.

Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

(j) Recognition of Income and Expenditure

- (i) Items of income and expenditure are recognised on accrual basis, except otherwise stated.



- (ii) Sales and retail revenues, net off trade discounts and taxes but inclusive of Excise duty, are recognized on delivery of the goods / merchandise to the dealers/customers.
- (iii) Revenue from displays and sponsorships are based on the period for which the products / displays are sponsored/carried out.
- (iv) Income on investments is accounted for when the right to receive the payment is established.

(k) Leases

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating lease. Payments made under operating lease are charged to Profit and Loss Account on a straight – line basis over the period of the lease.

(l) Treatment of prior period and extra ordinary items

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

(m) Provisions, Contingent Liabilities and Contingent Assets

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent Liabilities, if material, are disclosed in notes to accounts. Contingent Assets are not recognized or disclosed in the financial statements, as a matter of prudence.



2. **Contingent Liabilities**

	As at 31 March 2007	As at 31 March 2006
	Rs.	Rs.
(a) Claims not acknowledged as debts-		
(i) Income Tax under Appeals	25,599	15,291
(ii) Sales Tax under Appeals	18,990	13,963
(iii) Excise Duty under Appeals	92	5,200
(iv) Others	4,275	Nil
(b) Bank Guarantees	10,115	11,751

3. **Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for – Rs.68,530 (Previous Year – Rs. 3,387).

4. **Deferred Taxation**

The major components of deferred taxation arising out of timing differences are -

	As at 31 March 2007	As at 31 March 2006
	Rs.	Rs.
Liabilities		
Depreciation	26,508	17,314
Total Liabilities (A)	26,508	17,314
Assets		
Provision for Gratuity and Leave Encashment - (B)	494	607
Net Deferred Tax Liabilities (A-B)	26,014	16,707

5. Pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court at Calcutta with effect from 1st October, 2004, Amalgamation Reserve has been treated as Capital reserve and represents the surplus of value of net assets over the equity shares issued as purchase consideration.

6. (a) Small Scale Industrial (SSI) Undertakings to whom the Company owed for more than 30 days as on 31 March 2007 were -



- Sooky Leather
- Dutta Enterprise
- Charan Paduka Industries (P) Ltd.
- Sabitri Udyog
- Delta Packaging Centre
- Select Footwear
- Sahara Footwear
- Abhi Footwear

The above information has been determined to the extent such parties have been identified on the basis of the information available with the Company, which has been relied upon by the Auditors.

- (b) The Company has not received any claims for interest on such dues from the said parties.
7. The Company has not received any information from its suppliers regarding registration under "The Micro, Small and Medium Enterprises Development Act, 2006". Hence, the information, as required to be given in accordance with Section 22 of the said Act have not been disclosed.
8. Arising out of the policy decision of funding gratuity liability to LIC, a sum of Rs. 1,537 (Previous Year – Rs. Nil) on the basis of actuarial valuation, made in earlier years by an actuary for the purpose, has been written back as income and a sum of Rs. 2,512 (Previous Year – Rs. Nil), being the Company's contribution to the gratuity fund has been charged to Profit and Loss Account for the year.
9. (a) Remuneration to Managing Director and other Whole-time Directors (included under various revenue heads)-

	2006-07	2005-06
	Rs.	Rs.
(i) Salary	11,491	8,528
(ii) Monetary value of Perquisites	612	773
Total	12,103	9301

- (b) In view of inadequacy of profits, remuneration to directors made pursuant to Section II(C) of Part-II of Schedule XIII of the Companies Act, 1956 has exceeded the relevant ceiling for which applications with the Central Government of India have already been made. Necessary approvals in this respect are still awaited.



10. Miscellaneous Expenses (Schedule- 15) include-

	2006-07 Rs.	2005-06 Rs.
(a) Amounts paid/payable to Auditors		
(i) Statutory Audit	350	350
(ii) Tax Audit	150	150
(iii) Others	Nil	20
(iiii) Reimbursement of Expenses – [Including Service Tax Rs.62 (Previous year Rs.63)]	62	80
Total	562	600
(b) Director Fees	190	Nil

11. The Company is primarily engaged in the business of manufacturing / retail business of footwear, leather accessories and other lifestyle / household consumer goods catering predominantly to the domestic market and therefore, according to the management, this is a "Single Segment" Company, as envisaged in the Accounting Standard 17, issued by The Institute of Chartered Accountants of India.

12. **Related Party Disclosures**

(a) Related parties (as identified by the management) are classified as:

Ultimate Holding Company	Knightsville Private Limited
Key Managerial Personnel (KMP)	Mr. Satya Prasad Roy Burman- Whole time Director Mr. Siddhartha Roy Burman- Managing Director Mr. Partha Roy Burman – Whole time Director [Ceased to be a Director w.e.f. 26 March 2007 due to vacation of office by operation of law pursuant to section 283(1)(g) of the Companies Act, 1956] Mrs. Namita Roy Burman- Non-Executive Director Prof. Ashok Dutta- Non-Executive Director Prof. A. N. Sadhu- Non-executive Director Mr. Indranath Chatterjee- Non-Executive Director



Enterprises over which KMP and their relative have substantial interests:	Khadim Financial Services (P) Ltd. Khadim Development Co. (P) Ltd. Khadim Enterprise K. M. Khadim & Co. St. Mary's Clinic & Drug Stores Sheila Departmental Stores (P) Ltd. Bee Tee Enterprise Moviewallah Communications (P) Ltd.
Relatives of KMP	Mr.Partha Roy Burman Mrs. Basabdutta Roy Burman Mrs. Tanusree Roy Burman

(b) Transactions with Related Parties-

Particulars	Key Management Personnel (KMP)	Enterprises over which KMP and their relatives have substantial interest	Ultimate Holding Company
	Rs.	Rs.	Rs.
Advances taken	- (-)	- (47,517)	- (-)
Advances repaid	- (-)	- (47,517)	- (-)
Loan Taken	- (1,849)	8,000 (-)	- (-)
Loans repaid	5,807 (2,441)	- (-)	- (-)
Sales	- (-)	3,560 (14,521)	- (-)
Royalty Received	- (-)	151 (774)	- (-)
Commission paid	- (-)	976 (5,353)	- (-)
Rent Received	- (-)	- (440)	- (-)
Paid for rendering of services	12,103 (9,300)	7,808 (27,339)	- (-)

Note: Figures in parenthesis denote previous year's figures



(c) Outstanding Balances:

	As at 31 March 2007	As at 31 March 2006
	Rs.	Rs.
- Key Management Personnel (KMP)	Nil	Nil
- Enterprises over which KMP and their relatives have substantial interest (Net)	12,809 (Cr.)	4,977 (Cr.)
- Holding Company	Nil	Nil

13. Leases

The Company has taken various premises including offices, warehouses and retails under operating lease arrangements. As per legal opinion obtained by the Company, such lease arrangements are mostly not non-cancellable leases, as envisaged in Accounting Standard 19 on "Leases" issued by The Institute of Chartered Accountants of India and are renewable by mutual consent or mutually agreed terms. However, the overall future lease commitments of such lease arrangements entered into by the Company will be Rs.7,18,219 (Previous Year – Rs 2,26,197)

14. Additional Information pursuant to provisions of paragraph 3, 4C and 4D of Part-II of Schedule VI to the Companies Act, 1956

(a) Licensed, Installed Capacity and Actual Production:

Product	Units	Licensed Capacity	Installed Capacity ('000)	Actual Production ('000)
PVC Sandals / Slippers & Direct Injection Shoes/Stuck on process	Pairs	Refer Note (i) below	2880 (3645)	945 (913)
EVA	Pairs	Refer Note (i) below	1,050 (1,050)	1,164 (888)

Notes:

- (i) The Company did not require any industrial licence at the time of the establishment of its manufacturing setup but required registration under the applicable laws and regulations were obtained.
- (ii) Installed capacity, as certified by the company's technical experts.
- (iii) Figures in parenthesis denote previous year's figures



(b) Particulars in respect of Stocks and Sales of Manufactured Goods:

Product	Opening Stock		Sales		Closing Stock	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
	('000)	Rs.	('000)	Rs.	('000)	Rs.
PVC Sandals / Slippers & Direct Injection Shoes/Stuck on	114	9,949	1,014	1,05,575	45	3,907
	(185)	(16,494)	(984)	(94,870)	(114)	(9,949)
EVA	55	2,778	1,198	81,184	21	1,116
	(40)	(1,846)	(873)	(60,862)	(55)	(2,778)

Notes:

- (i) Quantity stated in pairs
- (ii) Sales include inter-unit transfers.
- (iii) Figures in parenthesis denote previous year's figures

(c) Particulars in respect of Trading Goods-Footwear:

Particulars	2006 - 07		2005 - 06	
	Quantity	Amount	Quantity	Amount
	('000)	Rs.	('000)	Rs.
Opening Stock	654	83,627	623	80,593
Purchase	13,056	8,35,286	10,974	8,34,552
Sales	12,558	14,44,169	10,943	11,80,485
Closing Stock	1,152	1,98,385	654	83,627

Notes:

- (i) Quantity stated in pairs
- (ii) Purchases include inter-unit transfers.
- (iii) Sales is inclusive of Excise duty and other related taxes.

(d) Value of Raw Material, Stores and Spare parts consumed:

Item	Unit	2006-07		2005-06	
		Quantity	Amount	Quantity	Amount
		('000)	Rs.	('000)	Rs.
PVC Compound	Kgs	587	41,818	353	19,904
EVA Compound	Mtrs.	152	14,897	187	20,147
Leather	SDM	1,040	4,947	447	6,940
Others			28,547		51,525
Total			90,209		98,516

The above includes consumption of imported items - Rs.618 - 0.64% (Previous Year - Nil)



(e) Value of Imports on CIF Basis:

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Raw Materials, Components and Spare Parts (including materials lying in bonded warehouse of the Custom authorities)	462	618
Capital Goods, including Moulds	2143	7461
Total	2,605	8,079

(f) Expenditure in Foreign Currency:

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Traveling	1,235	531
Others	1,022	1067
Total	2,257	1598

(g) Earnings in Foreign Currency:

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
FOB Value of Exports (on accrual basis)	3,021	12,783
Others	Nil	Nil
Total	3,021	12,783

15. Earnings per share

	2006-2007	2005-2006
(a) Number of Equity shares of Rs. 10/- each		
(i) At the beginning of the year	8,739	8,739
(ii) At the end of the year	10,924	8,739
(iii) Weighted average number of equity shares outstanding during the year	10,158	8,739
(b) Profit after tax available to share holders.	28,998	38,785
(c) Earnings per share basis [(a) / (b)] – (In Rs.)	2.85	4.44

16. Excise duty on uncleared goods (dutiable) lying at factory/warehouse has been accounted for in these financial statements with a corresponding impact in the valuation of the year-end closing stock, the treatment of which is revenue neutral.

17. Previous year's figures have been regrouped / rearranged wherever necessary.



18. Information pursuant to Part IV of schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

(a) Registration Details:

Registration Number	U19129WB1981PLC034337
State Code	21
Balance Sheet Date	March 31, 2007

(b) Capital raised during the year

(Rs. in thousands)

Public Issue	NIL
Rights Issue	21,848
Bonus Issue	NIL
Private Placement	NIL

(c) Position of mobilisation and deployment of Funds:

(Rs. in thousands)

Total Liabilities	11,80,750
Total Assets	11,80,750

Sources of Funds:

Paid-up Capital	1,09,241
Reserves & Surplus	3,78,308
Secured Loans	3,94,611
Unsecured Loans	21,620
Deferred Tax Liability	26,014

Application of Funds:

Net Fixed Assets (including Capital Work-in-progress)	6,09,832
Investments	14,800
Net Current Assets / (Liabilities)	3,05,162
Miscellaneous Expenditure	NIL

(d) Performance of the Company

(Rs. in thousands)

Turnover (including Other Income)	15,03,628
Total Expenditure	14,74,630
Profit/ (Loss) before Tax	50,019
Profit/ (Loss) after Tax	28,998
Earning per Share (in Rs.)	2.85
Dividend Rate (%)	Nil



(e) Generic Names of principal products/ services

Item Code No. (ITC Code)

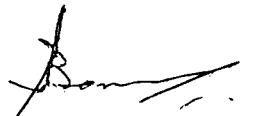
64011090

Product Description

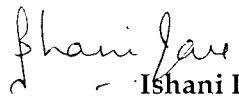
Footwear

Signatures to the Schedules 1 to 17.

For and on Behalf of the Board


S.P. Roy Burman
(Chairman)


Siddhartha Roy Burman
(Managing Director)


Ishani Ray
(Chief Finance Officer)

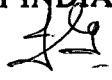

Joydev Sengupta
(Company Secretary)

Place: Kolkata

Date: 20th June 2007



**CERTIFIED TO BE TRUE COPY
KHADIM INDIA LIMITED**


**JOYDEV SENGUPTA
COMPANY SECRETARY & HEAD-LEGAL**

KHADIM INDIA LIMITED
CASH FLOW STATEMENT for the Year ended on 31st March, 2007

(Rupees in thousand)

	Year Ended 31st. March, 2007	Year Ended 31st. March, 2006
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	50,019	60,451
Adjustments for:		
Depreciation	28,506	4,959
(Profit) / Loss on Sale of Fixed Assets (Net)	3,735	409
Interest Received	(1,816)	(2,879)
Provision for impairment written back	(970)	-
Dividend Received	(33)	-
Profit on Sale of Investment	-	(1,219)
Interest paid	36,881	28,473
Operating Profit before Working Capital Changes	116,322	90,194
Adjustments for:		
Trade & Other Receivables	(46,303)	14,843
Inventories	(121,048)	(17,926)
Trade Payables	75,855	18,105
Cash Generated from Operations	24,826	105,216
Payment of Direct Taxes	(14,619)	(22,464)
Cash Flow before Extraordinary Items	10,207	82,752
Extra Ordinary Items	-	-
Net cash from Operating Activities - (A)	10,207	82,752
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(143,721)	(81,334)
Sale of Fixed Assets	2,047	649
Purchase of Investments	(12,500)	(51,000)
Sale of Investments	-	52,669
Interest Received	1,441	2,845
Net Cash from Investing Activities - (B)	(152,733)	(76,171)



KHADIM INDIA LIMITED
CASH FLOW STATEMENT for the Year ended on 31st March, 2007

(Rupees in thousand)

	Year Ended 31st. March,2007	Year Ended 31st. March, 2006
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	21,848	-
Proceeds from Borrowings		
Demand Loan	14,244	-
Term Loans	72,659	27,833
Unsecured Loans (Other than Public Deposit)	-	29,498
Cash Credit from Banks	95,267	(91,313)
Repayment of		
Term Loan	(18,700)	-
Corporate Loan	(625)	(938)
Unsecured Loans (Other than Public Deposit)	(14,477)	-
Interest Paid	(36,438)	(29,131)
Repayment of Car Loan	(1,020)	(1,000)
Net Cash used in Financing Activities - (C)	132,758	(65,051)
Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C)	(9,768)	(58,470)
Cash and Cash Equivalents at beginning of year	38,335	96,805
Cash and Cash Equivalents at end of year	28,567	38,335


Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March,2007 and the related Profit and Loss Account for the year ended on that date.
2. The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard - 3 on "Cash Flow Statement", issued by The Institute of Chartered Accountants of India and reallocations required for this purpose are as made by the Company.
3. Figures in parenthesis represents outflows.
4. Previous year's figures have been regrouped, wherever necessary, to conform current year's presentation

This is the Cash Flow Statement referred to in our report of even date

For Ray and Ray

Chartered Accountants


R. N. Roy
(Partner)


Membership No.F- 8608

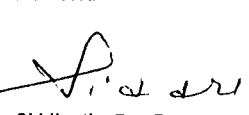


Place: Kolkata

Date: 20th June 2007

For and on Behalf of the Board


S.P. Roy Burman
(Chairman)


Siddhartha Roy Burman
(Managing Director)


Ishani Ray
(Chief Finance Officer)


Joydev Sengupta
(Company Secretary)

CERTIFIED TO BE TRUE COPY

KHADIM INDIA LIMITED



JOYDEV SENGUPTA
COMPANY SECRETARY & HEAD-LEGAL