

CELEBRATING

25 years
WITH NEW IDENTITY



KAMADGIRI FASHION LIMITED
2011-12 ANNUAL REPORT



The symbol of a true man. It oozes with the power of youth and yet has a mature ardor. A fresh, lively and dynamic representation of fashion. Apart from being masculine, it also appeals to the young and mature at par while being economical to reproduce at the same time. The sharpness of the character is certainly adding a bold and sincere factor to the entire motif. The simplicity adds to the appeal of the logo while being subtly obvious to the human eye.

It is seamless yet individualistic representation of the company.

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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) (upto 25th August 2012)
Mr. Madhusudan Singrodia	:	Director (Independent Non Executive)
Mr. Ashwani Bhatia	:	Director (Independent Non Executive)
Mr. Rahul Mehta	:	Director (Independent Non Executive)
Mr. Sanjeev Maheshwari	:	Director (Independent Non Executive)
Mr. Anil Biyani	:	Director (Non Executive) (w.e.f. 29th May 2012)

Chief Executive Officer : Mr. Abhay Kumat

Company Secretary : Mr. Arun Bhandari

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.

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-fifth Annual General Meeting of the members of Kamadgiri Fashion Limited will be held on Tuesday the 18th September 2012 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 of the Company for the year ended 31st March 2012 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. Rahul Mehta, 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. Sanjeev Maheshwari, 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. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Anil Biyani, who was appointed as an Additional Director under section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting of the Company and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Anil Biyani as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. 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 198, 269 and all other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII to the said Act and any other applicable statutory provisions, the approval be and is hereby given to the reappointment of Mr. Pradip Kumar Goenka as Managing Director designated as 'Chairman & Managing Director' of the Company for a period of 3 years with effect from 26th August, 2012, on a remuneration of ₹ 30,00,000/- per annum on terms and conditions as set out in the Agreement between him and the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase as the case may be is within the overall limits specified in schedule XIII and the relevant provisions of the Companies Act, 1956.”

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

“RESOLVED THAT in supersession of the earlier resolution passed in this behalf and pursuant to the provisions of section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors, for creation of such mortgage, charge, hypothecation, lien and other encumbrances, if any, by the Company, as the Board may deem fit, on the assets of the Company, both present and future, for securing the sum or sums of moneys aggregating to ₹ 150,00,00,000/- (Rupees One hundred and fifty crores only) borrowed by the Company from Banks, Financial Institutions and others.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise and execute such Deeds of Debenture, Debenture Trust Deeds, Promissory Notes, Deposit Receipts and other deeds or documents for creating the aforesaid mortgage, charge and/ or hypothecation and other encumbrances, if any, by the Company and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

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

“RESOLVED THAT in supersession of the earlier resolution passed in this behalf and pursuant to the provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the moneys, to be borrowed by the Company (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of paid up share capital and free reserves i.e., reserves not set apart for any specific purpose provided, however, that the total amount so borrowed by the Company shall not exceed a sum ₹150,00,00,000/- (Rupees One hundred and fifty crores only) outstanding at any one time excluding interest thereon.

RESOLVED FURTHER THAT the Board of Directors may authorise any one director or Committee of Directors to do all such acts, deeds, and things as may be necessary to give effect to this resolution.”

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

Place: Mumbai
Date: 11th August 2012

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 **Wednesday the 12th September 2012 to Tuesday the 18th September 2012** (both days inclusive).**
5. If the dividend is approved at the Annual General Meeting, the same shall be payable to members of the Company on or after 18th September 2012 as under:
 - To all beneficial owners in respect of shares held in electronic form, as per the beneficiary data made available by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on 11th September 2012.
 - To all members in respect of shares held in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 11th September 2012.

6. Pursuant to the provision of section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 2004 - 2005 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
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
2010-2011(Final)	23/08/2011	22/08/2018	22/09/2018

Shareholders who have not so far encashed the dividend warrant(s) for the financial year ended 31st March 2005 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.

7. 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.
8. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
9. Members desirous of having any information regarding accounts are requested to write to the Company at least seven days in advance of the date of Annual General Meeting so as to enable the management to keep the information ready.
10. 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.
11. 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.
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. Rahul Mehta	Mr. Sanjeev Maheshwari	Mr. Pradip Kumar Goenka	Mr. Anil Biyani
Age (years)	60	46	52	48
Qualification	B. Com., MBA	B. Com., FCA	Pre-University	B.Com
Expertise in specific functional areas	Mr. Mehta has wide experience of 10 years in consumer goods industry and 30 years of 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	Mr. Goenka has more than 30 years of experience in textile industry. He is Chairman and Managing Director of the Company and overseeing the conceptualization and implementation of our projects and has also being looking after operations of the Company.	Mr. Anil Biyani has almost three decades of experience in textile industry.
Directorship in other public companies (excluding foreign and private companies)	1) Gini & Jony Ltd. 2) Chermas Exquisite Ltd.	1) Mudra Financial Services Ltd. 2) Mudra Share & Stock Brokers Ltd.	1) Jagruti Synthetics Ltd.	1) PIL Industries Ltd. 2) Future Corporate Resources Ltd. 3) Weavette Textstyles Ltd. 4)Gold Mohur Design & Apparel Park Ltd. 5)nuFuture Digital India Ltd.
Shareholding	Nil	Nil	721200 shares	Nil

EXPLANATORY STATEMENT

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

Item No. 6:

Mr. Anil Biyani 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 29th May, 2012 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. Anil Biyani 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. Anil Biyani is a commerce graduate and has vast exposure in textiles, yarn and ready-made garments business.

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

None of the Directors except Mr. Anil Biyani is concerned or interested in the resolution.

Item No. 7:

Mr. Pradip Kumar Goenka is the Chairman and Managing Director of the Company. His present tenure in the office ends on 25th August 2012. He is presently drawing remuneration of ₹ 30 lacs per annum. Subject to approval of members, the Remuneration Committee and Board of Directors at their meeting held on 29th May 2012, reappointed Mr. Pradip Kumar Goenka for further period of three years with effect from 26th August 2012 and also approved remuneration payable to him as ₹30 lacs per annum.

Mr. Pradip Kumar Goenka is having more than 30 years of experience in textile and yarn business. With his vast experience in the business, it would be desirable to approve his reappointment as Chairman and Managing Director.

The remuneration payable to the Chairman and Managing Director was duly approved by the Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 29th May 2012. The approval of the shareholders is sought for reappointment of Mr. Pradip Kumar Goenka as Chairman and Managing Director of the Company with effect from 26th August 2012 for period of 3 years on the terms and conditions as per agreement between the Company and Mr. Pradip Kumar Goenka.

The Board of Directors recommends the resolution for your consideration and approval as a Special Resolution.

Since there is an inadequate profit, it is proposed to pay remuneration on the basis of effective capital under clause (B) of section II of part II of schedule XIII to the Companies Act, 1956 read together with section 269 of the Act. Information as required under schedule XIII of the Companies Act, 1956 in relation to the appointment and approval of remuneration is given hereunder.

I. General Information :

1. Nature of Industry – The Company belongs to the textile industry and carries on the business of manufacturing and trading of fabrics and garments.
2. Date or expected date of commercial production – Commercial production has already commenced with effect from year 1992.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – Not applicable.

4. Financial performance based on given indicators –

(₹ in Lacs)

	Financial year ended 31/03/2012	Financial year ended 31/03/2011
Income	20538.01	14610.11
Profit before tax	275.08	478.22
Profit after tax	168.10	323.13

5. Export performance and net foreign exchange collaborations – The Company is concentrating on domestic market and it is not into exporting. There is no foreign exchange collaboration.

II. Information about the Appointees

1. Background details – Mr. Pradip Kumar Goenka has been director of the Company since its inception. He has more than 30 years of experience in textile and yarn business. He is overseeing manufacturing operations of the Company.

2. Past Remuneration – Details of past remuneration paid to the appointee is given below:

Particulars	Amount in ₹ per annum
Basic Salary	12,00,000
House Rent Allowance	7,20,000
Adhoc Allowance	10,25,400
Perquisite for Car	39,600
Medical reimbursement	15,000
Total	30,00,000

and in addition to the above, appointee is entitled for following perquisites, which shall not be part of the ceiling of remuneration:

- Contribution to provident fund, superannuation fund or annuity fund to the extent such contribution either singly or put together are not taxable under the Income Tax Act, 1961.
- Gratuity: as per the rules of the Company, payable in accordance with the approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.
- Leave travel concession: Return passage for self and family in accordance with the rules specified by the Company.

Other terms and conditions:

- Remuneration is payable monthly and subject policy of the Company; and
- Other terms and conditions as per the policy of the Company.

3. Recognition and Awards – Nil

4. Job profile and his suitability –

Mr. Pradip Kumar Goenka is entrusted with substantial power of management subject to the supervision of the Board. The job profile includes following responsibilities:

- a. Guiding through strategic directions towards achieving business goals;
- b. Monitoring and guiding on product development and design innovation;
- c. Working on better utilisation of capacity;
- d. Reduction of wastages and controlling of costs.

With his vast experience in the production, trading, procurement, business development and his matching management qualities, he is very much suitable for the above job profile.

5. Remuneration proposed – There is no change in remuneration payable to Chairman & Managing Director and he will continue to draw the remuneration of ₹ 30 lacs (As detailed in Sr. no. II (2) above).

6. Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) – Salary proposed to the Managing Director is very less as per the industry standards. However, looking at the Company's future business opportunities, growth, profitability and affordability, it is proposed to continue the same remuneration. Accordingly, remuneration proposed for the Managing Director is justified.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any – Mr. Pradip Kumar Goenka has following direct/indirect pecuniary relationship with the Company, other than his remuneration as a Managing Director:

- i. Managerial personnel and the Company has the relationship of lessor and lessee for leasing of office at 28, Y.A. Chunawala Industrial Estate, Kondivita Lane, Andheri (East), Mumbai – 400059;
- ii. Jagruti Synthetics Limited, a company wherein managerial personnel has interest, and the Company has the relationship of lessor and lessee for leasing of plant at 42/1, Ganga Devi Road, Umbergaon – 396171 and also, the Company also deals with Jagruti Synthetics in the ordinary course of business.

III. Other information

1. Reasons of loss or inadequate profits – The Company is operating in a business which is very competitive, fast changing and has now very thin operating margins. Based on various study of market trends and analysis, the Company is working on optimum utilisation of production capacity and modernisation of plants. During the year, due to very high cost of manufacturing, the Company could not generate adequate profits.

2. Steps taken or proposed to be taken for improvement – The Company turning its focus from present job-working to creating/building of its own brands. The Company has also initiated steps to control costs, better utilisation of available manufacturing facilities and investing on product innovations. The Company expects the continued focus on said measures, would help the Company to improve its profitability in the coming years.

3. Expected increase in productivity and profits in measurable terms – The Company is continuously working on increasing the productivity. However, it is very difficult to predict the profitability in prevailing scenario such as high and volatile raw material prices, inflation and slack in overall demand.

IV. Disclosures :

1. The remuneration package of the managerial person is given above.

2. Other information as required to be disclosed are given in corporate governance report in Annual Report. 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 as resolution relates to his own reappointment and remuneration proposed to be paid to him.

Copy of the resolution of Remuneration Committee approving reappointment of Mr. Pradip Kumar Goenka and also copy of resolution of Board of Directors reappointing him as Chairman & Managing Director, Agreement executed with Mr. Pradip Kumar Goenka and all other relevant documents would be available for inspection between 11:00 am to 01:00 pm on all working days till the date of Annual General Meeting.

Item No. 8 & 9

Members had authorised the Board of Directors of the Company under section 293(1)(d) of the Companies Act, 1956, to borrow from time to time upto a limit of ₹ 25,00,00,000/- (Rupees Twenty five crores only). For business requirements and tap any future opportunities to grow the business, the Company will need need additional funds by way of borrowings and hence it is proposed to increase the borrowing limits to ₹ 150,00,00,000/- (Rupees One hundred and fifty crores only). Since these (excluding the temporary loans obtained from Company's bankers in the ordinary course of business) would exceed the paid up share capital and free reserves, approval of members would be required under section 293(1)(d) of the Companies Act, 1956.

Further, the members are also requested to give consent to the Board under section 293(1)(a) of the Companies Act, 1956 to mortgage, hypothecate, lease or create any charge on the present or future properties / assets of the Company for securing the loans taken from the financial institutions and/or banks up to a limit of ₹ 150,00,00,000/- (Rupees One hundred and fifty crores only).

By Order of the Board
For Kamadgiri Fashion Limited

Place: Mumbai
Date: 11th August 2012

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-fifth Annual Report along with the audited Balance Sheet and Profit and Loss Account, for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

(₹ in Lacs)

	2011-12	2010-11
Turnover	20395.43	14551.75
Other Income	142.58	58.36
Profit before tax	275.08	478.22
Less: Provision for current tax	54.92	139.55
Less: Net deferred tax liability	52.06	15.54
Profit for the year	168.10	323.13
Add: Balance brought forward	626.51	407.83
Profit available for appropriation	794.61	730.96
Appropriation:		
Transferred to General Reserve	-	16.16
Proposed dividend	25.32	75.97
Tax on proposed dividend	4.11	12.32
Balance carried forward	765.18	626.51

OPERATIONS

During the year under review, despite challenging business environment, the Company could grow its top line reasonably well. The Company has achieved a turnover of ₹ 20395.43 lacs during the year as compared to ₹ 14551.75 lacs during the previous year. The Profit after tax for the financial year 2011-12 was ₹ 168.10 lacs as compared to ₹ 323.13 lacs during the previous year. There was a pressure on bottom line due to overall increase in operational expenses. Your Company has been working hard to control costs, better utilisation of available manufacturing facilities and investing on product innovations. The Company expects the continued focus on said measures, would help the Company to improve its bottom line as well as top line in coming days.

FUTURE PLANS

The Company plans to strengthen its presence in branded fabrics, mainly in linen, polyester viscose and polyester cotton blends. The Company also plans to consolidate its existing business and continue its efforts to control costs, better utilisation of manufacturing facilities and investing on product innovations. The Company expects the continued focus on said measures, would help the Company to improve its bottom line as well as top line in coming days.

The Company had received approval from SEBI for its draft letter of offer of the proposed Rights Issue to shareholders. However, looking at the present market scenario, the Rights Issue is kept on hold.

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 ₹ 0.50 per equity share (i.e. 5%) on the equity capital of the Company for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is presented as a separate section forming part of this Annual 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 also enclosed along with the Corporate Governance Report.

PARTICULARS OF EMPLOYEES

Particulars as required to be disclosed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in the Annexure A to this Report.

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. Rahul Mehta and Mr. Sanjeev Maheshwari, 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, are given as part of the general meeting notice.

The Board of Directors, subject to approval of members, have approved reappointment of Mr. Pradip Kumar Goenka as Chairman and Managing Director w.e.f. 26th August 2012 for a period of 3 years.

Mr. Lalit Kumar Goenka, Wholetime Director has decided not to seek reappointment after end of his present tenure on 25th August 2012 and accordingly, he shall relinquish his office after the closure of business hour of 25th August 2012. Board of Directors places on record sincere appreciation for the services rendered by him.

Mr. Anil Biyani was appointed as an Additional Director of the Company w.e.f. 29th May, 2012. He holds office till the date of the ensuing Annual General Meeting. The Company has received a notice from a member under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Anil Biyani for the office of Director.

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 been maintaining cost accounting records as required in the above referred provision of the Companies Act, 1956 as amended. Ms. Ketki D. Visariya, Cost Accountant, has been appointed as a cost auditor for the financial year 2012-13.

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 31st March 2012 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 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.

ACKNOWLEDGMENT

The Board wishes to place on record its 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**

Place: Mumbai
Date: 11th August 2012

Pradip Kumar Goenka
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Textile Industry 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.

Year 2011-12, was a challenging year for textile sector. This sector was affected by high cost of inputs and sluggish demand. Duty free import from Bangladesh and cheap import from China are also hurting the industry. However, by various initiative of the Government through schemes like Technology Upgradation Fund Scheme (TUFS), Scheme for Integrated Textile Parks (SITP), etc., would encourage investment in the sector.

The sluggish demand and inflationary trends are though not encouraging for the performance of the Company, your Company is taking steps to tackle the pressure and improving its performance.

As committed, your Company is taking all steps to sustain the growth of the Company.

OPPORTUNITIES AND THREATS:

The rising income levels, young population, increasing awareness of fashion, changing consumption trends, growing organised retail market, etc., are auguring well for the industry as well as the Company. Further, the Indian market is still in the evolving stage, consumers are though becoming more fashion conscious at the same time they are even cost conscious. Accordingly, the companies catering the 'value for money' segment are generally making good show and getting better attention from the customers. As the Company is concentrating only on the domestic market and catering products in the 'value for money' segment. The Company has also ensured wide availability of products through its tie up with organised retail segment and its products and brands have good recall value. Volatile input costs and high interest rates of borrowed funds are major threats to the industry as well as the operations of the Company. 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:

The Company's textile weaving unit showed a good performance and 'True Linen' linen fabric brand of the Company has been received well by the customers. Overall, business of readymade garmenting unit of the Company is affected by the slowdown in the demand.

OUTLOOK:

The Company expects to do reasonably well in weaving and fabric business. Though the readymade garmenting business is going through a difficult phase, the Company expects performance of this business will also improve as momentum picks up in the market.

RISKS AND CONCERNS:

The increase in cost of production and constrained margin continue to remain major areas 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 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 production of the grey fabrics, finish fabrics (including job) were 72.83 lacs Meters and 26.82 lacs Meters respectively as against 65.09 lacs Meters and 26.28 lacs Meters in the previous financial year.

The Profit before tax recorded during the year was ₹ 275.08 lacs as against ₹ 478.22 lacs in the previous financial year.

MATERIAL DEVELOPMENT IN HUMAN RESOURCE/INDUSTRIAL RELATIONS FRONTS:

As the Company has now three 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 ensure better training, on site performance evaluation, reward mechanism to increase the motivation of the workers. 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.

ANNEXURE TO THE DIRECTORS' REPORT
Annexure A

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2012

Sr. No.	Name	Designation / Nature of Duties	Remuneration (in ₹)	Qualifications	Experience (in no. of years)	Date of commencement of employment	Date of Leaving	Age (in years)	Last employment
(A) Employed throughout the year and were in receipt of remuneration of not less than ₹ 60,00,000 per annum									
1	Mr. Abhay Kumat	CEO	65,44,200/-	M.Com	30 years	29/06/2009	-	51 years	Stripes Apparels Ltd.
Sr. No.	Name	Designation / Nature of Duties	Remuneration (in ₹)	Qualifications	Experience (in no. of years)	Date of commencement of employment	Date of Leaving	Age (in years)	Last employment
(B) Employed for the part of the year and were in receipt of remuneration aggregating to not less than ₹ 5,00,000 per month									
1	N.A								

Notes:

- 1) Remuneration shown above includes Salary, HRA, Ex-gratia, LTA, Perquisites, Variable Pay and Company's contribution to Provident Fund etc. The monetary value of perquisite is calculated in accordance with the provisions of the Income-tax Act, 1961 and the related rules made there under.
- 2) The employees have adequate experience to discharge the responsibility assigned to him.
- 3) The nature of employment is contractual.
- 4) The above employee is not related to any Director of the Company
- 5) The above employee holds more than 2% of the paid-up Equity Share Capital of the Company.

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

	2011-12	2010-11
1. Electricity		
(a) Purchases		
Units (KWH)	5880795	4603845
Total Amount (₹)	35240708	25189786
Rate per unit (Average rate in ₹)	5.99	5.47
(b) Own Generation Through		
D. Generator		
Quantity (Litres)	66697	102964
Unit Generated	233919	291126
Total Cost (₹)	2944916	4086385
Rate per unit (Average rate in ₹)	12.59	14.04

B. Consumption per unit of production

(1) Electricity (KHW)		
Fabrics 100 Mtrs.	64.19	47.73
Readymade Garments 100 Pcs.	63.12	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 & Development (R & 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. However no specific amount set forth for R & D expenses.
i. Capital	-
ii. Recurring	-
Total	-
Total R & D Expenditure as percentage to percentage of turnover	-

B. Technology absorption, adaptation and

(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 & Outgo:

Total Foreign Exchange Used & Earned:

	Current year	Previous year
	2011-12	2010-11
Used (in ₹ Lacs)	264.03	367.21
Earned (in ₹ Lacs)	-	-

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 practising 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 31st March 2012 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	4	Present
Mr. Lalit Kumar Goenka	Promoter & Executive	-	Nil	1	Present
Mr. Ashwani Bhatia	Independent & Non - Executive	-	Nil	4	Present
Mr. Madhusudan Singrodia	Independent & Non - Executive	-	Nil	-	Absent
Mr. Rahul Mehta	Independent & Non - Executive	2	Nil	4	Absent
Mr. Sanjeev Maheshwari	Independent & Non - Executive	2	Nil	4	Absent

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.

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 note no. 25 on 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 2011-2012, 4 (Four) Board Meetings were held on 30th May 2011, 11th August 2011, 4th November 2011 and 4th February 2012 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. Rahul Mehta	Mr. Sanjeev Maheshwari	Mr. Pradip Kumar Goenka	Mr. Anil Biyani
Age (years)	60	46	52	48
Qualification	B. Com., MBA	B. Com., FCA	Pre-University	B.Com
Expertise in specific functional areas	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	Mr. Goenka has more than 30 years of experience in textile industry. He is Chairman and Managing Director of the Company and overseeing the conceptualization and implementation of our projects and has also being looking after operations of the Company.	Mr. Anil Biyani has almost three decades of experience in textile industry.
Directorship in other public companies (excluding foreign and private companies)	1) Gini & Jony Ltd. 2) Chermas Exquisite Ltd.	1) Mudra Financial Services Ltd. 2) Mudra Share & Stock Brokers Ltd.	1) Jagruti Synthetics Ltd.	1) PIL Industries Ltd. 2) Future Corporate Resources Ltd. 3) Weavette Textstyles Ltd. 4) Gold Mohur Design & Apparel Park Ltd. 5) nuFuture Digital India Ltd.
Shareholding	Nil	Nil	721200 shares	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 4 times during the year under report on 30th May 2011, 11th August 2011, 4th November 2011 and 4th February 2012. 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	4
2.	Mr. Ashwani Bhatia	Independent & Non - Executive	Member	4
3	Mr. Rahul Mehta	Independent & Non - Executive	Member	4

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/cost 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 details of remuneration paid to the Executive Directors of the Company during the year ended 31st March 2012 are given as under:

	Particulars	Unit	Pradip Kumar Goenka	Lalit Kumar Goenka
a)	Salary p.a.	₹	27,50,000/-	1,44,000/-
b)	Fixed Component- Contribution to provident Fund.	₹	Nil	Nil
c)	Bonus, Benefits & Other Allowances	₹	Nil	Nil
d)	Service contract	Years	3	3
e)	Notice Period	Months	3	3
f)	Severance Fees	₹	Nil	Nil

The Company has also paid sitting fees of ₹ 2,52,000/- each to Mr. Ashwani Bhatia, Mr. Rahul Mehta and Mr. Sanjeev Maheshwari, Non-Executive Independent Directors.

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 once during the year on 30th May 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	Mr. Rahul Mehta	Independent & Non - Executive	Member	1

Mr. Arun Bhandari, Company Secretary of the Company is the Compliance Officer.

During the year 2011-2012 the Company had received one complaint from SEBI (Securities and Exchange Board of India) and shareholders/investors and the same has been redressed and there is no complaint pending. No request for transfer and dematerialization were pending as on 31st March 2012.

6. Remuneration Committee:

The Remuneration Committee presently comprises of 4 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:

Composition of Remuneration Committee and details of the meeting attended:

Sr. No.	Name of the Directors	Category	Designation in the Committee	No. of Meeting attended
1.	Mr. Rahul Mehta	Independent & Non - Executive	Chairman	2
2.	Mr. Ashwani Bhatia	Independent & Non - Executive	Member	2
3.	Mr. Madhusudan Singrodia	Independent & Non - Executive	Member	-
4.	Mr. Sanjeev Maheshwari	Independent & Non - Executive	Member	2

The Committee met twice during the year i.e., on 30th May 2011 and 4th November 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 3 years are as under:

Financial Year	Date	Time	Venue	Special Resolution (s)
2010 - 2011	23.08.2011	10:30 am	Hotel The Mirador 131 - B, New Link Road Opp. Solitaire Corporate Park Chakala, Andheri (East) Mumbai - 400 099	Two
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 16th Road, MIDC Opp. Prasad Building Andheri (East), Mumbai 400093	One

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 note no. 25 on 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 BSE 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 are 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 herewith forming part of the Annual Report.

10. General Shareholders Information:

a) Annual General Meeting

Day, Date and Time : Tuesday the 18th September 2012 at 10:30AM

Venue : Hotel The Mirador,
131-B, New Link Road (Guru Hargovindji Road),
Opp. Solitaire Corporate Park,
Chakala, Mumbai– 400 099

b) Financial Calendar for 2012-13(Tentative)

Financial Year:

April 1 to March 31

Results for the quarter ending June 30, 2012

On or before 15th August, 2012

Results for quarter ending September 30, 2012

On or before 15th November, 2012

Results for quarter ending December 31, 2011

On or before 15th February, 2013

Results for year ending March 31, 2012

On or before 30th May, 2013

Annual General Meeting:

September, 2013

c) Date of Book Closure

Book Closure dates are from Wednesday the 12th day September 2012 to Tuesday the 18th September 2012 (both days inclusive).

d) Dividend payment Date

Dividend will be paid on or after 18th September 2012.

e) Listing on Stock Exchanges & Listing fees.

The Company's shares are listed on:

BSE Limited (BSE)

Phrioze Jeejeebhoy Towers

Dalal Street

Mumbai - 400 001.

Applicable listing fee has been paid.

f) Stock Code & ISIN

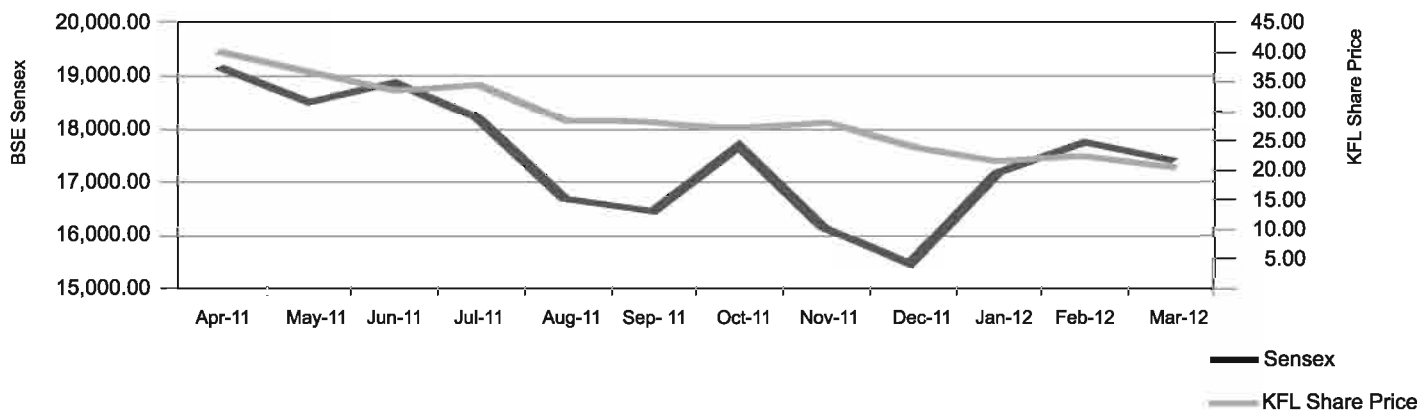
Stock Code at BSE Limited is 514322. ISIN is INE535C01013.

g) Market Price Data

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

Month	(Amount in ₹)	
	High	Low
April, 2011	47.10	40.00
May, 2011	45.95	36.35
June, 2011	39.40	33.50
July, 2011	41.60	34.25
August, 2011	39.65	28.20
September, 2011	33.60	28.05
October, 2011	32.55	26.90
November, 2011	34.80	28.15
December, 2011	32.90	24.05
January, 2012	28.00	21.40
February, 2012	27.60	22.55
March, 2012	26.00	20.50

(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.

Shares held in the dematerialized form are electronically traded by Depository Participants at the request of beneficial owners (shareholders) and the Registrars and Share Transfer Agents of the Company periodically receive from the 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 Nomination Form 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 31st March 2012:

No. of Shares	No. of Shareholders	% of Shareholders	Shareholding (₹)	% of Shareholding
Upto 5000	1119	83.63	726200	3.41
5001 – 10000	87	6.50	704540	1.39
10001 – 20000	49	3.66	10178	1.40
20001 – 30000	24	1.80	610710	1.21
30001 – 40000	13	0.97	472690	0.93
40001 – 50000	4	0.30	99150	0.39
50001 – 100000	15	1.12	1048570	2.07
100001 and above	27	2.02	45176622	89.20
Total	1338	100.00	50648660	100.00

Categories of Shareholders as on 31st March 2012 are as under:

Category	Number of shares	%
Promoters	1814459	35.82
Banks/MFs/FIs	900	0.02
Bodies Corporate	2466603	48.69
Indian Public	778136	15.37
NRIs/OCBs	4668	0.09
Clearing Members	100	0.01
Total	5064866	100.00

I. Dematerialisation of shares:

About 97.85% of the shares have been dematerialised as on 31st March 2012. The equity shares of Kamadgiri Fashion Limited are traded on the BSE 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 plants are 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 have already been dealt under para 4 of this report.
- (c) **Shareholders' Right:** As the financial results of the Company are published every quarter 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:** There are no audit qualifications/observations on the Financial Statements for the year 2011-12.
- (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:** There is no formal mechanism for evaluating performance of the non-executive directors at present.
- (g) **Whistle Blower Policy:** The Company has not implemented any formal whistle blower policy as yet.

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 2012 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
FRN No. 103523W

Place: Mumbai
Date: 29th May 2012

Sumant Sakhardande
Partner
Membership No.: 34828

CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR

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

We hereby certify that for the financial year ending 31st March 2012 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

Place: Mumbai
Date: 29th May 2012

Pradip Kumar Goenka
Chairman & Managing Director

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

Place: Mumbai
Date: 29th May 2012

Abhay Kumat
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS OF KAMADGIRI FASHION LIMITED

1. We have audited the attached Balance Sheet of KAMADGIRI FASHION LIMITED ("the company") as at 31st March 2012, and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss 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 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 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 2012;
- b) in the case of the Statement of Profit and Loss, 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

Place: Mumbai
Date: 29th May 2012

Sumant Sakhardande
Partner
Membership No. 34828

ANNEXURE REFERRED TO IN PARAGRAPH (3) OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 OF KAMADGIRI FASHION LIMITED

- (I) a) The company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets, which is in the process of updation for the current financial year;
- b) as explained to us, major portion of the fixed assets have been physically verified by the management during the year, and no material differences were observed on verification;
- 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) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained;
- (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 31st March 2012 for a period of more than six months from the date they became payable.

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	229.89	2009-10*	CIT (Appeals)
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)
Gujarat Sales Tax Act, 1969	Sales Tax	5.29	2006-07	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: 29th May 2012

Sumant Sakhardande
Partner
Membership No. 34828

BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in lacs)

Particulars	Note	As at 31st March 2012	As at 31st March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	506.49	506.49
Reserves and Surplus	2	1,750.53	1,611.86
		<u>2,257.02</u>	<u>2,118.35</u>
Non-Current Liabilities			
Long-Term Borrowings	3	670.24	694.01
Deferred Tax Liability (net)	4	242.72	190.66
Long Term Provisions	5	84.71	51.38
		<u>997.67</u>	<u>936.05</u>
Current Liabilities			
Short Term Borrowings	6	2,713.35	2,713.14
Trade Payables	7	2,165.87	2,434.67
Other Current Liabilities	8	1,507.12	1,282.34
Short Term Provisions	9	43.24	104.42
		<u>6,429.58</u>	<u>6,534.57</u>
TOTAL		<u><u>9,684.27</u></u>	<u><u>9,588.97</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets	10		
Tangible Assets		3,094.98	2,938.30
Intangible Assets		23.90	16.31
Capital Work-in-Progress		7.31	68.95
		<u>3,126.19</u>	<u>3,023.56</u>
Non-Current Investments	11	50.39	55.79
Long Term Loans and Advances	12	191.22	131.30
		<u>241.61</u>	<u>187.09</u>
Current Assets			
Current Investments	13	0.05	0.05
Inventories	14	2,638.26	3,831.78
Trade Receivables	15	3,401.98	2,278.34
Cash and Bank Balances	16	74.49	167.79
Short Term Loans and Advances	12	201.69	100.36
		<u>6,316.47</u>	<u>6,378.32</u>
TOTAL		<u><u>9,684.27</u></u>	<u><u>9,588.97</u></u>

SIGNIFICANT ACCOUNTING POLICIES
NOTES ON FINANCIAL STATEMENTS.

1 to 30

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 DirectorSumant Sakhardande
Partner
Membership No. 34828Arun Bhandari
Company SecretaryPlace : Mumbai
Date: 29th May 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Lacs)

Particulars	Note	2011-12	2010-11
INCOME			
Revenue from Operations	17	21,515.12	14,570.95
Less: Excise duty		1,119.69	19.20
		<u>20,395.43</u>	<u>14,551.75</u>
Other Income	18	142.58	58.36
Total Revenue		<u><u>20,538.01</u></u>	<u><u>14,610.11</u></u>
EXPENDITURE			
Cost of Materials Consumed	19	8,170.12	7,693.28
Purchases of Stock-in-Trade		2,866.78	2,407.13
Changes in Inventories of Finished Goods			
Stock -in-Process and Stock-in-Trade	20	649.26	(1,416.26)
Employee Benefits Expense	21	1,888.64	1,415.17
Finance Costs	22	629.65	323.91
Depreciation and Amortisation Expense	10	281.90	227.78
Other Expenses	23	5,776.58	3,480.88
Total Expenses		<u><u>20,262.93</u></u>	<u><u>14,131.89</u></u>
Profit Before Tax		275.08	478.22
Tax Expenses:			
Current Tax		54.92	139.55
Deferred Tax		52.06	15.54
Profit for the Year		<u><u>168.10</u></u>	<u><u>323.13</u></u>
Earnings per equity share of face value of ₹ 10 each			
(1) Basic (in ₹)	24	3.32	6.71
(2) Diluted (in ₹)	24	3.32	6.71
Significant Accounting Policies			
Notes on Financial Statements.	1 to 30		

As per our attached report of even date:

For and on behalf of the Board of Directors
of Kamadgiri Fashion LimitedFor **Haribhakti & Co.**
Chartered Accountants

Pradip Kumar Goenka Chairman & Managing Director	Lalit Kumar Goenka Whole Time Director
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Sumant Sakhardande
Partner
Membership No. 34828

Arun Bhandari
Company Secretary

Place : Mumbai
Date: 29th May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Lacs)

PARTICULARS	31st March 2012	31st March 2011
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before tax	275.07	478.22
Adjustments:		
Depreciation and amortisation expense	281.90	227.78
(Profit)/Loss on sale of fixed assets	(64.52)	11.01
(Profit)/Loss on sale of Investments	(1.22)	2.48
Interest income	(65.58)	(48.33)
Interest Expenses	629.65	323.91
	<u>780.23</u>	<u>516.85</u>
Operating Profit before Working Capital changes	1,055.30	995.07
Inventories	1,193.72	(2,270.30)
Sundry Debtors	(1,123.63)	(534.55)
Cash & Bank Balances	36.72	(32.81)
Loans & Advances	(110.68)	135.12
Current Liabilities	21.32	1,852.17
Provisions	31.00	-
	<u>48.45</u>	<u>(850.37)</u>
Cash generated from operations	1,103.75	144.70
Direct Taxes Paid	(105.95)	(207.70)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>997.80</u>	<u>(63.00)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Inflow:		
Proceeds from Sale of Fixed Assets	133.82	6.34
Proceeds from sale of Investments	6.62	33.31
Interest income	65.84	46.38
	<u>206.28</u>	<u>86.03</u>
Outflow:		
Acquisition of Fixed Assets	(529.59)	(1,474.91)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(323.31)</u>	<u>(1,388.88)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Inflow:		
Proceeds from Issue of warrants	-	1,032.58
Proceeds from issue of shares	-	78.28
Proceeds from Long Term Borrowings	200.64	831.23
Proceeds from Unsecured Loan	-	50.00
	<u>200.64</u>	<u>1,992.09</u>
Outflow:		
Repayment of Long Term Borrowings	(224.20)	(148.30)
Interest Paid	(619.21)	(323.91)
Dividend Paid	(88.30)	(69.09)
	<u>(931.71)</u>	<u>(541.30)</u>
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	<u>(731.07)</u>	<u>1,450.79</u>
Net Increase In Cash And Cash Equivalants (A+B+C)	(56.58)	(1.09)
Opening Balance Of Cash And Cash Equivalants	118.25	119.34
Closing Balance Of Cash And Cash Equivalants	61.67	118.25
<u>Note to Cash Flow Statement:</u>		
1.Cash & Cash Equivalents comprise of:		
Cash on hand	7.99	5.98
Bank Balances with Scheduled Banks:		
In Current Accounts	50.74	109.52
In Unpaid Dividend Accounts	2.94	2.75
TOTAL	<u>61.67</u>	<u>118.25</u>

As per our attached report of even date:

For Haribhakti & Co.
Chartered AccountantsSumant Sakhardande
Partner
Membership No. 34828Place : Mumbai
Date: 29th May 2012For 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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Company overview:-

Kamadgiri Fashion Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed at Bombay Stock exchange in India. The Company is engaged in the manufacturing and job in textile industries.

B. 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 shareholders, 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 share holders and the weighted average no. 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.

NOTES TO THE FINANCIAL STATEMENTS

1 SHARE CAPITAL (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Authorised Share Capital:		
2,00,00,000 (31st March 2011 : 2,00,00,000) Equity Shares of ₹ 10 each	<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed and Paid up:		
50,64,866 (31st March 2011 : 50,64,866) Equity Shares of ₹ 10 each	<u>506.49</u>	<u>506.49</u>
TOTAL	<u><u>506.49</u></u>	<u><u>506.49</u></u>

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period (₹ in Lacs)

Particulars	Number	31st March 2012	Number	31st March 2011
Shares outstanding at the beginning of the year	51	506.49	48	473.99
Shares issued during the year	-	-	3	32.50
Shares outstanding at the end of the year	51	506.49	51	506.49

b) Shares in the Company held by each shareholder holding more than 5 percent shares

Name of Shareholder	31st March 2012		31st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Ananddeep Consultancy Services Pvt Ltd	436,800	8.63%	436,800	8.63%
PIL Industries Limited	1,409,884	27.84%	1,409,884	27.84%
Tritoma Hotels Pvt Ltd	325,000	6.42%	325,000	6.42%
Mr. Pradeep Kumar Goenka	721,200	14.24%	721,200	14.24%
Mr. Tilak Pradip Goenka	424,102	8.37%	424,102	8.37%

c) Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 0.50 (31st March 2011 : ₹ 1.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2 RESERVES AND SURPLUS (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
a. Capital Reserves		
Opening Balance	37.00	37.00
Current Year Transfer	-	-
Written Back in Current Year	-	-
Closing Balance	<u>37.00</u>	<u>37.00</u>
b. Securities Premium Account		
Opening Balance	313.32	241.61
Add : Securities premium credited on Share issue	-	71.50
Add : Received Allotment Money in Arrear	-	0.21
Closing Balance	<u>313.32</u>	<u>313.32</u>
c. General Reserves		
Opening Balance	635.03	618.87
Current Year Transfer	-	16.16
Written Back in Current Year	-	-
Closing Balance	<u>635.03</u>	<u>635.03</u>
d. Surplus in the statement of profit and loss		
Balance as per last financial statement	626.51	407.83
Add : Profit for the year	168.10	323.13
Less : Appropriations		
Proposed final equity dividend (amount per share ₹ 0.50 (31st March 2011 : ₹ 1.50))	25.32	75.97
Tax on Proposed dividend	4.11	12.32
Transfer to general reserve	-	16.16
Total appropriations	<u>29.43</u>	<u>104.45</u>
Net surplus in the statement of profit and loss	<u>765.18</u>	<u>626.51</u>
TOTAL	<u><u>1,750.53</u></u>	<u><u>1,611.86</u></u>

3 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars	Non - Current Portion		Current Portion	
	31st March 2012	31st March 2011	31st March 2012	31 March 2011
Secured				
(a) From Bank				
Term Loans	602.36	631.01	223.20	198.41
Vehicle Loan	4.88	-	4.04	2.23
Unsecured				
(b) Deposits	63.00	63.00	-	-
	670.24	694.01	227.24	200.64
The above amount includes				
Secured borrowings	607.24	631.01	-	-
Unsecured borrowings	63.00	63.00	-	-
Amount disclosed under the head " Other current liabilities " (note 8)	-	-	(227.24)	(200.64)
TOTAL	670.24	694.01	-	-

- i) Term loan from bank was sanctioned during the financial year 2010-2011 and carries interest rate @13.75% . The loan is repayable in 66 months with 6 months moratorium repayable in 60 equal monthly installments of ₹ 18.60 Lacs each along with interest, from the last disbursement date. The loan is secured by equitable mortgage of Factory Land and Building hypothecation of Plant and Machineries and secured .
- ii) Vehicle loan from bank was taken during the current financial year and carries interest @ 10.35%. The loan is repayable in 35 installments of ₹ 0.40 Lacs along with the interest, from the proceeding month of the approval letter, the loan is secured by hypothecation of specific vehicle.
- iii) The Company has given premises on operating lease for a period of 99 years commencing from the 1st January 2007 which is non cancellable for 99 years. Interest free refundable deposits ₹ 63 lacs received by the Company, has been disclosed under unsecured loans as deposits.

4 DEFERRED TAX LIABILITY (Net)

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Deferred Tax Liability		
Related to Fixed Assets	274.68	212.56
Deferred Tax Assets		
Leave salary and Gratuity	31.96	21.90
TOTAL	242.72	190.66

5 LONG TERM PROVISIONS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Provision for employee benefits		
Gratuity	64.95	41.24
Leave encashment	19.76	10.14
TOTAL	84.71	51.38

6 SHORT TERM BORROWINGS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Secured		
(a) Loans repayable on demand		
Cash credit from bank *	2,636.52	2,663.14
	2,636.52	2,663.14
Unsecured		
(a) Loans repayable on demand		
From Kotak Mahindra Bank	26.83	-
From Body Corporates	50.00	50.00
	76.83	50.00
TOTAL	2,713.35	2,713.14

*Cash credit from banks is secured by hypothecation of present and future stock of raw materials, stock in process, finished goods, stores and spares, book debts, outstanding monies, receivable and carries interest @ 11.25% to 15.25 % and the same is repayable on demand

7 TRADE PAYABLES

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Outstanding dues of Micro and Small Enterprises	Nil	Nil
Outstanding dues of creditors other than Micro and Small Enterprises	2,165.87	2,434.67
TOTAL	2,165.87	2,434.67

No interest is paid / payable during the year to any enterprise registered under Micro Small and Medium Enterprises Development Act, 2006 (MSME) The above information has been determined to the extent such parties could be identified on the basis of the status of suppliers under MSME.

8 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Current maturities of long-term borrowings (note 3)	227.24	200.64
Creditors for Capital Expenditure	165.30	241.08
Interest accrued and due on borrowings	10.44	-
Acceptances	-	100.73
Unpaid dividend	2.94	2.75
Other payables *	1,101.20	737.14
TOTAL	1,507.12	1,282.34

* Includes statutory dues, advances / deposits from customers and provisions for expenses

9 SHORT TERM PROVISIONS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
(a) Provision for employee benefits		
Gratuity	7.22	10.24
Leave encashment	6.59	5.89
(b) Others Provisions		
Proposed equity dividend	25.32	75.97
Provision for tax on dividend	4.11	12.32
TOTAL	43.24	104.42

10 FIXED ASSETS

(₹ in Lacs)

	Description	Original cost				Depreciation and amortization				Net book value	
		As at 1st April 2011	Additions during the year	Deductions/ Retirement during the year	As at 31st March 2012	As at 1st April 2011	For the Year	Deductions during the year	As at 31st March 2012	As at 31st March 2012	As at 31st March 2011
a	Tangible Assets										
	Land	49.91	-	-	49.91	-	-	-	-	49.91	49.91
	Land under lease	318.95	14.72	-	333.67	3.69	4.45	-	8.14	325.53	315.26
	Buildings	585.33	53.67	-	639.00	52.09	20.77	-	72.86	566.14	533.24
	Residential Flat	65.90	-	-	65.90	18.19	1.07	-	19.26	46.64	47.71
	Plant and Equipment	2,328.87	371.08	194.75	2,505.20	685.13	199.30	125.56	758.87	1,746.33	1,643.74
	Electrical Installation	107.86	9.59	-	117.45	49.37	5.11	-	54.48	62.97	58.49
	Furniture and Fixtures	193.82	7.30	-	201.12	59.51	12.30	-	71.81	129.31	134.31
	Vehicles	15.43	19.74	-	35.17	8.09	2.42	-	10.51	24.66	7.34
	Office equipment	51.49	10.62	-	62.11	14.36	2.85	-	17.21	44.90	37.13
	Bicycle	0.10	-	-	0.10	0.10	-	-	0.10	-	-
	Computers	176.52	16.26	0.29	192.49	65.35	28.73	0.18	93.90	98.59	111.17
	Sub Total (A)	3,894.18	502.98	195.04	4,202.12	955.88	277.00	125.74	1,107.14	3,094.98	2,938.30
b	Intangible Assets										
	Software	22.85	12.49	-	35.34	6.54	4.90	-	11.44	23.90	16.31
	Sub Total (B)	22.85	12.49	-	35.34	6.54	4.90	-	11.44	23.90	16.31
	Total (A+ B)	3,917.03	515.47	195.04	4,237.46	962.42	281.90	125.74	1,118.58	3,118.88	2,954.61
	Previous Year	2,578.35	1,416.75	78.07	3,917.03	795.35	227.78	60.72	962.42	2,954.61	
	Capital Work In Progress									7.31	68.95

11 NON CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Investment in Equity Instruments (unquoted Trade):		
1) Jagruti Synthetics Ltd (Equity Shares of ₹ 10 Each) * 486000 Nos (31st March 2011 486000 Nos)	50.09	50.09
2) Spindraw Fibres Pvt Ltd (Equity Shares of ₹ 10 Each) Nil (31st March 2011 : 54000 Nos)	-	5.40
(Other unquoted Non- Trade)		
1) Bombay Mercantile Co-op Bank Ltd (Equity Shares of ₹ 30 Each) 190 Nos (31st March 2011 : 190 Nos)	0.06	0.06
2) Janakalyan Sahakari Bank Limited (Equity Shares of ₹ 10 Each) 100 Nos (31st March 2011 : 100 Nos)	0.01	0.01
Investment in Government securities		
1) National saving certificates	0.23	0.23
TOTAL	50.39	55.79

* 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.

12 LOANS AND ADVANCES

(₹ in Lacs)

Particulars	Long Term		Short Term	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
a.) Security Deposits				
Unsecured, considered good				
Rental deposits *	57.00	56.99	2.82	3.11
Electricity deposits	30.08	21.21	-	-
	87.08	78.20	2.82	3.11
b.) Other loans and advances				
Unsecured, considered good				
Prepaid Expenses	-	-	26.06	17.30
Interest accrued but not due	-	-	4.01	4.28
Balance with excise authorities , Customs etc.	-	-	50.98	34.68
Advance Income tax (net of provision for taxation)	104.14	53.10	-	-
Other loans and advances **			117.82	40.99
	104.14	53.10	198.87	97.25
TOTAL	191.22	131.30	201.69	100.36

***Deposits with Related Party**

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Directors	10.00	10.00
Private Company in which director is a member	40.00	40.00
TOTAL	50.00	50.00

** Includes advance to employees , advances to suppliers and right issue expenses.

13 CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Investments in Mutual Funds		
(quoted Trade):		
PNB Principal Junior cap fund	0.05	0.05
TOTAL	0.05	0.05

14 INVENTORIES

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Raw Materials and components (Includes in transit ₹ 8.72 Lacs (31st March 2011 ₹ 5.22 Lacs) (refer note 21)	598.57	1,140.46
Work-in-progress	748.96	1,513.79
Finished goods	1,132.70	1,017.13
Stores, Spares and others	158.03	160.40
TOTAL	2,638.26	3,831.78

14.1 Details of Raw Materials (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Yarn	290.16	266.91
Stitching Materials	0.69	64.47
Fabrics	307.72	809.08
TOTAL	598.57	1,140.46

14.2 Details of Work in Progress (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Grey Fabrics	72.59	27.02
Fabrics	248.06	-
Garments	428.31	1,486.77
TOTAL	748.96	1,513.79

14.3 Details of Finished Goods (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Fabrics	1,132.70	1,017.13
TOTAL	1,132.70	1,017.13

14.4 Others (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Stores, spares and Others	158.02	160.40
TOTAL	158.02	160.40

15 TRADE RECEIVABLE (Unsecured, Considered good) (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	122.72	165.66
	122.72	165.66
Trade receivables outstanding for a period less than six months from the date they are due for payment.	3,279.26	2,112.68
	3,279.26	2,112.68
TOTAL	3,401.98	2,278.34

16 CASH AND BANK BALANCES

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
a. Balances with banks		-
on Current accounts	50.74	109.52
on unpaid dividend accounts	2.94	2.75
Fixed deposits with banks *	12.82	49.54
b. Cash on hand	7.99	5.98
TOTAL	74.49	167.79

* Pledged with bankers against margin money of ₹ 12.13 Lacs and against bank guarantee of ₹ 0.70 Lacs (31st March 2011 Margin money ₹ 9.21 Lacs and bank guarantee ₹ 20.80 Lacs)

17 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Sale of products		
Finished Goods	20,440.67	13,401.29
Other operating revenues		
Job Charges	1,046.77	1,154.22
Scrap sales	22.26	5.72
Other	5.42	9.72
Revenue from operations	21,515.12	14,570.95
Less : Excise duty	1,119.69	19.20
TOTAL	20,395.43	14,551.75

17.1 PARTICULARS OF SALE OF PRODUCTS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Finished Fabrics	8,498.04	7,586.63
Readymade Garments	11,922.72	5,728.75
Others	19.91	85.91
TOTAL	20,440.67	13,401.29

18 OTHER INCOME

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Interest Income on		
Bank deposits	2.51	2.19
Others	63.06	46.14
Profit on sale of non current investments	1.22	-
Profit on sale of fixed assets (net)	64.52	-
Other non-operating income*	11.27	10.03
TOTAL	142.58	58.36

* other non operating income includes Insurance claim received ₹ 9.43 Lacs (31st March 2011 ₹ 7.51 Lacs)

19 COST OF MATERIAL CONSUMED

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Inventory at the beginning of the year	1,140.46	347.07
Add: Purchases	7,628.23	8,486.67
	8,768.69	8,833.74
Less: Inventory at the end of the year	598.57	1,140.46
TOTAL	8,170.12	7,693.28

19.1 PARTICULARS OF MATERIAL CONSUMED

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Yarn	267.75	326.25
Accessories	800.34	1,063.33
Finished Fabrics	7,102.03	6,303.70
TOTAL	8,170.12	7,693.28

20 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Inventories at the end of the year		
Work-in-Progress	748.96	1,513.79
Finished goods	1,132.70	1,017.13
	1,881.66	2,530.92
Inventories at the beginning of the year		
Work-in-Progress	1,513.79	253.50
Finished goods	1,017.13	861.16
	2,530.92	1,114.66
TOTAL	649.26	(1,416.26)

21 EMPLOYEE BENEFIT EXPENSE

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Salaries, wages and bonus	1,712.59	1,297.10
Contributions to Provident fund & Other funds	69.34	53.46
Gratuity fund contributions	30.93	10.06
Leave Encashment	16.20	8.55
Staff welfare expenses	59.58	46.00
TOTAL	1,888.64	1,415.17

21.1 Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year as under.

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Employer's Contribution to Provident Fund	67.22	50.52

Defined Benefit Plan

The employees' gratuity fund scheme is unfunded. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.

The obligation for leave encashment is recognised in the same manner as gratuity.

i) **Reconciliation of opening and closing balances of Defined Benefit Obligation** (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
	Gratuity (unfunded)	Gratuity (unfunded)
Defined Benefit obligation at beginning of year	51.48	46.64
Current Service Cost	14.12	12.56
Interest Cost	4.12	3.52
Actuarial (gain) / loss	12.69	6.03
Benefit Paid	10.24	5.22
Defined Benefit obligation at year end	72.16	51.48

i) **Reconciliation of opening and closing balances of Defined Benefit Obligation** (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
	Leave Encashment	Leave Encashment
Defined Benefit obligation at beginning of year	16.03	16.53
Current Service Cost	12.91	2.82
Interest Cost	1.28	0.96
Actuarial (gain) / loss	2.01	4.78
Benefit Paid	5.88	9.05
Defined Benefit obligation at year end	26.35	16.03

ii) **Reconciliation of Fair value of assets and obligation** (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
	Gratuity (unfunded)	Gratuity (unfunded)
Fair value of Plant assets	-	-
Present Value of obligation	72.16	51.48
Amount recognised in balances sheet	72.16	-

ii) **Reconciliation of Fair value of assets and obligation** (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
	Leave Encashment	Leave Encashment
Fair value of Plant assets	-	-
Present Value of obligation	26.35	16.03
Amount recognised in balances sheet	26.35	-

iii) **Expenses recognised in the profit & loss accounts** (₹ in Lacs)

Particulars	31st March 2012	31st March 2011
	Gratuity (unfunded)	Gratuity (unfunded)
Current service cost	14.12	12.56
Interest Cost	4.12	3.52
Excepted return on plan assets	-	-
Actuarial (gain)/ loss	12.69	6.03
Net Cost	30.93	10.06

iii) Expenses recognised in the profit & loss accounts

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
	Leave Encashment	Leave Encashment
Current service cost	12.91	2.82
Interest Cost	1.28	0.96
Excepted return on plan assets	-	-
Actuarial (gain)/ loss	2.01	4.78
Net Cost	16.20	8.55

iv) Actuarial assumption

Particulars	31st March 2012	31st March 2011
	Gratuity (unfunded)	Gratuity (unfunded)
Mortality Table (LIC)		
Discount Rate (per annum)	8%	8%
Expected rate of return on plan assets (per annum)	N.A	N.A
Rate of escalation in salary (per annum)	5%	5%

iv) Actuarial assumption

Particulars	31st March 2012	31st March 2011
	Leave Encashment	Leave Encashment
Mortality Table (LIC)		
Discount Rate (per annum)	8%	8%
Expected rate of return on plan assets (per annum)	N.A	N.A
Rate of escalation in salary (per annum)	5%	5%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

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

22 FINANCE COSTS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Interest expenses	604.88	293.59
Other borrowing cost	24.77	30.32
TOTAL	629.65	323.91

23 OTHER EXPENSES

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Manufacturing Expenses		
Consumption of stores, spare parts and others (Refer note 23.1)	301.20	197.33
Consumption of Packing Materials	336.69	294.28
Power and fuel	452.46	307.12
Machine Hire Charges	34.08	35.46
Job Charges	2,361.92	991.73
Labour Charges	162.27	92.52
Repairs to buildings	34.12	35.92
Repairs to machinery	28.15	16.74
Repairs to others	85.32	71.85
TOTAL	3,796.22	2,042.94
Selling and Distribution Expenses		
Travelling and conveyance	84.35	70.70
Brokerage and commission	205.34	145.01
Advertisement and marketing expenses	150.05	132.58
Incentives and discount	1,047.83	605.14
Freight outward charges	109.75	78.09
TOTAL	1,597.32	1,031.52
Establishment Expenses		
Printing and Stationery	27.58	24.14
Communication Cost	21.24	15.88
Legal and professional fees	138.90	101.69
Postage, telegram and courier charges	16.14	14.72
Bad debts written off	-	19.18
Loss on sale of fixed assets (net)	-	11.01
Loss on sale of non current investments	-	2.48
Exchange differences (net)	0.99	15.11
Sundry balance written off	(0.14)	24.74
Rent	107.84	105.95
Insurance	13.26	15.63
Rates and taxes, excluding, taxes on income	11.87	6.27
Payment to the auditor (Refer note 23.3)	11.71	10.11
Miscellaneous expenses	33.65	39.52
TOTAL	383.04	406.42
TOTAL	5,776.58	3,480.88

23.1 VALUE OF STORES , CHEMICALS AND OIL CONSUMEND:

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Imported	48.76	34.48
% of consumption	16%	17%
Indigenous	252.44	162.85
% of consumption	84%	83%
TOTAL	301.20	197.33

23.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Stores and Spare parts	43.11	34.48
Capital Goods	167.98	297.27

23.3 PAYMENT TO AUDITORS

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
As auditor		
Audit fee	7.30	7.17
Tax audit fee	1.12	1.10
Limited review	1.65	1.10
In other capacity		
Company law matters	0.56	0.55
Other services (certification fees)	0.83	-
Reimbursement of expenses	0.25	0.18
TOTAL	11.71	10.11

23.4 EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
Travelling Expenses	4.17	0.98

24 EARNINGS PER SHARE (EPS)

(₹ in Lacs)

Particulars	31st March 2012	31st March 2011
i) Net Profit after taxes as per Statement of Profit and Loss attributed to Equity Shareholders	168.10	323.13
ii) Number of equity shares used as denominator for Calculating EPS	5,064,866	4,815,787
iii) Basis and Diluted Earnings per share (Amount in ₹)	3.32	6.71
iv) Face Value per equity share (Amount in ₹)	10.00	10.00

25 RELATED PARTY DISCLOSURES:

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below

i) List of Related Parties where control exists and related parties with whom transaction have been taken place and relationships

Name of the Related Party	Relationship
1 PIL Industires Limited	Enterprises having voting power of the company
2 Jagruti Synthetics Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
3 Mr. Pradip Kumar Goenka 4 Mr. Lalit Kumar Goenka 5 Mr. Abhay Kumart	Key Managerial Personnel
6 Mr. Tilak Goenka 7 Mrs. Jyoti Kumart	Relative of Key Management Personnel

ii) Transaction during the year with related parties

(₹ in Lacs)

Particulars	2011-2012		31st March 2012		31st March 2011	
	31st March 2012	31st March 2011	Receivable	Payable	Receivable	Payable
a) Sales						
Jagruti Synthetics Limited	0.11	-	-	-	-	-
b) Purchase						
Jagruti Synthetics Limited	526.88	403.24	-	-	-	-
PIL Industries Limited	-	399.98	-	-	-	-
c) Job charges paid						
Jagruti Synthetics Limited	6.75	2.42	-	-	-	0.40
d) Interest Paid						
PIL Industries Limited	-	-	-	-	-	-
e) Rent Expenses						
PIL Industries Limited	60.00	60.00	-	13.02	-	22.61
Jagruti Synthetics Limited	41.64	41.64	-	-	-	-
Mr. Pradip Kumar Goenka	3.72	4.80	-	-	-	-
Mr. Abhay Kumat	3.43	3.43	-	-	-	-
Mrs. Jyoti Kumat	7.67	7.67	-	-	-	-
f) Electricity Expenses						
PIL Industries Limited	0.11	-	-	-	-	-
g) Managerial Remunerations						
Mr. Pradip Kumar Goenka	27.50	15.00	-	-	-	-
Mr. Lalit Kumar Goenka	1.44	0.96	-	0.97	-	0.35
Mr. Abhay Kumat	62.89	30.40	-	0.69	-	-
h) Salary						
Mr. Tilak Goenka	5.04	3.46	-	0.38	-	-
i) Deposit given						
Mr. Pradip Kumar Goenka	-	-	-	10.00	-	10.00
Jagruti Synthetics Limited	-	-	-	40.00	-	40.00
j) Shares Alloted						
Tritoma Hotels Private Limited	-	104.00	-	-	-	-
k) Advances for Sales/Job taken						
PIL Industries Limited	20.00	20.00	-	70.00	-	50.00

- 26 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.

27 **Unhedged foreign currency exposure**

(₹ in Lacs)

	31st March 2012	31st March 2011
Receivables Nil (31st March 2011 : USD 22,782.14)	-	10.08
Payable GPB : 7572.17 (31st March 2011 : Euro 32,000)	5.91	20.20

28 **CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

(₹ in Lacs)

	31st March 2012	31st March 2011
(I) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	378.34	145.55
(b) Guarantees	79.48	20.80
	457.82	166.35
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	107.55
(b) Other commitments - Pending obligation under EPCG Scheme	334.45	334.45
	334.45	442.00
	792.27	608.35

- 29 As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April 2011. Accordingly, the financial statements for the year ended 31st March 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

30 **Details of foreign shareholding and dividend paid**

Particulars	31st March 2012	31st March 2011
No. of non resident shareholders	2	2
No. of shares held by them on which dividend was paid	4,000	4,000
Gross Dividend (₹)	6,000	5,000

* Dividend for the F.Y. 2010-11 was declared in AGM held on 23rd August 2011 and paid on 27th August 2011

Signatures of Note 1 to 30

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

Pradip Kumar Goenka
Chairman & Managing Director

Lalit Kumar Goenka
Whole Time Director

Arun Bhandari
Company Secretary

Place : Mumbai
Date: 29th May 2012

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

Signature of the Authorized official
From the Bank

Date:

Note:

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 2851 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, 18TH SEPTEMBER 2012 AT 10:30 AM
ATTENDANCE SLIP**

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

Client ID No.		Regd. Folio No.	
DP ID No.		No. of Equity Shares Held	

I hereby record my presence at the 25th 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, 18th September 2012 at 10:30AM.

Name of the Shareholder

Signature

Regd. Folio No. _____

DP ID No. _____

(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, 18TH SEPTEMBER 2012 AT 10:30 AM
PROXY FORM**

Client ID No.		Regd. Folio No.	
DP ID No.		No. of Equity Shares Held	

I/Weof.....in the district ofbeing a member / members of the above named Company hereby appointof.....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 25th Annual General Meeting of the Company to be held on Tuesday, 18th September 2012 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 :

Affix
Revenue
Stamp

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.

BOOKPOST

KAMADGIRI FASHION LIMITED

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