

# Business of Fashion



**KFL**

Kamadgiri Fashion Limited

ANNUAL REPORT 2010-11

TRUE VALUE



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**KAMADGIRI FASHION LIMITED****BOARD OF DIRECTORS**

Mr. Pradip Kumar Goenka	:	Chairman & Managing Director (Promoter)
Mr. Lalit Kumar Goenka	:	Whole Time Director (Promoter)
Mr. Madhusudan Singrodia	:	Director (Independent Non Executive)
Mr. Ashwani Bhatia	:	Director (Independent Non Executive)
Mr. Rahul Mehta	:	Director (Independent Non Executive) (w.e.f. 14.02.2011)
Mr. Sanjeev Maheshwari	:	Director (Independent Non Executive) (w.e.f. 14.02.2011)
Mr. Murarilal Goenka	:	Director (Independent Non Executive) (upto 14.02.2011)
Mr. Subhash Kumar Kedia	:	Director (Independent Non Executive) (upto 14.02.2011)

**COMPANY SECRETARY & COMPLIANCE OFFICER**

: Mr. Arun Bhandari  
Email- arun.bhandari@kslindia.in

**AUDITORS:**

: M/s. Haribhakti & Co.,  
Chartered Accountants, Mumbai.

**BANKERS**

: State Bank of Hyderabad  
Bank of Baroda

**REGISTERED OFFICE**

: 28, Y. A. Chunawala Industrial Estate  
Kondivita Lane, Andheri (East)  
Mumbai – 400 059.  
Website : www.kslindia.in

**FACTORY/PLANT**

: 43/2, Ganga Devi Road, Umbergaon - 396 171  
Dist. Valsad (Gujarat).

C-4/2/2, MIDC, Tarapur - 401 506  
Dist. Thane (Maharashtra).

J-72/1, MIDC, Tarapur - 401 506  
Dist. Thane (Maharashtra).

B-7/3, MIDC, Tarapur - 401 506  
Dist. Thane (Maharashtra).

**REGISTRAR & SHARE TRANSFER AGENT**

: Sharex Dynamic (India) Pvt. Ltd.  
Unit No.1, Luthra Industrial Premises  
Safed Pool, Andheri Kurla Road  
Andheri East, Mumbai – 400 072.  
Tel: 022 28515606/28515644  
Fax 022-28512885.  
Email- sharexindia@vsnl.com

**Venue of Annual General Meeting**

: Hotel The Mirador  
131-B, New Link Road (Guru Hargovindji Road)  
Opp. Solitaire Corporate Park, Chakala  
Andheri (East), Mumbai – 400 099.  
Tel : 022 6649 5000

Note: Please note that to reach Hotel The Mirador from nearest Western Suburban station which is Andheri, Bus No. 340 would be available from east side of the station.



## NOTICE

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the members of Kamadgiri Fashion Limited will be held on Tuesday the 23 August 2011 at 10:30 am at Hotel The Mirador, 131-B, New Link Road (Guru Hargovindji Road), Opp. Solitaire Corporate Park, Chakala, Andheri (East), Mumbai – 400 099 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Accounts for the year ended 31 March 2011 along with notes and schedules attached thereto and the reports of Directors' and Auditors' thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Ashwani Bhatia, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Madhusudan Singrodia, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS:**

#### **6. Appointment of Mr. Rahul Mehta as a Director liable to retire by rotation**

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

**"RESOLVED THAT** Mr. Rahul Mehta, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation."

#### **7. Appointment of Mr. Sanjeev Maheshwari as a Director liable to retire by rotation**

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

**"RESOLVED THAT** Mr. Sanjeev Maheshwari, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation."

#### **8. Appointment of Relative of Chairman & Managing Director as Business Development Manager and approval of remuneration payable to him.**

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

**"RESOLVED THAT** pursuant to the provisions of section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 including amendment(s) thereof, subject to required approvals, if any, Mr. Tilak Goenka be and is hereby appointed as Business Development Manager at a remuneration of an amount not exceeding ₹ 50,000/- per month with effect from 1 June 2011.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Tilak Goenka be paid in any mode/manner but shall be within the aforesaid limit of ₹ 50,000/- per month (inclusive all but excluding bonus, leave encashment, reimbursement of medical and any other reimbursements, if any).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution."

#### **9. Alteration of Articles of Association relating to Remuneration of Directors.**

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

**"RESOLVED THAT** pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing article 93 of the Articles of Association of the Company be deleted and in place thereof, the following article 93 be substituted.

93. Subject to the provisions of sections 198, 309, 310 and 311 of the Act, the remuneration payable to the Directors of the Company may be as hereinafter provided. The fees payable to a Director for attending meeting or Committee thereof shall be decided by the Board of Directors from time to time, within the limits as may be prescribed by the Act or as per the Companies (Central Government's) General Rules and Forms, 1956. Subject to the provisions of the Act, the Directors shall be paid such further remuneration, if any, as the Company in general meeting shall from time to time determine and such additional remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and, in default of such determination shall be divided among the Directors equally."

By Order of the Board  
For **Kamadgiri Fashion Limited**

Date: 30th May 2011  
Place: Mumbai

**Arun Bhandari**  
Company Secretary

Registered Office:  
28, Y. A. Chunawala Industrial Estate  
Kondivita Lane, Andheri (East)  
Mumbai – 400 059.

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **The Proxies, in order to be effective should be deposited with the Company not less than 48 hours before the time fixed for the commencement of the meeting.**
3. Explanatory statement under section 173(2) of the Companies Act, 1956 in respect of the Special Business as set above is annexed.
4. The Register of Members and Share Transfer Register shall remain closed from **Friday the 19 August 2011 to Tuesday the 23 August 2011** (both days inclusive).
5. Pursuant to the provision of section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 2003 - 2004 and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to section 205C of the Companies Act, 1956.

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to Investor Education & Protection Fund
2003 - 2004 (Final)	27/09/2004	26/09/2011	26/10/2011
2004 - 2005 (Final)	27/09/2005	26/09/2012	26/10/2012
2005 - 2006 (Final)	27/09/2006	26/09/2013	26/10/2013
2006 - 2007 (Final)	27/09/2007	26/09/2014	26/10/2014
2007 - 2008 (Final)	27/09/2008	26/09/2015	26/10/2015
2008 - 2009 (Final)	29/09/2009	28/09/2016	28/10/2016
2009 - 2010 (Final)	29/09/2010	28/09/2017	28/10/2017

Shareholders who have not so far encashed the dividend warrant(s) for the financial year ended 31 March 2004 or any subsequent financial year are requested to make their claim to the office of the Registrar and Transfer Agent, M/s. Sharex Dynamic (India) Private Limited. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

6. As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the meeting.
7. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
8. Members desirous of having any information regarding accounts are requested to write to the Company at least 7 days in advance of the date of Annual General Meeting so as to enable the management to keep the information ready.
9. Members who are holding shares in identical order or names in more than one folio are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
10. Members are requested to demat their shares in order to facilitate easy and faster trading in equity shares. The ISIN of the Company's equity shares is INE535C01013.
11. The Dividend as may be declared shall be payable to Members of the Company whose names appear:

- as beneficial owners as per the details to be furnished by National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in electronic form; and
  - as members in the Register of Members of the Company after giving effect to valid transfer in physical form lodged with the Company on or before 19 August 2011.
12. Members whose shareholding is in the electronic mode are requested to write change of address, if any, and updation of Savings Bank Account details to their respective Depository Participants.
13. **Members are requested to provide and register their Email ID with the Company and/or Registrar & Transfer Agents (RTA) to enable the Company/RTA to send communications such as notices and Annual Report, etc., as per Green Initiative of Ministry of Corporate Affairs started through circular nos. 17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011.**
14. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividend. This notice includes an ECS Mandate Form for the benefit of members desiring to receive dividend through the ECS mode.
15. As required under clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchange, the following information is provided in respect of Directors proposed to be appointed / re-appointed:

Name of the Director	Mr. Ashwani Bhatia	Mr. Madhusudan Singrodia	Mr. Rahul Mehta	Mr. Sanjeev Maheshwari
Age	53	52	60	46
Qualification	Textile Engineer	B. Com.	B. Com., MBA	B. Com., CA
Expertise in specific functional areas	Wide Experience in Textile Industry.	Wide experience in Textile Business. He is the Member of the Remuneration Committee and Shareholders / Investor Grievance Committee of the Board.	Mr. Mehta has wide experience of 10 years in consumer goods industry and 30 years experience in the garments industry.	Mr. Maheshwari is a member of the Institute of Chartered Accountants of India. Mr. Maheshwari has been associated with GMJ & Co., Chartered Accountants, for more than 24 years and is currently partner of the firm.
Directorship in other Indian Companies as on 31.03.2011	Nil	Nil	1) Gini & Jony Ltd. 2) Chermas Exquisite Ltd. 3) Creative Garments Pvt. Ltd. 4) Creative Textiles Mills Pvt. Ltd. 5) Creative Casual India Pvt. Ltd. 6) Karl Hogan Clothing Pvt. Ltd. 7) Creative Global Stock Broking Pvt Ltd. 8) Apparel Media Pvt. Ltd. 9) Creative Lifestyles Private Limited	1) Mudra Financial Services Limited 2) Mudra Share & Stock Brokers Limited
Shareholding	Nil	Nil	Nil	Nil



## EXPLANATORY STATEMENT

### As required by section 173(2) of the Companies Act, 1956

#### Item No. 6:

Mr. Rahul Mehta was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 read with article 86 of the Articles of Association of the Company by the Board of Directors with effect from 14 February 2011 and accordingly, he holds office upto the date of this Annual General Meeting. The Company has received a notice from a member alongwith a deposit of ₹ 500/- proposing the candidature of Mr. Rahul Mehta to the office of Director pursuant to section 257 of the Companies Act, 1956. Approval of the shareholders is sought for his appointment as director liable to retire by rotation.

Mr. Rahul Mehta holds a bachelor's degree in commerce and master's degree in management studies from the University of Mumbai. Mr. Mehta has experience of 10 years in consumer goods industry and 30 years experience in the garments industry.

The Board of Directors recommends this resolution for your consideration and approval as an Ordinary Resolution.

None of the Directors except Mr. Rahul Mehta is concerned or interested in the resolution.

#### Item No. 7:

Mr. Sanjeev Maheshwari was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 read with article 86 of the Articles of Association of the Company, by the Board of Directors with effect from 14 February 2011 and accordingly, he holds office upto the date of this Annual General Meeting. The Company has received a notice from a member alongwith a deposit of ₹ 500/- proposing the candidature of Mr. Sanjeev Maheshwari to the office of Director pursuant to section 257 of the Companies Act, 1956. Approval of the shareholders is sought for his appointment as director liable to retire by rotation.

Mr. Sanjeev Maheshwari holds a bachelor's degree in commerce from the University of Mumbai and is a member of the Institute of Chartered Accountants of India. Mr. Maheshwari has been associated with M/s. GMJ & Co., Chartered Accountants, for more than 24 years and is currently partner of the firm.

The Board of Directors recommends this resolution for your consideration and approval as an Ordinary Resolution.

None of the Directors except Mr. Sanjeev Maheshwari is concerned or interested in the resolution.

#### Item No. 8

Mr. Tilak Goenka, is a Bachelor of Management Studies from H R College of Commerce and Economics, Mumbai and has also done his Post Graduate Diploma in Family Managed Business from S P Jain institute of Management Studies. He has worked in various capacities in Textile industries for last 4 and half years and could be good asset for the company for further business development. Considering the above merits, his appointment as Business Development Manager with effect from 1 June 2011 in Uniform Solution Division of the Company has been recommended by Compensation Committee and approved by the Board. He being son of Mr. Pradip Kumar Goenka, Managing Director of the Company, his appointment would be further subject to consent of the shareholders of the Company as per provisions of section 314(1)(b) of the Companies Act, 1956 and rules made there under as amended from time to time.

Your directors recommend this resolution for your approval.

None of the directors are in any way concerned or interested in the above resolution except Mr. Pradip Kumar Goenka being related to Mr. Tilak Goenka as father.

**Item No. 9**

The existing article 93 needs to be amended to provide for sitting fees to be decided as per the prevalent practices. The Company now proposes to authorise the Board of Directors to fix the amount of such sitting fees within the limits as are or may be prescribed by the Companies Act, 1956 or Central Government from time to time. The proposed amendment will enable the Company to pay higher sitting fees than at present in line with the amount of sitting fees currently being paid to company directors in general.

The Directors recommend the resolution for approval of the Members.

All the Directors, who are eligible for sittings fees are deemed to be concerned or interested in the Resolution.

A copy of the Memorandum and Articles of Association of the Company together with the proposed amendment is available for inspection by the members at the Registered Office of the Company on all working days except Saturdays and Sundays between 11:30 am to 1:30 pm prior to the date of Annual General Meeting and will also be available for inspection at the Meeting.

By Order of the Board  
For **Kamadgiri Fashion Limited**

Date: 30th May 2011  
Place: Mumbai

**Arun Bhandari**  
Company Secretary

Registered Office:  
28, Y. A. Chunawala Industrial Estate  
Kondivita Lane, Andheri (East)  
Mumbai – 400 059.

**DIRECTORS' REPORT**

**To  
The Members,**

Your Directors have great pleasure in presenting Twenty Fourth Annual Report along with the audited Balance Sheet and Profit and Loss Account for the year ended 31 March 2011.

**FINANCIAL HIGHLIGHTS**

( ₹ in Lacs)

	<b>2010-11</b>	2009-10
Turnover	<b>14551.75</b>	10535.27
Other Income	<b>58.36</b>	214.76
Profit before tax	<b>479.14</b>	275.83
Less: Provision for current tax	<b>139.54</b>	138.45
Net deferred tax assets/liability	<b>15.54</b>	(20.47)
<b>Profit after Tax</b>	<b>324.06</b>	157.85
Add/(Less): Prior Period adjustment	<b>(0.93)</b>	(3.25)
Add/(Less): tax adjustment of earlier year	<b>0.00</b>	12.98
Profit & Loss account balance brought forward	<b>407.83</b>	313.53
Profit available for appropriation	<b>730.96</b>	481.11
<b>Appropriation:</b>		
General Reserve	<b>16.16</b>	4.19
Proposed dividend	<b>75.97</b>	59.25
Tax on proposed dividend	<b>12.32</b>	9.84
Balance carried to Balance Sheet	<b>626.51</b>	407.83

**OPERATIONS**

During the year under review, performance of your Company was satisfactory. The Company has achieved a turnover of ₹ **145.52 Crores** during the year as compared to ₹ 105.35 Crores during the previous year. The Profit after tax for the financial year 2010-11 was ₹ **3.24 Crores** as compared to ₹ 1.58 Crores during the previous year. The better performance in the year under review was result of efficient and better utilisation of available manufacturing facilities and acquisition of additional manufacturing facilities during the year combine with emphasis on sale of complete package garments instead of fabrics.

## **FUTURE PLANS**

The Company has a plan to launch its women's denim wear brand "GFQ" very soon. With the launch of this brand, the Company is targeting a new class of customers viz., a brand aspiring young women. As there is a lot of vacuum in women's denim wear segment, your Company foresees this as an opportunity to penetrate effectively in a very fast growing segment.

The Company is also upgrading its formal shirts project/plant to manufacture premium formal shirts and also increasing the total manufacturing capacity of shirts.

The Company is also exploring the possibility of setting up of Suits manufacturing facility. This will enable the Company to offer full formal men's wear range manufactured at its units.

The Company had submitted its draft letter of offer, for proposed Rights Issue to shareholders, to SEBI and awaiting clearance. The Rights Issue would be announced at appropriate time once SEBI clears the draft letter of offer.

Future Group continues to be associated for strategic and marketing initiatives. This helps the Company to counter competitors and assures ready market for its quality products.

## **DIVIDEND**

Your Directors are pleased to recommend a dividend of ₹ 1.50 per equity share (i.e. 15%) on the equity capital of the Company for the year under review.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

There is a separate section on Management Discussion and Analysis appended as Annexure A to this report.

## **CORPORATE GOVERNANCE REPORT**

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A Certificate of Auditors' of your Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with stock exchange is enclosed herewith.

## **PARTICULARS OF EMPLOYEES**

No details as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are given, as there are no employees drawing remuneration in excess of the prescribed limits.

## **PUBLIC DEPOSIT**

The Company has not accepted any deposit from the public during the financial year under review.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ashwani Bhatia and Mr. Madhusudan Singrodia, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The details as required by clause 49 of the Listing Agreement, is given as part of the general meeting notice.

Mr. Rahul Mehta was appointed as an Additional Director of the Company w.e.f. 14 February 2011. He holds office till the date of the ensuing Annual General Meeting. The Company has received a notice from a member alongwith a deposit of ₹ 500/- proposing the candidature of Mr. Rahul Mehta to the office of Director liable to retire by rotation pursuant to section 257 of the Companies Act, 1956.

Mr. Sanjeev Maheshwari was appointed as an Additional Director of the Company w.e.f. 14 February 2011. He holds office till the date of the ensuing Annual General Meeting. The Company has received a notice from a member alongwith a deposit of ₹ 500/- proposing the candidature of Mr. Sanjeev Maheshwari to the office of Director liable to retire by rotation pursuant to section 257 of the Companies Act, 1956.

During the year, Mr. Murarilal Goenka and Mr. Subhash Kumar Kedia were resigned as directors of the Company. The Board place on record its sincere appreciation for the services rendered by them during their tenure as directors of the Company.

## AUDITORS

M/s. Haribhakti & Co., Chartered Accountants, Mumbai holds office as Statutory Auditors upto the conclusion of the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. They have issued a certificate to the effect that their appointment, if made, at the ensuing Annual General Meeting shall be within the limits prescribed under section 224(1B) of the Companies Act, 1956. Shareholders are requested to appoint them as Statutory Auditors to hold office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

## COST AUDIT

Your Company is following the order issued under the section 209(1)(d) of the Companies Act, 1956 as amended in respect of manufacture of textiles. The Company has generally been maintaining cost accounting records as required in the above referred provision of the Companies Act, 1956 as amended. However, there is a pendency in updation of the records and the Company is in the process of completing the same. Ms. Ketki D. Visariya, Cost Accountant, has been appointed as a cost auditor for the financial year 2011-12.

## EXPLANATION TO THE OBSERVATION BY AUDITORS

The Director's explanation to the observations made by the Auditors in the CARO report annexed to the Auditors' Report is as under.

- a. With regards to not maintaining of Fixed Assets Records, we wish to state that the Company has maintained certain records and are updating the same as per requirements to the satisfaction of the Auditors to ensure removal of such observation in the next year audit.
- b. With regards to maintenance of cost account records, the directors wish to put on record that the cost auditors are appointed on annual basis and the records are under preparation for them to review the same and submit their report thereon as per requirements of the Act and rules made thereunder. The management is of the view that the entire cost audit upto the year under review would be completed during the current year.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- ii. the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and that of the profit of the Company for the year ended on that date;
- iii. the proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO AND EXPORT INITIATIVE**

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is given as per Form "A" & "B" is attached and form part of this report. The Company being focusing in Indian market, it has not taken any export initiative.

#### **ACKNOWLEDGEMENT**

The Board wishes to place on record their sincere appreciation to all the bankers, customers, employees at all levels and stakeholders for the continued support and patronage during the year under review.

By Order of the Board  
For **Kamadgiri Fashion Limited**

Date: 30th May 2011  
Place: Mumbai

**Pradip Kumar Goenka**  
Chairman & Managing Director



**ANNEXURE A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011.****MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE AND DEVELOPMENTS**

Textile Industry is a leading industry in India. It contributes approximately 14% of India's Industrial Production, 4% to the GDP and 17% to the country's export earnings. It is the second largest provider of employment after agriculture sector. Textile and apparel sectors has shown some amount of recovery from the financial crisis, but still struggling with the inflationary and volatile market condition. With the various initiatives taken by the government, investment in this sector is steadily increasing.

Textile sector has seen extra-ordinary volatile markets in last year 2010-11. The same trend is continuing in cotton as well as synthetics fibre segment. This volatile situation puts pressure on the performance of the Company. Your Company is taking adequate steps to tackle the pressure and improving its performance.

As committed your Company is taking all steps to sustain the growth of the Company. The Company is keeping its option open for organic and inorganic route of growth.

**OPPORTUNITIES AND THREATS:**

Volatile changes in input costs and high interest rates of borrowed funds is major threat to the industry as well as the operations of the Company.

The rising income levels, increasing awareness of fashion, changing consumption trends, etc., is a big opportunity for the Company. Further the Company is exploring to switch in fast growing segments such as women's denim wear brand for brand aspiring young women, providing the complete suiting range for men's formal wear etc.

The Indian market is still in evolving stage and becoming more fashion conscious and at the same time continue to be conscious about the costs. Accordingly the companies, delivering value for money products are making good show and getting better attention from customers. As the Company is concentrating only on the domestic market and having products, delivering value for money and as the Company has also ensured wide availability of products through its tie up with organised retail segment, the Company's products and brands have good recall value. Further through efficient production management system and better product mix the risks can be minimised that may be arising by overall increase in cost of production and competition.

**PRODUCT AND PERFORMANCE:**

With the addition of denim trouser manufacturing, the product mix basket of men's fashion wear in woven segment is complete and your Company offers formal and casual shirts and denim bottoms.

In fabric segment, the Company has put up an excellent show on linen category with its 'True Linen' line of offerings. This will result in overall better performance on the product front.

**OUTLOOK:**

The acquisition of Denim Trouser manufacturing and washing units is a good move towards the growth ambition of the Company and providing better product mix. This will help the Company in introducing its own brand in denim trouser segment.

**RISKS AND CONCERNS:**

The increase in cost of production and constrained margin continues to remain the major area of concern. The said risk has been countered by having strategic tie up with organised retail segment for sale of products. The risk from competitors has also been mitigated by having strategic partnership with the leading retail majors and having exclusive marketing space for its products in various retail formats.

**INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:**

Your Company is following a proper and adequate system of internal control in respect of all its activities including safeguarding and protecting its assets against loss or unauthorized use or disposition. Further all transactions entered into by the Company are duly authorised, recorded correctly. The senior personnel appointed and having delegated authority from the Board closely watches and monitors all expenses incurred on various heads. The attempt is made on continual basis to reduce cost centres. All policies and procedures and guidelines have been documented. Your Company is using advanced customized software system, which is upgraded from time to time to suit the system need of the Company.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

During the year under review, the total production for the Fabrics unit is as follows. The production of the grey fabrics and finished fabrics (including job) were **65.09 lacs Meters** and **26.28 lacs Meters** respectively as against 49.89 lacs Meters and 22.74 lacs Meters in the previous financial year. Production of readymade garments was 22.39 lacs pcs as against 15.96 lacs pcs in the previous financial year.

The Profit Before Tax recorded during the year was ₹ **479.14 lacs** as against ₹ 275.83 lacs in the previous financial year.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCE/INDUSTRIAL RELATIONS FRONTS:**

As the Company has now four different operating units, human resource and relationship with the employees plays key role in its smooth operations. The Company pays required attention on the development of workers and staff. The Management ensures that cordial and friendly relations are maintained with workers and initiatives are taken for solving workers problems through amicable negotiation. The top management continues to provide inhouse and outbound training, on site performance evaluation, reward mechanism to increase the motivation of the workers/staff. The industrial relation climate in your Company was harmonious and constructive.

**CAUTIONARY STATEMENT:**

Statement in the report of management discussion and analysis describing the company's objective, projections, estimates, expectation or predictions may be "forward looking statement" within the meaning applicable of Securities Laws or Regulations. These statements are based on certain assumptions and expectations for the future events. Actual results could differ materially from those of future events. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the company's operations include economic condition affecting global and domestic demand supply, finished goods prices in the domestic and overseas market in which the company operates, raw materials cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The company assumes no responsibility to publicly amend, modify or revise and forward looking statements, on the basis of any subsequent development, information or events.

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988:

### Form A

Disclosure of particulars with respect to Conservation of Energy:

#### 1. Conservation of Energy

- |   |  |
|---|--|
| (a) Energy Conservation Measures taken  | Measures taken for conservation of energy include improved Maintenance of operating system, control on consumption and loss of electricity, using energy efficient equipment.  |
| (b) Additional investment, if any, being implemented for reduction of consumption of energy                                 | Additional investment for reduction of consumption of energy will be made as and when there would be need for replacement of the high energy consuming equipment, by adopting energy efficient equipment in their place. |
| (c) Impact of measures at (a) and (b) above for Reduction of energy consumption and Consequent impact on cost of production | The impact of measures of reduction of energy consumption on cost of production is not precisely ascertainable.  |

#### A. Power & Fuel Consumption

	2010-11	2009-10
1. Electricity		
(a) Purchases		
Units (KWH)	<b>4608613</b>	3036825
Total Amount (₹)	<b>25189786</b>	16973656
Rate per unit (Average rate in ₹)	<b>5.47</b>	5.59
(b) Own Generation Through Diesel Generator		
Quantity (Litres)	<b>102964</b>	58137
Unit Generated	<b>291126</b>	170839
Total Cost (₹)	<b>4086385</b>	2100145
Rate per unit (Average rate in ₹)	<b>14.04</b>	12.29

#### B. Consumption per unit of production

(1) Electricity (KHW)		
Fabrics 100 mtr.	<b>53.79</b>	47.73
Readymade Garments 100 Pcs.	<b>53.68</b>	51.76

#### 2. Technology Absorption:

Efforts have been made for technology absorption as per Form B of the annexure to the Rules.

## Form B

## Disclosure of particulars with respect to Technology Absorption:

## A. Research &amp; Development (R &amp; D):

(a) Specific areas in which R & D has been carried out by the Company	The company has carried out R & D in the area of product development.
(b) Benefit derived as result of R & D	Not directly ascertainable, but is contributing to better customer satisfaction as improvement in quality of products.
(c) Future plan action	Company plans to strengthen its R & D activity.
(d) Expenditure on R & D	The Company is incurring expenditure on Research and development for improvement in shades of yarn and fabric designs as routine activity. The above expenditure are not being shown separately as R & D expenditure.
(i) Capital	-
(ii) Recurring	-
Total	-
Total R & D Expenditure as percentage to percentage of turnover	-

## B. Technology absorption, adaptation and innovation:

(a) Efforts, in brief made towards technology absorption, adaptation and innovation	Efforts have been made for up gradation of technology wherever feasible.
(b) Benefit derived as a result of efforts e.g. product development, import substitution.	As a result of above effort, the quality of the product may improve.
(c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year).	The Company has not imported any technology at any time during the last five years except modern technology based machines.

## 3. Foreign Exchange Earnings &amp; Outgo :

Total Foreign Exchange Used &amp; Earned:

	Current year 2010-11	Previous year 2009-10
Used (in ₹ Lacs)	331.75	56.20
Earned (in ₹ Lacs)	Nil	Nil

## CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

### 1. Company's philosophy on code of Governance:

Kamadgiri Fashion Limited believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. In this pursuit, your Company's philosophy on Corporate Governance is guided by a strong emphasis on transparency, accountability and integrity and has been practicing the principles of Corporate Governance over the years.

### 2. Board of Directors:

The Board composition is in conformity with the provisions of the Companies Act, 1956 and clause 49 of the listing agreement. The strength of the Board as on 31 March 2011 is 6 Directors comprising of 2 Promoter Directors and 4 Independent Non Executive Directors.

The composition of the Board and their attendance in the Board Meetings and other details are as under:

Name of Directors	Category of Directorship	#No. of other Directorships	^ No. of Committee Memberships	No. of Board meetings attended	Attendance at last AGM
Mr. Pradip Kumar Goenka	Promoter & Executive	1	Nil	6	Present
Mr. Lalit Kumar Goenka	Promoter & Executive	-	Nil	7	Present
Mr. Ashwani Bhatia	Independent & Non - Executive	-	Nil	6	Present
Mr. Madhusudan Singrodia	Independent & Non - Executive	-	Nil	7	Present
Mr. Murarilal Goenka *	Independent & Non - Executive	-	Nil	3	Present
Mr. Rahul Mehta **	Independent & Non - Executive	2	Nil	-	NA
Mr. Sanjeev Maheshwari **	Independent & Non - Executive	2	Nil	-	NA
Mr. Subhash Kumar Kedia *	Independent & Non - Executive	-	Nil	5	Present

# Excludes Alternate Directorships, Directorships in Indian Private Limited Companies and Foreign Companies and proprietorship and partnership firms.

^ In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, membership/chairmanship of only the Audit Committee, Shareholders'/Investors Grievance Committee and the Remuneration Committee of the Public Limited Companies has been considered.

\* Mr. Murarilal Goenka and Mr. Subhash Kumar Kedia resigned as Directors on 14 February 2011.

\*\* Mr. Rahul Mehta and Mr. Sanjeev Maheshwari appointed as Additional Directors w.e.f. 14 February 2011.

There are no nominees or Institutional Directors in the Company. None of Directors have pecuniary or business relationship with the Company except to the extent as disclosed in schedule 21 of the accounts. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director. There is no inter se relationship between directors.

During the financial year 2010-2011, 7 (Seven) Board Meetings were held i.e. on 14 May 2010, 13 August 2010, 31 August 2010, 13 November 2010, 29 January 2011, 14 February 2011 and 7 March 2011 and the time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

Directors seeking Appointment/ Re-appointment at the Forthcoming Annual General Meeting (pursuant to clause 49 IV(G)(i) of the Listing Agreement):

Name of the Director	Mr. Ashwani Bhatia	Mr. Madhusudan Singrodia	Mr. Rahul Mehta	Mr. Sanjeev Maheshwari
Age	53	52	60	46
Qualification	Textile Engineer	B. Com.	B. Com., MBA	B. Com., CA
Expertise In specific functional areas	Wide Experience in Textile Industry.	Mr. Singrodia has wide experience in Textile Business. He is the Member of the Remuneration Committee and Shareholders/ Investor Grievance Committee of the Board.	Mr. Mehta has wide experience of 10 years in consumer goods industry and 30 years experience in the garments industry.	Mr. Maheshwari is a member of the Institute of Chartered Accountants of India. Mr. Maheshwari has been associated with GMJ & Co. Chartered Accountants, for more than 24 years and is currently partner of the firm
Directorship In other Indian Companies as on 31.03.2011	Nil	Nil	<ol style="list-style-type: none"> <li>1) Gini &amp; Jony Ltd.</li> <li>2) Chermas Exquisite Ltd.</li> <li>3) Creative Garments Pvt. Ltd.</li> <li>4) Creative Textiles Mills Pvt. Ltd.</li> <li>5) Creative Casual India Pvt. Ltd.</li> <li>6) Karl Hogan Clothing Pvt. Ltd.</li> <li>7) Creative Global Stock Broking Pvt Ltd.</li> <li>8) Apparel Media Pvt. Ltd.</li> <li>9) Creative Lifestyles Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1) Mudra Financial Services Limited</li> <li>2) Mudra Share &amp; Stock Brokers Limited</li> </ol>
Shareholding	Nil	Nil	Nil	Nil

#### Code of conduct for Directors and Senior Management:

The Code of conduct as applicable to the Directors and the members of the senior management had been approved by the Board and it is being duly abided by all of them. The Annual Report of the Company contains declaration to this effect from the Chairman and CEO.



### 3. Committees of the Board:

#### Audit Committee

The Company has an Audit Committee at the Board level with powers and role that are in accordance with clause 49 of the listing agreement. The Committee acts as a link between the management, the Statutory Auditors and the Board of Directors and oversees the financial reporting process.

The Audit Committee presently comprises of 3 Non Executive Independent Directors. The members of the Committee are well versed in finance matters, accounts, Company law and general business practices.

The functions of the Audit Committee are as per Company Law and Listing Agreement with the Stock Exchanges. These include the review of accounting and financial policies and procedures, review of financial reporting system, internal control system and procedures and ensuring compliance of statutory requirements.

The Audit Committee reviews the financial statements with the Statutory Auditors and the Management with reference to the accounting policies and practices before commending the same to the Board for its approval.

The Committee met 5 times during the year under report on 14 May 2010, 13 August 2010, 31 August 2010, 13 November 2010, 14 February 2011. The time gap between the two meetings was not more than 4 months.

#### Composition of Audit Committee and details of the meeting attended:

Sr. No.	Name of the Directors	Category	Designation In the Committee	No. of Meeting attended
1.	Mr. Sanjeev Maheshwari	Independent & Non - Executive	Chairman *	-
2.	Mr. Ashwani Bhatia	Independent & Non - Executive	Member **	2
3.	Mr. Madhusudan Singrodia	Independent & Non - Executive	Chairman***	4
4.	Mr. Murarilal Goenka	Independent & Non - Executive	Member ***	3
5.	Mr. Rahul Mehta	Independent & Non - Executive	Member *	-
6.	Mr. Subhash Kumar Kedia	Independent & Non - Executive	Member ***	4

\* w.e.f. 14 February 2011

\*\* w.e.f. 31 August 2010

\*\*\* upto 14 February 2011

The Audit Committee was reconstituted in the meeting of the Board of Directors of the Company held on 14 February 2011.

#### The terms of reference of the Audit Committee include:

- To review financial statements and pre-publication announcements before submission to the Board.
- To discuss and review report of the external auditors and ensure the compliance of the internal control system.
- To apprise the Board on the impact of accounting policies, accounting standards and applicable laws and regulations.
- To hold discussions with statutory auditors on the scope and content of the audit.
- To review related party transactions:
- Appointment of statutory auditor and fixing their remuneration.

#### 4. Remuneration of Directors:

The Company has no pecuniary relationship or transaction with its Non – Executive Independent Directors other than payment of sitting fees to them, if any, for attending Board and Committee Meetings.

The Company does not have an incentive plan, which is linked to performance and achievement of the Company's objectives. The Company has no stock option and pension scheme. The Company has constituted a Remuneration Committee effective from 1 October 2004 to review the remuneration payable to Executive Directors.

The details of remuneration paid to the Executive Directors of the Company during the year ended 31 March 2011 are given as under:

	Particulars	Unit	Mr.Pradip Kumar Goenka	Mr. Lalit Kumar Goenka
a)	Salary p.a.	₹	15,00,000/-	96,000/-
b)	Fixed Component – Contribution to Provident Fund.	₹	Nil	Nil
c)	Bonus, Benefits & Other Allowances	₹	Nil	Nil
d)	Service Contract	Years	5	5
e)	Notice Period	Months	3	3
f)	Severance Fees	₹	Nil	Nil

The Company has also paid sitting fees of ₹ 20,000/- to Mr. Ashwani Bhatia, Independent Non-Executive Director.

#### 5. Shareholders/Investors Grievance Committee:

The Shareholder's/Investors Grievance Committee presently comprises of 3 Non – Executive Independent Directors. The Committee meets at frequent intervals to consider, inter alia, shareholders complaints like non receipt of share certificate or delay in transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. and provide satisfactory solution to the complainant's except for disputed cases and sub-judice matters which would be solved on final disposal by the Courts.

The Committee met 3 times during the year under report on 13 August 2010, 13 November 2010 and 14 February 2011.

#### Composition of Shareholders/Investors Grievance Committee and details of the meeting attended:

Sr. No.	Name of the Directors	Category	Designation	No. of Committee Meetings attended
1.	Mr. Ashwani Bhatia	Independent & Non- Executive	Chairman*	1
2.	Mr. Madhusudan Singrodia	Independent & Non- Executive	Member	3
3.	Mr. Murarilal Goenka	Independent & Non- Executive	Chairman**	3
4	Mr. Rahul Mehta	Independent & Non- Executive	Member*	-
5.	Mr. Subhash Kumar Kedia	Independent & Non- Executive	Chairman**	3

\* w.e.f. 14 February 2011

\*\*upto 14 February 2011

The Shareholders/Investors Grievance Committee was reconstituted in the meeting of the Board of Directors of the Company held on 14 February 2011.

Mr. Lalit Kumar Goenka, Whole Time Director, was the Compliance Officer upto 6 March 2011. W.e.f. 7 March 2011, Mr. Arun Bhandari, Company Secretary of the Company is the Compliance Officer.

During the year 2010-2011, the Company did not receive any complaint from SEBI (Securities and Exchange Board of India) and shareholders/investors. No request for transfer and dematerialization were pending as on 31 March 2011.

## 6. Remuneration Committee:

The Remuneration Committee presently comprises of 3 Non - Executive Independent Directors. Kamadgiri Fashion Limited's remuneration policy is based on 3 factors, pay for responsibility, pay for performance and potential and pay for growth.

The Company's Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of Whole-Time Directors and to deal with all the elements of remuneration package of all such Directors.

As for Non-Whole Time Directors their appointment is for utilizing their professional expertise in achieving the goals of the Company. Accordingly, the service contract, notice period and severance fees, if any, are not applicable to such Non-Whole Time Directors. However, as per Company's policy, upon attaining the age of 70 years the Non-Whole Time Directors seek retirement by not offering themselves for re-appointment at Annual General Meeting of the Company.

### Composition of Remuneration Committee and details of the meeting attended:

The Remuneration Committee of the Company consists of the following members of the Board.

Sr. No.	Name of the Directors	Category	Designation In the Committee	No. of Meeting attended
1.	Mr. Rahul Mehta	Independent & Non- Executive	Chairman*	-
2.	Mr. Ashwani Bhatia	Independent & Non- Executive	Member*	-
3.	Mr. Madhusudan Singrodia	Independent & Non- Executive	Member	1
4.	Mr. Murarilal Goenka	Independent & Non- Executive	Member**	1
5.	Mr. Sanjeev Maheshwari	Independent & Non- Executive	Member*	-
6.	Mr. Subhash Kumar Kedia	Independent & Non- Executive	Chairman**	1

\* w.e.f. 14 February 2011

\*\* upto 14 February 2011

The Committee met once during the year i.e., on 29 January 2011.

The Remuneration Committee was reconstituted in the meeting of the Board of Directors of the Company held on 14 February 2011.

The terms of reference of the Remuneration Committee are to recommend to the Board, salary (including annual increments), perquisites and allowances, performance linked remuneration, if any, commission to be paid to the company's Executive/Whole Time Director (ED/WTD) and to finalise the perquisites and allowances package within the overall ceiling fixed by the Board.

## 7. General Body Meetings:

The details of the Annual General Meeting held during the last Three years are as under:

Financial Year	Date	Time	Venue	Special Resolution(s)
2009-2010	29.09.2010	10:30 am	Hotel The Mirador, 131-B, New Link Road, Opp. Solitaire Corporate Park, Chakala, Andheri (East), Mumbai – 400 099.	Two
2008-2009	29.09.2009	11:30 am	Hotel Sun City Residency, 16 <sup>th</sup> Road, MIDC, Opp. Prasad Building, Andheri (East), Mumbai – 400 093.	One
2007-2008	27.09.2008	11:30 am	Shree Satyana rayan Goenka Bhavan, 87, J B Nagar, Andheri (East), Mumbai – 400 059.	Nil

## 8. Disclosures:

There were no other related party transactions of material nature with the Promoters, Directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the Company at large. However, attention is drawn to point No. 8 of schedule '21B' of the Accounts.

There were no instances of non-compliance on any matter related to the capital market during the past three years and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI.

The Board affirms that no person has been denied access to the Audit Committee during the year. The Company has complied with mandatory provisions of corporate governance and is in the process of adopting the non-mandatory provisions of corporate governance.

## 9. Means of Communication:

The results of the Company are furnished to the Bombay Stock Exchange Limited on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors. The results are normally published in "The Asian Age" – English Newspaper and "Mumbai Lakshdeep", Marathi Newspaper within 48 hours after the approval of the Board. These were not sent individually to the shareholders. However, the Company furnishes the same on receipt of a request from the shareholders.

Management discussion and Analysis Report is attached as annexure to Directors' Report forming part of the Annual Report.

## 10. General Shareholders Information:

### a) Annual General Meeting

Day, Date and Time : Tuesday, 23 August 2011 at 10:30 am  
 Venue : Hotel The Mirador, 131-B, New Link Road  
 (Guru Hargovindji Road), Opp. Solitaire Corporate Park  
 Chakala, Andheri (East), Mumbai - 400 099.  
 Tel.: 022 6649 5000

**b) Financial Calendar for 2011– 12(Tentative)****Financial Year:**

April 1 to March 31

**Results for the quarter ending June 30, 2011**2<sup>nd</sup> week of August, 2011**Results for quarter ending September 30, 2011**2<sup>nd</sup> week of November, 2011**Results for quarter ending December 31, 2011**2<sup>nd</sup> week of February, 2012**Results for year ending March 31, 2012**

Last week of June, 2012

**Annual General Meeting:**

September, 2012

**c) Date of Book Closure**

Book Closure dates are from Friday the 19 August 2011 to Tuesday the 23 August 2011 (both days inclusive).

**d) Dividend payment Date**

Dividend will be paid on or after 23 August 2011.

**e) Listing on Stock Exchanges & Listing fees.**

The Company's shares are listed on:  
Bombay Stock Exchange Limited (BSE),  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.  
Applicable listing fee has been paid.

**f) Stock Code & ISIN**

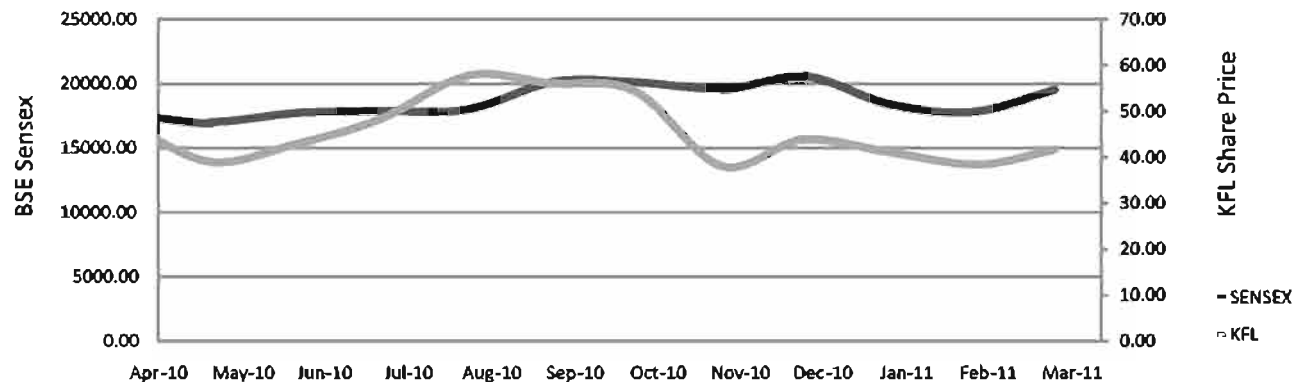
Stock Code at Bombay Stock Exchange Limited is 514322. ISIN is INE535C01013.

**g) Market Price Data**

(i) The monthly high and low quotations of shares traded on Bombay Stock Exchange Limited is as follows:

Month	(Amount in ₹)	
	High	Low
April, 2010	50.50	41.55
May, 2010	50.80	38.75
June, 2010	45.25	36.40
July, 2010	48.95	40.15
August, 2010	63.80	48.75
September, 2010	60.00	52.00
October, 2010	59.40	50.50
November, 2010	57.05	38.05
December, 2010	45.85	34.80
January, 2011	47.60	37.10
February, 2011	45.80	36.85
March, 2011	45.80	38.10

## (ii) Performance of the stock in comparison to BSE Sensex

**h) Registrar and Share Transfer Agent:**

The Company has appointed Sharex Dynamic (India) Private Limited for processing and approving the transfer of shares. Their contact details are as follows:

Sharex Dynamic (India) Private Limited  
 Unit No.1, Luthra Industrial Premises, Safed Pool  
 Andheri - Kurla Road, Andheri (East)  
 Mumbai - 400 072. Phone : 28515606 & 5644 Fax: 28512885.  
 Concerned officer in charge of the Registry is Mr. T. Shashi Kumar.  
 Email: sharexindia@vsnl.com

**i) Share Transfer System:**

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed and affected within 15 days from the date of receipt.

Transfer of shares held in the dematerialized form are electronically done through the depositories / depository participants and the Registrars and Share Transfer Agents of the Company periodically receive from the depositories / depository participants the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants etc.

**j) Nomination Facility:**

The Companies Amendment Act, 1999 has introduced through section 109A, the facility of nomination to share / debenture / deposit holders. This facility is mainly useful for all holders holding the shares / debentures / Fixed deposits in single name. In case securities are held in joint names, the nomination will be effective only in event of death of all the holders.

Investors are advised to avail of this facility, especially those holding securities in single name to avoid the process of transmission by law.

Investors holding shares in physical form may obtain from the Registrar and Share Transfer Agent of the Company at Mumbai. However, if the shares are held in dematerialized form, the nomination has to be conveyed to your depository participants directly, as per the format prescribed by them.



**k) Distribution of shareholding as on 31 March 2011:**

No. of Shares	No. of Shareholders	% of Shareholding	Shareholding (₹)	% of Shareholding
Upto 5000	1098	84.92	1686520	3.33
5001 - 10000	81	6.26	668720	1.32
10001 - 20000	42	3.25	626250	1.24
20001 - 30000	23	1.78	569350	1.12
30001 - 40000	7	0.54	265520	0.52
40001 - 50000	3	0.23	149830	0.30
50001 - 100000	13	1.01	946420	1.87
100001 and above	26	2.01	45736050	90.30
<b>Total</b>	<b>1293</b>	<b>100.00</b>	<b>50648660</b>	<b>100.00</b>

**Categories of Shareholders as on 31 March 2011 is as under:**

Category	Number of shares	%
Promoters	1814459	35.82
Associates	Nil	Nil
Banks/MFs/FIs	900	0.02
Private Bodies Corporate	2521239	49.78
Indian Public	724268	14.30
NRIs/OCBs	4000	0.08
<b>Total</b>	<b>5064866</b>	<b>100.00</b>

**l) Dematerialization of shares:**

About 97.84% of the shares have been dematerialised as on 31 March 2011. The equity shares of Kamadgiri Fashion Limited are traded in the Bombay Stock Exchange Limited.

The equity shares of the Company are permitted to be traded in dematerialized form only.

**m) Outstanding GDRs/ADRs/Warrants or any convertible Instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**n) Plant Locations:**

The Company's plant is located at:  
43/2, Ganga Devi Road,  
Umbergaon – 396 171, Dist. Valsad (Gujarat).

C-4/2/2, MIDC  
Tarapur - 401 506, Dist. Thane (Maharashtra).

J-72/1, MIDC  
Tarapur - 401 506, Dist. Thane (Maharashtra).

B-7/3, MIDC  
Tarapur - 401 506, Dist. Thane (Maharashtra).

**o) Address for Investor correspondence:**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, payment of dividend on shares and any other query relating to shares of the Company Registrar & Share Transfer Agent may be contacted at the following address.

Sharex Dynamic (India) Private Limited  
Unit No. 1, Luthra Industrial Premises, Safed Pool  
Andheri Kurla Road, Andheri (East)  
Mumbai - 400 072.  
Phone - 022 28515606 & 022 28515644 Fax: 022 28512885.  
Concerned officer incharge of the Registry is Mr. T. Shashi Kumar.  
Email: sharexindia@vsnl.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

**11. Compliance with Non-Mandatory Requirements:**

**The extent of compliance in respect of non-mandatory requirements is as follows:**

- (a) **Chairman of the Board:** The Company has an executive Chairman and hence the requirement pertaining to reimbursement of expenses to a non-executive Chairman does not arise. No specific tenure has been specified for the Independent Directors. However, they are liable to retire by rotation and seek re-appointment from the members.
- (b) **Remuneration Committee:** Details regarding Remuneration Committee has already been dealt under para 4 of this report.
- (c) **Shareholders' Right:** As the Company's half yearly financial results are published in English and Marathi newspapers having a wide circulation, the same need not be sent to shareholders individually. However, the Company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.
- (d) **Audit Qualifications:** Audit qualifications/observations on the Financial Statements for the year 2010-11 have been appropriately explained in the Directors' Report.
- (e) **Training to Board Members:** No training has been provided to the Board Members as on date of this report. The Directors are interacting with management in a very free and open manner on information that may be required by them for orientation with the business of the Company.
- (f) **Mechanism for evaluating Non-executive Board Members:** The Company is working on the mechanism and will be adopted in due course.
- (g) **Whistle Blower Policy:** The Company has adopted the code of conduct for Directors and Senior Management. The Board has considered and deliberated on the whistle blower policy of the Company. The same will be implemented due course.

**12. Compliance:**

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of corporate governance and attached to this report.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
Kamadgiri Fashion Limited.

We have examined the compliance of conditions of Corporate Governance by Kamadgiri Fashion Limited, for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**Haribhakti & Co.**  
Chartered Accountants  
Firm Registration Number - 103523W

**Rakesh Rath**  
Partner  
Membership No. 45228

Place: Mumbai  
Date: 30th May 2011

**CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR**

To,  
The Board of Directors,  
Kamadgiri Fashion Limited.  
Mumbai.

We hereby certify that for the financial year, ending 31 March 2011 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that:
  - a. There have been no significant changes in internal control during the year;
  - b. There have been no significant changes in accounting policies during the year.
  - c. There have been no instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For **Kamadgiri Fashion Limited**

**Pradip Kumar Goenka**  
Chairman & Managing Director

Date: 30th May 2011  
Place: Mumbai

**DECLARATION ON COMPLIANCE OF CODE OF CONDUCT**

I, Mr. Abhay Kumat, Chief Executive Officer of the Company hereby declare that all Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct laid down by the Board on an annual basis.

For **Kamadgiri Fashion Limited**

**Abhay Kumat**  
Chief Executive Officer

Date: 30th May 2011  
Place: Mumbai

KAMADGIRI FASHION LIMITED

## AUDITORS' REPORT TO THE MEMBERS OF KAMADGIRI FASHION LIMITED

1. We have audited the attached Balance Sheet of KAMADGIRI FASHION LIMITED (formerly known as Kamadgiri Synthetics Limited) ("the company") as at 31st March 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 the 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 ('the order'), as amended, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, ('the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) 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;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
  - (v) On the basis of the representations received from the directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 from being appointed as a director in terms of section 274 clause (g) of sub-section (1) of the Act,
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and other notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011;

- 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 **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration Number - 103523W

**Rakesh Rathi**  
Partner  
Membership No.45228

Place: Mumbai  
Date: 30th May 2011



**ANNEXURE REFERRED TO IN PARAGRAPH (3) OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2011 OF KAMADGIRI FASHION LIMITED**

- (i) a) *the company has generally not maintained proper records showing particulars, including quantitative details and situation of fixed assets;*
- b) *as explained to us, major portion of the fixed assets have been physically verified by the management during the year. However, in the absence of complete fixed assets records being made available, we are unable to comment on discrepancies whether material or not;*
- c) the company, during the year, has not disposed off substantial part of its fixed assets;
- (ii) a) as explained to us, the inventories have been physically verified during the year by the management at reasonable intervals and frequency of verification is reasonable;
- b) in our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business; and
- c) on the basis of our examination of the inventory records of the company, we are of the opinion that, the company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of inventory as compared to the book records;
- (iii) the company has not granted/taken any loan, secured or unsecured, during the year to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956;
- (iv) in our opinion, there is internal control system for the purchase of inventory and fixed assets and for the sale of goods and services which needs to be further strengthened to be commensurate with the size of the company and the nature of its business. As informed to us, the company has initiated process of strengthening the internal control procedures. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system;
- (v) a) on the basis of the audit procedures performed, we are of the opinion that the particulars of all contract and arrangement which were required to be entered in the registers maintained under section 301 of the Act, have been so entered; and
- b) in our opinion, transactions made in pursuance of contracts or arrangements referred to in clause (v) (a) above and exceeding the value of ₹ 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at relevant time where such market prices are available;
- (vi) in our opinion, the company has not accepted any deposit from the public;
- (vii) The company has an internal audit system, the scope and coverage of which, in our opinion requires to be further enlarged so as to be commensurate with the size and nature of its business.
- (viii) *As informed to us, the company has not made and maintained the accounts and records pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act. As informed to us, the company has taken steps for maintenance of cost accounts and records;*
- (ix) a) The company has generally been regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Service-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it. There were no arrears of statutory dues as at 31 st March 2011 for a period of more than six months from the date they became payable.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same;

- b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in lacs)	Period	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	34.92	1993 - 94 *	High Court
Income Tax Act, 1961	Income Tax	31.68	1994 - 95 *	High Court
Income Tax Act, 1961	Income Tax	23.70	1995 - 96 *	High Court
Income Tax Act, 1961	Income Tax	10.00	1996 - 97 *	High Court
Income Tax Act, 1961	Income Tax	8.32	1998 - 99 *	High Court
Income Tax Act, 1961	Income Tax	2.89	2000 - 01*	High Court
Gujarat Sales Tax Act, 1969	Sales Tax	5.99	2001 - 02	Commissioner (Appeals)
Gujarat Sales Tax Act, 1969	Sales Tax	25.05	2002 - 03	Commissioner (Appeals)

\*Assessment Year

- (x) the company has neither accumulated losses at the end of the financial year nor it has incurred cash losses, both in the financial year under report and in the immediately preceding financial year;
- (xi) according to the records examined by us, the company has not defaulted, during the year, in repayment of dues to a financial institution or bank. The company has not borrowed any sums through debentures during the year;
- (xii) the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the order, are not applicable to the company;
- (xiv) the company is not dealing or trading (except for investments purposes) in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order, are not applicable to the company. The company in its own name holds all the investments;
- (xv) the guarantee given by the company, for loans taken by a group company from a bank, the terms and conditions whereof, as informed to us, were not prejudicial to the interest of the company, has since been released;

- (xvi) in our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- (xvii) on an overall examination of the financial statements of the company, we are of the opinion that no funds raised on short-term basis have, prima facie, been used for long-term purposes;
- (xviii) the company, during the year, has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, except that it has allotted shares on conversion of warrants issued on preferential basis in previous year;
- (xix) the company has not issued any debentures during the year and therefore the provisions of clause 4 (xix) of the order are not applicable to the company;
- (xx) the company has not raised any money through a public issue during the year;
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the 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 such case by the management.

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration Number - 103523W

Place: Mumbai  
Date: 30th May 2011

**Rakesh Rathi**  
Partner  
Membership No.45228

## BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

PARTICULARS	SCHD. No.	As at 31st March 2011	As at 31st March 2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	506.49	473.92
Reserves and Surplus	2	1,611.86	1,305.32
Warrant Application Money		-	26.00
		<u>2,118.35</u>	<u>1,805.24</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	3,494.79	1,779.27
Unsecured Loans	4	113.00	63.00
		<u>3,607.79</u>	<u>1,842.27</u>
<b>DEFERRED TAX LIABILITY (Net)</b> (Refer Note No. 14 of Schedule 21B)		190.66	175.12
		<u>5,916.80</u>	<u>3,822.63</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	3,917.03	2,578.35
Less: Depreciation and Amortisation		962.42	795.35
Net Block		2,954.61	1,783.00
Add : Capital Work in Progress		68.95	10.78
		<u>3,023.56</u>	<u>1,793.78</u>
<b>INVESTMENTS</b>	6	55.84	91.62
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	3,831.79	1,561.49
Sundry Debtors	8	2,278.34	1,743.79
Cash and Bank Balances	9	167.79	136.06
Other Current Assets (Interest Accrued)		4.27	2.32
Loans and Advances	10	201.07	283.11
		<u>6,483.26</u>	<u>3,726.77</u>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	3,490.06	1,642.23
Provisions	12	155.80	147.31
		<u>3,645.86</u>	<u>1,789.54</u>
<b>NET CURRENT ASSETS</b>		2,837.40	1,937.23
		<u>5,916.80</u>	<u>3,822.63</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

21

The schedules referred to above and notes to accounts are an integral part of the balance sheet

As per our attached report of even date:

For Haribhakti & Co.  
Chartered AccountantsFor and on behalf of the Board of Directors  
of Kamadgiri Fashion LimitedPradip Kumar Goenka  
Chairman & Managing DirectorLalit Kumar Goenka  
Whole Time DirectorRakesh Rathi  
Partner  
Membership No. 45228Arun Bhandari  
Company SecretaryPlace : Mumbai  
Date : 30th May 2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

PARTICULARS	SCHD. No.	Year ended 31st March 2011	Year ended 31st March 2010
<b>INCOME :</b>			
Sales and Services	13	14,551.75	10,535.27
Other Income	14	58.36	214.76
		<u>14,610.11</u>	<u>10,750.03</u>
<b>EXPENDITURE:</b>			
(Increase) In Finished Inventories	15	(155.98)	(184.04)
Cost of Inventories Consumed and sold	16	6,433.00	3,681.50
Cost of Goods Traded in		2,407.14	3,141.32
Personnel Expenses	17	1,415.17	1,119.38
Manufacturing Expenses	18	2,015.83	1,494.83
Administrative and Other Expenses	19	1,356.86	824.80
Interest and Financial Charges	20	431.17	235.38
Depreciation and Amortisation	5	227.78	161.03
		<u>14,130.97</u>	<u>10,474.20</u>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>		<b>479.14</b>	<b>275.83</b>
Less: Provision for Taxation:			
Current Tax		139.54	138.45
Deferred Tax Liability/(Assets)		15.54	(20.47)
<b>PROFIT AFTER TAX</b>		<u><b>324.06</b></u>	<u>157.85</u>
Add(Less) :Tax adjustments for earlier years		-	12.98
Add(Less): Prior period Items		(0.93)	(3.25)
Add: Balance brought forward from Previous Year		407.83	313.53
<b>SURPLUS AVAILABLE FOR APPROPRIATION</b>		<u><b>730.96</b></u>	<u>481.11</u>
<b>APPROPRIATIONS :</b>			
Transfer to General Reserve		16.16	4.19
Proposed Dividend		75.97	59.25
Tax on Proposed Dividend		12.32	9.84
		<u>104.45</u>	<u>73.28</u>
Balance carried over to Balance Sheet		<u><b>626.51</b></u>	<u>407.83</u>
Basic Earning per Share (in ₹)		6.71	3.54
Diluted Earning per Share (in ₹)		6.71	3.49

(Refer Note No.12 of Schedule '21B')

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS****21**

The schedules referred to above and notes to accounts are an integral part of the profit and loss account

As per our attached report of even date:

For Haribhakti & Co.  
Chartered AccountantsFor and on behalf of the Board of Directors  
of Kamadgiri Fashion LimitedPradip Kumar Goenka  
Chairman & Managing DirectorLalit Kumar Goenka  
Whole Time DirectorRakesh Rathi  
Partner  
Membership No. 45228Arun Bhandari  
Company SecretaryPlace : Mumbai  
Date : 30th May 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(₹ in Lacs)

	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2010
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	479.14	275.83
Adjustment :		
Depreciation	227.78	161.03
Loss/(Profit) on sale of fixed assets	11.01	(156.65)
Loss on sale of Investment	2.48	-
Interest / Other Income	(48.33)	(36.29)
Interest Expenses	431.17	235.38
	<u>624.11</u>	<u>203.47</u>
<b>Operating Profit before Working Capital changes</b>	<b>1,103.25</b>	<b>479.30</b>
Change in Working Capital :		
Inventories	(2,270.30)	(357.98)
Sundry Debtors	(534.55)	14.94
Cash & Bank Balances	(32.81)	(16.73)
Loans & Advances	135.13	(147.42)
Current Liabilities	1,852.17	(235.03)
Provisions	-	-
	<u>(850.36)</u>	<u>(742.22)</u>
Cash generated from / (used in) operations	252.89	(262.92)
Direct Taxes Paid	(207.70)	(127.87)
Cash flow before Extraordinary Items	45.19	(390.79)
Net Prior Year Adjustments	(0.93)	(3.25)
Extraordinary Items (merger expenses)	-	(8.38)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>44.26</b>	<b>(402.42)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow:		
Proceeds From Sale of Fixed Assets	6.34	403.04
Proceeds from sale of Investments (Net)	33.31	-
Interest / Other income	46.38	36.29
	<u>86.03</u>	<u>439.33</u>
Outflow:		
Acquisition of Fixed Assets	(1,474.91)	(355.25)
	<u>(1,474.91)</u>	<u>(355.25)</u>
<b>NET CASH (USED IN)/ FROM INVESTING ACTIVITIES</b>	<b>(1,388.88)</b>	<b>84.08</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow:		
Proceeds from Issue of warrants	-	26.00
Change In Working Capital Borrowing from Banks	1,032.58	857.66
Proceeds from issue of shares	78.28	-
Proceeds from Long Term Borrowings	831.23	-
Increase(decrease) in Unsecured Loan	50.00	(25.73)
	<u>1,992.09</u>	<u>857.93</u>
Outflow:		
Repayment of Long Term Borrowings	(148.30)	(178.32)
Interest Paid	(431.17)	(235.38)
Dividend Paid	(69.09)	(47.40)
	<u>(648.56)</u>	<u>(461.10)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>1,343.53</b>	<b>396.83</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALANTS (A+B+C)</b>	<b>(1.09)</b>	<b>78.49</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALANTS</b>	<b>119.34</b>	<b>40.85</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALANTS</b>	<b>118.25</b>	<b>119.34</b>
<b>Notes to Cash Flow Statement:</b>		
1 Cash & Cash Equivalents comprise of:		
Cash on hand	5.98	14.01
Bank Balances with Scheduled Banks:		
In Current Accounts	112.27	105.33
Total	<u>118.25</u>	<u>119.34</u>
2 Purchase of Fixed Assets is inclusive of capital work in progress.		

As per our attached report of even date:

For Haribhakti & Co.  
Chartered AccountantsRakesh Rathl  
Partner  
Membership No. 45228Place : Mumbai  
Date : 30th May 2011

KAMADGIRI FASHION LIMITED

For and on behalf of the Board of Directors  
of Kamadgiri Fashion LimitedPradip Kumar Goenka  
Chairman & Managing DirectorLalit Kumar Goenka  
Whole Time DirectorArun Bhandari  
Company Secretary

## SCHEDULES FORMING PART OF BALANCE SHEET

(₹ in Lacs)

PARTICULARS	As at 31st March 2011	As at 31st March 2010
<b>SCHEDULE '1' SHARE CAPITAL:</b>		
AUTHORISED:		
2,00,00,000 (Previous year : 95,86,000) Equity Shares of ₹10/- each	<u>2,000.00</u>	<u>958.60</u>
ISSUED, SUBSCRIBED AND PAID UP		
50,64,866 (Previous year : 47,39,866) Equity Shares of ₹ 10/- each fully paid up (Refer Note No.11 of Schedule '21B')	506.49	473.99
Less: Allotment moneys in arrear (Other than Directors)	-	0.07
	<u>506.49</u>	<u>473.92</u>
<b>Note:</b> 17,39,866 (Previous year : 17,39,866) Equity shares of ₹ 10/- each have been allotted on 3rd September 2009 as fully paid-up for consideration other than cash pursuant to scheme of amalgamation.	<u>506.49</u>	<u>473.92</u>
<b>SCHEDULE '2' RESERVES AND SURPLUS:</b>		
Capital Reserve	37.00	37.00
Securities Premium Account:		
Balance as on 1st April 2010	241.61	241.82
Add: Received on Conversion of warrants	71.50	-
Add: Received Allotment money in arrear	0.21	-
Less: Allotment money in arrear (Other than Directors)	-	0.21
	<u>313.32</u>	<u>241.61</u>
General Reserve		
Balance as on 1st April 2010	618.87	623.06
Add: Transfer from profit and loss account	16.16	4.19
	<u>635.03</u>	<u>627.25</u>
Less: Amalgamation expenses	-	8.38
	<u>635.03</u>	<u>618.87</u>
Profit and loss account	626.51	407.83
	<u>1,611.86</u>	<u>1,305.32</u>
<b>SCHEDULE '3' SECURED LOANS:</b>		
TERM LOANS :		
From Banks	829.42	143.90
WORKING CAPITAL LOANS :		
From Banks		
Cash credit	2,663.14	1,630.55
VEHICLE LOAN :	2.23	4.82
( Refer Note No. 9 of Schedule '21B' for nature of securities)		
	<u>3,494.79</u>	<u>1,779.27</u>
<b>SCHEDULE '4' UNSECURED LOANS :</b>		
Loan from a Body Corporate	50.00	-
Deposit (Refer Note No 15 of Schedule '21B')	63.00	63.00
	<u>113.00</u>	<u>63.00</u>

## SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 5 : FIXED ASSETS										( ₹ in Lacs)	
PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK		
	As at 31st March 2010	Addition	Deduction	As at 31st March 2011	Upto 31st March 2010	For the year	Adjustment for the year	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010	
Land	49.91	-	-	49.91	-	-	-	-	49.91	49.91	
Leasehold Land	21.45	297.50	-	318.95	1.44	2.25	-	3.69	315.26	20.01	
Building/flat	65.90	-	-	65.90	17.12	1.07	-	18.19	47.71	48.78	
Factory Building	327.85	257.48	-	585.33	35.87	16.22	-	52.09	533.24	291.98	
Plant & Machinery	1,610.18	783.37	64.68	2,328.87	581.51	162.37	58.75	685.13	1,643.74	1,028.67	
Electrical Installation	84.85	23.21	-	107.86	45.30	4.07	-	49.37	58.49	39.35	
Office Equipment	41.38	10.11	-	51.49	12.17	2.19	-	14.36	37.13	29.21	
Furniture & Fixtures	175.85	31.06	13.09	193.82	50.05	11.39	1.93	59.51	134.31	125.80	
Vehicles	15.43	-	-	15.43	7.16	0.93	-	8.09	7.34	8.27	
Bicycle	0.07	0.03	-	0.10	0.02	0.06	-	0.10	-	0.05	
Computers & Softwares	185.88	13.99	0.30	199.37	44.71	27.21	0.03	71.89	127.48	140.97	
<b>Total</b>	<b>2,578.35</b>	<b>1,416.75</b>	<b>78.07</b>	<b>3,917.03</b>	<b>795.35</b>	<b>227.78</b>	<b>60.71</b>	<b>962.42</b>	<b>2,954.61</b>	<b>1,783.00</b>	
Previous Year	2,194.62	719.89	336.16	2,578.35	724.09	161.03	89.77	795.35			
Capital Work-in-progress (including advances on capital account)									68.95	10.78	

NOTE : The Title deed of immovable property aggregating to ₹ 500 lacs is in the process of transfer in the name of the Company.

( ₹ in Lacs)

PARTICULARS	As at 31st March 2011	As at 31st March 2010
<b>SCHEDULE '6' INVESTMENTS :</b>		
<b>LONG TERM INVESTMENTS</b>		
Trade : Unquoted:		
4,86,000 (Previous year :6,00,300) fully paid up Equity Shares of ₹10/- each of Jagruti Synthetics Ltd.*	50.09	63.65
Other than Trade : Unquoted :		
54,000 (Previous year: 1,35,000) fully paid up Equity Shares of ₹ 10/- each of Spindraw Fibres Pvt. Ltd.*	5.40	13.50
190 (Previous year : 47266) fully paid up Equity shares of ₹ 30/- each of Bombay Mercantile Co-op. Bank Ltd.	0.06	14.18
100 (Previous year :100) fully paid up Equity Shares of ₹ 10/- each Jankalyan Sahakari Bank Limited.	0.01	0.01
500 (Previous year: 500) Units of ₹ 10/- of PNB Principal Junior Capital Fund.	0.05	0.05
Government Securities:		
National Saving Certificates	0.23	0.23
*a company in which the Managing Director and relatives of the Managing Director are Directors.		
	<b>55.84</b>	<b>91.62</b>



## SCHEDULES FORMING PART OF BALANCE SHEET

(₹ in Lacs)

PARTICULARS	As at 31st March 2011	As at 31st March 2010
<b>SCHEDULE '7' INVENTORIES:</b>		
(As valued and certified by the management)		
Raw Material	1,075.99	282.71
Stitching Material	64.47	64.37
Store & Spares and others	160.40	99.74
Semi Finished Goods	1,513.79	253.51
Finished goods	1,017.14	861.16
	<u>3,831.79</u>	<u>1,561.49</u>
<b>SCHEDULE '8' SUNDRY DEBTORS:</b>		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding six months:	148.60	53.22
Others:	2,129.74	1,690.57
	<u>2,278.34</u>	<u>1,743.79</u>
<b>SCHEDULE '9' CASH AND BANK BALANCES :</b>		
Cash on hand	5.98	14.01
Bank Balances with Scheduled Banks :		
In Current Accounts	112.27	105.33
In Fixed deposit Accounts	49.54	16.72
(Pledged with bankers against margin money ₹ 9.21 lacs (Previous Year: ₹ 8.28 lacs) and against bank guarantee ₹ 20.80 lacs (Previous Year: ₹ 11.55 lacs))		
	<u>167.79</u>	<u>136.06</u>
<b>SCHEDULE '10' LOANS &amp; ADVANCES :</b>		
(Unsecured, Considered good)		
Advances recoverable In cash or In kind or for value to be received	58.53	199.10
Deposits	81.30	70.86
Balance with excise authorities, customs, etc	8.14	13.15
Advance Tax (Net of Provision for Taxation ₹ 348.17 lacs (Previous Year : ₹ Nil))	53.10	-
	<u>201.07</u>	<u>283.11</u>
<b>SCHEDULE '11' CURRENT LIABILITIES:</b>		
Acceptance	100.72	22.32
Sundry Creditors	2,941.33	1,273.09
(Refer Note No '4' of Schedule '21B' )		
Other Liabilities	178.76	112.99
Deposit from Customers	266.50	231.19
Unpaid Dividend	2.75	2.64
	<u>3,490.06</u>	<u>1,642.23</u>
<b>SCHEDULE '12' PROVISIONS :</b>		
Dividend	75.97	59.25
Tax on Dividend	12.32	9.84
Gratuity & Leave Encashment	67.51	63.17
Income Tax (Net of Advances Tax ₹ Nil (Previous Year ₹ 193.57 lacs)	-	15.05
	<u>155.80</u>	<u>147.31</u>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

(₹ in Lacs)

PARTICULARS	For the Year ended 31st March 2011	For the Year ended 31st March 2010
<b>SCHEDULE '13' SALES &amp; SERVICES</b>		
Sales	13,416.73	9,289.49
Less : Excise Duty	<u>(19.20)</u>	<u>-</u>
Sales net of excise duty	13,397.53	9,289.49
Job Charges (Gross)	1,154.22	1,245.78
(TDS ₹ 19.31 lacs Previous Year ₹ 26.41 lacs)		
	<u>14,551.75</u>	<u>10,535.27</u>
<b>SCHEDULE '14' OTHER INCOME :</b>		
Interest (Gross)	48.33	36.29
(TDS ₹ 1.29 lacs Previous Year ₹ 2.50 lacs)		
Profit on sale of fixed assets (net)	-	156.65
Miscellaneous Income	10.03	21.82
	<u>58.36</u>	<u>214.76</u>
<b>SCHEDULE '15' (INCREASE) IN FINISHED INVENTORIES:</b>		
Closing Stock of Finished Goods:		
Grey Fabrics	95.14	81.23
Finished Fabrics/Ready made garment	<u>921.99</u>	<u>779.92</u>
	1,017.13	861.15
Less: Opening Stock of Finished Goods:		
Grey Fabrics	81.23	58.23
Finished Fabrics/Ready made garment	<u>779.92</u>	<u>618.88</u>
	861.15	677.11
	<u>155.98</u>	<u>184.04</u>
<b>SCHEDULE '16' COST OF INVENTORIES CONSUMED &amp; SOLD:</b>		
Opening Stock		
Raw Materials	282.70	169.47
Semi Finished Goods	253.51	213.16
Stitching Materials	<u>64.37</u>	<u>20.87</u>
	600.58	403.50
Add: Purchase		
Raw Materials	7,414.99	3,287.28
Stitching Materials	<u>1,071.68</u>	<u>591.30</u>
	8,486.67	3,878.58
Less : Closing Stock		
Raw Materials	1,075.99	282.70
Semi Finished Goods	1,513.79	253.51
Stitching Materials	<u>64.47</u>	<u>64.37</u>
	2,654.25	600.58
	<u>6,433.00</u>	<u>3,681.50</u>
<b>SCHEDULE '17' PERSONNEL EXPENSES :</b>		
Salaries, Wages and Bonus	1,297.10	1,007.08
Contribution to Provident and other funds	53.47	56.75
Gratuity expenses	10.06	14.13
Leave Encashment expenses	8.55	8.20
Staff & Labour Welfare expenses	45.99	33.22
	<u>1,415.17</u>	<u>1,119.38</u>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

( ₹ in Lacs)

PARTICULARS	For the Year ended 31st March 2011	For the Year ended 31st March 2010
<b>SCHEDULE '18' MANUFACTURING EXPENSES :</b>		
Power & Fuel	307.12	200.92
Repairs & Maintenance - Plant & Machinery	16.74	14.18
Repairs & Maintenance - Factory Building	35.92	2.98
Repairs & Maintenance - Others	44.73	49.51
Machine Hire Charges	35.46	79.08
Stores & Spare and Other Consumables	197.33	153.04
Job Charges	991.73	714.30
Packing Material & Expenses	294.28	205.50
Labour Charges	92.52	73.41
Transport Charges	-	1.91
	<u>2,015.83</u>	<u>1,494.83</u>
<b>SCHEDULE '19' ADMINISTRATIVE &amp; OTHER EXPENSES:</b>		
Printing and Stationary	24.14	23.14
Repairs & Maintenance - Office	27.13	11.05
Communication charges	15.88	18.60
Rent	105.95	84.23
Rates and Taxes	6.27	4.24
Insurance	15.63	12.72
Auditor's Remuneration	10.11	5.04
Legal and Professional Charges	101.69	58.96
Travelling and Conveyance	70.70	48.40
Brokerage and Commission	145.01	92.00
Advertisement and marketing Expenses	132.58	53.04
Incentives and discount	497.88	319.84
Freight Outward Charges	78.09	40.11
Miscellaneous Expenses	38.59	40.31
Postage, Telegrams & Courier	14.69	10.06
Bad Debts	19.18	1.24
Loss on sale of fixed assets (net)	11.01	-
Loss on sale of shares (net)	2.48	-
Foreign exchange fluctuation	15.11	-
Sundry balance written off/back	24.74	1.82
	<u>1,356.86</u>	<u>824.80</u>
<b>SCHEDULE '20' INTEREST AND FINANCIAL CHARGES:</b>		
Interest : On Fixed Loans	53.79	23.45
Others	239.79	131.43
Discounting and other charges	107.28	74.63
Bank Charges	30.33	5.87
	<u>431.17</u>	<u>235.38</u>

## SCHEDULE '21' SIGNIFICANT ACCOUNTING POLICIES NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in India under the historical cost convention on accrual basis. GAAP comprise mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

#### 2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on the management's best knowledge of the current events and actions, actual results could differ from the estimates.

#### 3. Fixed Assets, Intangible Assets and Capital Work In Progress

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost required for bringing the assets to its working conditions for its intended use.

Capital Work-in-Progress includes advances paid to acquire fixed assets, and the costs of fixed assets that are not ready for their intended use at the balance sheet date. Intangible assets are stated at cost less accumulated amortisation. The cost of an intangible asset comprises the consideration paid for acquisition, including any duties and taxes and any directly attributable expenditure on making the asset ready for its intended use.

#### 4. Depreciation

Depreciation on fixed assets is provided on "Straight line method" at the rates specified in Schedule XIV to the Companies Act, 1956. Computer software is grouped under "Intangible Assets" and is amortized over its useful life using straight line method in accordance with the rates prescribed against computers in Schedule XIV of the Companies Act, 1956. Further,

- Cost of leasehold land is amortized over the period of lease.
- Assets each costing ₹ 5,000/- or less are depreciated fully in the year of purchase.
- Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the date on which such assets are capitalized.
- Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the date on which such assets are disposed off.

#### 5. Investments

Investments that are readily realizable and intended to be held generally for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investment is carried at lower of cost and fair value determined on an individual investment basis. Long term investment are carried at cost less provision recorded to recognize any decline, other than temporary, in the carrying value of each investment.

#### 6. Valuation of Inventories

- Raw materials (Including goods in transit) are valued at lower of cost and Net Realisable Value.

However, materials and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

- Stores and Spares are valued at cost.
- Work in process is valued at cost which includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
- Finished Stocks are valued at lower of cost or net realizable value. Cost for this purpose includes direct cost and attributable overheads.
- Cost is ascertained on the FIFO/Specific Identification basis, as applicable.

## 7. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue shall be reliably measured.

**Sale of goods:**

Revenue is recognized on transfer of significant risks and rewards of ownership of the goods (which is generally on the dispatch of goods) to the buyer.

**Job Work Charges:**

Incomes from job charges are recognized as and when the services are rendered.

**Interest Income:**

Interest income is recognised on the time proportion basis taking into account the amount outstanding and the rate applicable.

## 8. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is an indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal. After impairment the depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

## 9. Employee Benefits

- a) Employee benefits comprise both defined contribution and defined benefit plans.
- b) Provident fund is a defined contribution plan:  
Each eligible employee and the Company make an equal contribution at a percentage of the basic salary specified under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no further obligations under the plan beyond its periodic contributions.
- c) Gratuity and Leave Encashment are defined benefit plans:  
The company's liability towards gratuity and leave encashment are charged off to the Profit & Loss Account in the period in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. The actuarial method used for measuring the liability is the Projected Unit Credit method.
- d) Actuarial gains and/or losses in respect of post employment benefits are charged to profit and loss account or capitalised in case of new projects taken up by the Company.
- e) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.

## 10. Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liabilities are not recognized in the financial statements but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

## 11. Taxes on Income

Provision for current tax is made in accordance with and at the rates and in the manner specified under the Income Tax Act, 1961 as amended from time to time. Income taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax based on the tax liability computed after considering tax allowances and exemptions.

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## 12. Leases

Where the company is lessee:

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as expenses in the profit and loss account on a straight line basis over the lease term.

Where the company is lessor:

Assets subject to operating leases are included in fixed assets; lease income is recognised in profit and loss account on a straight line basis over the lease term. Costs including depreciation are recognised as an expense in the profit and loss account. Initial direct costs such as legal cost, brokerage, etc. are recognised immediately in the profit and loss account.

## 13. Transaction in Foreign Currencies

### a) Initial Recognition:

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### b) Conversion:

Foreign Currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of the historical cost denominated in the foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at a fair value or

other similar valuation denominated in a foreign currency are reported using the exchange rate that existed on the date the values were determined.

**c) Exchange Difference:**

The exchange difference arising on the settlement of monetary items or on reporting unsettled monetary items at the rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the period in which they arise.

**d) Forward Exchange Contracts:**

In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purposes, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

Exchange differences on such contracts are recognised in the statement of profit and loss account in the period in which they occur.

Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for that period.

**e) Non-monetary foreign currency items such as investments are carried at cost.**

#### **14. Cash and Cash Equivalents**

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investment with an original maturity of three month or less.

#### **15. Earnings per Share (EPS)**

Basic earnings per share are calculated by dividing the net profit or loss after tax for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent they that they were entitled to participate in the dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events like bonus issue, bonus element in a rights issue to the existing share holders, share split and reverse share split (consolidation of shares).

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

#### **16. Government Grants**

Government grants in the nature of the promoters' contribution are credited to the capital reserve and treated as a part of the shareholders' funds.

#### **17. Borrowing Costs**

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest & borrowing costs are charged to revenue.

#### **18. Application of Securities Premium Account**

Share and debenture Issue expenses and Premium payable on Redemption of Debentures, are charged first against available balance in Securities Premium Account.

**B NOTES FORMING PART OF THE ACCOUNTS:****1. Contingent Liabilities:**

(i) Claims against the Company not acknowledged as debts

(₹ in Lacs)

Tax matters In appeal	As at 31st March 2011	As at 31st March 2010
(a) Income Tax	111.51	111.51
(b) Sales Tax	32.54	32.54

(ii) Guarantees given by the bankers of the Company amounting to ₹ 20.80 lacs (Previous year ₹ 11.55 lacs) against the fixed deposit of ₹ 9.21 lacs (Previous year ₹ 8.28 lacs) as deposit under lien.

(iii) Liability, if any, arising on account of undertakings given by the Company under EPCG scheme, pending fulfillment of export obligation approximately ₹ 334.45 lacs (Previous year ₹ 334.45 lacs).

(iv) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 107.55 lacs (Previous year ₹ 12.75 lacs).

**2. Auditors' Remuneration:**

(₹ in Lacs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
As Auditors - Audit Fees	7.15	3.31
- Tax Audit	1.10	1.10
- Other Services	1.65	0.39
Taxation Matters	--	0.24
Out of pocket expenses	0.21	--
Total	10.11	5.04

**3. (a) Particulars of Remuneration and other benefits u/s.198 of the Companies Act, 1956 paid/provided to Directors are as under:**

(₹ in Lacs)

	For the year ended 31st March 2011	
	Managing Director	Other Directors
Salary & Allowances	15.00 (15.00)	0.96 (1.62)
Monetary value of Perquisites and benefits	Nil	Nil
Total	15.00 (15.00)	0.96 (1.62)

Note: Figures in bracket relate to previous year.

1. As the future liability for gratuity and leave encashment is provided on the actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and therefore not included in above.

2. Since no Commission is payable to any Directors, computation of net profit u/s. 349 of the Companies Act, 1956 is not given.

(b) Directors sitting fees ₹ 0.20 lacs (Previous year ₹ Nil)



4. (a) Sundry creditors in schedule 11 to the accounts includes:

(i) ₹ Nil (Previous year ₹ Nil) due to Micro & Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSME) and

(ii) ₹ 2,941.33 lacs (Previous year ₹ 1,273.09 lacs) due to other Creditors.

(b) No interest is paid/payable during the year to any enterprise registered under MSME.

© The above information has been determined to the extent such parties could be identified on the basis of the information available with the company regarding status of suppliers under MSME.

5. In the opinion of the Directors the current assets including loans and advances have a value on realisation in the ordinary course of business at least, equal to the amount at which they are stated and all known liabilities have been provided in the accounts.

6. Investment held in the shares of Jagruti Synthetics Limited, being of long term nature, is stated at cost of acquisition and no adjustment has been made in respect of diminution in the value of such investment. In the opinion of the management, the said diminution is of temporary nature.

7. **Employee Benefits:**

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized is charged off for the year as under:

(₹ in Lacs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
Contribution to Provident & Other Funds	53.47	56.75

b) Defined Benefit Plans

i. Change in present value of obligation

(₹ in Lacs)

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)	
	31st March 2011	31st March 2010	31st March 2011	31st March 2010
Defined Benefit obligation at beginning of the year	46.64	33.26	16.53	4.23
Current Service Cost	12.56	11.37	2.82	6.59
Interest Cost	3.52	2.63	0.96	0.34
Actuarial (gain) / loss	(6.03)	0.13	4.77	4.10
Benefits Paid	(5.22)	(0.75)	(9.05)	(2.11)
<b>Defined Benefit obligation at year end</b>	<b>51.48</b>	<b>46.64</b>	<b>16.03</b>	<b>13.15</b>

## II. Amount recognized in Balance Sheet

(₹ in Lacs)

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Fair value of plan assets	-	-	-	-
Present value of obligation	51.48	46.64	16.03	16.53
<b>Amount recognized in balance sheet</b>	<b>51.48</b>	<b>46.64</b>	<b>16.03</b>	<b>16.53</b>

## III. Expense recognized in the Profit &amp; Loss Account

(₹ in Lacs)

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)	
	For the year ended 31st March 2011	For the year ended 31st March 2010	For the year ended 31st March 2011	For the year ended 31st March 2010
Current Service Cost	12.56	11.37	2.82	2.63
Interest Cost	3.52	2.63	0.96	0.75
Expected return on plan assets	-	-	-	-
Actuarial (gain) / loss	(6.02)	0.13	4.77	7.40
Net Cost	10.06	14.13	8.55	10.78

## IV. Actuarial assumption

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Mortality Table (LIC) Discount rate (per annum)	8%	8%	8%	8%
Expected return on plan assets	N.A	N.A	N.A	N.A
Rate of escalation in salary (per annum)	5%	5%	5%	5%

The estimates of rates 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.

Experience adjustments have not been disclosed as detailed information was not received from the actuary.



Description of the nature of transactions	Transactions during the year		Amount outstanding as on			
	2010-2011	2009-2010	2010-2011		2009-2010	
			Receivable	Payable	Receivable	Payable
<b>Electricity Expenses:</b> PIL Industries Limited	-	0.09	-	-	-	0.09
<b>Managerial Remunerations:</b>						
Mr. Pradip Kumar Goenka	15.00	15.00	-	-	-	-
Mr. Tilak Goenka	-	0.75	-	-	-	-
Mr. Lalit Kumar Goenka	0.96	0.87	-	-	-	-
Mr. Abhay Kumrat	30.40	12.50	-	0.69	-	-
<b>Salary:</b>						
Mr. Tilak Goenka	3.46	1.40	-	0.38	-	0.28
<b>Expenses incurred by others:</b>						
PIL Industries Limited - Salary	-	0.86	-	-	-	0.27
<b>Finance and Investments:</b>						
Loan taken:						
Spindraw Fibres Private Limited	-	82.45	-	-	-	-
PIL Industries Limited	-	-	-	-	-	-
<b>Deposits given:</b>						
Spindraw Fibres Private Limited	-	10.00	-	-	-	-
Mr. Pradip Kumar Goenka	-	-	-	10.00	-	10.00
Jagruiti Synthetics Limited	-	-	-	40.00	-	40.00
<b>Advances for Sales/Job taken:</b>						
PIL Industries Limited	20.00	42.00	-	70.00	-	90.00
<b>Convertible Warrants:</b>						
Tritoma Hotels Private Limited	-	104.00	-	-	-	-
<b>Shares Allotted:</b>						
Tritoma Hotels Private Limited	104.00	-	-	-	-	-
<b>Fixed Assets:</b>						
Purchase of Land:						
Spindraw Fibres Private Limited	-	45.00	-	-	-	-
<b>Purchase of Factory Building:</b>						
Spindraw Fibres Private Limited	-	54.00	-	-	-	-
<b>Purchase of Machinery:</b>						
PIL Industries Limited	-	351.62	-	-	-	-
<b>Purchase of Software:</b>						
PIL Industries Limited	-	8.79	-	-	-	-

**9. Natures of securities given for secured loans are as under:**

- (i) Term loans of ₹ 829.42 lacs (Previous year ₹ 143.90 lacs) are secured by equitable mortgage of Factory Land and Building and hypothecation of Plant and Machineries located at Umbergaon & Tarapur.
- (ii) Vehicle loan of ₹ 2.23 lacs (Previous year ₹ 4.82 lacs) is secured by hypothecation of specific vehicle.
- (iii) Rupee Demand Loan of ₹ 2,663.14 lacs (Previous year ₹ 1,630.56 lacs) and Letters of Credit of ₹ 137.30 lacs (Previous year ₹ 22.32 lacs) is secured by first pari passu charge on the entire current assets of the Company under the consortium arrangement and the second charge on the movable assets of the Company.
- (iv) Loans repayable within one year:  
Term Loan from Banks – ₹ 198.41 lacs (P.Y. ₹ 33.72 lacs).
- (v) The above loans are further secured by personal guarantee / collaterally as under:  
Term Loans and Cash Credit facilities mentioned in (i) and (iii) above – Chairman & Managing Director and Chief Executive Officer and first charge over the fixed assets of the Company.

10. The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one segment i.e. Textiles and as such there is no separate reportable segment for the purpose of disclosures as required under Accounting Standard-17 Segment Reporting.

11. The company had on 1st August 2009, made preferential allotment of 3,25,000 warrants of ₹ 32/- each convertible, on exercising the conversion right within 18 months from the date of allotment, into one fully paid share of ₹ 10/-. During the year the company allotted 3,25,000 Equity shares of the face value of ₹ 10/- each on conversion of said warrants upon exercise of the option by the warrant holder. As a consequence, the Paid-up Share Capital and Securities Premium account stands increased by ₹ 32.50 lacs and ₹ 71.50 lacs respectively.

**12. Earnings per share:**

	Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
1.	Net Profit after tax (₹ in lacs)	323.13	167.58
2.	Weighted Average Number of equity shares outstanding for the period for the purpose of calculating Basic EPS (Nos.)	48,15,787	47,39,166
	Add : Weighted average number of potential equity shares those could arise on conversion of Equity Warrants (Refer Note No.11 of schedule 21(B)).	Nil	81,250
	Total : Weighted Average Number of equity shares outstanding for the period for the purpose of calculating Diluted EPS (Nos.)	48,15,787	48,20,416
3.	a) Basic Earnings Per Share (₹)*	6.71	3.54
	b) Diluted Earnings per share (₹)*	6.71	3.49

\*Nominal Value of the equity share is ₹10/- each.

**13. Deposits Included:**

(₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
Dues from companies in which relative of Managing Director and Managing Director are Directors.		
Jagruti Synthetics Limited [Maximum amount outstanding during the year ₹ 40 Lacs (previous year ₹ 40 lacs)]	<b>40.00</b>	40.00
Due from a Director of the Company [Maximum amount outstanding during the year ₹ 10 Lacs (previous year ₹10 lacs)]	<b>10.00</b>	10.00

**14. Deferred Taxation:**

Out of the net deferred tax liability of ₹190.66 lacs as at 31st March 2011, the major components of deferred tax balances are set out below:

(₹ in Lacs)

Particulars	As on 1st April 2010	During the year 2010 - 2011	Carried forward as at 31st March 2011
<b>Deferred Tax Liability</b>			
i) Difference between Accounting and Tax Depreciation (Cumulative)	196.59	15.98	212.57
<b>Total</b>	<b>196.59</b>	<b>15.98</b>	<b>212.57</b>
<b>Deferred Tax Assets</b>			
i) Leave Salary	5.62	(0.42)	5.20
ii) Gratuity	15.85	0.85	16.70
<b>Total</b>	<b>21.47</b>	<b>0.43</b>	<b>21.90</b>
<b>Net Deferred Tax Liability</b>	<b>175.12</b>	<b>15.54</b>	<b>190.66</b>

**15. Disclosure Under AS-19 'Leases':**

a) The Company has given premises on operating lease for a period of 99 years commencing from 1st January 2007 which is non cancellable for 99 years. Interest free refundable deposit ₹ 63.00 lacs received by the Company, has been disclosed under unsecured loans as security deposits. Other information are as under:

( ₹ in Lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
<b>(i) Information as to Premises:</b>		
Gross Carrying Amount	78.55	78.55
Depreciations For the Year	1.37	1.86
Accumulated Depreciation	29.47	28.10
<b>(ii) The total future minimum lease rentals receivables at the balance sheet is as under:</b>		
For a period not later than one year	0.18	0.18
For a period later than one year and not later than Five Year	0.72	0.72
For a period later than Five year	16.16	16.34

b) The Company has taken various factory galas / machineries/shops under operating lease. These are not non-cancellable and for a period ranging between 11 months and/or above and are also renewable at the mutual consent at mutually agreeable term. The Company has given refundable interest free deposits in accordance with agreed terms. The rent paid for the year as per agreements has been debited to profit and loss account.

16. a) The Company is not required to obtain any license under Industries (Development & Regulation) Act, 1951. The installed capacity and actual production (as certified by management) are as under:

Particulars	Installed Capacities @				Actual Production #			
	For the year ended 31st March 2011		For the year ended 31st March 2010		For the year ended 31st March 2011		For the year ended 31st March 2010	
	Machine Nos.	Metres/Pieces		Metres/Pieces				
Weaving Division \$	Loom Machines	124	88.68	100	62.42	In Lac Mtrs &	65.09	49.89
Garment Division	Stitching Machines	790	30.55	590	19.80	In Lac Pieces *	22.39	15.96

@ Including machines 20 (20) for weaving division and nil (nil) for garment division taken on hire/lease.

# Including production taken on hired machines.

\$ The capacity of weaving varies according to quality and design of fabrics and as per R.P.M of the Looms

The capacity of weaving varies according to quality and design of fabrics and as per R.P.M of the Looms

& Including 42.09 lacs (28.08 lacs) mtrs. on the job work basis for outsiders.

\* Including 7.93 lacs (6.99 lacs) pieces job work for outsiders.

b)

Production Turnover & Stock (As taken and certified by management)													
Particulars	Unit	Opening Stock		Purchases		Production		Consumption		Sales*		Closing Stock	
		Qty.	Value (₹ In Lacs)	Qty.	Value (₹ In Lacs)	Qty.		Qty.		Qty.	Value (₹ In Lacs)	Qty.	Value (₹ In Lacs)
<b>1. Raw Material</b>													
i) Yarn	Kgs.	146,359.18 (83,511.98)	238.82 (145.74)	884,321,339 (727,334,239)	1,545.45 (1,115.28)	-		667,179,572 (666,783,561)		10,041,920 (12,875,290)	9.72 (9.87)	137,823,357 (146,359,178)	268.91 (238.62)
ii) Stitching Materials	**	0.00 0.00	84.37 (20.88)	-	1,071.88 (591.30)	-		-		-	-	-	84.47 (84.37)
iii) Finish Cloth	Mtrs.	48,036.00 (24,666.65)	44.08 (23.70)	4,200,853,200 (1,766,630,270)	4,718.09 (1,812.88)	-		3,030,539,540 (1,887,375,220)	#	365,662,400 (12,296,750)	783.80 (9.460)	951,246.80 (48,036,000)	809.08 (44.06)
<b>2. Stock In Process</b>													
i) Yarn	Kgs.	17,789.42 (22,961.23)	28.98 (32.34)	-	-	-		-		-	-	19,825,090 (17,789,420)	27.02 (30.84)
ii) Grey Fabrics	Mtrs.	225,806.06 (264,895.90)	145.19 (189.07)	1,289,475,830 (660,914,570)	548.90 (559.12)	2,774,542,880 (2,194,038,220)	@	2,755,103,900 (2,428,911,360)	#	828,180,910 (540,342,420)	585.73 (332.12)	707,538,750 (352,241,550)	474.31 (224.44)
iii) Finish Cloth	Mtrs.	100,468.00 (70,996.40)	79.37 (89.99)	-	-	-		-		-	-	328,070.00 (100,468,000)	529.54 (79.37)
iv) Finish Cloth	Pieces	-	-	-	-	-		-		-	-	228,386.00	482.92
<b>3. Finished Goods</b>													
i) Finished Cloth	Mtrs.	915,916.03 (872,501.10)	740.27 (591.88)	2,539,065,530 (2,281,339,390)	2,523.32 (3,055.20)	2,627,662,430 (2,273,708,470)	&	100,869,500 (32,489,850)	#	3,842,803,900 (4,402,868,860)	5,305.81 (5,887.85)	901,430,350 (788,480,530)	976.33 (859.06)
ii) Finished Cloth	Pieces	5,275.00 (5,326.00)	5.37 (3.85)	988,423,000 (89,080,000)	451.83 (78.13)	746,286,000 (5,219,000)		-		1,079,855,000 (83,350,000)	1,103.48 (133.78)	41,029,000 (6,275,000)	29.18 (5.37)
iii) Garments	Pieces	73,730.00 (10,217.00)	115.50 (23.40)	18,883,000 (3,599,000)	36.54 (8.00)	2,316,871,000 (1,155,728,000)	l	-		2,203,731,000 (1,093,931,000)	5,584.48 (2,778.20)	205,553,000 (73,730,000)	17.83 (115.50)

@ Including 4.74 lacs Mtrs. (7224.75 Mtrs.) on job work basis from outsiders and excludes 42.09 lacs (28.02 lacs) mtrs production on job work basis for outsiders.

\*\* It is impracticable to furnish quantitative information of components consume in view of considerable number of items of diverse size & number.

& Received from process house and shrinkage on processing 1.33 lacs Mtrs. (1.53 lacs Mtrs.).

\* Sales is net of sales tax and does not include miscellaneous sale amounting to ₹4.40 lacs (₹ 53.37 lacs).

# Consumption excludes samples/shortage etc. 3993.91 (351.36) and 45775.02 (19083.47) on grey fabrics and finished cloth respectively. consumption excludes mtrs. converted into pieces 13.92 lacs mtrs. on finished cloth.

l Does not include 7.93 lacs (6.99 lacs) pieces production on job-work basis for outsiders and includes 1.24 lacs (2.39 lacs) pieces from outsiders.

## c) Raw material Consumed

(₹ in Lacs)

Particulars	Quantity In Kgs.		Value	
	For the year ended 31st March 2011	For the year ended 31st March 2010	For the year ended 31st March 2011	For the year ended 31st March 2010
I) Yarn	855,325.72	666,783.56	1517.16	1025.78
II) Stitching Materials	-	-	1071.59	547.80
III) Grey (Mtrs)#	2,755,103.90	2,426,911.36	642.77	524.76
IV) Finish Fabrics (Mtrs)#	3,131,429.04	1,719,845.07	3201.48	1583.14

# Consumption excludes Samples/short etc 3993.91 (351.36) and 45,775.02 (19,083.47) on grey fabrics and finished cloth respectively. # Consumption excludes mtrs converted into pieces 13.92 lac mtrs on finished cloth.



## d) Value of raw material, spare parts, components consumable and % of the total

(₹ in Lacs)

Particulars	Raw Material		Stores & Spares	
	For the year ended 31st March 2011	For the year ended 31st March 2010	For the year ended 31st March 2011	For the year ended 31st March 2010
I) Imported (₹)	-	-	34.48	21.18
%			17.47	19.28
II) Indigenous (₹)	6433.00	3,681.50	162.85	88.68
%	100.00	100.00	82.53	80.72

## e) C.I.F. Value of Imports

(₹ in Lacs)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
I) Plant & Machinery	297.27	39.22
II) Stores & Spare parts	34.48	16.98

f) Earning in Foreign Exchange  
FOB Value of Exports

Nil

Value (₹ in lacs)  
(-)g) Expenditure in Foreign Exchange:  
Travelling Expenses

0.98

Value (₹ in lacs)  
(-)

## h) Unhedged foreign currency exposure

Particulars	For the year ended 31st March 2011		For the year ended 31st March 2010	
	Foreign Currency	₹ in lacs	Foreign Currency	₹ in lacs
Receivables USD	22782.14	10.08	44,041.35	19.88
Payables USD	-	-	23,512.50	10.59
GBP			1,633.50	1.11
Euro	32,000.00	20.23	-	-

## i) Details of foreign shareholding and dividend paid:

No. of non resident shareholders

As at 31-03-2011

2

As at 31 -03-2010\*

5

No. of shares held by them on which dividend was paid

4000

5500

Gross dividend (₹)

5000

5500

\* Dividend for the F.Y. 2009-10 was declared in AGM held on 29th September 2010 and paid on 5th October 2010.

17. The new name of the Company, "Kamadgiri Fashion Limited" has been approved by the Registrar of Companies, Maharashtra, with effect from 18th October 2010.

18. Previous year's figures have been regrouped / rearranged wherever considered necessary to make them comparable with current year's figure.

19. Balance Sheet abstract and Company's General Business profile pursuant to Part IV of Schedule VI to the Companies Act, 1956.

i. Registration Details

Registration No. : 42424 of 1987 State Code : 11  
Balance Sheet Date : 31.03.2011

ii. Capital raised during the year

(Amount in ₹ Thousand)  
Public Issue Nil Bonus Issue Nil  
Right Issue Nil Private Placement 3250

iii. Position of Mobilisation and Deployment of funds

(Amount in ₹ Thousand)  
Total Liabilities 956267  
Total Assets 956267

(Amount in ₹ Thousand)  
Source of funds  
Paid up capital 50649  
Reserves & Surplus 161186  
Secured Loans 349479  
Unsecured Loans 11300  
Deferred Tax Liability 19066

**Total 591680**  
Application of Funds  
Net Fixed Assets 302356  
Investment 5584  
Net Current Assets 283740  
**Total 591680**

iv. Performance of Company

(Amount in ₹ Thousand)  
Turnover and other income 1461011  
Total Expenditure 1413097  
Profit/ (Loss) before tax 47914  
Profit / (Loss) after tax (#) 32406  
Basic earning per share 6.71  
Diluted earning per share (see note no.12 of Schedule '21B') 6.71  
Dividend rate % 15  
(#) Including deferred tax assets

v. Generic name of Principal Product of Company (as per monetary terms)

Item Code No. : 5402 : 32  
Product Description : Fabrics and Garments

**Signatures of Schedule 1 to 21**

For and on behalf of the Board of Directors  
of Kamadgiri Fashion Limited

Pradip Kumar Goenka Lalit Kumar Goenka  
Chairman & Managing Director Whole Time Director

Arun Bhandari  
Company Secretary

Place : Mumbai  
Date : 30th May 2011

## Electronic clearing service (credit clearing)

### Mandate form

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism

1. Name of the first / sole shareholder
2. Regd. Folio No. / DP Client ID
3. Particulars of bank account of first / sole shareholder
  - a. Name of the bank
  - b. Branch  
Address of the branch  
Telephone no. of the branch
  - c. 9-digit code number of the bank and branch appearing on the MICR cheque issued by the bank
  - d. Account number (as appearing on the cheque book / passbook)
  - e. Account type (S. B. account / current account or cash credit)
  - f. Ledger no. / Ledger folio no. (if appearing on the cheque book / passbook)

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque, or photocopy of a cheque or the front page of the savings bank passbook issued to you by your bank, for verification of the above particulars.)

Date:

Place:

\_\_\_\_\_  
Signature of the shareholder

We certify that the particulars furnished above are correct as per our records.

Bank's Stamp

Date:

\_\_\_\_\_  
Signature of the Authorized official  
from the bank

#### Notes:

1. Please fill in the attached mandate Form and send it to:
  - i) The Depository participate who is maintaining your demat account in case your shares are dematerialized.
  - ii) The address of our Registrars and Share Transfer Agents, Sharex Dynamic (India) Private Limited Unit No.1, Luthra Industrial Premises Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400 072. Tel: 022 2 851 5606 / 2 851 5644, Fax : 022 2 851 2885 in case you are holding physical share certificates.
2. Kindly note that the information provided by you should be accurate and complete in all respects and duly certified by your bank. In lieu of the bank certificate, you may attach a blank cancelled cheque or photocopy of a cheque or the front page of the savings Bank passbook issued to you by your bank, for verification of the above particulars.
3. In case of more than one folio please complete the detail on separate sheets.
4. The information provided by you will be treated confidential and would be utilized only for the purpose of effecting the payments meant for you.

You also have the right to withdraw from this mode of payment by providing the Company with an advance notice of 6 weeks.



**KAMADGIRI FASHION LIMITED**

Regd. Office: 28, Y.A. Chunawala Industrial Estate, Kondivita Lane, Andheri (East), Mumbai – 400 059.

**ANNUAL GENERAL MEETING – TUESDAY, 23 AUGUST 2011 AT 10:30 AM  
ATTENDANCE SLIP**

(to be handed over at the entrance of the Meeting Hall)

<b>DP ID</b>		<b>Regd. Folio No.</b>	
<b>Client ID</b>		<b>No. of Equity Shares Held</b>	

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company at Hotel The Mirador, 131-B, New Link Road (Guru Hargovindji Road), Opp. Solitaire Corporate Park, Chakala, Mumbai - 400 099 on Tuesday, 23 August 2011 at 10:30 AM.

\_\_\_\_\_  
Name of the Shareholder

\_\_\_\_\_  
Signature

Regd. Folio No. \_\_\_\_\_

DP ID/Client ID \_\_\_\_\_

\_\_\_\_\_  
(Full name of Proxy)

**Note:** No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting.

**KAMADGIRI FASHION LIMITED**

Regd. Office: 28, Y.A. Chunawala Industrial Estate, Kondivita Lane, Andheri (East), Mumbai – 400 059.

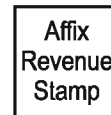
**ANNUAL GENERAL MEETING – TUESDAY, 23 AUGUST 2011 AT 10:30 AM.  
PROXY FORM**

<b>DP ID</b>		<b>Regd. Folio No.</b>	
<b>Client ID</b>		<b>No. of Equity Shares Held</b>	

I/We.....of..... in the district of ..... being a member/members of the above named Company hereby appoint ..... of ..... in the district of ..... or failing him .....of..... in the district of ..... as my/our proxy to vote for me/us on my our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Tuesday, 23 August 2011 at Hotel The Mirador, 131-B, New Link Road (Guru Hargovindji Road), Opp. Solitaire Corporate Park, Chakala, Mumbai – 400 099 and at any adjournment thereof.

Place :

Dated :



Signature .....

**Note:** This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



## **Message to Members**

The Ministry of Corporate Affairs has started a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars circular nos. 17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011 stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, we request the members who have not registered their e-mail addresses, so far, to register their e-mail addresses, in respect of electronics holding with the Depository through their concerned Depository Participants. Members who held shares in physical form are requested to write to Registrar and Transfer Agent of the Company at following address:

Sharex Dynamic (India) Pvt. Ltd.

Unit: **Kamadgiri Fashion Ltd.**,

Unit No.1, Luthra Industrial Premises

Safed Pool, Andheri Kurla Road

Andheri East, Mumbai – 400 072.

Tel: 022 28515606/28515644

Fax 022-28512885.

Email- [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)





TRUE VALUE



## Book-Post

If undelivered please return to :

KAMADGIRI FASHION LIMITED  
28, Y A Chunavala Industrial Estate,  
Kondiwita Lane, Andheri(East),  
Mumbai 400 059.

Tel : + 91 22 6731 3140,  
Fax : + 91 22 6731 3199,  
E-mail : [cs@kslindia.in](mailto:cs@kslindia.in)  
Visit us at : [www.kslindia.in](http://www.kslindia.in)