Annual Report 2007-08

KHADIM INDIA LIMITED

Khadim's®

BOARD OF DIRECTORS

Mr. Satya Prasad Roy Burman	:	Chairman & Whole-Time Director
Mr. Siddhartha Roy Burman	:	Managing Director
Mrs. Tanusree Roy Burman	:	Director
Mr. Indra Nath Chatterjee	:	Director
Prof. Ashoke Kumar Dutta	:	Director
Prof. Amar Nath Sadhu	:	Director

AUDIT COMMITTEE

Prof. Amar Nath Sadhu	:	Chairman
Prof. Ashoke Kumar Dutta	:	Member
Mr. Indra Nath Chatterjee	:	Member
Mr. Joydev Sengupta	:	Secretary

REMUNERATION/COMPENSATION COMMITTEE

Prof. Ashoke Kumar Dutta	:	Chairman
Prof. Amar Nath Sadhu	:	Member
Mr. Indra Nath Chatterjee	:	Member
Mr. Joydev Sengupta	:	Secretary

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Mr. Indra Nath Chatterjee	:	Chairman
Prof. Ashoke Kumar Dutta	:	Member
Mr. Siddhartha Roy Burman	:	Member
Mr. Joydev Sengupta	:	Secretary

COMPANY SECRETARY, HEAD - LEGAL & COMPLIANCE OFFICER

Mr. Joydev Sengupta

REGISTERED OFFICE

"Kankaria Estate", 5th Floor,
6, Little Russell Street,
Kolkata - 700 071, India
Website: www.khadims.com

STATUTORY AUDITORS

Ray & Ray
Chartered Accountants
6 Church Lane
Kolkata- 700 001

BANKERS

State Bank of India

UCO Bank

SOLICITORS

Khaitan & Co.

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors of your Company ("the Board") is pleased to present its report on the business and operations of your Company for the financial year ended on **31 March 2008.**

FINANCIAL HIGHLIGHTS:

Rs. In '000s

	2007-2008	2006-2007
Sales	**1984536**	1493467
Other Income	**19370**	10162
Profit before Depreciation, Interest, and Tax	**237300**	115406
Depreciation	**41985**	28506
Interest	**68065**	36881
Profit before tax	**127250**	50019
Provision for Taxation		
- Current and deferred Tax	**41976**	18899
- Fringe Benefit Tax	**2602**	1642
Profit for the year after tax	**82672**	29478

GENERAL OVERVIEW

According to AT Kearney's Annual Global Retail Development Index (GRDI), India tops the global list for the 3rd consecutive year and the Indian retail market is the 5th largest retail destination globally and likely to increase its share in the total retail market to 22 % by 2010.

A high GDP growth rate, reduction in unemployment, high disposable income in the hands of the Great Indian Middle class and ever growing youth brigade of India coupled with a huge unorganized retail sector creates an ideal platform for an exponential growth for the organised retail sector. However, an uneven retail infrastructure due to different economic, social and political factors demands reinvention of innovative marketing and operational strategies.

Amidst stiff competitive environment, strong inflationary pressures as well as threats from the unorganised sector your Company, with the aid of its strong management policies is endeavouring to materialise its vision to reach every Indian home through its footwear business along with the LFR and gold business.

During the year under review, the turnover of your Company saw a growth of around 33% over the previous year. We have worked hard to position ourselves for continued growth in this fiscal. We are confident that our progress will continue and we will reach new heights in the years to come.

PROCUREMENT

In today's global environment, the most viable strategy is outsourcing of products. The efficiencies that are gained from outsourcing, in the form of shifting of risk, reduced capital requirements, lower wages, and ability to focus on the core competencies, strongly outweigh other options. Outsourcing forms the backbone of our business and we are making it more meaningful by refining the process day in and day out with special focus on stringent quality standards.

We are focusing on product quality improvement, through streamlining and centralizing of the procurement process with the aid of operational and technology infrastructure. Vendor selection, product standardization and outsourcing are done through a right balance of quality, speed, cost and innovation by a team of dedicated professionals to ensure that the right product reaches the end consumer at the right time and price.

The effects of steamlining have already started to show results in the form of improved gross margin over the past years.

MANUFACTURING

Research, based on diverse tastes, fashion and choice of individual consumers, forms the bedrock of footwear business. For our manufacturing activity we always rely on feedback from our customers. This helps us to find out the right product mix that we should manufacture from our factory that is mainly used for strategic manufacturing. We always thrive for quality so that our customers get reliable return on their spend. Your Company is carrying out all three individualized customer needs – fit (products near to the body), taste (design, fashion) and functionality.

During the year apart from EVA & PVC the manufacturing division emphasized on stuck on shoes for high end products.

LOGISTICS

During the year under the review, substantial expansion was made in the distribution centre located at Tangra (Kolkata, West Bengal) and the Regional Distribution Centre ("RDC") at Chennai - a major contribution to the infrastructure development of your Company that is expected to have a long lasting impact on the logistic functions of your Company. The RDC at Delhi a reached landmark when it despatched around 8 lac pairs of footwear in a span of 3 months for catering to the festive demand. To bridge the distances between the production centres and the retailers we have entered into arrangements with various logistic carriers for timely supply of inventories during peak season demands.

During the year your company has acquired around 5 acres of land in the Calcutta Leather complex in the eastern fringes of Kolkata for a state of the art Central Distribution Centre for catering stores and RDCs across the country.

BRAND AND MARKETING

Your Company is actively working on bringing out the right image of the brand "Khadim's" and is in the process of creating loyal customers by extensive mass media footage through press, radio, hoardings, leaflets and also through in-store promotion campaigns.

In order to make Khadim's a true national brand, business segment wise several promotional schemes are being launched throughout the year across the country keeping in mind the regional festive seasons. Amidst fierce competitive pressures, your Company is positively striving towards proving its worth to the consumers, its business partners and its value to the shareholders.

During the year new initiatives were taken to overhaul the store design and packaging apart from developing sub brands for attracting more effective footfall and to enhance gross margin.

LIFESTYLE RETAILING

It was in the month of June 2007, your Company launched "Egaro" at the two prominent locations of the twin cities of Kolkata and Howrah -a shopping experience where there is freedom of choice for the customers. With an ambience that is consumer friendly Egaro presents a robust choice of daily needs and a complete fashion wardrobe at competitive prices.

With an unique blending of premium, private label as also international brands "Egaro" showcases the epitome of new age luxury. However, being on the 2nd year of its operation and a stiff competition that is prevalent in this sector, your Company hopes to break-even in this segment of its business within the next 3 years. It has plans to open more such shops in the next two to three years.

INFORMATION TECHNOLOGY

The year 2007-08 saw a number of new and emerging technologies being introduced to support innovations, making decisions, lower costs, tap talent, realize new opportunities simultaneously ensuring minimization of data-loss, pilferage of the confidential data and increasing staff productivity. It includes the introduction of Software Asset Management (SOA) through an agreement entered with Microsoft aiming at optimization of deployment of software, reducing support cost, overhauling of the existing mail system and introduction of an upgraded version ensuring better and fast communication.

Another landmark achievement has been the implementation of ERP Solution from SAP as an organization-wide IT solution with an objective towards streamlining the supply chain i.e. both sourcing and procurement and also the introduction of a robust transaction management system and enterprise wide platform to run the operations. The ERP is expected to go – live in the later part of 2008-2009. Once it starts operating in its entirety the management expects that there will be substantial improvement in the operations and efficiency will also increase to a great extent through trend analysis, capturing customer reactions, analyzing data, and using it to optimize the next phase of the design process.

HUMAN RESOURCES

Human Resource being the backbone and greatest asset of our organization the year 2007-08 has witnessed several initiatives being taken to properly train our existing human resources, induct talent and also to ensure reduction in attrition rates which guarantees the increase in efficiency and growth, increased productivity and market reputation of the organization.

Some of the initiatives include implementation of Performance Appraisal System, Rewards & Recognition System, sector wise incentive schemes, modification and rationalization of the compensation policy etc.

INTERNAL AUDIT

The internal audit team of your Company evaluates the effectiveness of the internal control system and contribute to its ongoing effectiveness through its reporting directly to the audit committee of the board of directors. It is engaged in continuous evaluation of controls in various operational fields with building up effective and efficient controls, wherever needed, along with providing assurance on operational transactions and safeguarding of Company's assets e.g. routine verification and control over inventory, cash and operation related transactions ensuring effective risk minimization. Specific area wise 'Transaction Audit' is being conducted in a planned manner ensuring better control on company's assets.

PARTICULARS OF EMPLOYEES

Information as per the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms a part of this Report and given in Annexure A.

AUDITORS

The Statutory Auditors of the Company, M/s Ray & Ray, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting, and being eligible offer themselves for reappointment.

Furthermore, M/s Ray & Ray, Chartered Accountants, have confirmed that, if appointed, their appointment would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

The comments made by the Auditors in their Report have been duly explained in the Notes to Accounts and hence do not require to be separately dealt with here.

DIVIDEND

The Board is of the opinion that the Company should consolidate its net worth and hence thus no dividend is being recommended for the financial year ended 31 March 2008.

PUBLIC DEPOSIT

During the year, the Company has neither invited nor accepted any deposits from the Public within the meaning of Section(s) 58A, 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

DIRECTORS

As on the date of this Report the number of members on the Board is 6 consisting 2 whole-time directors, 1 non-executive director and 3 non-executive Independent Director.

Mr. Satya Prasad Roy Burman, was appointed as the Chairman and Whole-time Director of the Company w.r.e.f. 1 April 2005 for a period of 3 years from 1 April 2005 to 31 March 2008 (both days inclusive) by the Members on 3

November 2005 at the Annual General Meeting. The appointment was formalised by way of entering into an appropriate agreement dated 3 November 2005. The said Agreement has expired on 31 March 2008. Appropriate Resolution seeking your approval for the above is being forwarded to you through separate Notice and relative explanatory statement.

Mr. Siddhartha Roy Burman, Managing Director of the Company was appointed as such w.r.e.f. 1 April 2005 for a period of 3 years from 1 April 2005 to 31 March 2008 (both days inclusive) by the Members on 3 November 2005 at the Annual General Meeting. Thereafter, due to inadequacy of profit approval was taken from the Remuneration Committee, the Board of Directors and the Shareholders of the Company at their meetings held on 23 December 2006 and 25 January 2007 respectively for extension of the appointment of and entering into a fresh contract with Mr. Siddhartha Roy Burman, which was approved by the Central Government through its letter dated 4 March 2008, the relevant application for which was made by the Company through its letter dated 4 April 2007.

On receipt of approval of the Central Government on 4 March 2008, the fresh contract has been entered into by and between the Company and Mr. Siddhartha Roy Burman on 28 March 2008.

Furthermore, pursuant to Section 256 of the Companies Act, 1956, Prof. Amar Nath Sadhu, Director, being Director liable to retire by rotation under Section 255, retire at the AGM and being eligible offers himself for re-appointment.

The resolution seeking your approval for his appointment is being forwarded to you through appropriate Notice.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY

During the year under review, your Company has taken adequate measures to optimize the consumption of electricity. Loss of electricity due to leakage has been minimized by improving the insulation capacity of the water pipelines, from chillier machine to EVA injection machine as also centralisation of power supply. Electricity consumption was made effcetively to reduce wastage.

The effect of the aforesaid measures will be beneficial in the long run.

As the Company is not operating in an industry listed in the Schedule to Form A referred to in sub-clause (d) of Clause A of Rule 2 of the Companies (Disclosure Of Particulars In The Report Of Board Of Directors) Rules, 1988, the details as per Form A is not relevant.

TECHNOLOGY ABSORPTION:

Research And Development

During the year under review no R&D initiatives were taken within the meaning of the Companies (Disclosure Of Particulars In The Report Of Board Of Directors) Rules, 1988 or Accounting Standard 26.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Ethyl Vinyl Acetate (EVA) injection plant which was installed along with state of the art technology has helped in EVA production to a great extent. However, no specific technology was imported during last 5 years.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs.'000

Sl.	Particulars	2007-08	2006-07
(a)	Value of import on CIF basis		
	Raw material, components & spare parts	**1443**	462
	Capital Goods - including Moulds	**477**	2143
(b)	Foreign exchange Earning	**4094**	3021
(c)	Foreign exchange outgo	**530**	1235
(d)	Others	**Nil**	1022

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the significant contribution made by the employees, who through their competence, hard work, solidarity, co-operation and support have enabled the Company to consolidate its foothold across the market.

The Directors also take this opportunity to thank the Central and various State Governments and other statutory bodies including the Registrar of Companies, West Bengal and the Ministry of Corporate Affairs, vendors, Lenders, Bankers, financial institutions and the shareholders for their consistent and uninterrupted support.

Kankaria Estate,
5th Floor,
6, Little Russell Street,
Kolkata– 700 071
Dated: 4 July 2008

For and on behalf of the Board

Satya Prasad Roy Burman
Chairman

Annexure A

Information as per the provisions of Sec 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

Sl No.	Name	Designation	Nature of Employment	Nature of Duties	Qualifiactions	Age (Yrs.)	Date of Commencement of Employment	Remuneration (Rs.)	Experience	Previous Employment
1	Sri Satya Prasad Roy Burman	Chairman & Whole time Director	Contractual	General Management	School Final	78	03.12.1981	40.83*	53	NA
2	Sri Siddhartha Roy Burman	Manaaging Director	Contractual	General Management	B.Com	46	25.09.1990	74.89**	23	Chief Executive of the Company

NOTES:

1. Gross Remuneration comprises of salary, commission, perquistes and Company's contribution to PF.
2. The Directors featuring above are related to each other directly.
3. *The Remuneration of Mr. Satya Prasad Roy Burman was paid in accordance with the approval given by the Ministry of Corporate Affairs, Government of India, through their letter dated 6 July 2007, pursuant to the provisions of Sections 198(4), 309(3) and 310 of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956.
4. **The Remuneration of Mr. Siddhartha Roy Burman was paid in accordance with the approval given by the Ministry of Corporate Affairs, Government of India, through their letter dated 4 March 2008 , pursuant to the provisions of Sections 269, 198(4), 309(3), 310 and 637AA of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956.
5. No other employee of the Company have drawn salary more than Rs. 2 lakh per month for any part of the financial year 2007-2008 or Rs. 24 lakh during the entire financial year 2007-2008.

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 2008, 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 2008 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 2008 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 2008;

      (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)
(Membership No – F-8608)

Place : Kolkata
Date : 23 June 2008

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 part of the fixed assets has been physically verified by the management during the year and no material discrepancy 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. 7656*(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 sales tax and excise duty as at 31 March 2008, which have not been deposited on account of dispute are given in the *Appendix I*. Apart from the same, there are no undisputed dues in respect of income tax, custom duty, wealth tax, service tax and cess.

10. The Company has no accumulated loss as at 31 March 2008 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 95,967 *(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.

For **RAY & RAY**
Chartered Accountants

R.N.ROY
(Partner)
(Membership No – F-8608)

Place : Kolkata
Date : 23 June 2008

APPENDIX I 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 2008]*

Name of the Statute	**Nature of dues**	**Amount (Rs in Thousands)**	**Forum where dispute is pending**	**Year to which the amount relates**
Central Excise Act, 1944	Excise Duty	27	Commissioner of Central Excise *(Appeals)*	2000-01
		66	Commissioner of Central Excise *(Appeals)*	2000-01
		1462	Commissioner of Central Excise *(Appeals)*	2002-03
Total		**1,555**		
Central Sales Tax Act, 1956	Sales Tax	3542	Deputy Commissioner (Appeals)	2003-04
Central Sales Tax Act, 1956	Sales Tax	7678	Deputy Commissioner (Appeals)	2003-04
West Bengal Sales Tax Act, 1994	Sales Tax	1647	Deputy Commissioner (Appeals)	2003-04
West Bengal Sales Tax Act, 1994	Sales Tax	5570	Deputy Commissioner (Appeals)	2003-04
West Bengal Sales Tax Act, 1994	Sales Tax	288	Deputy Commissioner (Appeals)	2003-04
West Bengal Sales Tax Act, 1994	Sales Tax	859	Special Commissioner of Commercial Taxes	2004-05
West Bengal Sales Tax Act, 1994	Sales Tax	479	Special Commissioner of Commercial Taxes	2004-05
Total		**20,063**		

Balance Sheet

KHADIM INDIA LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in Thousand)

	Schedule Reference		31st March, 2008		31st March, 2007
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1		121,352		109,241
Reserves and Surplus	2	552,183		378,308	
Loan Funds	3				
Secured Loans		538,468		394,611	
Unsecured Loans		119,876	658,344	21,620	416,231
Net Deferred Tax Liability			30,601		26,014
[Note 4 on Schedule 17]					
TOTAL			1,362,480		929,794
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		799,660		583,763	
Less: Depreciation		109,533		69,802	
Net Block		690,127		513,961	
Capital Work-in-Progress		45,872	735,999	58,792	572,753
Investments	5		827		14,800
Current Assets, Loans and Advances					
Inventories	6	479,328		293,181	
Sundry Debtors	7	158,981		82,885	
Cash and Bank Balances	8	44,957		28,567	
Other Current Assets	9	6,783		2,999	
Loans and Advances	10	274,506		185,583	
		964,555		593,215	
Less:					
Current Liabilities and Provisions	11				
Current Liabilities		331,057		249,576	
Provisions		7,844		1,398	
		338,901		250,974	
Net Current Assets			625,654		342,241
TOTAL			1,362,480		929,794
-					
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 : 23rd June, 2008

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 & Head - Legal)

Profit & Loss Account

KHADIM INDIA LIMITED
PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2008

(Rupees in Thousand)

	Schedule Reference	2007-08	2006-07
INCOME			
Turnover (Gross)		**2,030,928**	1,536,613
Less : Excise Duty		**46,392**	43,146
Turnover (Net)		**1,984,536**	1,493,467
Other Income	12	**19,369**	10,161
		2,003,905	1,503,628
EXPENDITURE			
Purchase of General Merchandise		**1,292,366**	1,074,977
Raw Materials Consumed	13	**99,625**	89,351
(Accretion)/Decretion in Stocks	14	**(185,243)**	(121,668)
Manufacturing, Selling and Administrative Expenses	15	**559,857**	345,562
Depreciation		**41,985**	28,506
Interest	16	**68,066**	36,881
		1,876,656	1,453,609
PROFIT BEFORE TAXATION		**127,249**	50,019
TAXATION			
Current Tax [Net of earlier years' adjustments of Rs.811 (Previous Year - Rs.480)]		**37,389**	10,072
Fringe Benefit Tax [Including earlier years' adjustments of Rs.224 (Previous Year - Nil)]		**2,602**	1,642
Deferred Tax		**4,587**	9,307
PROFIT AFTER TAXATION		**82,671**	28,998
Profit brought forward from Previous year		**142,053**	113,055
BALANCE CARRIED TO BALANCE SHEET		**224,724**	142,053
Notes on Accounts	17		
Earnings per Share - Basic and Diluted (Rupees) (Note 23 on Schedule 17)		**7.09**	2.85

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 : 23rd June, 2008

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 & Head - Legal)

KHADIM INDIA LIMITED
CASH FLOW STATEMENT for the Year ended on 31st March, 2008

		(Rupees in thousand)
	Year Ended 31st. March, 2008	**Year Ended 31st. March, 2007**
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	**127,249**	50,019
Adjustments for:		
Depreciation	**41,985**	28,506
(Profit) / Loss on Sale of Fixed Assets (Net)	**117**	3,735
Interest Received	**(5,254)**	(1,816)
Provision for Gratuity and Leave Encashment in respect of earlier period [Refer Note 14 on Schedule 17]	**(2,684)**	-
Provision for impairment written back	-	(970)
Dividend Received	**(206)**	(33)
Profit on Sale of Investment	**(196)**	-
Interest paid	**68,066**	36,881
Operating Profit before Working Capital Changes	**229,077**	116,322
Adjustments for:		
Trade & Other Receivables	**(157,892)**	(45,304)
Inventories	**(186,147)**	(121,048)
Trade Payables	**85,331**	75,856
Cash Generated from Operations	**(29,631)**	25,825
Payment of Direct Taxes	**(28,042)**	(14,619)
Cash Flow before Extraordinary Items	**(57,673)**	11,206
Extra Ordinary Items	-	-
Net cash from Operating Activities - (A)	**(57,673)**	11,206
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	**(205,437)**	(143,721)
Sale of Fixed Assets	**87**	2,047
Advances of Capital nature	**(21,994)**	(999)
Purchase of Investments	-	(12,500)
Sale of Investments	**14,169**	-
Dividend received	**206**	-
Interest Received	**4,717**	1,441
Net Cash from Investing Actvities - (B)	**(208,252)**	(153,732)

KHADIM INDIA LIMITED
CASH FLOW STATEMENT for the Year ended on 31st March, 2008

(Rupees in thousand)

	Year Ended 31st March,2008	Year Ended 31st March, 2007
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital including Share Premium	**105,999**	21,848
Proceeds from Borrowings		
Demand Loan	**5,948**	14,244
Term Loans	**83,050**	72,659
Unsecured Loans	**98,256**	-
Cash Credit from Banks	**55,353**	95,267
Repayment of		
Term Loan	-	(18,700)
Corporate Loan	-	(625)
Unsecured Loans	-	(14,477)
Interest Paid	**(65,797)**	(36,438)
Car Loan	**(494)**	(1,020)
Net Cash used in Financing Activities - (C)	**282,315**	132,758
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	**16,390**	(9,768)
Cash and Cash Equivalents at beginning of year	**28,567**	38,335
Cash and Cash Equivalents at end of year	**44,957**	28,567

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March,2008 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. Addition to fixed assets are stated inclusive of movements of Capital work in progress between the beginning and end of the year and treated as part of investing activities
4. Movements of capital advances between the beginning and the end of the year has been treated as part of the investing activities
5. Figures in parenthesis represents outflows.
6. Previous year's figures have been regrouped,whereever necessary, to conform current year's presentation

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

For and on Behalf of the Board

For **Ray and Ray**
Chartered Accountants

S.P. Roy Burman
(Chairman)

Siddhartha Roy Burman
(Managing Director)

R. N. Roy
(Partner)
Membership No. F-8608
Place : Kolkata
Date : 23rd June, 2008

Ishani Ray
(Chief Finance Officer)

Joydev Sengupta
(Company Secretary & Head - Legal)

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHDEDULE -1

		31st March, 2008	31st March, 2007
			(Rupees in Thousand)
SHARE CAPITAL			
Authorised			
25,000,000	Equity Shares of Rs.10/- each	**250,000**	250,000
Issued, Subscribed and Paid-up			
12,135,238	(Previous year 10,924,138) Equity Shares of Rs. 10/- each fully paid-up [Refer Notes below]	**121,352**	109,241

NOTES :

1. Of the above shares 3,000,000 (Previous Year - 3,000,000) shares have been issued and alloted 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 shares 8,737,829 (Previous Year - 8,737,829) equity shares of Rs.10/- each fully paid up are held by holding company, Knightsville Private Limited.
3. During the year 1,211,100 (Previous Year - Nil) shares of Rs.10/- each were issued at a premium and allotted by way of private placement on preferential basis.

SCHDEDULE -2

(Rupees in Thousand)

	As At 31st March, 2007	Additions during the year	Transfer/ Adjustments during the year	As at 31st March, 2008
RESERVES AND SURPLUS				
CAPITAL RESERVE				
- Amalgamation Reserve - As per last account [Refer Note 5 on Schedule 17]	231,916	-	-	**231,916**
SHARE PREMIUM [Refer Note 6 on Schedule 17]	-	93,888	-	**93,888**
GENERAL RESERVE				
- As per last account	4,339	-	-	**4,339**
	236,255	93,888	-	**330,143**
Profit and Loss Account - As annexed	142,053	82,671	2,684*	**222,040**
	378,308	176,559	2,684	**552,183**

* Refer Note 14 on Schedule 17

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHEDULE 3

				(Rupees in Thousand)
			31st March, 2008	31st March, 2007
LOANS				
A SECURED LOANS	**Security as per Note**			
Term Loans from Banks	1		**212,908**	130,252
Bank Overdrafts	2		**8,806**	15,350
Vehicles Loan from Banks	3		-	494
Working Capital Loan from Banks	4		**314,952**	244,644
Interest accrued and due:				
- on Term Loans		1,693		1,299
- on Bank Overdrafts		-	-	111
- on Working Capital Loan		109	**1,802**	2,461
			538,468	394,611
B UNSECURED LOANS				
(Refer Note below)				
Inter Corporate Deposits			**115,256**	17,000
Others [Refer Note 7 on Schedule 17]			**4,620**	4,620
			119,876	21,620
Note:				
Repayable within one year - Rs.112,220 (Prevoius year - Rs.13,620)				
TOTAL [(A) + (B)]			**658,344**	416,231

Notes:

Note 1: Term Loan

Name of Bank	**2007-08 Amount (Rs. in Thousands)**	2006-07 Amount (Rs. in Thousands)
SBI Term Loan I	96,518	55,127
SBI Term Loan II	13,301	15,965
SBI Term Loan III	27,419	44,100
Axis Term Loan I	5,000	-
Axis Term Loan II	38,730	-
UCO Term Loan I	11,060	15,060
UCO Term Loan II	12,435	-
Andhra Bank Term Loan I	5,087	-
Andhra Bank Term Loan II	3,358	-
Total	212,908	130,252

SCHEDULE 3 (Cont..)

Particulars of Securities

SBI Term Loan (I, II and III)

Secured by equitable mortgage of Shop 6 & 7 at Alkapuri, Vadodara, P 31 & S 26 situated at Phase III, Kasba Industrial Estate, land at Kamraj Road , Bangalore, Land at 49A Gariahat Road, 20 Old Court House Street , Kolkata, 32 Kabi Guru Rabindrapath, Kanchrapara, Unit No. E0103, Block DC City Centre, Sector 1, Salt Lake, Kolkata & Land at Coimbatore,Tami Nadu.

Axis Bank Term Loan - I

Primary Security - Secured by first charge on the entire movable fixed assets of the Company at ground floor,1st floor and 2nd floor at 32(31), G. T. Road (East), J. L. No. 37, ward no. 20 at Asansol, West Bengal.

Collateral Security - Extension of charge on the immovable properties of the Company at ground floor, 1st floor and 2nd floor at 32(31), G. T. Road (East), J. L. No. 37, ward no. 20 at Asansol, West Bengal. The term loan is additionally secured by the corporate guarantee of the holding company, Knightsville Private Limited.

Axis Bank Term Loan - II

Primary Security - Equitable mortgage of ground floor, 1st floor and 2nd floor at 32(31), G. T. Road (East), J. L. No. 37, ward No. 20 at Asansol, West Bengal. The term loan is additionally secured by the corporate guarantee of the holding company Knightsville Private Limited.

UCO Bank Term Loan I

Primary Security - Mortgage of Land & Building at plot no. P-43 & P-43A at Kasba Industrial Estate, Kolkata.

UCO Bank Term Loan II

Primary Security - Secured by hypothecation of Hardware and Software of SAP.

Collateral security for Term Loan I and II - Equitable mortgage of property situated at Phase I Building Space No. S-32/1, S-32/2 and S-32/1A, Phase III of Building Space No. S-43, S-44, S-43/1, S-44/1 of Kasba Industrial Estate , Kolkata. Equitable Mortgage of Flat at C-1/121, Janakpuri, 2nd floor, New Delhi - 110058.

Andhra Bank Term Loan I

Primary Security - Hypothecation of assets to be created out of Term Loan like Furniture, fixture, computer, showcase, counter and generator, etc.

Collateral Security - Mortgage of Factory Building (S-19, S-20 and S-21) at Kasba Industrial estate, Kolkata on Leasehold Land.

Andhra Bank Term Loan II

Primary Security - Nil

Collateral Security - Extension of mortgage of Factory Building (S19, S20 and S21) at Kasba Industrial estate, Kolkata on Leasehold Land for Term Loan I and additionally secured by personal guarantee of the promoter directors.

Note 2: Bank Overdraft

Name of Bank	**2007-08 Amount (Rs. in Thousands)**	2006-07 Amount (Rs. in Thousands)
ICICI Bank	**8,149**	15,000
Standard Chartered Bank	**657**	350
Total	**8,806**	15,350

SCHEDULE 3 (Cont..)

Particulars of Securities

ICICI Bank

Primary Security - Hypothecation of all Credit Card Receivables both present & future and Corporate guarantee of the holding company, Knightsville Private Limited.

Standard Chartered Bank

Primary Security - By Lien on Fixed Deposits of the Company.

Note 3: Vehicle Loan

Name of Bank	**2007-08 Amount (Rs. in Thousands)**	2006-07 Amount (Rs. in Thousands)
ICICI Bank	**Nil**	494

Particulars of Securities

Secured by way of hypothecation of the vehicles financed

Note 4: Working Capital Loan

Name of Bank	**2007-08 Amount (Rs. in Thousands)**	2006-07 Amount (Rs. in Thousands)
State Bank Of India	**112,660**	63,411
UCO Bank	**173,100**	158,094
State Bank of India - Stand by line of credit	**9,000**	9,000
State Bank of India CP Link	**0**	10
ICICI Bank - Demand Loan	**20,192**	14,129
Total	**314,952**	244,644

Particulars of Securities

SBI Cash Credit

Primary Security - Hypothecation of entire stock in trade, receivables and other current assets of the Retail Division.

Collateral security - Equitable Mortgage of 14 shops at Kempegowda Road, Bangalore, 2 Shops at Jayanagar, Bangalore. Extension of equitable mortgage of retail shops at 32 & 33 Kamraj Road, civil station, Bangalore, equitable Mortgage of Office Premises at Cooke & Kelvey Building, Kolkata, security deposits of 2 shops at Jayanagar, Bangalore, 1 shop at Coimbatore, Tamil Nadu, 2 shops at Purasawalkam, Chennai, 2 Shops at Mysore and 2 Shops at Dilsukhnagar, Andhra Pradesh and mortgage of industrial plot with buildings at S-26 & P-31, Phase III, Kasba Industrial Estate, Kolkata.

The loan is additionally secured by personal guarantee of two whole time directors.

UCO Bank Cash Credit

Primary Security - Hypothecation charges of stock in trade & book debts of Wholesale and Manufacturing Division.

Collateral Security - Hypothecations of all office equipments, furniture and other accessories and all other movable / fixed assets (both present & future) of Wholesale Division.

ICICI Bank Demand Loan

Primary Security - Hypothecation of all credit card receivables both present & future and corporate guarantee of the holding company, Knightsville Private Limited.

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHEDULE 4

FIXED ASSETS										(Rupees in Thousand)
PARTICULARS	**GROSS BLOCK - AT COST**				**DEPRECIATION / AMORTISATION**				**NET BLOCK**	
	As on 31st March, 2007	Additions during the year	Sales / Adjustments during the year	**As on 31st March, 2008**	As on 31st March, 2007	For the year	On Items Sold/ Adjusted during the year	**As on 31st March, 2008**	**As on31st March, 2008**	As on 31st March, 2007
A. Tangible Assets										
Land										
Freehold	20,488	-	-	20,488	-	-	-	-	20,488	20,488
Leasehold	51,954	89,106	-	141,060	1,759	1,155	-	2,914	138,146	50,195
Buildings	-	-	-	-	-	-				
Freehold	194,303	-	-	194,303	10,740	4,098	-	14,838	179,465	183,563
Leasehold	29,945	3,637	1,004	32,578	1,780	2,353	1,004	3,129	29,449	28,165
Plant and Machinery	107,267	27,566	196	134,637	26,356	15,385	170	41,571	93,066	80,911
Furniture and Fixtures	164,622	92,958	978	256,602	25,188	15,450	978	39,660	216,942	139,434
Vehicles	6,550	-	281	6,269	2,692	597	103	3,186	3,083	3,858
	575,129	213,267	2,459	785,937	68,515	39,038	2,255	105,298	680,639	506,614
B. Intangible Assets										
Trademarks, Copyrights and Designs	2,815	-	-	2,815	515	1,089	-	1,604	1,211	2,300
Audio-Visuals	5,604	-	-	5,604	768	1,121	-	1,889.00	3,715	4,836
Computer Software	214	5,090	-	5,304	5	737	-	742.00	4,562	209
	8,633	5,090	-	13,723	1,288	2,947	-	4,235	9,488	7,345
GRAND TOTAL	583,762	218,357	2,459	799,660	69,803	41,985	2,255	109,533	690,127	513,959
Previous Year	513,065	77,215	6,517	583,763	43,001	28,506	1,705	69,802	513,961	
Capital Work in Progress									45,872	58,792

NOTES :

1. Leasehold land has been amortised over the period of lease, in terms of Note I (c)(ii) on Schedule 17
2. Addition to Leasehold land during the year includes Rs.22,500 paid to Kolkata Metropolitan Development Authority (KMDA) as lease premium for a land having a lease term of 99 years against which permissive possession has been received. The related lease deed is under execution.
3. Vehicles hypothecated amounting to Rs.Nil (Previous Year - Rs.2,046)
4 (a). Acquired Trademarks and Copyrights are amortised uniformly over its useful life of 10 years.

(b). Depreciation for the year amounting to Rs.1,089 in respect of Trademarks and Copyrights includes impairment loss of Rs.807

(c). Computer software acquired by the Company is amortised is equal instalments over 5 years which is the best estimate of its useful life.

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHEDULE 5

		(Rupees in Thousand)	
		31st March, 2008	31st March, 2007
INVESTMENTS			
Long Term - Non-Trade (At Cost)			
Investment in Bonds			
Unquoted			
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
5.25% Rural Electricity Corporation Ltd. Bonds of 41 units of Rs.10,000 each		**-**	1,050
Quoted			
US 64 Bonds of UTI (Tax free) of 4,667 Bonds of Rs.100 each		**467**	467
Current - Non-Trade (At Cost)			
Other Investments			
Quoted			
Nil (Previous year - 250,000) Units of JM Arbitrage Advantage Fund of Rs.10 each		**-**	2,500
Nil (Previous year - 963,939) Units of JM High Liquidity Fund of Rs.10 each		**-**	10,033
		827	14,800
Aggregate Book Value of Quoted Investments		**467**	13,000
Aggregate Book Value of Unquoted Investments		**360**	1,800
Market Value/Net Asset Value of quoted investments		**473**	13,153
Note: The details of Investments in respect of which purchases and sales were made within the year:			
	No. of units Sold/Purchases	Purchase price (Rs.)	Sale price (Rs.)
JM Arbitrage Advantage Fund	250,000	2,500	2,696
JM High Liquidity Fund	963,939	10,033	10,055
JM Money Manager Fund	1,823,946	18,055	18,239
SCHEDULE 6			
INVENTORIES			
(Valued at cost as noted below or net realisable value whichever is lower)			
Raw Materials (At cost on First-in-First out basis)		**14,689**	13,736
Work-in-progress (At raw material cost plus relevant conversion cost)		**15,664**	8,701
Stock-in-Trade			
Finished Goods (At cost of production inclusive of excise duty payable on clearance) [Including Goods in Transit Rs.11,820 ; Prevoius Year - Rs.14,824]		**331,070**	229,160
General Merchandise (including Gold and Jewellery) [At landed cost plus other related overhead costs]		**117,905**	41,584
		479,328	293,181

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHEDULE 7

		(Rupees in Thousand)
	31st March, 2008	31st March, 2007
SUNDRY DEBTORS		
Unsecured -		
Exceeding six months -		
Considered Good	**7,614**	11,890
Considered Doubtful	**1,979**	1,675
	9,593	13,565
Others -		
Considered Good	**151,367**	70,995
Considered Doubtful	**250**	-
	161,210	84,560
Less : Provision for Doubtful Debts	**2,229**	1,675
	158,981	82,885

SCHEDULE 8

CASH AND BANK BALANCES

Cash in hand [including Cheques/Drafts in hand - Rs.10,870 (Previous Year - Rs.2,704)]	**14,581**	7,544
Balance with Scheduled Banks on :		
- Current Accounts	**6,748**	8,774
- Margin Accounts	**599**	25
- Fixed Deposits		
Against Guarantees and Letter of Credit	**7,659**	5,026
Pledged against Bank overdraft	**15,370**	7,198
	44,957	28,567

SCHEDULE 9

OTHER CURRENT ASSETS

(Unsecured - Considered Good)

Interest Receivable	**1,235**	697
Prepayments	**5,548**	2,179
Others	**-**	123
	6,783	2,999

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHEDULE 10

(Rupees in Thousand)

	31st March, 2008	31st March, 2007
LOANS AND ADVANCES		
(Refer Note 9 on Schedule 17)		
Unsecured-		
Advances recoverable in cash or in kind or for value to be received	**61,747**	9,480
Advances of capital nature (Refer Note 8 on Schedule 17)	**59,275**	37,281
Balance with Cental Excise and Other Government Authorities	**13,963**	8,931
Security Deposits	**125,783**	102,663
[including deposits with Government Authorities -		
- In National Savings Certificates Rs.23 (Previous Year - Rs.23)		
- In Fixed Deposits Rs.161 (Previous Year - Rs.150)]		
Income Tax payments/refunds	**15,954**	27,575
[Net of provision Rs.47,792 (Previous Year - Rs.17,813) and including Taxes deducted at source Rs.1,178 (Previous Year - Rs.1,628)]		
Note :		

	31st March, 2008	31st March, 2007
Considered Good	**274,506**	185,583
Considered Doubtful	**2,216**	347
	276,722	185,930

	31st March, 2008	31st March, 2007
	276,722	185,930
Less : Provision for Doubtful Advances	**2,216**	347
	274,506	185,583

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

	31st March, 2008	31st March, 2007
A. Current liabilities		
Acceptances	**12,265**	-
Sundry Creditors (Note 10 on Schedule 17)		
Total outstanding dues of Micro and Small enterprises	**-**	-
Total outstanding dues other than Micro and Small enterprises	**256,940**	212,080
Sundry Advances from Customers	**4,330**	3,400
Security Deposits	**37,729**	20,283
Other Liabilities	**17,446**	13,735
Interest accrued but not due on Loans	**2,347**	78
Total	**331,057**	249,576
B. Provisions [Refer Notes 13 and 14 on Schedule 17]		
Fringe Benefit tax [Net of advance Rs.3,676 (Previous Year - Rs.2,886)]	**344**	18
Gratuity	**3,959**	1,065
Leave Encashment	**3,541**	315
Total	**7,844**	1,398
Grand Total [(A) +(B)]	**338,901**	250,974

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHEDULE 12

(Rupees in Thousand)		
	2007-08	2006-07
OTHER INCOME		
Royalty [Tax deducted at source Rs.28 (Previous Year - Rs.9)]	**218**	151
Dividend on Current Non-trade Investments	**206**	33
Interest on Bank/other deposits and bonds	**2,178**	1,110
[Tax deducted at source Rs.459 (Previous Year - Rs.217)]		
Interest on Income tax refund	**3,076**	706
Rent [Tax deducted at source Nil (Prevoius Year - Rs.458)]	**-**	2,040
Scrap Sales	**3,064**	1,798
Profit on sale of Current Non-trade Investments	**196**	-
Liabilities/Provisions no longer required, written back	**1,504**	2,645
Miscellaneous	**8,927**	1,678
	19,369	10,161
SCHEDULE 13		
RAW MATERIALS CONSUMED		
Opening Stock	**13,736**	14,406
Add : Purchases	**100,578**	88,681
	114,314	103,087
Less: Closing Stock	**14,689**	13,736
	99,625	89,351
SCHEDULE 14		
(ACCRETION)/DECRETION IN STOCKS*		
Opening Stock		
Finished Goods	**270,695**	149,189
Work-in-progress	**8,701**	8,539
	279,396	157,728
Less: Closing Stock		
Finished Goods	**448,975**	270,695
Work-in-progress	**15,664**	8,701
	(185,243)	(121,668)

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHEDULE 15

	(Rupees in Thousand)	
	2007-08	2006-07
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Salaries, Wages and Bonus	**127,476**	71,853
Contribution to Provident and Family Pension Funds	**5,619**	3,319
Contribution to Gratuity Funds	**4,704**	2,649
Workmen and Staff Welfare Expenses	**9,668**	5,831
Consumption of Stores and Spare Parts	**2,047**	858
Power and Fuel	**34,536**	22,213
Jobwork and Hallmarking charges	**15,569**	10,853
Material Handling Charges	**196**	2,293
Repairs and Maintenance		
- Buildings	**2,344**	2,351
- Plant and Machinery	**1,230**	1,033
- Others	**17,839**	10,453
Advertisement, Marketing and Sales Promotion expenses	**144,420**	91,994
Rent	**69,039**	26,565
Rates and Taxes [including Wealth Tax Rs.11 (Previous Year - Rs.9)]	**7,414**	5,347
Insurance	**4,848**	3,247
Communication expenses	**10,338**	7,640
Freight, Transport and Delivery	**31,483**	19,050
Travelling and Conveyance Expenses	**20,369**	16,806
Printing and Stationery	**4,769**	3,423
Commission and Discount on Sales	**3,858**	7,363
Professional and Consultancy charges	**17,185**	12,055
Legal Expenses	**83**	356
Security Hire charges	**8,365**	5,666
Exchange Loss	**-**	193
Loss on sale of assets - Net	**117**	3,735
Debts and other debits written off	**171**	108
Provisions for Doubtful Debts, Advances and other assets	**2,873**	2,021
Miscellaneous Expenses (Refer Note 17 on Schedule 17)	**13,297**	6,287
	559,857	345,562

SCHEDULE 16

INTEREST

Interest on Fixed Loans	**19,923**	11,420
Interest on others	**44,332**	23,440
Other Finance charges	**3,811**	2,021
	68,066	36,881

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

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 Software) are stated at their cost less accumulated amortisation. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the Company and where its costs can be reliably measured. The carrying value is reviewed at each Balance Sheet date.

(iv) Capital expenses, pending installation / commercial use and certain expenses which can be regarded as incidental and directly related to 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 on fixed assets, other than leasehold land, buildings and intangible assets, 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 land, buildings and improvements thereon are depreciated over the respective lease periods.

(iii) Intangible assets are depreciated over the useful life on straight line basis.

(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) Borrowing cost

Borrowing cost that is attributable to the acquisition/construction of fixed assets is capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they arise.

(h) Employee 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) Gratuity is maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India as per Company's scheme. Provision/write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date as determined by actuarial valuation following Projected Unit Credit Method.

(iii) Leave Encashment (Defined Benefit Scheme) is provided annually based on actuarial valuation carried out by an independent actuary using Projected Unit Credit Method as at the Balance Sheet date.

(i) 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.

(j) 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 resulting from "timing differences" between taxable and accounting income subject to prudential consideration is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date.

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.

(k) Recognition of Income and Expenditure

(i) Items of income and expenditure are recognised on accrual basis.

(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.

(l) 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.

(m) Derivative transactions

In respect of Derivative Contracts, gain/loss on settlement are recognized and charged to Profit and Loss Account.

(n) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimates of recoverable amount.

(o) 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.

(p) 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 2008 Rs.	As at 31 March 2007 Rs.
(a) Claims not acknowledged as debts-		
(i) Income Tax under Appeals	Nil	25,599
(ii) Sales Tax under Appeals	20,064	18,990
(iii) Excise Duty under Appeals	1,555	92
(iv) Others	4,275	4,275
(b) Bank Guarantees	34,531	10,115

3. **Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for – Rs.44,142 (Previous Year – Rs. 68,530).

4. **Deferred Taxation**

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

	As at 31 March 2008 Rs.	As at 31 March 2007 Rs.
Liabilities		
Depreciation	**32,903**	26,508
Total Liabilities (A)	**32,903**	**26,508**
Assets		
Provision for Gratuity and Leave Encashment	**1,478**	494
Provision for Doubtful debts and advances	**824**	Nil
Total Assets (B)	**2,302**	**494**
Net Deferred Tax Liabilities (A-B)	**30,601**	26,014

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

6. Premium of Rs.93,888 (Previous Year – Nil) received on issue of equity shares during the year has been credited to Share Premium Account and shown as part of Reserves and Surplus (Schedule 2)

7. Unsecured loans from others represent Gold loan taken by the Company which will be repaid in the form of gold.

8. Capital advances include advances of Rs.9,643 (Previous Year - Rs.29,230) paid for acquisition of lands / immovable properties, for which the related Deed of Conveyance / Lease Deed are yet to be executed.

9. Loans and advances (Schedule 10) include advances against share issue expenses aggregating to Rs. 5,532 (Previous Year – 2,679).

10. 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.

11. Interest debited to Profit and Loss Account is net of interest capitalized during the year amounting to Rs.4,834 (Previous Year - Nil)

12. Excise duty on uncleared goods (dutiable) amounting to Rs.2,864 (Previous Year - Rs.3,200) 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.

13. The disclosures required under Accounting Standard (AS) 15 "Employee Benefits" (Revised 2005) issued by The Institute of Chartered Accountants of India notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Plan

Contributions to Defined Contribution Plan charged off for the year are as under:	Rs.
Employer's Contribution to Provident Fund	5,619

Defined Benefit Plan

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

			Gratuity Funded(Rs.)	Leave Encashment Unfunded(Rs.)
I		**Changes in present value of Defined Benefit Obligations (DBO) during the year ended March 31, 2008**		
	1	Present value of obligations at the beginning of the year	2,841	1,223
	2	Interest Cost	213	191
	3	Current Service Cost	601	1,063
	4	Benefits paid	(139)	(1,478)
	5	Actuarial (gain)/ loss on obligations	443	2,542
	6	Present value of obligations at the end of the year	3,959	3,541
II		**Changes in the fair value of plan assets during the year ended March 31, 2008 and funded status as at March 31, 2008**		
	1	Fair value of plan assets at the beginning of the year	1,464	Nil
	2	Expected return on plan assets	297	Nil
	3	Actual company contributions	3,477	1,478
	4	Benefits paid	139	(1,478)
	5	Actuarial gain/ (loss) on plan assets	Nil	Nil
	6	Fair value of plan assets at the end of the year	5,099	Nil
	7	Funded status (Fair value of plan assets at the end of the year less present value of obligations at the end of the year)	1,140	Nil
III		**Actuarial gain/ (loss) recognized during the year ended March 31, 2008**		
	1	Actuarial gain/ (loss) for the year - Obligation	(443)	(2,542)
	2	Actuarial gain/ (loss) for the year - Plan assets	Nil	Nil
	3	Total (gain)/ loss for the year	443	2,542
	4	Actuarial (gain)/ loss recognized in the year	443	2,542
IV		**Net Asset/ (Liability) recognized in the Balance Sheet as at March 31, 2008**		
	1	Present value of obligations at the end of the year	3,959	1,223
	2	Fair value of plan assets as at the end of the year	5,098	Nil
	3	Not recognized in Balance Sheet (Note 'a' below)	1,140	(1,223)

		Gratuity Funded(Rs.)	Leave Encashment Unfunded(Rs.)
V	**Expenses recognized in Profit and Loss Account**		
	1 Current Service Cost	601	1,063
	2 Interest Cost	213	191
	3 Expected return on plan assets	297	Nil
	4 Net Actuarial (gain)/ loss recognized during the year	443	2,542
	5 Total expenses recognized in the Profit and Loss Account	961	3,796

A Amount of Rs.1,140 being excess of fair value of plan assets over the present value of obligations as at March 31, 2008 has not been accounted for as an asset because of limit in para 59(b) of Accounting Standard (AS) 15 on Employee Benefits issued by The Institute of Chartered Accountants of India.

B The Gratuity expenses have been recognized in "Contribution to Gratuity Funds" and Leave Encashment in "Salaries, Wages and Bonus" in Schedule – 15 (Manufacturing, Selling and Administrative expenses)

VI	**Investment Details**	**% invested as at March 31, 2008**
	Invested with LICI in Group Gratuity Scheme	100%

VI	**Actuarial Assumptions**	**Gratuity**	**Leave Encashment**
	1 Discount Rate (%)	7.50%	7.50%
	2 Expected rate of return on plan assets	9.00%	
	3 Salary escalation	5.00%	10.00%
	4 Mortality	Indian Assured lives Mortality (1994-96) modified ultimate	

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.

14. In the current year, the Company has adopted Accounting Standard (AS) 15 on Employees Benefit (Revised) issued by The Institute of Chartered Accountants of India, which is mandatory from accounting period commencing on or after December 7, 2006. Accordingly the Company has provided for Gratuity and Leave Encashment based on actuarial valuation as per Projected Unit Credit Method. In accordance with the provision in the revised Accounting Standard, transitional provision of Rs.1,776 and Rs.908 have been adjusted from the brought forward balance of Profit and Loss Account in respect of shortfall in opening balances of Gratuity and Leave Encashment respectively.

15. (a) Value of Derivative Contracts entered into by the Company for hedging gold and related risks and outstanding as on March 31, 2008 amounts to Rs.2,210 (Previous Year – Nil)

(b) In respect of outstanding Derivative Contracts which are stated in para "a" above there is a net unsettled loss of Rs.168 (Previous Year – Nil), which has been recognized in the accounts.

16. (a) Remuneration to Managing Director and other Directors (included under various revenue heads)-

		2007-08 Rs.	2006-07 Rs.
(i)	Salary	9,080	11,491
(ii)	LTA	630	Nil
(ii)	Monetary value of Perquisites	363	612
(ii)	Commission	1,500	Nil
(ii)	Sitting fees	220	190
	Total	11,793	12,293

(b) Computation of Net profit in accordance with Section 349 of the Companies Act, 1956

	Rs.
Profit before Taxation	127,249
Add:	
Depreciation as per accounts	41,985
Loss on sale of Fixed assets	117
Managerial remuneration	11,793
	181,144
Less:	
Depreciation as per Section 350 of the Companies Act, 1956	41,985
Profit on sale of investments	196
Profit as per Section 349 of The Companies Act, 1956	138,963
Commission @1.50% of profit	2,084
Commission restricted to	1,500

17. Miscellaneous Expenses (Schedule- 15) include-

			2007-08 Rs.	2006-07 Rs.
(a)	Amounts paid/payable to Auditors			
	(i)	Statutory Audit	500	350
	(ii)	Tax Audit	150	150
	(iii)	Others	1,137	Nil
	(iv)	Reimbursement of Expenses – [Including Service Tax Rs.222 (Previous year Rs.62)]	232	62
		Total	2,019	562
(b)	Director Fees		220	190

18. 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.

19. 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 Mrs.Tanusree Roy Burman – Non-Executive Director
Enterprises over which KMP and their relatives 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.Namita Roy Burman

(b) Transactions with Related Parties-

Particulars	Key Management Personnel (KMP) Rs.	Enterprises over which KMP and their relatives have substantial interest Rs.	Ultimate Holding Company Rs.
Advances taken	- (-)	- (-)	- (-)
Advances repaid	- (-)	- (-)	- (-)
Loan Taken	- (-)	6,000 (8,000)	- (-)
Loans repaid	- (5,807)	6,344 (-)	- (-)
Sales	- (-)	79,068 (3,560)	- (-)
Royalty Received	- (-)	218 (151)	- (-)
Commission paid	1,500 (-)	943 (976)	- (-)
Interest paid	- (-)	615 (-)	- (-)
Paid for rendering of services	10,073 (12,103)	17,067 (7,808)	- (-)

Note: Figures in parenthesis denote previous year's figures

(c) Outstanding Balances:

	As at 31 March 2008 Rs.	As at 31 March 2007 Rs.
- Key Management Personnel (KMP)	Nil	Nil
- Enterprises over which KMP and their relatives have substantial interest (Net)	12,645(Dr.)	12,809(Cr.)
- Holding Company	Nil	Nil

20. 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.1,063,072 (Previous Year – Rs.718,219)

21. In the opinion of the Directors, except the amount already provided, there is no impairment on assets in terms of Accounting Standard 28 on "Impairment of Assets" issued by The Institute of Chartered Accountants of India.

22. 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	2,880 (2,880)	1,139 (945)
EVA	Pairs	Refer Note (i) below	1,050 (1,050)	1,469 (1,164)

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) Actual production of EVA products include 606 pairs (Previous Year – 391 pairs) procured from outside sources.

(iv) 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 ('000)	Amount Rs.	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
PVC Sandals / Slippers & Direct Injection Shoes/Stuck on	45 (114)	3,904 (9,949)	1,109 (1,014)	114,876 (105,575)	75 (45)	7,381 (3,907)
EVA	20 (55)	1,117 (2,778)	1,418 (1,198)	95,011 (81,184)	71 (21)	4,468 (1,116)

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	2007 - 08		2006 - 07	
	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
Opening Stock	1,152	198,385	654	83,627
Purchase	12,287	1,045,050	13,056	8,35,286
Sales	11,843	1,910,068	12,558	14,44,169
Closing Stock	1,596	279,664	1,152	198,385

Notes:

(i) Quantity stated in pairs

(ii) Purchases include inter-unit transfers.

(iii) Sales is inclusive of Excise duty and other related taxes.

(d) Particulars in respect of Trading goods – Large Format Retails (LFR) and Gold Jewellery:

(i) LFR – Apparels (in pcs.)

Particulars	2007 - 08		2006 - 07	
	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
Opening Stock	38	13,773	42	9,737
Purchase	310	71,852	128	32,618
Sales	176	58,359	132	36,592
Closing Stock	172	47,322	38	13,773

(ii) LFR – Other than Apparels

Particulars	2007 - 08 (Rs.)	2006 - 07 (Rs.)
Opening Stock	5,639	6,916
Purchase	94,523	41,472
Sales	101,127	56,408
Closing Stock	20,336	5,639

(iii) Gold Jewellery (in gms.)

Particulars	2007 - 08		2006 - 07	
	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
Opening Stock	23	22,171	20	16,742
Purchase	62	66,182	40	43,919
Sales	42	49,745	37	45,599
Closing Stock	43	50,246	23	22,171

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

Particulars		2007 - 08		2006 - 07	
		Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
PVC Compound	Kgs	1,012	69,733	587	41,818
EVA Compound	Mtrs.	168	17,953	152	14,897
Leather	SDM	1,842	11,749	1,040	4,947
Others			2,237		28,547
Total			101,672		90,209

(f) Value of Imports on CIF Basis:

Particulars	2007-08 (Rs.)	2006-07 (Rs.)
Raw Materials, Components and Spare Parts (including materials lying in bonded warehouse of the Custom authorities)	1,443	462
Capital Goods, including Moulds	477	2,143
Total	1,920	2,605

(g) Expenditure in Foreign Currency:

Particulars	2007-08 (Rs.)	2006-07 (Rs.)
Traveling	530	1,235
Others	Nil	1,022
Total	**530**	**2,257**

(h) Earnings in Foreign Currency:

Particulars	2007-08 (Rs.)	2006-07 (Rs.)
FOB Value of Exports (on accrual basis)	4,094	3,021
Others	Nil	Nil
Total	**4,094**	**3,021**

23. Earnings per share

	2007-2008	2006-2007
(a) Number of Equity shares of Rs. 10/- each		
(i) At the beginning of the year	10,924,138	8,739,000
(ii) At the end of the year	12,135,238	10,924,000
(iii) Weighted average number of equity shares outstanding during the year	11,667,027	10,158,000
(b) Profit after tax available to share holders.	82,671	28,998
(c) Earnings per share basis [(a) / (b)] - (In Rs.)	7.09	2.85

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

25. 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, 2008
(b)	**Capital raised during the year**	*(Rs. in thousands)*
	Public Issue	NIL
	Rights Issue	NIL
	Bonus Issue	NIL
	Private Placement including Share Premium	105,999
(c)	**Position of mobilisation and deployment of Funds:**	*(Rs. in thousands)*
	Total Liabilities	1,701,381
	Total Assets	1,701,381
	Sources of Funds:	
	Paid-up Capital	121,352
	Reserves & Surplus	552,183
	Secured Loans	538,468
	Unsecured Loans	119,876
	Deferred Tax Liability	30,601
	Application of Funds:	
	Net Fixed Assets (including Capital Work-in-progress)	735,999
	Investments	827
	Net Current Assets / (Liabilities)	625,654
	Miscellaneous Expenditure	NIL
(d)	**Performance of the Company**	*(Rs. in thousands)*
	Turnover (including Other Income)	2,003,905
	Total Expenditure	1,921,234
	Profit/ (Loss) before Tax	127,249
	Profit/ (Loss) after Tax	82,671
	Earning per Share (in Rs.)	7.09
	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 & Head - Legal)

Place : Kolkata

Date : 23rd June 2008

Khadim's®

"Kankaria Estate", 5th Floor, 6, Little Russell Street, Kolkata - 700 071, India
Tel: +91 33 40090501 Fax: +91 33 40090500
Website: www.khadims.com E-mail:frontoffice@khadims.com

Orient Press Limited, Ph.: 4028 5888