IN BRANDS WE TRUST

KKCL

KEWALKIRAN CLOTHING LIMITED

20TH ANNUAL REPORT 2010-11


THERE ARE ENOUGH
People To Screw,
WHY THE PLANET?
KILLER
WHAT'S YOUR CUT

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Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

OUR BRAND, OUR STORY

SOCRATES FAMOUSLY SAID, 'KNOW THYSELF'. AND HE WAS RIGHT. ISN'T THAT WHERE SUCCESS BEGINS?

Perhaps only one of the many building blocks of corporate identity, brand is still the best place to start strengthening it. A brand shows the mettle of all aspects of business. Brand is value. Brand is the face of equity. It showcases the Company's identity to the market. Beginning with employee contribution, brand progresses towards becoming the Company's greatest asset. A strong brand can elevate the perception of a company in the eyes of all its stakeholders – internal and external.

CMD's LETTER

Dear Shareholders,

Fashion is the one business in which there is nothing called a standard product. Collections go out of fashion faster than they come in. On the other side, it can be argued that something new will always be in demand. These two facts comprise the most challenging and the most exciting aspects of our business. Having spent over three decades in this industry, we realise that there is a singular asset that connects both – the ability to address challenges and to realise opportunities.

IT IS THE BRAND.

Our inspiration to be present in the business of fashion apparel was a realisation that no indigenous brand enjoyed the kind of goodwill and equity that many international names did. The first milestone was reached when Killer was launched in 1989, which was subsequently embraced by customers in India and abroad. This was followed by the launch of a series of brands that helped us emerge among the few large branded apparel manufacturers in India.

KKCL came into being with the vision to emerge as a world-class business enterprise. Today, we have successfully created a fully integrated branded apparel company, with national and international footprints, thanks to our market insight and ceaseless innovation. If we look at global brands across industries, we find a strong focus towards market research and innovation. At KKCL, we closely follow the customer's aspirations that drive market evolution. In India and across the world, customers seek better value, they want differentiation in the same product category and they want their apparel to make a compelling style statement. This has been our guiding philosophy in creating brands that customers love to associate with.

Our vision is to touch ₹ 1,000 Crores net revenues by 2015-16. This can only be possible if we enrich our products portfolio to cater to national and international customers. At the same time, we are focused on our profitability objectives, because value creation is an important part of our organisational ethos. Killer's success has been instrumental in driving our business to new heights of brand creation and management. This has spawned many other brands as well as an entry into the women's casuals segment. We are now focusing on our first accessories extension, ADDICTIONS. These innovations will catalyse our future growth and sustainability.

Today, we have created a fully integrated branded apparel company, with national and international footprints.

Our strengths comprise designing expertise, application of advanced technology, enduring customer relationships and resolute teamwork across hierarchies and responsibilities. The wheels of our organisation represent honesty, integrity, discipline and trust: honesty and integrity resulting in stakeholder transparency and commitment; discipline encouraging regulatory compliances and customer trust driving brands loyalty.

Our market potential is immense, although challenges will continue to be a part of day-to-day business.

The garments industry in India is affected by the sharp rise in input costs - particularly the price of cotton. As if this was not enough, the government levied a 10% excise duty on all branded apparel leading to a cascading effect across the value chain. Consumers would have to pay more, and in an already inflationary environment, this would be unfair. After a representation from the industry participants, the government agreed to a partial rollback, imposing the duty on 45% as against the earlier 60% of the MRP. As a value conscious business, we dont want to overburden our consumers, but since the price and cost pressures are multi-faceted, we may be left with very few choices other than passing on part of the costs to the end-user. I am hopeful that the government will take cognizance of these challenges.

Despite challenges the outlook for the industry is promising largely because of fast evolving consumption patterns and accelerated economic expansion in emerging economies. India is now witnessing a consumption boom, and this phenomenon is here to sustain as the economy continues to expand. We are committed to capitalise on this tremendous market potential through enhanced innovation and brand visibility to drive growth and reinforce business sustainability. Let me take this opportunity to thank all our stakeholders and members of the KKCL team and my colleagues at the Board for their continued support and guidance.

Kewalchand P. Jain
Chairman and Managing Director

Our strengths comprise designing expertise, application of advanced technology, enduring customer relationships and resolute teamwork across hierarchies and responsibilities.

IN FASHION. ALWAYS.

IDENTITY

A YEAR DOES NOT MAKE A BRAND. KEWAL KIRAN CLOTHING LTD. IS AN INTEGRATED INDIAN BRANDED APPAREL COMPANY. OVER A SPAN OF THREE DECADES, WE HAVE INTEGRATED CAPABILITIES TO INCLUDE THE DESIGN, MANUFACTURE, BRAND AND RETAIL OF BRANDED READYMADES AND LIFESTYLE ACCESSORIES FOR THE YOUTH.

When KKCL commenced its operations in 1980, the fashion aspiring Indian youth waited for the yearly visit of relatives from abroad to bring home a token of last season’s fashion. With liberalisation opening up markets in the ’90s, a flurry of western brands came to India. But India wasn’t fashion forward yet. Despite an opportune segment, the Indian organised sector was too conservative to introduce western wear aggressively. One of the first items of desire being jeans, we at KKCL took the plunge with Killer towards the end of the millennium.

The success of Killer encouraged us to diversify into other apparel niches – Easies, Lawman Pg3, Integriti, and recently, our first accessories extension - ADDICTIONS. With the distinction of making an international mark in style and design innovations, we cater to those who take India to the world.

DO YOUR THING

HIGHLIGHTS

- 'Killer' our flagship brand was slotted amongst the Top 5 denim brands in India as per the IMRB Research Report.
- Opened 46 new retail stores in the year. This makes us present in more than 100 cities across the country.
- Also opened 4 new 'ADDICTIONS-Lifestyle accessories' stores.
- Our manufacturing location at Vapi (Gujarat) got completion certificate for the new factory building.

OVER 200,000 SQ FT

Total space owned by KKCL at manufacturing facilities.

We have manufacturing facilities at four locations Daman, Vapi (Gujarat), Dadar and Goregaon (Maharashtra).

What began as a vision to build a global Indian denim brand, has helped us establish a comprehensive presence across the country in truly international western wear. Our high benchmarks of quality have also propelled us to an export presence in the Middle East, Sri Lanka, Nepal and other countries.

COMPANY PHILOSOPHY

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

STYLISH ACROSS SEASONS

style: n. a distinctive appearance or design

Style is about the finer things in life. Dressing up. The painstaking attention to details. Fishing out just the garment for the mood of day. Mixing. Matching. Accessorising. It's for those who love shopping. On a lark, or planned over weeks. To spend a muggy Sunday at the mall or add distinction to one's persona.

We help so many youngsters find their style quotient. And in finding themselves, they have often stumbled upon us. Been loyal ever since. Looked to us for the tip of the season.

Style is the cornerstone of our collections – Indian at birth, global in citizenship.

BRAND Killer

LEAGUE Premium

THE WHO'S WHO? College students and entry-level executives - 16-25 years

WHAT'S IN A NAME? A brand that resonates with KKCL's internal traditions, Killer became one of the first Indian denim brand to go global.

It is one the highest selling premium denim brand of the country and for the country.

High on style and high on comfort, Killer's prominent brand markers scream youthfulness.

WHAT'S NEW? Killer for Her
Winter wear – jackets and sweaters.

BRAND Lawman Pg^3

LEAGUE Party

THE WHO'S WHO? Clubwear range-18-28 years

WHAT'S IN A NAME? Focused on denims and club wear, the product range includes shirts, jackets, jeans, and trousers.

Lawman Pg^3's high end fashion wear is casual, trendy, and vibrant.

Targeted at the Youth, we introduced this year the unique design element, Vertebrae.

WHAT'S NEW? Lawman Pg^3 Vertebrae
Lawman Pg^3 Chica.

BRAND Easies

LEAGUE Premium to value

THE WHO'S WHO? For the young professional between 25-40 years

WHAT'S IN A NAME? Easies is KKCL's range of formal and semi-formal menswear.

The choice is immense – in both designs as well as fabrics

WHAT'S NEW? Winter wear –jackets and sweaters.

BRAND Integriti

LEAGUE Value to mid-segment

THE WHO'S WHO? For those who defy age with attitude.

WHAT'S IN A NAME? This newborn is KKCL's prodigy. It has seen phenomenal growth in the past year - about 45 to 50% in volume as well as value.

Integriti offers casuals and formal shirts, t-shirts, jeans and cotton trousers that are high on quality and easy on the pocket.

WHAT'S NEW? Integriti Galz

BRAND K-Lounge

LEAGUE Fashion Retail Chain

THE WHO'S WHO? College goers to Corporate Executives-16-35 years.

WHAT'S IN A NAME? Replete with the entire range of KKCL products under one roof.

WHAT'S NEW? Reached 108 stores across India in 2010-11.

BRAND K-Lounge

LEAGUE Accessories

THE WHO'S WHO? Whether you're looking for bling, or a jazzy understatement, its the perfect addition to your wardrobe.

WHAT'S IN A NAME? ADDICTIONS is the lifestyle accessories extension of other brands from the KKCL umbrella

Range: footwear, gym wear, swim wear, eyewear, trinklets, formal accessories and more.

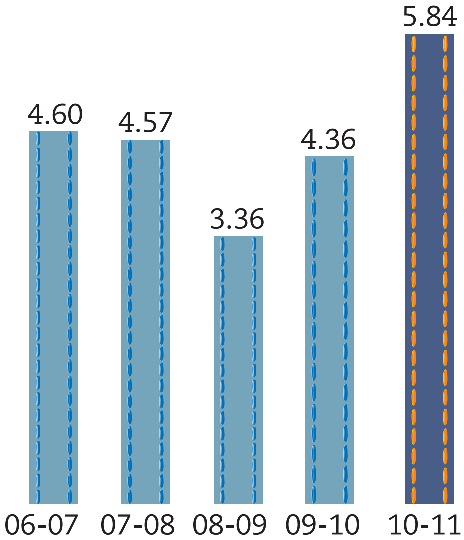
WHAT'S NEW? Deodorants and Personal Care Products.

STRONG GROWTH NUMBERS

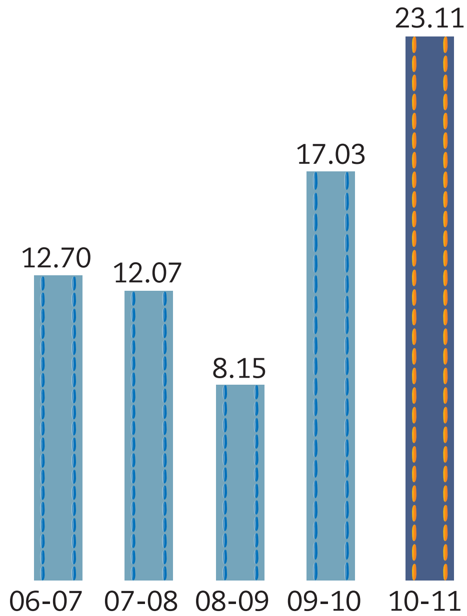
(₹ in Lacs)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Sales and Other Income	14,110	16,832	15,294	18,631	24,496
EBITDA	3,272	3,915	2,847	5,692	6,869
Profit before Interest & Tax (PBIT)	3,114	3,523	2,343	5,108	7,132
Profit before Tax (PBT)	**2,818**	**3,239**	**2,072**	**4,875**	**6,926**
Profit after Tax (PAT)	**1,865**	**2,110**	**1,426**	**3,252**	**4,623**
Cash Profits (Profits after Current Tax + Depreciation + Amortisation)	2,161	2,503	1,930	3,836	5,196
Net Fixed Assets	3,065	3,679	4,555	4,308	4,272
Investments	719	1,105	3,082	3,290	2,685
Net Current Assets	10,766	11,951	9,706	11,335	13,784
Deferred Tax Assets	137	145	144	166	164
Total Capital Employed	14,687	16,881	17,488	19,099	20,906
Networth	12,603	14,136	15,130	17,519	19,776
Borrowed Funds	2,084	2,745	2,359	1,580	557
Total Funds Employed	**14,687**	**16,881**	**17,488**	**19,099**	**20,333**

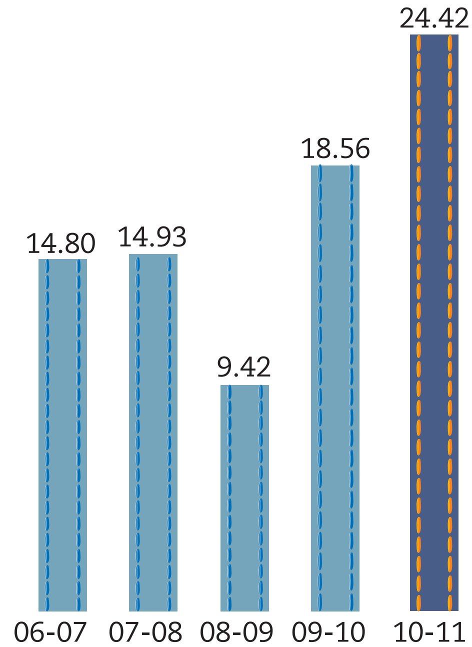
FIXED ASSETS TURNOVER RATIO



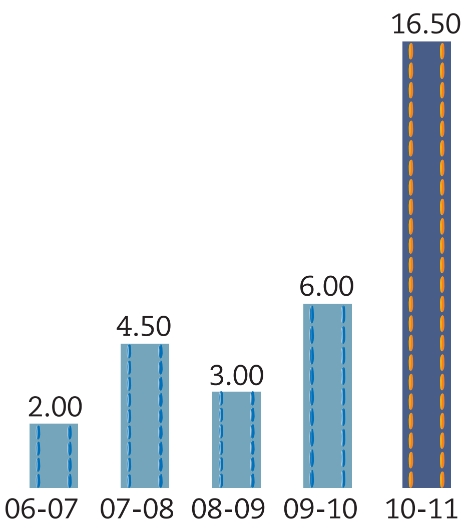
RETURN ON CAPITAL EMPLOYED (ROCE) %



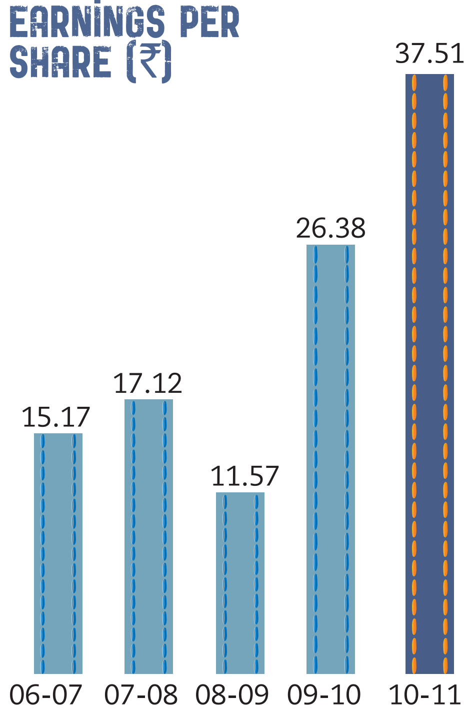
RETURN ON NET WORTH (RONW) %



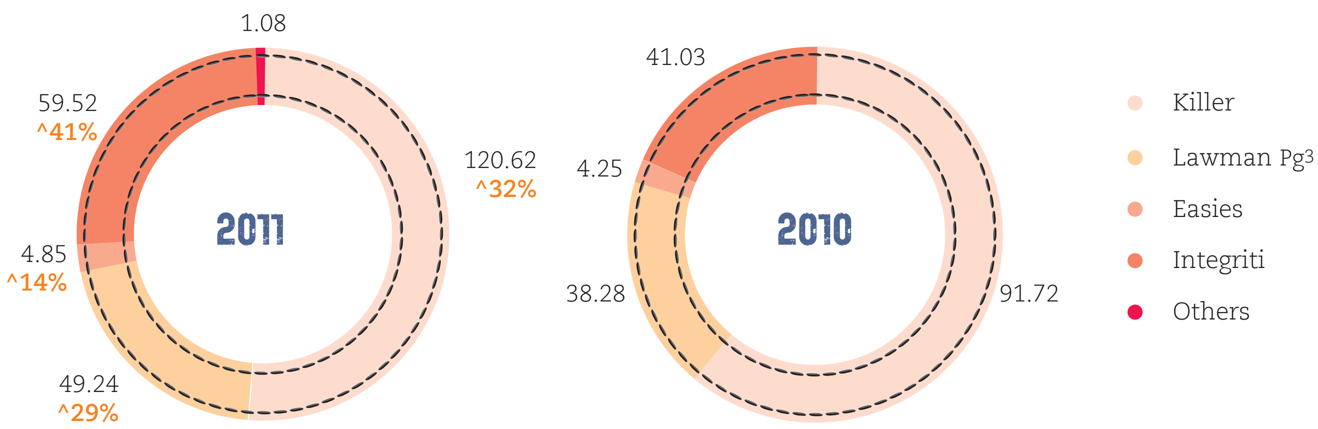
DIVIDEND PER SHARE (₹)



EARNINGS PER SHARE (₹)



BRAND-WISE SALES GROWTH (₹ Crores)



Total	235.31 (^34%)	175.28

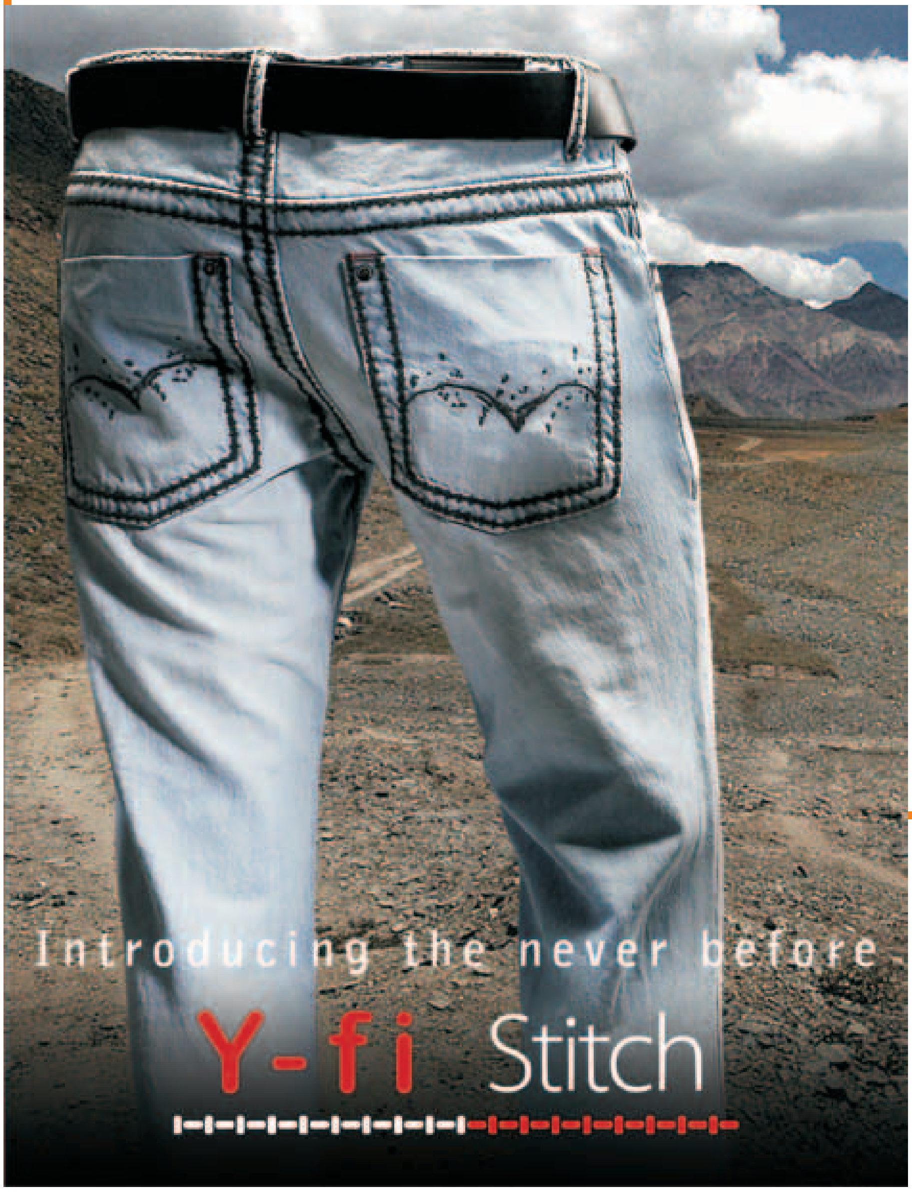
A NEW PAIR OF JEANS TO...

THAT NEW PAIR OF JEANS

We empower the youth with the confidence of being fashionably turned out. Our high-on-style brands are landmarks of sorts. To lead fashion trends every season, our designers and merchandisers work round the clock and bring the best trends from across the globe to the doorstep of young Indian consumers. Carefully crafted and mindful of desires and attitudes, every brand is a unique expression of its wearer.

Our products aren't mere names – they are symbolic of the times, they are sought for comfort and a yardstick of several ethnographic preferences. They have helped us consolidate not only consumer choices, but also raise lasting equity. Pioneers of the *swadeshi* denim revolution, we at KKCL contested the mindset, 'western wear = western brands'.

DESIGNED FOR YOUTH:Y-FI STITCH



Born February 2010, this in-house creation is more than just an embellishment. The magical 60 – warps; wefts; thread counts – for every 60 seconds is a stitch that lasts longer than even the fabric itself! Like all our futuristic creations, the Y-Fi stitch is protected under the Trademarks, Patents & Designs Act.

ZIPPING UP

Reinforcing profits at KKCL chiefly relies on strong fundamentals of financial increment. As a bottom line driven company, we believe in interlocking all our sales to secure positive impact on profits. We recorded a growth in EBIDTA of **47.21%** this year compared to the previous year. Also, recorded a robust growth in sales of **34.34%** as compared to 2009-10, largely attributable to higher net realisations.

Operating expenses increased in absolute value this year; however, higher sales volumes not only balanced this phenomenon, but also brought down their overall percentage.

We at KKCL, are truly Indian in our retail model too. Since the brands are wholly owned by KKCL, the Company saves on licensing costs. And then every rupee saved, is a rupee gained. The international brand imagery has massively uplifted our equity as an international competitor for us to price our products at par with other global brands. This leads to a healthy margin and creation of shareholder value.

DISTRIBUTION

Affluence has brought with it fashion consciousness. Our consumers not only reside in big cities, but also the remotest of towns across India. We have stores in places least heard of.

We are here. Too.
Jajpur & Bhavanipatna (Odisha), Chikli (Gujarat), Reva (Madhya Pradesh), Darbhanga (Bihar), Moga(Punjab)

Our emphasis on wider presence and distribution is to make our products available to more people. In metropolitan cities, we consolidate our individual brand business through exclusive stores and retail outlets that stock our extensive range of outfits. To permeate the arena in Tier II and Tier III cities, we shake hands with distributors and authorised resellers to carry our retail exercises forward.

OUR DISTRIBUTION CHANNELS

We have reinforced our presence through various retail models, including online modes among others.

Retail outlets – K-Lounge

Exclusive Brand Outlets - (EBO)

Lifestyle Accessories Stores – ADDICTIONS

National Chain Stores - (NCS)

Multi-Brand Outlets - (MBO)

Other Distributors, Master Stockiest, Master Franchisees, Licensees and Online mode

68% of total sales contributed by Multi Brand Outlets and National Chain Stores

EXCLUSIVE BRAND OUTLETS (EBOs)

We showcase the diversity of product range of each of our brands through Exclusive Brand Outlets (EBOs). Our EBOs, strategically located to leverage customers' brand preference, have helped us optimise sales of individual brands.

Individual brand outlets across India

Killer-29 | Lawman Pg3-4 | Integriti-22 | Lawman Pg3+Integriti-2 | ADDICTIONS-4

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K-LOUNGE

K-Lounge is a one-stop trendsetting fashion retail chain. It stocks the extensive range of KKCL's branded jeans, trousers, shirts, t-shirts and jackets as well as lifestyle accessories. The exclusivity in style and look that every brand brought with it deserved its own display space. To give them all an elite address, we set up K-Lounge stores on a pan-India base.

First opened in 2003-04, the constantly widening range of all KKCL brands is retailed through K-Lounges spread across the country.

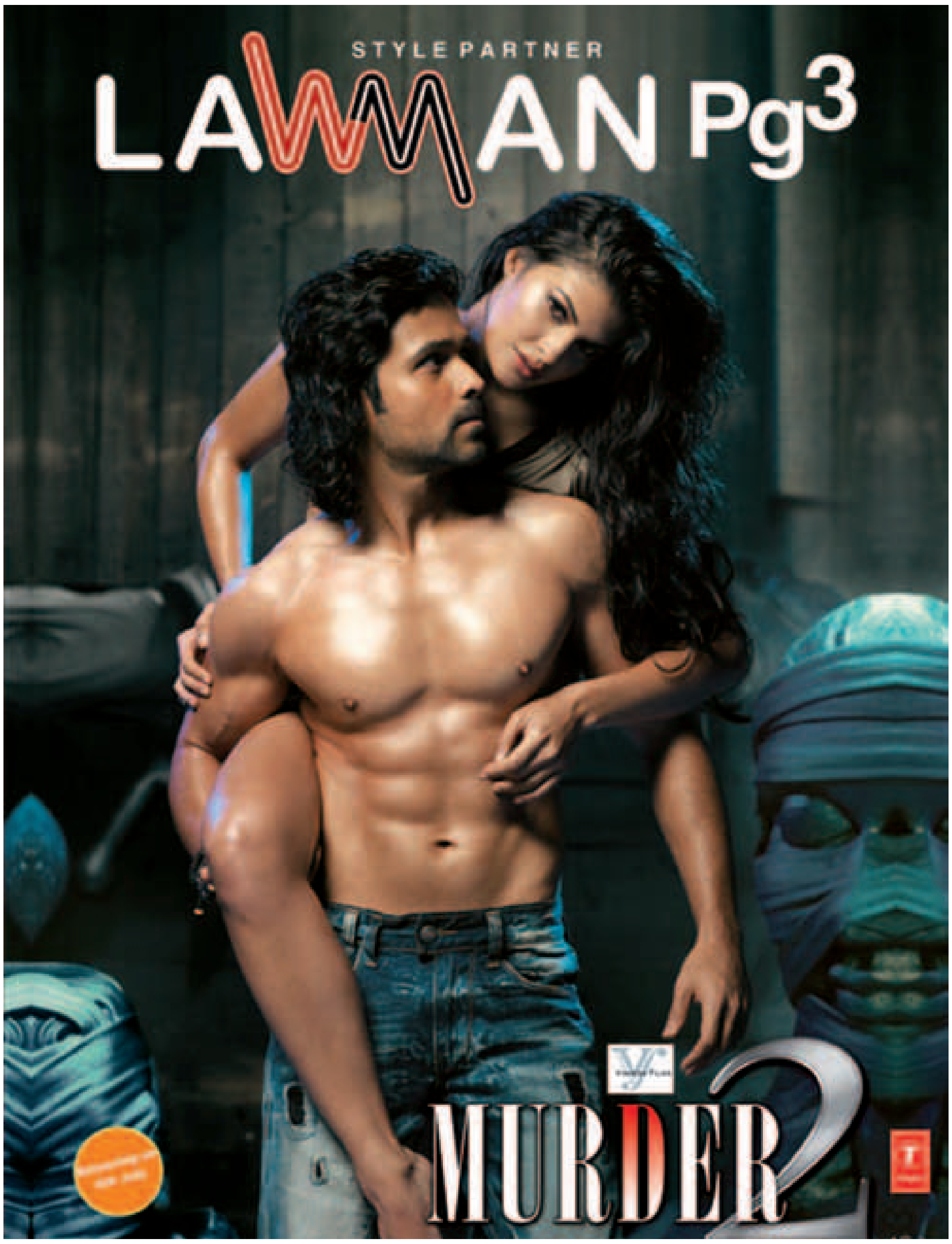
We have a total of 108 K-Lounge stores spread across 19 states in the country.

AUTHORISED RESELLERS

We also distribute our products through Authorised Resellers. These Resellers own and operate K-Lounge retail stores on their own. Often they also open a second store, a reflection of their loyalty and benefits they have reaped. The Company's Directors are directly involved in the awarding of these authorised resellers, which speeds up assessment and decisions.

A revamp in distribution across North India, rise in the number of exclusive stores and larger shop floors have collectively strengthened the fabric of our revenues.

CAMPAIGNS, EVENTS AND SPONSORSHIPS



KILLER

- ‘Do your thing’ Special campaign for the Killer Spring Summer Collection, launched this year, aimed at encouraging the youth to be unpredictable.
- Official Principal Team Sponsor for the Pune Warriors during IPL 4 - 2011.
- Participated at the Lakme Fashion Week with the ‘Killer Nari show’, Narendra Kumar’s collection for Killer, at which popular Bollywood actress Sonakshi Sinha was the showstopper.
- To create visibility and reinforce our brand image in South India, we sponsored several fashion shows and other events.

LAWMAN Pg3

- Associated with the movie ‘Murder 2’ for in-film advertising, Lawman Pg3’s major exports are channelled to the Middle East. Lawman Pg3 is also worn by consumers in seven other countries.
- KKCL was the proud sponsor of ‘LAWMAN Vertebrae T-Shirts’ for participants at the “Commonwealth Games”.

easies

Easies is a purely impulsive-buy brand. Unlike our other brands, we rely on the look and feel of the clothing at our stores for instant appeal and pick up.

integriti

Integriti uses multi-modal advertising to make its presence felt. In-film advertising and brand association/style partnering with popular films of the year have been other modes of exposure for the brand. We sponsored the Punjabi feature film ‘Jine Mera Dil Lutiya’ this year, and travelled with the movie crew at live concerts across four cities in North India.

BRANDING AND MARKETING

Brand equity is that phoenix that takes shape from market share, profit margins, consumer recognition of brand marks, the associations that consumers make with our brand language, and perceptions of quality. Across our brand portfolio, all of the above echo.

Through the years, we have focused chiefly on making our brands available everywhere. With our marketing and branding strategies and initiatives, our product lines have scaled new heights and made instant connect with peers across youth segments.

Rivets of strong branding initiatives back our brands. We take them everywhere they need to go: from the workshop, through the billboard, to the store, down the street. The trendiest collections reach the masses via strategic and planned allocations. Our mass media initiatives also include a charismatic footprint on social networking sites.

STRETCH FOR THE LADIES

Historically, women's wear has been the focus of all clothing markets. But the market for women's clothing is a highly unorganised one. It comprises 85% to 90% of the total market. While it leaves a small percentage for the branded segment, its scope is no less. The market size is huge and all competent players have enough space to expand.

With the information explosion and changing economic environment, the variety in the menswear increased considerably. That's where our idea to launch exclusive menswear took roots. We have used these learnings to make a foray into the women's western apparel market in our country which has, in recent times, gained speed.

The change in pattern is largely due to the adoption of modern western attire among college students and young professionals. With the increase in number of working women, rising income levels and a cultural shift in favour of western outfits, the women's branded apparels has witnessed a marked climb. We tap on this potential with our lines of women's apparel under almost all our brands.

We began with the launch of an exclusive range of women's jeans – Killer for Her. We came up with Pg^{3} Chica (*girl* in Spanish), an extension of the men's club wear 'Lawman Pg^{3}' brand, for women. Under Lawman Pg^{3}, we also launched Vertebrae, a casual collection for women that is ingrained with a precise wash-and-stitch on the garment to look like the human vertebral column. Integriti Galz is a women's wear variant of the original individualistic men's brand.

FOR WOMEN...

Killer for her

Pg3 Chica

Lawman Pg3 Vertebrae

Integriti Galz

Kangna Ranaut was signed as the first brand ambassador for Lawman Pg^3 Vertebrae.

THE 5TH POCKET -

ADDICTIONS

No one understands Indian psyche like KKCL. Our exhaustive range of international casuals and formals addresses the needs of both men and women, and all shapes. We dress up the youth to make them look great. To lend the contour of individuality the perfect finish, we introduced lifestyle accessories under ADDICTIONS.

ADDICTIONS is the accessories extension of KKCL's bouquet of offerings. The brand offers all that the youth would love to complete that image of perfection in the mirror.

ADDICTIONS targets impulsive buyers with its sharp pricing strategy and the soul of contemporary fashion. Apart from the four dedicated stores, the 40 categories of ADDICTIONS products are also available at all our other retail outlets. To add to our product basket, we continuously explore new suppliers from across India.

At KKCL, we believe in developing worldclass cosmetics and toiletries. Since young skins are even more susceptible, our products are trichologically and dermatologically tested for quality and safety. The cosmetics range is not tested on animals.

FROM HATS TO HEELS

A wide range of products spread across headgear, eyewear, cosmetics, jewellery, bath linen, gym wear, rain wear, footwear..... You name them. We have them.

EYEWEAR

Sunglasses
Spectacle Frames

TOILETRIES

Deodorants
Hair & Body Wash
Facewash
Hair Gel
Shaving Gel
Hand & Body Moisturiser
Shower Gel

HEAD GEAR

Headbands
Bandana
Scarfs
Hats
Winter Caps
Caps

ACCESSORIES

Casual Belts
Watches
Rings
Wallets
Bracelets
Trinklets
Wrist Bands

BAGS

Trolley & Strolley bags
Student Bags
Gym Bags
Denim Bags
Laptop Bags

INNERWEAR AND SWIM WEAR

Innerwear
Boxer Shorts
Swim Trunks
Vests
Socks
Nightsuits
Bath Towels
Hand Towels

FOOTWEAR

Sandals
Flip Flops
Formal Shoes
Casual Shoes
Formal Accessories and Others

CLOTHING ACCESSORIES

Ties and Cufflinks
Handkerchiefs
Windcheaters
Tracksuits

STRENGTHNING HUMAN CAPITAL

The year 2010-11, proved significant for the ***'happiness quotient'*** that we at KKCL strive for, in addition to ensuring an enhancement in our ***'employer branding'*** – a key focus area for KKCL. This year, various initiatives were taken which would qualitatively enhance our ***'human capital'***. The following measures taken towards this end:

- Increase the welfare of the employees by introducing various ***social and economic*** measures.
- Introducing an integrated system of ***rewards and recognition*** to enhance productivity.
- Fulfill our Corporate ***Social Responsibility*** objectives by recruiting children and family members of existing employees and by enhancing the number of women in our workforce.
- Increase the ***happiness quotient*** of the employees by conducting various events / contests, which brought the people together as a social unit.
- To increase the ***learning curve*** at all levels, by conducting various training programs and seminars.

The initiatives brought about a radical and positive change in the mindsets of all the members of the Organisation. It facilitated better interpersonal relationships between people and had a positive impact on the productivity and motivational levels of our entire team.

TRAINING AND DEVELOPMENT

Training by Dr. Sunil Gupta - a Life Time Master Trainer of Dr. Edward De Bono's Tools on **'Creativity & Innovation'**

This session helped to enhance the creative and leadership qualities in the top level management.

Training by Dr. Pawan Aggarwal (the great Indian Management guru of the dabbawalas in Mumbai) on **'Zero Error in Systems Management'**

This session helped to enhance the creative and leadership qualities in the top level management.

Training in **Logic (IT)** was also conducted at the Corporate Head Office (CHO), factory and the retail units, to make the daily work simpler and easier.

For the senior level personnel, at the CHO, a similar training on **'Financial Investments'** was conducted by **Ms. Sangeeta Jhaveri - Prescient's founder & Chief Executive,** to promote the culture of better money management.

Special sessions on Retail training were conducted – both at the CHO and at the store level. A two day training workshop - **'Train the Trainer'** was organised for the Store Managers of all KKCL owned stores (pan India). The training was aimed at training the Store Managers in various aspects - so that there was an increase in their productivity. The knowledge / skills they acquired, were passed on to the CSA's in their teams. The training was on **Visual Merchandising, IT at the Store Level, Economies of the Store Management, Customer Care & Grooming.**

To inculcate the habit of savings and to educate the factory employees on the benefits of **'Small Savings Mobilisation'**, special sessions were organised (in co-ordination with the State Bank of India).

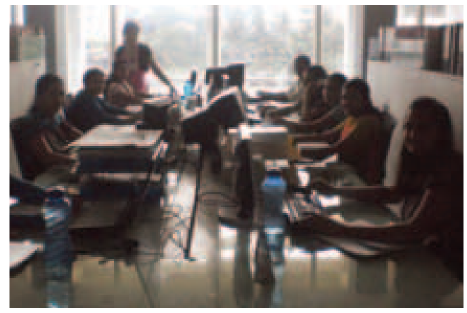
A regular weekly training programme on retailing is conducted by an **internationally renowned retail expert – Prof. S. C. Mishra.** Various topics such as **Introduction to Retailing, How To Reduce Wastages In The Retail Stores, Displays Of Goods, Purchase Planning, Importance Of Brands In Marketing** are covered in these sessions. This is a programme open to all employees to familiarise them with the world of retailing. Given that **KKCL** is a relatively recent entrant to the retail sector, we feel our efforts must be exemplary to be abreast with all the recent developments and concepts, as well as ensure that we invest in the skill development and knowledge of our marketing and retail teams.

We also conduct special **'Interactive Sessions'** for the spiritual upliftment and personal development of the employees at the CHO, every Saturday.

EMPLOYEE WELFARE (SOCIAL AND ECONOMIC INITIATIVES)

KKCL launched '**Project Students Samarthan',** targeted at the student fraternity. Under this, students from various prestigious educational institutes were awarded an **internship** with **KKCL**, along with a complete package of - **industrial visits, special training programs and exclusive events organised for them.** Some of them were even given **the opportunity to model** the Autumn Winter Collection, during the Retailers' Conference. This program, besides creating a talent pool for the future, also served as an informal branding exercise. These students will be recruited on a preferential basis upon completion of their respective courses.

KKCL also introduced the **'Employees Children Referral Policy'**, wherein children and relatives of existing employees were given preferential recruitment. Some of these referrals have already been absorbed into the Organisation and have been successful. This was a significant morale booster to existing team members.



KKCL strives to consistently maintain and **increase the ratio of women in its workforce,** as part of its commitment to be an equal opportunity employer. More women were absorbed into the Organisation, at all the levels and in all the units. Special welfare measures were introduced for expectant mothers.

To motivate the marketing teams and the production units, to perform better, a special measure was introduced – **'Super Achievers of the Month'** which highlighted the achievements of those teams that have achieved their monthly targets. This public announcement of each team's achievements was a step in the right direction, as it enhanced healthy competition and increased the productivity to a considerable extent.

The **'ADDICTIONS Sale'** was held for the KKCL employees. All the employees were given feedback forms and were allowed to share their suggestions and comments on each item purchased. It helped understand the features of the products and thereby improve quality.

An informal session of direct interaction between employees and the CMD, Mr. Kewalchand Jain, was organised, wherein ideas on improving productivity were discussed as part of our transparency and participation in management commitment.

'Vertebrae – Trail the Mail Contest', 'Why I Love ADDICTIONS' contests are some of the other in-house promotional activities carried out at KKCL as a part of the various activities carried out by the HR.

CORPORATE SOCIAL RESPONSIBILITY

As part of employee retention initiatives, KKCL has invested in a life insurance cover for all employees with above three years of service at KKCL. Under '**Employee Life Insurance'** scheme, in the unfortunate event of the death of any of our employees, their immediate family would receive compensation equivalent to twice the last drawn annual remuneration.

The KKCL managed Vijay Vallabh General Hospital at Sadri, Rajasthan was awarded **'The Bharat Jyoti Award'**, at the hands the Prime Minister of India, Shri. Manmohan Singh.

KKCL also participated in the largest **'Blood Donation Camp'** in the world on 1st May, 2010 (Maharashtra Day), held in Mumbai.

A free **'Dental Checkup Camp'** was conducted by the Rotary Club at the Daman factory for the benefit of the employees.

SALES FORCE DEVELOPMENT

We at KKCL believe in the ethos of strong personnel relations in order to increase our brand worth. Training and Development is also part of this culture.

Apart from keeping our employees happy, we also maintain our service quality by training our sales force in basic soft skills. These training sessions were held across all stores in the country.

In addition to training, we also ensure thorough understanding of new product and range offerings at all our stores by sending them information and brand presentations of new collections. These presentations contain details about brand USP as well as differentiation from other brands similar in nature.

INTELLIGENCE GATHERING

At KKCL, we conduct detailed system-data mapping in order to gather insight on how best to customise our product lines. We also profile customer databases on parameters of states and regions. For example in India, denims are picked up based on fits, whereas shirts, on designs.

In fact, the demand for denims is determined via intense discussions with the various sales managers. The process also involves gathering data and understanding the mindset of the people.

INFORMATION TECHNOLOGY

Cost reduction and increase in efficiency are issues every company must address. IT infrastructure is the answer to both. Whether it is product development, customer orders, shop floor management or product sourcing. Employing information technology based solutions is therefore time-saving as well as speeds up marketing and quality control across the supply chain.

We have a well equipped IT System in place, which ensures faster and efficient transmission of data. There are not only appropriate systems in place to manage inventories, but also HR management. These systems benefit the Company immensely. IT infrastructure at KKCL is a unified platform with centralised services utilised optimally. We have an integrated ERP (Enterprise Resource Planning) system which is customised as per requirements and can be updated when required. The support for the same is obtained internally.

Our company has a well-organised MIS system in place too. We also have an online Payroll system. Rolling systems are in place for HR covering all the modules. These ensure real time data sent to the corporate office, which is the ultimate authority on these systems.

As and when an implementation or an upgrade of systems is required, we carry out judicious assessment of the needs and benefits derived from investing in the respective projects. This need-benefit based analysis and investment is a critical differentiator from other companies.

HIGHLIGHTS OF THE YEAR 2010-11

- Systems were upgraded in record time without any interruption of business processes.
- Aggregation of the entire primary and secondary sales data was carried out because of the rise in the number of distribution points.

IT SECURITY

IT audits are carried out on a regular basis.
The Company is in the low risk category.

DIRECTORS' PROFILE

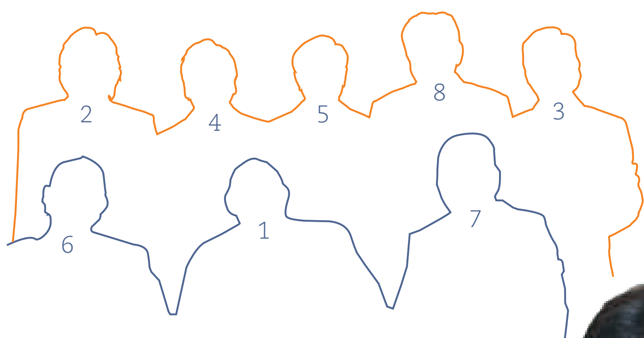
1 **Mr. Kewalchand P. Jain**
Chairman & Managing Director

Achievements and contribution-

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

Other posts-

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



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

Achievements and contribution-

- Leads the marketing functions of the Company.
- Was instrumental in launching the new brands of the Company. An avid traveler and hands-on professional, he keeps a keen eye on the latest trends in international men's fashion.Responsible for marketing of Killer and Easies brands. Also looks after the business of K-Lounge, the retail concept of the Company.

Other Posts-

- Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.

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

Achievements and contribution-

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

Other Posts-

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

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

Education-

- Bachelor of Commerce.

Achievements and contribution-

- Joined the group in 1992.
- Heads the operations and distribution functions of the Company. Responsible for marketing of Lawman Pg^3 and Integriti brands. Looks after the business of K-Lounge, the retail concept of the Company. Spearheads the lifestyle accessories business under the brand ADDICTIONS.
- Travels extensively and scouts for new technologies in garment manufacturing.

Other Posts-

- Trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.

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

Experience-

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

Awards-

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

Other Posts-

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

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

Education-

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

Experience-

- Rich experience in the field of marketing, research and production.

Other Posts-

- Chairman and Managing Director of Unichem Laboratories Limited.
- Former Vice President of the Indian Pharmaceutical Association.
- Executive Committee Member of the Indian Drug Manufacturers Association.

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

Education-

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

Experience-

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

Other Posts-

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

8 **Mr. Mrudul D. Inamdar**
Independent Director

Education-

- Member of the Institute of Chartered Accountants of India.

Experience-

- Practitioner for over 27 years in the field of Corporate and Individual taxation; with special emphasis on representation before Income-tax appellate authorities at all levels; Tax Audits; Tax and Legal Due Diligence and Corporate Tax planning.

Other Posts-

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


KILLER
PRINCIPAL SPONSOR OF PUNE WARRIORS INDIA
PUNE
WARRIORS
INDIA
DO
YOUR
THING

MANAGMENT DISCUSSION AND ANALYSIS

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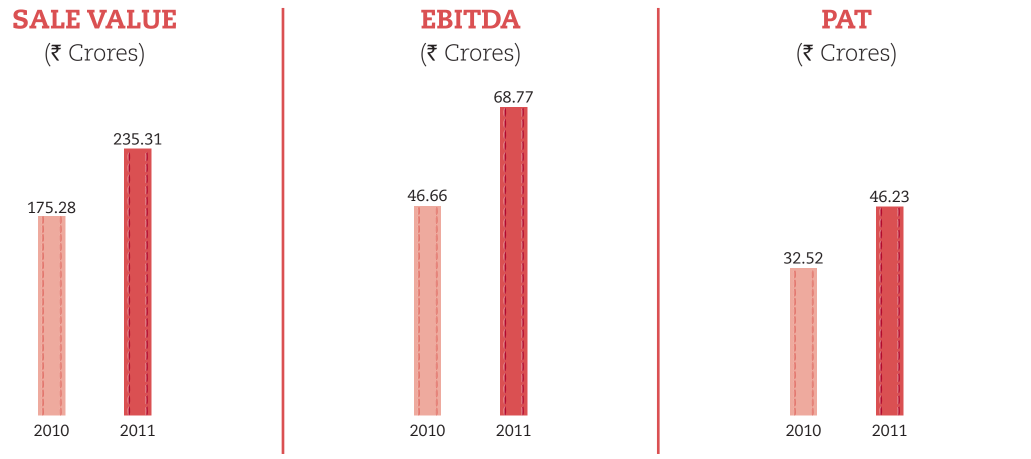
> **Sales increased by 34.34% to touch an all time high of ₹ 235.31 Crores.**

KEY PERFORMANCE INDICATORS

- Sales increased by 34.34% to touch an all time high of ₹ 235.31 Crores.
- EBITDA increased by 47.21% to ₹ 68.77 Crores with EBITDA margin of 29.03%.
- Profit After Tax increased by 42.17% to ₹ 46.23 Crores with PAT margin of 19.53%.
- Cash surplus of ₹ 126.00 Crores Total dividend payout of ₹ 16.50 per share including special one-time dividend of ₹ 6.00 per share.



MACRO PERSPECTIVE

While the global scenario started on a volatile note with the onset of the European sovereign debt crisis, the Indian markets continued the strong growth momentum on the back of improved consumer sentiment, robust economic conditions and buoyant demand driven due to volume growth. The economy clocked GDP growth of 8.5% for FY 2011 up from 8.0% in FY 2010.

EXHIBIT: GDP GROWTH

	FY 2010	FY 2011
		(%)
Overall GDP	8.0	8.5
Agriculture	0.4	6.6
Industry	8.0	7.9
Service	10.1	9.4

(Source: CRISIL Report, 2011: Eco Insights)

The global markets had barely settled post the bailout of Greece through a package supported by the Eurozone countries and the International Monetary Fund, when a wave of protests and demonstrations erupted across the Middle East and North Africa. These events have toppled the heads of state in Tunisia and Egypt and led to revolutions in other countries like Yemen, Bahrain, Syria and Libya – one of major oil producing countries, resulting in rising oil prices.

More recently, the earthquake and tsunami in Japan has had a catastrophic impact on the people and the economy of Japan. The purpose of highlighting these developments is to bring forth the level of instability and uncertainty and the resultant impact on countries like India which are today highly integrated with the global economy.

On the domestic front, a consistent rally in commodity prices has led to a sharp increase in input costs for domestic manufacturers. The stubborn inflation scenario is at the forefront of monetary policies and the authorities will be challenged to manage the inflation without affecting growth.

When branded apparel sector was facing the challenges of rising input costs like runaway cotton prices, the imposition of excise duty in the Union Budget dealt another blow to the industry. The levy of 10% excise duty on all branded apparel was unexpected and had a cascading effect on the entire value chain. The industry approached the Government with representations about the adverse impact this would have on all stakeholders including garment manufacturers, factory workers, distributors, retailers and last but not least, the end consumer – the common man. Organised retailers shut shop for a day despite loss of business and joined the efforts. The Government announced a partial rollback of the levy from 10% excise duty on 60% of the Maximum Retail Price (MRP) of branded apparel to 10% excise duty on 45% of MRP.

Left with no choice but passing down of the increased costs, the consumer will eventually have to bear the brunt of higher prices. Consumer spending has been on the rise, but with rising inflation and higher prices, the impact on discretionary consumer expenditure remains to be seen.

Despite these short term challenges, we remain optimistic about the long term potential of the industry. The rapid growth in the first half of the decade had lead to high demand for retail space resulting in inadequate retail infrastructure and frequent rental hikes. Post the downturn in 2008, the situation has stabilised and retailers can plan and manage their growth. The Indian Retail sector is not just about organised v/s unorganised retail but more about modern retail. The growth opportunities in organised retail in India continue to attract many players and international companies are awaiting changes in the Foreign Direct Investment (FDI) limits in the retail sector which would allow higher participation, especially in Multi Brand Retail.

There is no dispute about the growth trajectory of organised retail which has been consistently expanding and evolving as retail destinations like malls, high streets reach international standards. The Indian consumer has become highly fashion conscious, but continues to seek value for money when spending. We remain focused on meeting these aspirations and expectations of the consumer by building an organisation which is capable of delivering stable and consistent growth.

SALES

KKCL achieved an all time high Sales of ₹ 235.31 Crores on the back of robust volume growth of 34.34% to 34 Lacs units as compared to the last year posting a sales of ₹ 175.28 Crores. This level of business represents sales value of over ₹ 400.00 Crores based on the Maximum Retail Price (MRP) of the products.

> EBITDA growth of 47.21% from ₹ 46.66 Crores to ₹ 68.69 Crores in 2010-11. PAT - ₹ 46.23 Crores registering a growth of 42.19% over the previous year.

PROFITABILITY

Stringent cost control, prudent expenditure policies and a strong financial position has enabled the Company to improve its profitability with EBITDA growth of 47.21% from ₹ 46.66 Crores to ₹ 68.69 Crores in 2010-11. Also, the Company recorded a PAT of ₹ 46.23 Crores registering a growth of 42.19% over the previous year.

FINANCIAL POSITION

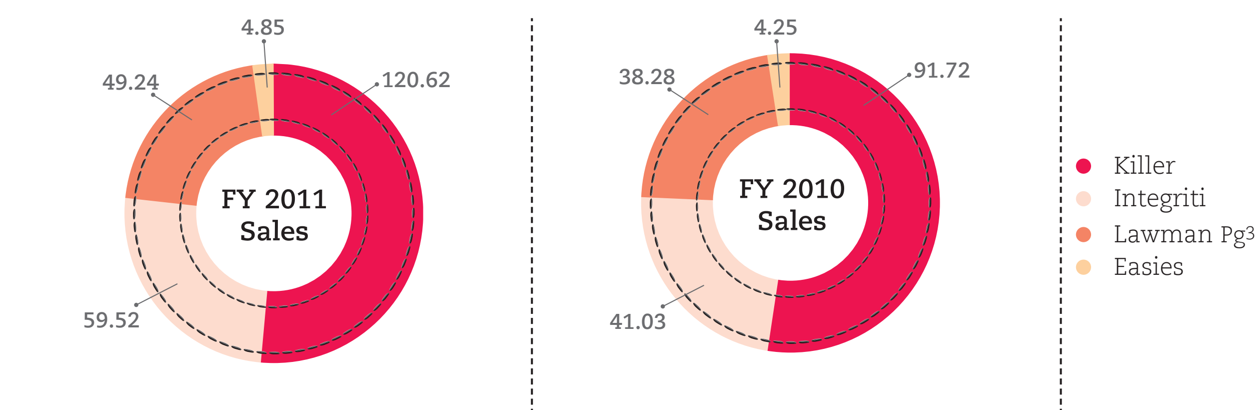
CRISIL upgraded Company's ratings on the bank facilities and to 'A+/Stable' from 'A/Positive' and awarded highest rating of P1+ for its commercial paper programme.

CRISIL Independent Equity Research (IER) upgraded Company's fundamental rating to '4/5 ' which indicates superior fundamentals as compared to other listed securities in India.

BRANDS

Over the years, KKCL has launched brands keeping in mind the needs and aspirations of the consumer. Each of KKCL brands have been at the forefront of the changing fashion in the industry and cater to a relevant segment which has strengthened its association with consumers.

BRAND-WISE BREAK-UP OF SALES (₹ CRORES)



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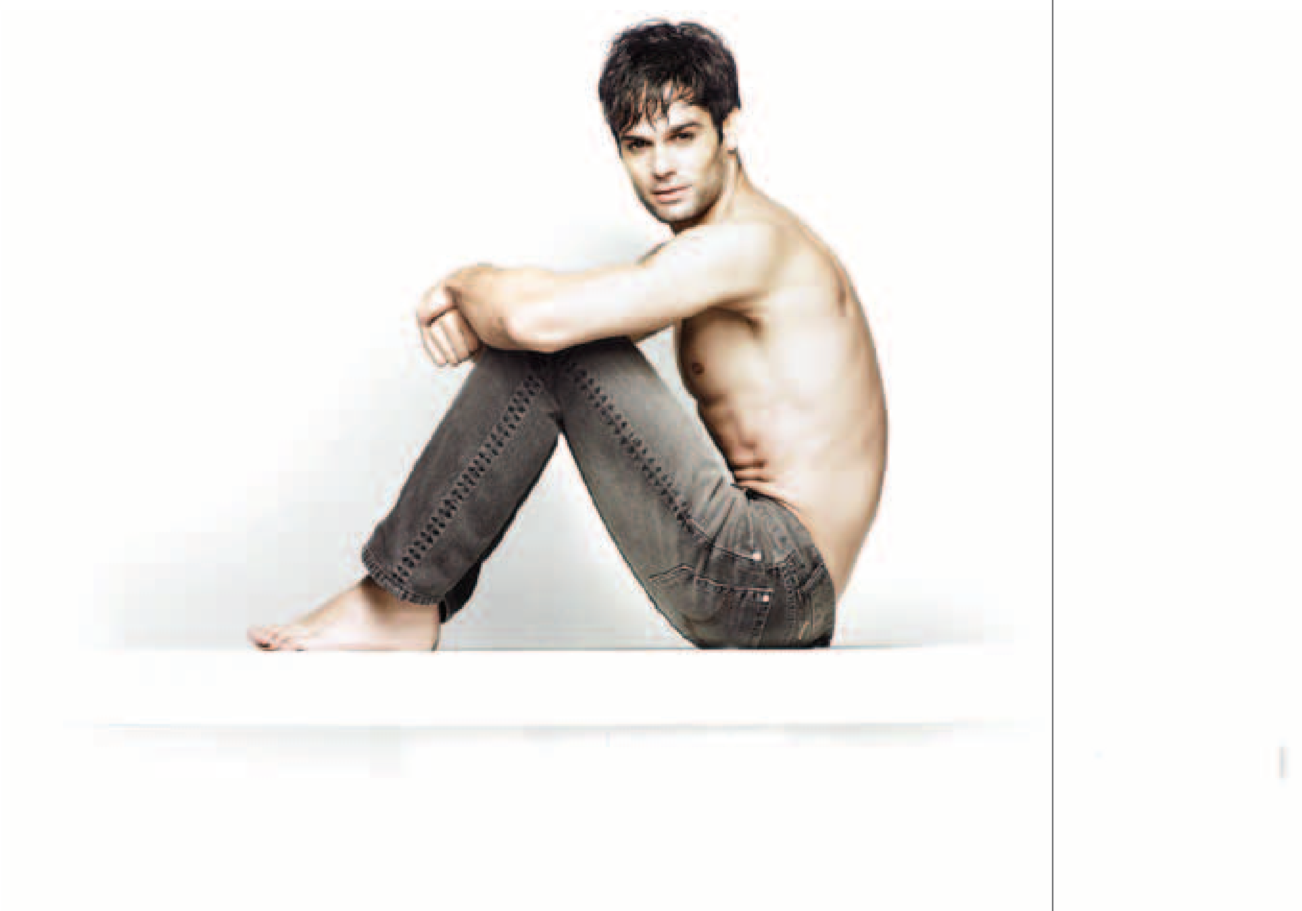


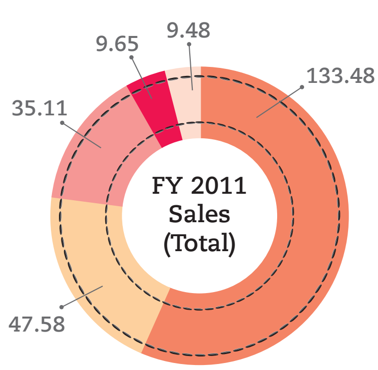
Killer – The cornerstone brand of your Company continued its strong growth momentum of 32% and has accounted for 51% of the total sales of the Company. The strong appeal of the brand was taken to a wider audience with 'Killer' being one of the key sponsors for the Pune Warriors team in the IPL season of 2011. With a high viewership of IPL in India and abroad we are confident that the Killer brand will benefit significantly from this move.

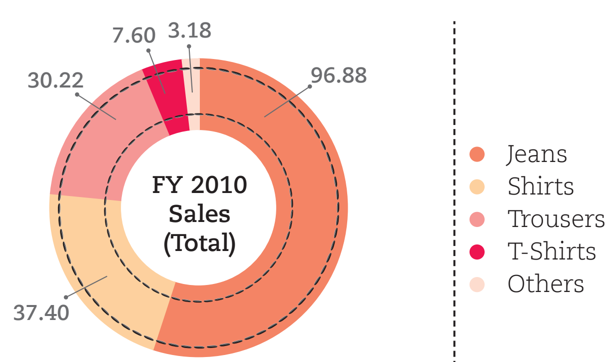
Integriti – The brand which caters to the masses by offering affordable yet exciting portfolio of fashion wear has shown the highest growth among all the brands of KKCL. Integriti grew at a rate of 45% and accounts for 25% of the total sales of the Company. It has consolidated its second position after overtaking Lawman Pg3 last year. Integriti now is also sold from large chain stores in India.

Lawman Pg3 – The fashionable, trendy and youthful brand which caters to the 18 to 28 years segment has recorded growth of 29% and accounted for 21% of the total sales. Further sub-brands were launched under the Lawman Pg3 umbrella viz. – Vertebrae (with unique stitch, design and styling that was developed inhouse) and association of Ms. Kangana Raut as its brand ambassador. Pg3 Chica line of fashion wear for women was also launched during the year.

Easies – This brand serving young executives with semi formal range of menswear in the 25 to 40 years age group has recorded a growth rate of 14% and accounted for 2% of the total sales. Easies now is also sold from large chain stores in India.

PRODUCT-WISE BREAK-UP OF SALES (₹ CRORES)





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Your Company continued its core focus on denim wear but has also consolidated its position in other products. Jeans has the biggest product share followed by Shirts and Trousers. Your Company has also forayed into the market of fashion accessories by introducing the 'ADDICTIONS' brand which is gradually picking up pace.

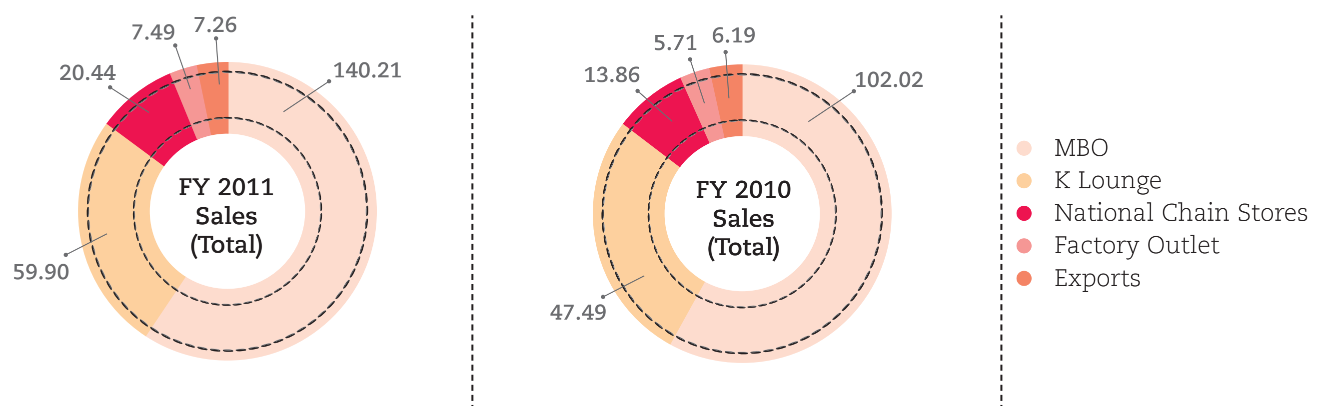
Jeans – Accounted for the largest portion of the total sales at 57% and has been the key growth driver with recording an increase of 38% in sales over the last year.

Shirts and – T Shirts Grew by 27% each and represented 20% and 4% of the total sales respectively.

Trousers – The product which accounted for 15% of the total sales have registered a growth of 16%.

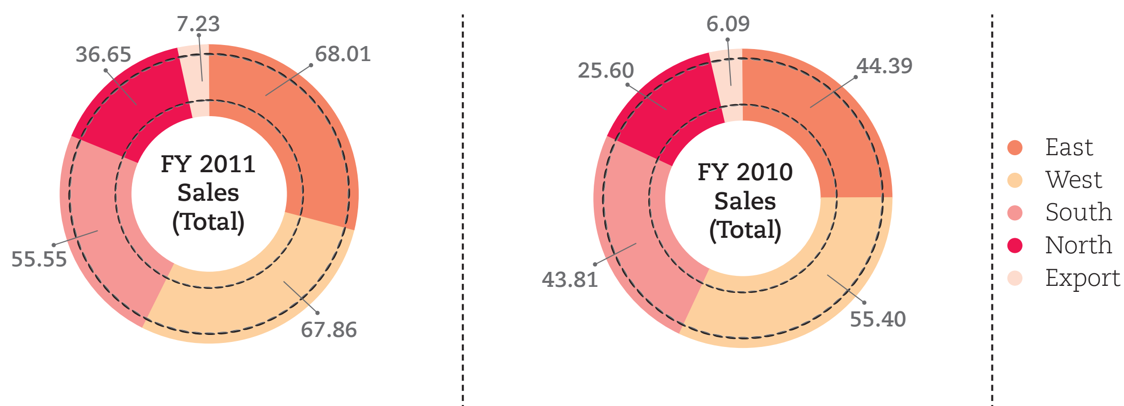
Others – The prolonged winter across the country resulted in higher sales of sweaters and jackets. Accessories which account for a large portion of the other products were introduced this year under the ADDICTIONS label and include lifestyle products like wallets, eyewear, deodrants, shoes, belts, bags etc. Although the ADDICTIONS accessories are at an inception stage and accounted for a small portion of the sales, the Company is investing into building up this brand and product portfolio.

FORMAT-WISE BREAK-UP OF SALES (₹ CRORES)



Multi Brand – Outlets (MBOs)	The format which accounted for the largest portion of the total sales at 60% has recorded a growth of 37% since last year.
K Lounge –	The fashion retail chain along with Exclusive Brand Outlets promoted by KKCL accounted for 25% of the total sales and has registered a growth of 26%.
National Chain – Stores	The large format stores accounted for 9% of the total sales and registered the highest growth among all formats at 47%. Apart from higher sales, presence in national chain stores also provides added visibility for the brands.
Factory outlets –	accounted for 3% of the total sales and grew at a rate of 31%.
Exports –	accounted for 3% of the total sales and registered a growth of 17%.

REGION-WISE BREAK-UP OF SALES (₹ CRORES)



Your Company strives to serve all regions of the country in order to maximise the Company's market share and to reach out to newer consumers and have geographically diverse and de-risked presence.

East –	The Eastern region has registered the largest growth of 53% and accounted for 29% of the total sales coming at par with the Western region.
West –	The Western region registered a growth of 22% to reach ₹ 67.9 Crores and presently accounts for 29% of the total sales.
South –	The Southern region is steadily growing at a rate of 27% and accounted for 29% of the total sales.
North –	The Northern region is growing rapidly at a rate of 43% and accounted for 16% of the total sales.

RETAIL

K – Lounge – is a trendsetting concept pioneered by KKCL aimed at providing its customers with a fashion destination where the customer can experience all the four brands. Apart from the K-Lounge stores the Company has also set up Exclusive Brand Outlets (EBO) under its existing brands KILLER, LAWMAN Pg^3 and INTEGRITI. As on 31st March, 2011 the Company now has 176 retail stores i.e. 108 K - LOUNGE stores, 29 KILLER EBOs, 22 INTEGRITI EBOs, 4 LAWMAN Pg^3 EBOs, 2 LAWMAN Pg^3 cum INTEGRITI EBOs, 7 Factory Outlets and 4 ADDICTIONS stores spread across the country which together contribute to 27% of the total sales. The Company has started appointing master stockiest and master franchisees to service the Company's retail stores across the country.

NEW INITIATIVES

On the brand and product front, the Company has taken several steps towards introducing new designs and range of fashion wear. The Company would continue its thrust on launching innovative and trendy products that have a global appeal. The Company has already launched Vertebrae, and Yi-Fi stitch under Lawman Pg^3 which received tremendous consumer response. Next in line from the Lawman Pg^3 stable is yet another innovative product called 'Emboss' which is ready to take on the markets. The Company is in the process of introducing a range of personal care products in the ensuing year and the ball has been set rolling with the launch of Deodorants. The Company is also positive about the new range of footwear which would be introduced in the ensuing year.

OUTLOOK

The strong momentum witnessed in the early part of last year may soften in the short term due to sharp increase in retail prices of garments. While consumer sentiment remains strong and purchasing power is increasing, macro factors like consistently high core inflation, rising fuel prices may affect discretionary spending. With strong brands that straddle all key segments for the consumer seeking world class fashion wear with value proposition, KKCL is well positioned to capture the growth across the branded fashion wear segment despite shifts in consumer preferences. The near term hurdles with undoubtedly temper the pace of growth but the Company is optimistic about the long term growth potential and is targeting to enhance its presence by focusing on its power brands.

OPPORTUNITIES AND THREATS

Estimates of the retail industry in India vary from USD 300 to 400 Billion. Increasing share of organised retail (now at an estimated 6%), growing urbanisation, improving retail infrastructure, rise of double income families, increased brand consciousness all provide ample reasons to believe that the overall market size provides a huge potential for growth.

The retail sector continues to have restrictions on FDI and many global players are awaiting relaxation in FDI norms to enter India or to enhance their investments in the country. The recent pronouncements about potentially allowing upto 51% FDI in multi brand retail, subject to conditions, could ease access for multinational retailers to enter India. KKCL believes that entry of foreign players will obviously mean more competition, but it will also add to the growth opportunities as the level of fashion consciousness and willingness to spend increases with such developments.

Your Company is targeting to provide its customers with a complete lifestyle experience and has introduced 'ADDICTIONS' range of accessories to complement its core portfolio of products.

So far, there has not been any discernible trend that evidences a slowdown, but the biggest threat remains the impact of continued inflationary conditions and rising interest rates that may impact the customers' wallet share of discretionary expenditure.

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RISKS

DISTRIBUTION RISK

The Company is engaged in the manufacturing and distribution of apparels and accessories. These are sold through various channels such as distributors, NCSs, MBOs, EBOs etc. Therefore, selection of the distribution channel in terms of combination of the Company's own stores and other outlets, location of the Company's own stores etc. becomes all the more important. This may impact the success of the Company's business.

The Company endeavors to optimise retail cost, by opening up retail stores at various locations pan-India. These will be a judicious mix of various channels to reach out to the final customer.

COMPETITION RISK

The market currently is very fragmented with presence of both organised and unorganised players with the latter representing a significant market share. The presence of many Indian and International brands in the market makes it all the more competitive. .

The Company has built a diversified portfolio of brands over a period of time, giving the customers ample options to choose from. Also the sales are well diversified across the country with limited geographical concentration. KKCL has a wide range of products amongst other denim brands in the country and has now introduced a range of accessories for customers to choose from.

NON-AVAILABILITY OF RAW MATERIALS

The Company is dependant on external suppliers for its raw material requirements. Any delay in supply or non conformance to quality requirements by the suppliers or fluctuations in the prices of the same can impact the Company's ability to meet customer requirements and thus impact profitability.

KKCL has developed and evolved a robust supply chain management system to mitigate this risk, .

MERCHANDISE OBSOLESCENCE RISK

The Company is in the business of fashion and therefore faces the risk of changing consumer preferences due to which stock of unsold goods may not remain saleable.

KKCL has strong in-house designing team that develops products in line with international fashion trends that meet the discerning needs of the customers. The Company also runs various promotional schemes for products to minimise the incidence of obsolete or slow moving products.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Sound internal control systems are a prerequisite for building and enhancing shareholder value in the long run. The Company has a sound system of internal controls commensurate with the size of the Company and the nature of its business to ensure that all assets are safe guarded and protected against loss from unauthorised use or disposition and that transactions are authorised and recorded reported correctly and adequately. The Company's internal control are supplemented by internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

The key constituents of the internal control system are:

- Establishment and review of business plans.
- Identification of key risks and opportunities.
- Clear and well defined organisational structure and limits of financial authority.
- Continuous identification of area requiring strengthening of internal controls.
- Operating procedures to ensure effectiveness of business process.
- Systems of monitoring compliance with statutory regulations.
- Well defined principles and procedures for evaluation of new business proposals capital expenditure.
- A robust management information system.
- A robust internal audit and review system.

"KKCL has always fostered a performance driven environment that allows for creative output while maintaining highest levels of professionalism."

The Company has appointed independent firm as Internal Auditors to monitor the Internal Control systems and its implementation.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal controls systems and suggests improvement for strengthening them. The Company has a strong Management Information System which is an integral part of the control mechanism.

ENVIRONMENT AND SAFETY

The Company is committed to the need for environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation and sustainable use of natural resources.

HUMAN RESOURCES

The success of any business is a function of its human capital. KKCL has always fostered a performance driven environment that allows for creative output while maintaining highest levels of professionalism. The Company believes in grooming future leaders and provides on-ground exposure to develop skill sets borne out of experience in managing real business situations.

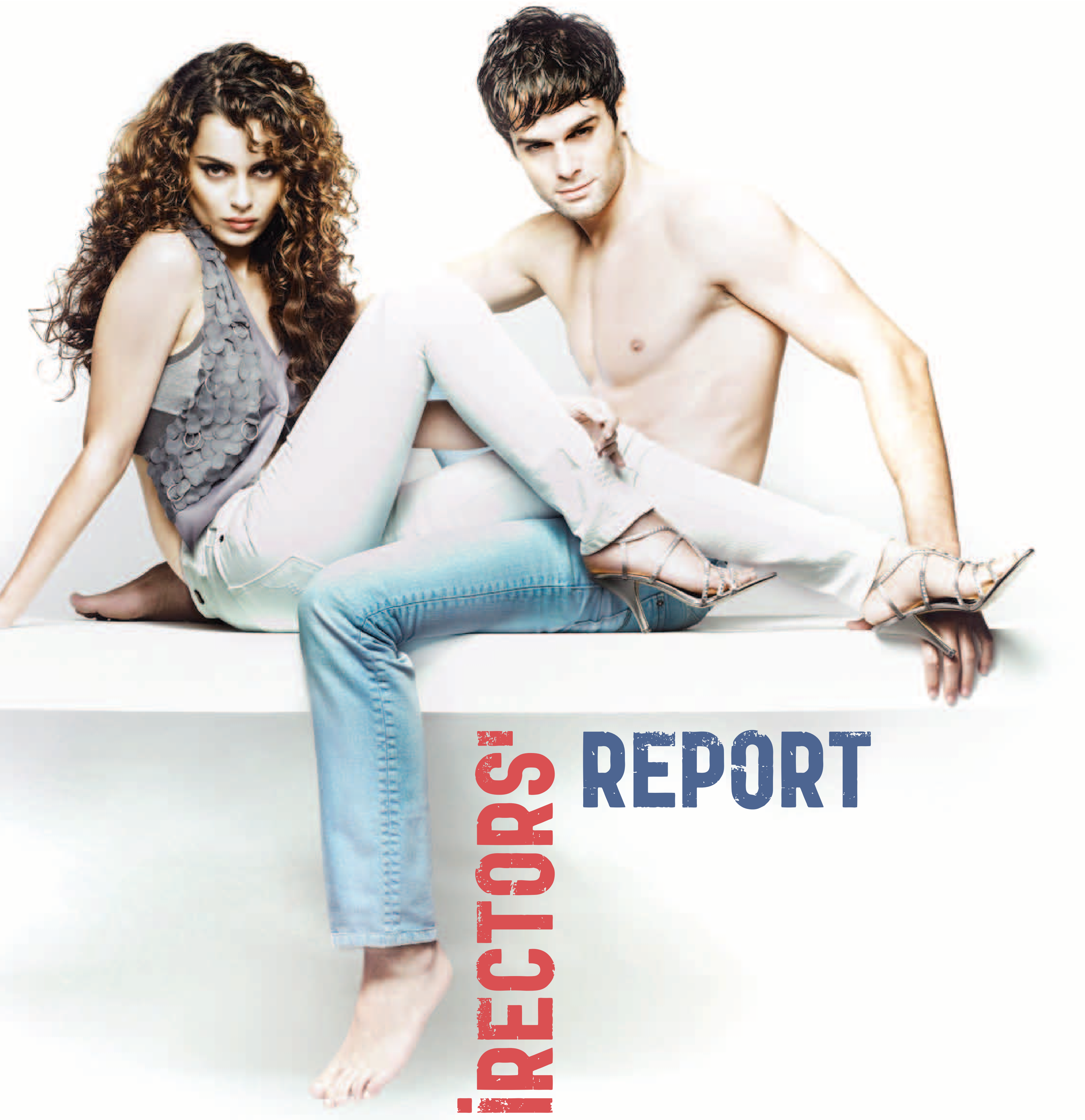
The Company continued to have cordial relations with all its employees at the manufacturing facilities and has adopted welfare measures in the best interests of its employees.

As on 31st March, 2011, the Company had 1760 employees.

CAUTIONARY STATEMENT

This discussion contains certain forward-looking statements within the meaning of applicable securities laws. Readers are cautioned not to place undue reliance on these forward looking statements, which reflects management's analysis describing our objectives and expectations based on certain information and assumptions. Our operations are dependent on various internal and external factors within and outside the control of the management.

We assume no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events. Actual results may differ from those expressed or implied herein.



DIRECTORS' REPORT

"During the financial year ended 31st March, 2011, the sales and operating income was ₹ 235.31 Crores representing a growth of 34.34% and net profit after tax stood at ₹ 46.23 Crores representing a growth of 42.16% over the previous year."

Your Directors have pleasure in presenting the 20th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Net Sales/Income from operations	235.31	175.16
Other Income	9.65	11.03
Total Expenditure	167.92	129.27
Gross profit (Before deducting any of the following)	77.05	56.92
Finance charges	2.06	2.33
Provision for depreciation	5.73	5.84
Tax provision	23.03	16.23
Net profit for the year	46.23	32.52
Balance of profit/(loss)	46.23	32.52
Proposed Dividend (Including Dividend Tax)	5.73	8.62
Interim Dividend(Including Dividend Tax)	9.34	-
Special Dividend(Including Dividend Tax)	8.60	-
Transfer to General Reserve	-	3.25
Dividend (in ₹) per ordinary share	-	6.00
Paid up Equity capital	12.33	12.33
Reserves except revaluation reserve	98.82	94.20
Surplus c/f to Balance Sheet	86.61	68.67

TURNOVER & PROFITS

Your Directors wish to inform you that during the financial year ended 31st March, 2011, the sales and operating income was ₹ 235.31 Crores representing a growth of 34.34% and net profit after tax stood at ₹ 46.23 Crores representing a growth of 42.16% over the previous year.

DIVIDEND

The Board of Directors had in their meeting held on 27th October, 2010 declared the first interim dividend of ₹ 6.5/- per equity share absorbing a sum of ₹ 8.01 Crores. The record date for the purpose of payment of interim dividend was 9th November, 2010 and the said interim dividend was paid in November 2010.

The Board of Directors had in their meeting held on 29th March, 2011 adjourned to 2nd April, 2011 declared the second interim dividend of ₹ 6/- per equity shares absorbing a sum of ₹ 7.40 Crores. The record date for the purpose of payment of interim dividend was 16th April, 2011 and the said interim dividend was paid in April 2011.

Your directors are pleased to recommend a final dividend of ₹ 4/- per equity share of ₹ 10/- each for the year ended 31st March, 2011.

The dividend once approved by the members in the ensuing Annual General Meeting will be paid out of the profits of your Company for the year and will sum up to a total of ₹ 5.73 Crores including dividend distribution tax.

An amount of ₹ 4.62 Crores would be transferred to the reserves.

OVERALL PERFORMANCE AND OUTLOOK

The year 2011 will possibly remain a watershed year for the branded apparel industry. "New Horizons, New Challenges" is what can summarise the situation. After staging a strong recovery post the severe downturn resulting from the global crisis in 2008, the industry was on a strong wicket driven by improved economic conditions and buoyant consumer sentiment. However, a combination of two key developments during the year – spiraling cotton prices and imposition of excise duty has resulted in new challenges to the sector. While cotton prices are subject to cyclical fluctuations and can be managed over a period of time, the impact of the excise levy is manifold affecting the entire value chain including manufacturers, distributors, retailers and last but not least the end customer.

Your Company however is optimistic about the long term potential of the Indian markets and has taken several steps towards creating a system driven, high performance organisation by targeting sustainable and profitable growth.

"Killer" the flagship brand of KKCL is one of the few brands in the country today with a presence of more than 2 decades. "Killer" continues to be vibrant brand with a strong value proposition. Our other brands "Lawman Pg3", "Easies" and "Integriti" have created a niche in the market and have consistently registered a commendable growth year on year. Your Company will retain focus on its key power brands and intends to nurture them further and replicate similar success across all.

Your Company is also optimistic about its foray into the lifestyle accessories business and foresees tremendous business potential in the lifestyle accessories business. Your Company has already launched various products i.e. deodorants, socks, handkerchief, swimwear, footwear, eyewear, to name a few and many more innovative products are in the offering. Your Company is confident of continuing its successful journey with the same thrust in the lifestyle accessories business as it has in the branded apparel segment.

INVESTMENT IN WHITE KNITWEAR PRIVATE LTD.

Your Company had invested in aggregate ₹ 34,550,000 (P.Y. ₹ 34,550,000) in Joint Venture "White Knitwear Private Ltd." (WKPL). WKPL had acquired land in Surat SEZ and created building for setting up of production unit for producing of

> "Killer" the flagship brand of KKCL is one of the few brands in the country today with a presence of more than 2 decades. "Killer" continues to be vibrant brand with a strong value proposition.

knitwear apparels for exports. In view of the sluggish demand in international market, most of the members of SEZ shelved their projects and approached to central government for de-notification of SEZ. The management is hopeful that the SEZ would be de-notified soon. Post de-notification WKPL shall dispose of the land and building and realise the proceeds to return it to joint venture partners.

No provision for diminution in the value of investment is considered necessary in view of the value of underlying assets base of joint venture, however your Company as a matter of abundant precaution made provision towards its share of loss of ₹ 600,000 (P.Y. ₹ 4,300,000) for the year ended 31st March, 2011 (cumulative share of loss aggregates to ₹ 4,900,000 (P.Y. ₹ 4,300,000) and provision is grouped under administrative & other expenses).

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the Cash Flow Statement for the year ended 31st March, 2011 is annexed hereto.

RELATED PARTY TRANSACTION

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

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

(iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

COMPLIANCE WITH THE CODE OF CONDUCT

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

AUDIT COMMITTEE

In accordance with Clause 49 of the Listing Agreement your Company has constituted an Audit Committee which consists of three Non-Executive independent directors of the Company viz. Mr. Mrudul D. Inamdar (Chairman of Audit Committee), Mr. Popatlal F. Sundesha and Mr. Nimish G. Pandya.

FIXED DEPOSIT

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

LISTING FEES

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

PENDING SHARES UPLOAD

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

i) Number of Shareholders outstanding at the beginning of the year: 7

   Outstanding shares in the demat suspense account at the beginning of the year: 190

ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year: Nil

“Company has initiated various customised training programs viz. personality development, development of inter personal skills, communication skills, public speaking etc. for its employees that enhance both personal as well career growth of the employees.”

iii) Number of shareholders to whom shares were transferred from suspense account during the year : Nil

iv) Aggregate number of shareholders outstanding at the end of the year: 7
Outstanding shares in the suspense account lying at the end of the year: 190

v) The voting rights on these shares are frozen till the rightful owner of such shares claims the shares.

AUDITORS

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

PERSONNEL

Employee relations continued to be cordial during the year ended 31st March, 2011. Your Company continued its thrust on Human Resource Development. Your Company has initiated various customised training programs viz. personality development, development of inter personal skills, communication skills, public speaking, etc. for its employees that enhance both personal as well career growth of the employees. These programs are conducted round the year by professional trainers as well as by the human resource department of the Company. Your Company has also encouraged its employees to attend seminars and discussions conducted by professional institutions and trade bodies. The Board wishes to place on record its appreciation to all the employees in the Company for their sustained efforts and immense contribution to the high level of performance and growth of the business during the year.

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

Information in accordance with Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms a part of the Directors' Report for the year ended 31st March, 2011. However pursuant to the provisions of Section 219 (1) (b)(iv) of the Companies Act, 1956, the Directors' Report and Statement of Accounts are being sent to all shareholders excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the registered office of your Company.

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

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION, ADAPTATIONS & INNOVATION: NOT APPLICABLE

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Total Foreign Exchange used and earned

FOB Value	₹ 72,165,704/-
Domestic Sales	₹ 340,928/-
Total Foreign Exchange outgo	₹ 5,756,725 /-

ACKNOWLEDGEMENTS

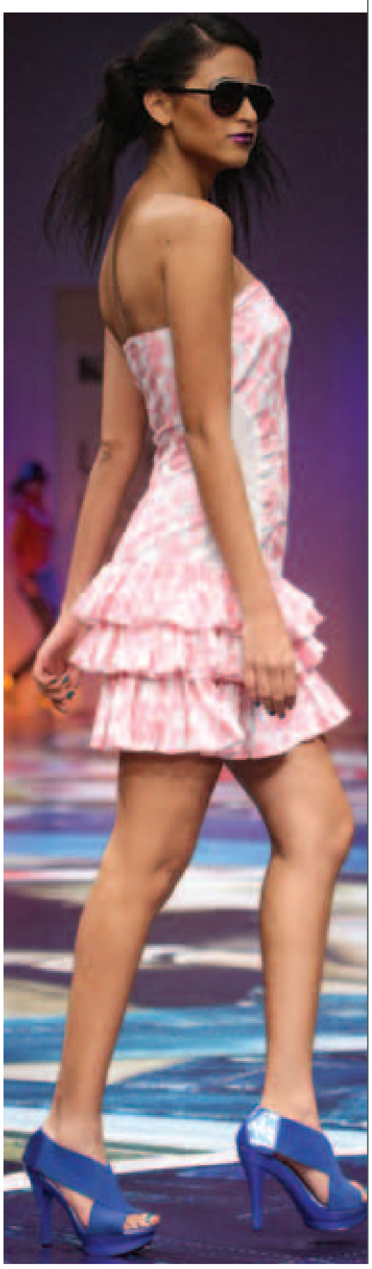
The Board would like to place on record its sincere appreciation for the wholehearted support and contribution made by its customers, its shareholders, and all its employees across the country, as well as the various Government Departments, Banks, Distributors, Suppliers and other business associates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

For and on behalf of the Board

Kewalchand P. Jain
Chairman & Managing Director

Place: Mumbai
Date: 26th May, 2011

REPORT ON CORPORATE GOVERNANCE



I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

II. BOARD OF DIRECTORS

(a) Composition of the Board

The Board of Directors of Kewal Kiran Clothing Ltd. have an optimum combination of executive and Non-Executive Directors. As on 31st March, 2011 the Board of Directors of the Company comprises of the Chairman and Managing Director, Mr. Kewalchand P. Jain, who is an Executive Director and one of the promoters of the Company. Besides, there are three Executive Directors viz. Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, who are also the promoters of the Company. The Board comprises of four non–executive independent directors, which accounts for fifty percent of the strength of Board. The Non-Executive independent directors are eminent professionals with wide range of knowledge and experience in various spheres of business and industry, finance and law. The composition of the Board and other relevant details relating to Directors as on 31st March, 2011 are given below: –

Name of the Director	Designation	Category of Directorship	**No. of other Directorship	**No. of Committee Chairmanship/ membership
Mr. Kewalchand P. Jain	Chairman & Managing Director	Promoter & Executive	7	1
Mr. Hemant P. Jain	Whole-time Director	Promoter & Executive	7	1
Mr. Dinesh P. Jain	Whole-time Director	Promoter & Executive	6	0
Mr. Vikas P. Jain	Whole-time Director	Promoter & Executive	5	0
Mr. Popatlal F. Sundesha	Director	Independent Non Executive	3	3
Mr. Mrudul D. Inamdar	Director	Independent Non Executive	1	1
Dr. Prakash A. Mody	Director	Independent Non Executive	10	2
Mr. Nimish G. Pandya	Director	Independent Non Executive	0	3

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

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

(i) The meetings of the Board of Directors are scheduled well in advance. The Board Members are presented in advance with the detailed agenda in respect of all Board meetings. During the year under review 6 meetings of the Board of Directors were held on the following dates: –

13th May, 2010, 30th June, 2010, 28th July, 2010, 27th October, 2010, 29th January, 2011 and 29th March, 2011. The gap between two board meetings is less than four months.

(ii) The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2011 and during the last Annual General Meeting is as under: –

Directors	No. of Board Meetings Attended	Attendance At The Last AGM
Mr. Kewalchand P. Jain	5	Present
Mr. Hemant P. Jain	5	Present
Mr. Dinesh P. Jain	5	Present
Mr. Vikas P. Jain	4	Present
Mr. Popatlal F. Sundesha	4	Absent
Mr. Mrudul D. Inamdar	6	Present
Dr. Prakash A. Mody	3	Absent
Mr. Nimish G. Pandya	6	Present

(c) Code of Conduct

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

(d) Details of shares held in the Company as on 31st March, 2011

Directors	Number of shares held
Mr. Kewalchand P. Jain*	701,411
Mr. Hemant P. Jain*	703,150
Mr. Dinesh P. Jain*	741,650
Mr. Vikas P. Jain*	733,086
Mr. Popatlal F. Sundesha**	Nil
Mr. Mrudul D. Inamdar	Nil
Dr. Prakash A. Mody	336
Mr. Nimish G. Pandya	Nil

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

*Note:

The said shares held by Mr. K.P. Jain includes 16,000 equity shares held in his capacity as Karta of Kewalchand P. Jain H.U.F and 74,161 shares held j/w Veena K. Jain

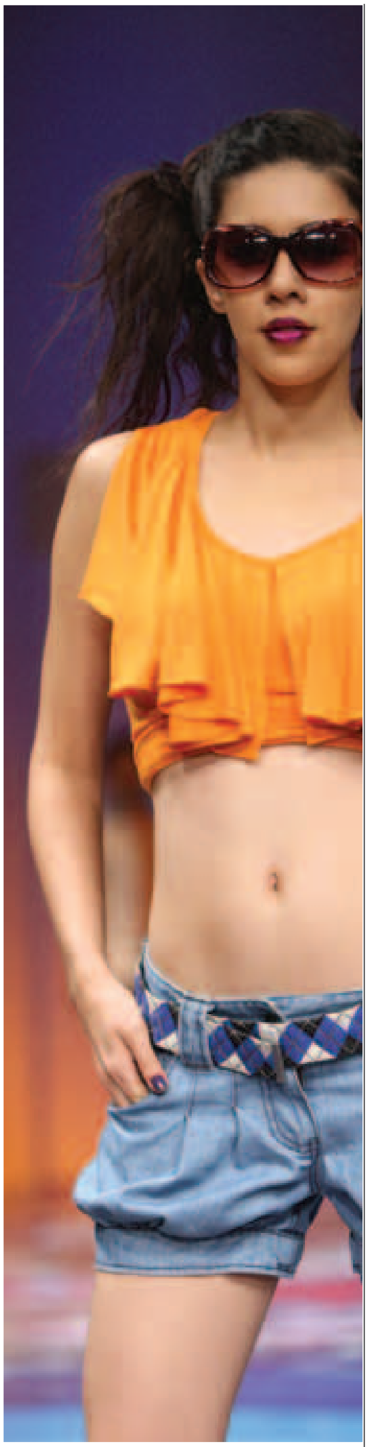
The said shares held by Mr. H.P. Jain includes 16,000 equity shares held in his capacity as Karta of Hemant P. Jain H.U.F and 75,900 shares held j/w Lata H. Jain

The said shares held by Mr. D.P. Jain includes 16,000 equity shares held in his capacity as Karta of Dinesh P. Jain H.U.F and 98,400 shares held j/w Sangeeta D. Jain

The said shares held by Mr. V.P. Jain includes 16,000 equity shares held in his capacity as Karta of Vikas P. Jain H.U.F and 89,836 shares held j/w Kesar V. Jain

**Note:

Fulchand Exports Private Ltd. is the holder of 20,000 Equity Shares. Further, Fulchand Finance Private Ltd. is the holder of 16,000 Equity Shares. Mr. Popatlal Sundesha, Independent Non-Executive Director of the Company is a director & shareholder of Fulchand Finance Private Ltd. Relatives of Mr. Popatlal Sundesha are directors and shareholders of Fulchand Exports Private Ltd.



III. AUDIT COMMITTEE

CONSTITUTION OF AUDIT COMMITTEE

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

Name of the Director	Position held
Mr. Mrudul D. Inamdar	Chairman
Mr. Popatlal F. Sundesha	Member
Mr. Nimish G. Pandya	Member

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

All the members of the Audit Committee are financially literate and Mr. M.D. Inamdar, Chairman of the Audit Committee possesses financial/accounting expertise.

MEETINGS OF AUDIT COMMITTEE

During the year ended 31st March, 2011, eight Audit Committee meetings were held on 13th May, 2010, 30th June, 2010, 28th July, 2010, 25th September, 2010, 27th October, 2010, 27th November, 2010, 29th January, 2011 and 29th March, 2011. The attendance of each Audit Committee member is given hereunder: –

Name of the Audit Committee Member	No. of meetings held	No. of meetings attended
Mr. Mrudul D. Inamdar	8	8
Mr. Popatlal F. Sundesha	8	4
Mr. Nimish G. Pandya	8	8

ATTENDEES

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

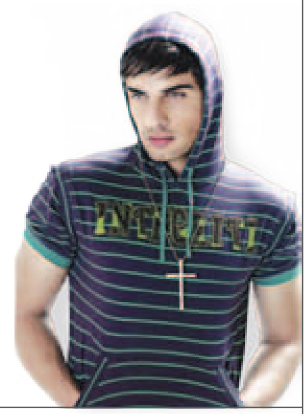
The terms of reference of the Audit Committee includes:

Powers

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

Roles

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



b. Changes, if any, in accounting policies and practices and reasons for the same;

c. Major accounting entries involving estimates based on the exercise of judgment by management;

d. Significant adjustments made in the financial statements arising out of audit findings;

e. Compliance with listing and other legal requirements relating to financial statements;

f. Disclosure of any related party transactions;

g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

IV. REMUNERATION COMMITTEE

COMPOSITION OF COMMITTEE

The Remuneration Committee was constituted on 14th November, 2005. The Committee consists of the following Non-Executive independent Directors:

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

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

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

MEETINGS OF REMUNERATION COMMITTEE

During the year ended 31st March, 2011, one Remuneration Committee meeting was held on 29th March, 2011. The attendance of each Remuneration Committee member is given hereunder: –

Name of the Audit Committee Member	No. of meetings held	No. of meetings attended
Mr. Nimish G. Pandya	1	1
Mr. Popatlal F. Sundesha	1	0
Dr. Prakash A. Mody	1	1

Details of sitting fees, remuneration etc., paid to Directors for the year ended 31st March, 2011.

Name of the Directors	Sitting Fees	Salary	Perquisites	Total
Mr. Kewalchand P. Jain	Nil	₹ 3,600,000	₹ 255,600	₹ 3,855,600
Mr. Hemant P. Jain	Nil	₹ 3,600,000	₹ 255,600	₹ 3,855,600
Mr. Dinesh P. Jain	Nil	₹ 3,600,000	₹ 255,600	₹ 3,855,600
Mr. Vikas P. Jain	Nil	₹ 3,600,000	₹ 255,600	₹ 3,855,600
Mr. Popatlal F. Sundesha	₹ 160,000	Nil	Nil	₹ 160,000
Mr. Mrudul D. Inamdar	₹ 280,000	Nil	Nil	₹ 280,000
Dr. Prakash A. Mody	₹ 80,000	Nil	Nil	₹ 80,000
Mr. Nimish G. Pandya	₹ 300,000	Nil	Nil	₹ 300,000

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

SERVICE CONTRACTS, NOTICE PERIOD AND SEVERANCE FEE

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

There is no provision for severance fees.

REMUNERATION POLICY OF THE COMPANY

Remuneration Policy for Executive Directors

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

The remuneration of the Executive Directors is governed by the Articles of Association of the Company, the resolution of the Board of Directors and the members. The remuneration paid to the Executive Directors has been approved by the members in the Annual general meeting held on 5th August, 2010. The details of the remuneration paid to the Executive Directors have been detailed aforesaid. The remuneration payable to the Executive Directors from April, 2011 had been approved in the Board meeting held on 29th March, 2011 and is due for approval by the members.

Revisions, if any in the remuneration of the Executive Directors are deliberated by the Remuneration Committee of the Board. Based on the recommendation of the Remuneration Committee, the Board decides on the revision subject to the shareholders approval.

Remuneration Policy for Non Executive Directors

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

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

V. SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE

COMPOSITION OF COMMITTEE

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

The Committee is headed by a Non-Executive independent director and comprises of the following directors:

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

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

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

Status report of Investors complaints for the year ended 31st March, 2011

No. of complaints received - 3

No. of complaints resolved - 3

No. of complaints pending - NIL

Name and Designation of the compliance officer:

Mr. Abhijit B. Warange – Company Secretary & General Manager - Compliance

VI. GENERAL BODY MEETINGS

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

Financial Year	Day & Date	Time	Venue
2007-08	Monday, 4th August, 2008	3.00 p.m	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001
2008-09	Monday, 3rd August, 2009	3.00 p.m	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001
2009-10	Thursday, 5th August, 2010	4.30 p.m	C. K. Naidu Hall, The Cricket Club of India Ltd., Brabourne Stadium, Dinshaw Vachha Road, Mumbai – 400 020

SPECIAL RESOLUTIONS PASSED IN PREVIOUS THREE ANNUAL GENERAL MEETINGS

17th Annual General Meeting: At this meeting one Special Resolution was proposed, seconded and passed with more than three-fourths majority on show of hands. This special resolution was with regard to extending the time of the proceeds of the Initial Public Offer (IPO) and reallocation of balance unutilised amount allocated for K-Lounge stores as well as reallocation of balance unutilised amount allocated for acquiring property, cost of furniture,electrical fittings/lightings/air conditioning for security system or for display equipments or for other assets and signages for K-Lounge/EBO retail stores.

18th Annual General Meeting: At this meeting one Special Resolution was proposed, seconded and passed with more than three-fourths majority on show of hands. This special resolution was with regard to appointment and remuneration of Mr. Pankaj Jain, a relative of Mr. Kewalchand P. Jain, Mr. Hemant P. Jain, Mr. Dinesh P. Jain and Mr. Vikas P. Jain, Directors of the Company to hold an office of profit under the Company as Manager not being a Manager within the meaning of Section 2(24) read with Section 385 of the Companies Act 1956.

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

SPECIAL RESOLUTIONS WHETHER PASSED BY POSTAL BALLOT

During the Financial Year 2010-11, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by postal ballot) Rules, 2001, the Company had conducted a postal ballot vide notice dated 11th November, 2010, for obtaining approval of shareholders through postal ballot on special resolution under section 17 of the Companies Act, 1956 for the Alteration of the object clause in the Memorandum of Association of the Company and on special resolution under section 314(1B) of the Companies Act, 1956 for appointment and remuneration of Hitendra H. Jain, relative of Executive Directors.

The Company had appointed Mr. Akshar Patel, a practicing Company Secretary of M/s Jagdish Patel & Co, as the scrutiniser for conducting the postal ballot process. Accordingly the postal ballot was conducted by the scrutiniser and results of which were declared on 21st December, 2010. The details of special resolutions passed and voting pattern are noted below:

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

Particulars	No. of Postal Ballot Forms	No. of Votes
Number of valid postal ballot forms received	81	9131735
Votes in favour of the Resolution	77	9131608
Votes against the Resolution	3	27
Number of invalid postal ballot forms received	1	100

II) Special Resolution under Section 314(B) of the Companies Act, 1956 for appointment and remuneration of Hitendra H. Jain

Particulars	No. of Postal Ballot Forms	No. of Votes
Number of valid postal ballot forms received	81	9131735
Votes in favour of the Resolution	76	9131583
Votes against the Resolution	4	52
Number of invalid postal ballot forms received	1	100

The Special Resolutions for the Alteration of the object clause in the Memorandum of Association of the Company and appointment and remuneration of Mr. Hitendra H. Jain was accordingly passed with the requisite majority.

PROCEDURE OF POSTAL BALLOT

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

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

VII. DISCLOSURES

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

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed separately in note no. 12 of part B of Schedule 21 to the financial statements.

(ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital market during the last three years.

(iii) The Board hereby confirms that no personnel have been denied access to the audit committee.

(iv) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Except for the composition of the Remuneration committee of the Board of Directors, the Company has not adopted any other non mandatory requirements of Clause 49 of the Listing Agreement.

(v) The Company paid ₹ 30,000/- to M/s. Bansi S. Mehta and Co. to represent the Company in an income tax matter before the income tax appellate tribunal and ₹ 7,500/- to M/s. Pandya and Co. for opinion on a legal issue . Mr. Mrudul Inamdar, Non Executive Independent Director is a partner in Bansi S. Mehta and Co. and Mr. Nimish Pandya, Non Executive Independent Director is the proprietor of M/s. Pandya & Co.

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

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

VIII. MEANS OF COMMUNICATION

The results of the Company for the financial year ended 31st March, 2011 are published in The Economic Times, DNA, Business Standard and Lokmat. The results of the Company are normally published in Business Standard, DNA, The Economic Times and Lokmat. The financial results and other information are displayed on the Company's website viz. www.kewalkiran.com. The Company also displays official news releases on its website for the information of its shareholders/investors. Even presentations made to institutional investors have been displayed on the website of the Company.

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

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

IX. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting

Date & Time : Tuesday, 6th September, 2011 at 3.00 pm
Venue :M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai - 400 001

b) Financial Year: 1st April to 31st March

c) Dates of Book Closure

23rd August, 2011 to 6th September, 2011 (both days inclusive)

d) Dividend payment date:

Dividend when sanctioned by shareholders will be made payable on or after 13th September, 2011.

e) Listing on Stock Exchanges

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

Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai: 400 001.

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

Note:
Listing fees for the financial year 2011–12 has been paid to both the stock exchanges i.e Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

f) Stock Code/Symbol

The Bombay Stock Exchange, Mumbai	:	532732
The National Stock Exchange of India Ltd.	:	KKCL
ISIN No.	:	INE401H01017

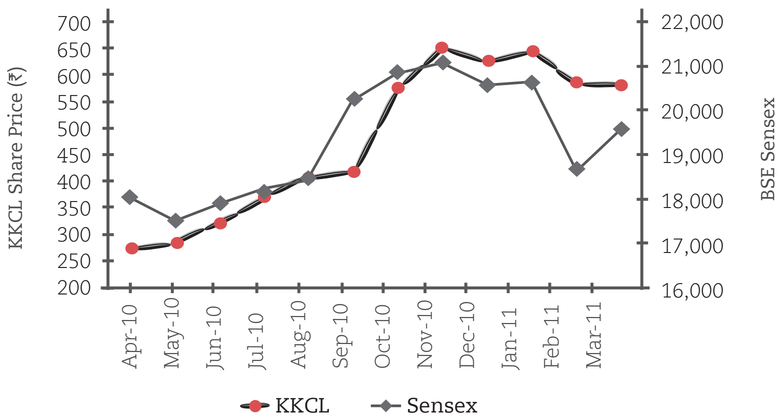
g) Market Price Data

The monthly high & low quotations of the Company's shares traded on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. during the financial year 2010-11 are as under:

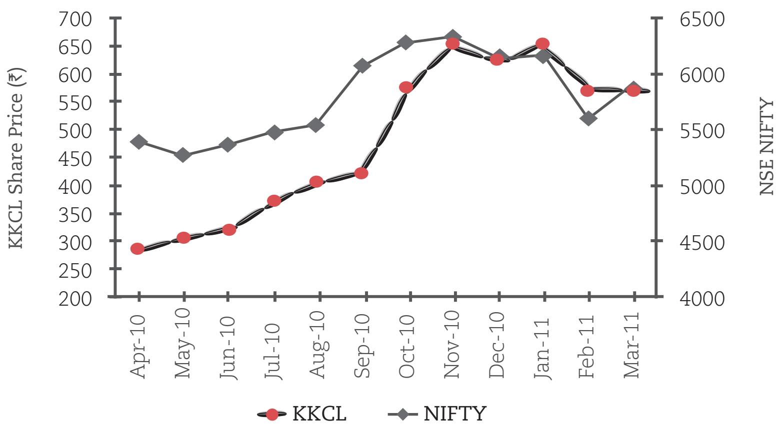
Months	BSE		NSE	
	High (₹ Per share)	Low (₹ Per share)	High (₹ Per share)	Low (₹ Per share)
April 2010	275.00	244.10	284.90	243.30
May 2010	282.00	241.30	308.00	248.25
June 2010	321.00	263.00	321.00	262.55
July 2010	369.70	311.05	370.00	308.00
August 2010	404.90	347.00	404.50	348.25
September 2010	418.00	356.05	420.00	356.05
October 2010	572.90	391.00	574.00	391.00
November 2010	649.00	460.00	650.00	541.05
December 2010	624.00	500.00	625.50	492.00
January 2011	645.00	535.00	650.00	505.55
February 2011	583.00	430.10	570.00	431.15
March 2011	581.00	462.65	570.00	470.00

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

KKCL vs BSE Sensex



KKCL vs NSE NIFTY



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

Tel: +91 22 2594 6970-77
Fax: +91 22 2596 2691

Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

j) **Share Transfer System**

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

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

k) Distribution Pattern of shareholding as on 31st March, 2011

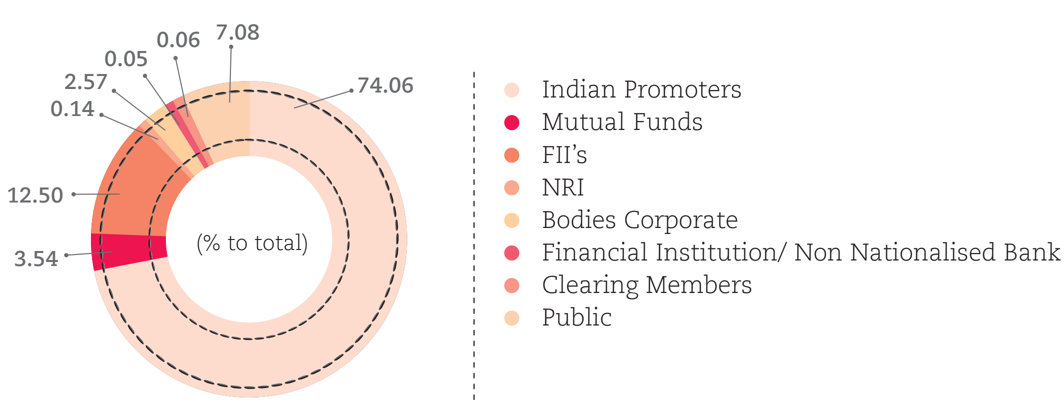
No of equity shares	Shareholders		Amount	
	Number	% to total	In ₹	% to total
1 – 5000	4036	94.08	1,913,650	1.56
5001 – 10000	71	1.66	549,580	0.45
10001 – 20000	46	1.07	706,720	0.57
20001 – 30000	32	0.75	803,360	0.65
30001 – 40000	7	0.16	238,470	0.19
40001 – 50000	15	0.35	729,830	0.59
50001 – 100000	34	0.79	2,552,210	2.07
100001 & above	49	1.14	115,756,550	93.92
Total	**4290**	**100.00**	**123,250,370**	**100.00**

Shareholding Pattern as on 31st March, 2011.

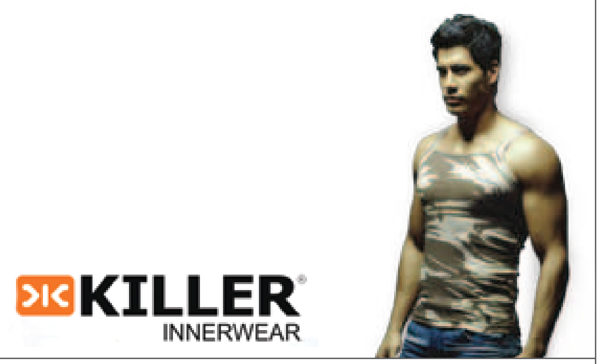
Category	No. of Shares	% to total
Indian Promoters	9,128,297	74.06
Mutual Funds	436,821	3.54
FII's	1,539,660	12.50
NRI	16,920	0.14
Bodies Corporate	316,685	2.57
Financial Institution/ Non Nationalised Bank	6,750	0.05
Independent Director	336	0.00
Clearing Members	6,815	0.06
Public	872,753	7.08
Total	**12,325,037**	**100.00**

As per Regulation 3 of SEBI Takeover Code, 1992 as amended upto date, group companies include Kornerstone Retail Ltd., Kewal Kiran Management Consultancy Ltd., Kewal Kiran Realtors and Infrastructures Pvt. Ltd., White Knitwears Pvt. Ltd., Kewal Kiran Finance Pvt. Ltd., Kewal Kiran Media and Communication Ltd. and Kalpvriksh Realtors and Infrastructures Pvt. Ltd. as also the firm viz. Kewal Kiran Enterprises and a trust viz. P. K. Jain Family Holding Trust.

Shareholding pattern graph as on 31st March, 2011



No. of Shares **12,325,037** **100.00**



l) Dematerialisation of equity shares

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems –NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd.). Nearly 28.48 % of total equity shares of the Company are held in dematerialised form with NSDL & CDSL as on 31st March, 2011.

Liquidity

Kewal Kiran Clothing Ltd. Shares are actively traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

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

Vapi

Plot No. 787/1, 40, shed
IInd Phase, G.I.D.C
Vapi: 396 195
Gujarat

Daman

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

Mumbai

Synthofine Estate,
Opp Virwani Industrial Estate
Goregaon (East),
Mumbai: 400 063
71-73, Kasturchand Mill Estate
Bhawani Shankar Road,
Dadar (West),
Mumbai; 400 028

o) Address for Investor Correspondence

Shareholding related queries
Link Intime India Private Ltd.
C-13, Pannalal Silk Mills Compounds,
L.B.S. Marg, Bhandup (West),
Mumbai-400078

Tel: +91 22 2594 6970-77
Fax: +91 22 2596 2691

Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

General correspondence

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

Tel: +91 22 26814400
Fax: +91 22 26814410

Email: abhijitw@kewalkiran.com
Website: www.kewalkiran.com

An exclusive email id, grievanceredressal@kewalkiran.com for redressal of investor complaints has been created and the same is available on company's website www.kewalkiran.com

Annexure to
Corporate Governance

Details of other directorships/committee memberships of all Directors

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

Name of the Company	Board position held
Kornerstone Retail Ltd.	Chairman
Kewal Kiran Realtors and Infrastructures Pvt. Ltd.	Chairman
Kewal Kiran Management Consultancy Ltd.	Chairman
Kewal Kiran Finance Pvt. Ltd	Chairman
Kewal Kiran Media and Communication Ltd.	Chairman
Kalpvriksh Realtors and Infrastructures Pvt. Ltd	Chairman
White Knitwears Pvt. Ltd.	Director

COMMITTEE MEMBERSHIPS

Name of the Company	Name of the Committee	Position held
Kewal Kiran Clothing Ltd.	Shareholders and Investors Grievance Committee	Member

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

Name of the Company	Board position held
Kornerstone Retail Ltd.	Director
Kewal Kiran Realtors and Infrastructures Pvt. Ltd.	Director
Kewal Kiran Management Consultancy Ltd.	Director
Kewal Kiran Finance Pvt. Ltd	Director
White Knitwears Pvt. Ltd.	Director
Kewal Kiran Media and Communication Ltd.	Director
Kalpvriksh Realtors and Infrastructures Pvt. Ltd	Director

COMMITTEE MEMBERSHIPS

Name of the Company	Name of the Committee	Position held
Kewal Kiran Clothing Ltd.	Shareholders and Investors Grievance Committee	Member

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

Name of the Company	Board position held
Kornerstone Retail Ltd.	Director
Kewal Kiran Realtors and Infrastructures Pvt. Ltd.	Director
Kewal Kiran Management Consultancy Ltd.	Director
Kewal Kiran Finance Pvt. Ltd	Director
Kewal Kiran Media and Communication Ltd.	Director
Synthofine Chemicals of India Ltd.	Director

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

Name of the Company	Board position held
Kornerstone Retail Ltd.	Director
Kewal Kiran Realtors and Infrastructures Pvt. Ltd.	Director
Kewal Kiran Management Consultancy Ltd.	Director
Kewal Kiran Finance Pvt. Ltd	Director
Kewal Kiran Media and Communication Ltd.	Director

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

Name of the Company	Board position held
Fulchand Finance Pvt. Ltd.	Chairman
Apaksh Broadband Ltd.	Director
Aksh Opti Fibre Ltd.	Director

COMMITTEE MEMBERSHIPS

Name of the Company	Name of the Committee	Position held
Kewal Kiran Clothing Ltd.	Audit Committee	Member
Kewal Kiran Clothing Ltd.	Remuneration Committee	Member
Aksh Opti Fibre Ltd.	Audit Committee	Member

6] BODIES CORPORATE OF WHICH MR. MRUDUL D. INAMDAR IS A CHAIRMAN/ DIRECTOR

Name of the Company	Board position held
Kanbans Consultancy Services Pvt. Ltd.	Director

COMMITTEE MEMBERSHIPS

Name of the Company	Name of the Committee	Position held
Kewal Kiran Clothing Ltd.	Audit Committee	Chairman

7] BODIES CORPORATE OF WHICH DR. PRAKASH A. MODY IS A CHAIRMAN/ DIRECTOR

Name of the Company	Board position held
Unichem Laboratories Ltd.	Chairman
Viramrut Trading Pvt. Ltd.	Director
A.V.M. Capital Services Pvt. Ltd.	Director
PM Capital Services Pvt. Ltd.	Director
Pranit Trading Pvt. Ltd.	Director
Chevy Capital Services Pvt. Ltd.	Director
Niche Generics Ltd. U.K	Director
Unichem Farmaceutica Do Brazil Ltda.	Director
Unichem SA (Pty) Ltd. (South Africa)	Director
Unichem Pharmaceuticals (USA) Inc	Director

COMMITTEE MEMBERSHIPS

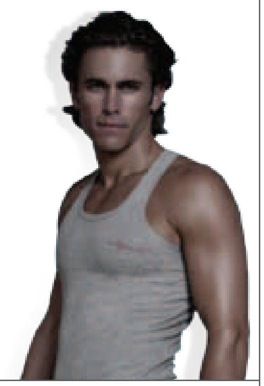
Name of the Company	Name of the Committee	Position held
Kewal Kiran Clothing Ltd.	Remuneration Committee	Member
Unichem Laboratories Ltd.	Shareholders Grievance Committee	Member

8] BODIES CORPORATE OF WHICH MR. NIMISH G. PANDYA IS A CHAIRMAN/ DIRECTOR

Name of the Company	Board position held
NIL	NIL

COMMITTEE MEMBERSHIPS

Name of the Company	Name of the Committee	Position held
Kewal Kiran Clothing Ltd.	Remuneration Committee	Chairman
Kewal Kiran Clothing Ltd.	Shareholders and Investors Grievance Committee	Chairman
Kewal Kiran Clothing Ltd.	Audit Committee	Member



Auditors' Certificate

To,
The Members of
Kewal Kiran Clothing Ltd.

1. We have examined the compliance of conditions of Corporate Governance by Kewal Kiran Clothing Ltd. ('the Company'), for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the abovementioned clause of the Listing Agreement, to the extent applicable.

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

For N.A. Shah Associates
Chartered Accountants,
Firm's Registration No. 116560W

Sandeep Shah
Partner
Membership No.: 37381
Place: Mumbai
Date: 26th May, 2011

For Jain & Trivedi
Chartered Accountants,
Firm's Registration No. 113496W

Satish Trivedi
Partner
Membership No.: 38317
Place: Mumbai
Date: 26th May, 2011

Certificate of Compliance with the Code of Conduct

I, Kewalchand P. Jain, Chairman & Managing Director of the Company, hereby declare that the company has adopted a Code of Conduct for its Board Members and Senior Management, at a meeting of the Board of Directors held on 14th January, 2006 and the Board Members and Senior Management have affirmed compliance with the said Code of Conduct for the financial year ended 31st March, 2011.

For Kewal Kiran Clothing Ltd.

Kewalchand P. Jain
Chairman & Managing Director
Place: Mumbai
Date: 26th May, 2011

Chairman and Managing Director's and Chief Financial Officer's Certification

The Board of Directors
Kewal Kiran Clothing Ltd.
Mumbai

Dear Sirs,

Sub: Certificate for the financial year ended 31st March, 2011 pursuant to Clause 49 of the Listing Agreement

We certify the following:

a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and Audit committee

   i) Significant changes in internal control over financial reporting during the year

   ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Kewalchand P. Jain
Chairman & Managing Director

Shantilal Kothari
Chief Financial Officer

FINANCIAL STATEMENTS

Auditors' Report

To,
The Members of
KEWAL KIRAN CLOTHING LTD.

1. We have audited the attached Balance Sheet of Kewal Kiran Clothing Ltd. ('the Company') as at 31st, March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, (referred together as financial statements) 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003 as amended by the Companies (Auditors' Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 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 in paragraph 3 above, we report as follows:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. The Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account;
   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Act;
   e. On the basis of the written representation received from the directors as at 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
   f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with Significant Accounting Policies and notes to accounts as given in Schedule 21, 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:
      i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
      ii) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
      iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N.A. Shah Associates
Chartered Accountants,
Firm's Registration No. 116560W

Sandeep Shah
Partner
Membership No.: 37381
Place: Mumbai
Date: 26th May, 2011

For Jain & Trivedi
Chartered Accountants,
Firm's Registration No. 113496W

Satish Trivedi
Partner
Membership No.: 38317
Place: Mumbai
Date: 26th May, 2011

Annexure to the Auditors' Report

for the year ended 31st March 2011
Referred to in paragraph 3 of our report of even date

(i) In respect of fixed assets:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) The Company has formulated a phased programme for physical verification of its fixed assets by which fixed assets are verified over a period of 3 years. In accordance with the programme, Plant and Machineries are verified during the year. No material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) In respect of its inventories;

(a) The inventories have been physically verified by the management during the year at reasonable intervals. In case of inventories lying with the third parties confirmations are obtained on regular basis. In our opinion, the frequency of such verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories. No material discrepancies were noticed on verification between the physical stocks and the book records.

(iii) In respect of loans taken / granted:

(a) As informed the Company has not taken / granted any loan from / to companies, firms and other parties listed in the register maintained under section 301 of the Act.

(b) Since there are no loans given or availed, sub clauses (iii) {(b) to (g)} of the Order are not applicable.

(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

(v) In respect of register maintained under section 301 of the Act:

(a) In our opinion and according to the information and explanations given to us, the transactions pertaining to contracts and arrangements that need to be entered into a register in pursuance of section 301 of the Act have been so entered.

(b) In our opinion, and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Act and aggregating during the year to ₹ 500,000/- or more in respect of each party were made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits as referred to in section 58 and 58AA of the Act. Hence clause (vi) of the Order is not applicable. We are informed that no order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Company have been commensurate with the size of the Company and nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of generation of electricity from wind power.

(ix) In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Wealth Tax, Excise Duty, Custom Duty, Cess and any other statutory dues (as applicable to the Company) during the year with the appropriate authorities except few minor delays in payment of Income Tax Deducted at Source, Sales Tax and Service Tax.

(b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding at year end for a period of more than six months from the date they became payable.

(c) According to information and explanations given to us, there is no disputed Income Tax, Sales-tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty as on 31st March, 2011 which have not been deposited. In respect of Income Tax for the assessment year 2005-06, the demand of ₹ 9,648,192 is disputed before ITAT. During the year the Income tax department has adjusted the above demand against income refund due to the Company in respect of other years. Considering the above the amount of unpaid disputed dues is Nil.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank during the year. There are no borrowings from financial institutions / debenture holders.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, provisions of clause (xiii) of the Order relating to compliance with the provisions of special statue relevant to chit fund / nidhi / mutual benefit society are not applicable to the Company.

(xiv) The Company has maintained proper records of transactions and contracts in respect of investments in Mutual Funds / Shares and Securities and timely entry has been made therein. All the Investments made by the Company are in the name of the Company.

(xv) The Company has given guarantee to Bankers in respect of loans taken by others and based on the information and explanation given to us we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.

(xvi) Since the Company has not taken any term loan during the year nor any unutilised amounts were outstanding at the beginning of the year, the question of reporting whether the term loans are applied for the purpose for which they have been obtained does not arise.

(xvii) According to the information and explanations given to us and on the basis of an overall examination of the Financial Statements, the funds raised on short-term basis have not been used for long term investments.

(xviii) The Company has not made any preferential allotment of shares to parties, firms and companies covered in the register maintained under section 301 of the Act.

(xix) The Company has not issued any debentures and accordingly no securities needs to be created.

(xx) The Company has not raised any money through a public issue during the year. At the beginning of the year under our audit there were no unutilised amounts in respect of public issue made in the earlier years.

(xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the Company noticed or reported during the year, nor have we been informed of any such case by the management.-

For N.A. Shah Associates
Chartered Accountants,
Firm's Registration No. 116560W

Sandeep Shah
Partner
Membership No.: 37381
Place: Mumbai
Date: 26th May, 2011

For Jain & Trivedi
Chartered Accountants,
Firm's Registration No. 113496W

Satish Trivedi
Partner
Membership No.: 38317
Place: Mumbai
Date: 26th May, 2011

Balance Sheet
As at 31st March, 2011

(Amount in ₹)

	Schedule No.	As At 31st March, 2011	As At 31st March, 2010
SOURCE OF FUNDS			
Shareholder's Funds			
Share Capital	1	123,250,370	123,250,370
Reserves and Surplus	2	1,854,316,034	1,628,645,883
		1,977,566,404	1,751,896,253
Loan Funds			
Secured Loans	3	55,700,637	158,008,052
Total		**2,033,267,041**	**1,909,904,305**
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		672,626,661	613,292,856
Less : Depreciation/Amortisation		266,890,233	212,999,370
Net Block		405,736,428	400,293,486
Capital work-in-progress		21,466,423	30,475,526
		427,202,851	430,769,012
Investments	5	268,486,694	329,039,252
Deferred Tax Assets (Net)		16,426,023	16,563,138
(Refer Note 15 to Schedule B - 21)			
Current Assets, Loans and Advances			
Inventories	6	368,138,788	217,847,160
Sundry Debtors	7	298,103,965	241,335,248
Cash and Bank Balances	8	953,477,043	801,835,891
Other Current Assets	9	33,865,560	32,011,775
Loans and Advances	10	153,076,914	138,791,171
		1,806,662,270	1,431,821,245
Less: Current Liabilities and Provisions	11		
Current Liabilities		304,395,392	185,908,563
Provisions		181,115,405	112,379,780
		485,510,797	298,288,343
Net Current Assets		1,321,151,473	1,133,532,902
Total		**2,033,267,041**	**1,909,904,305**
Significant accounting policies and notes to accounts	21		

The schedules referred to above and notes form integral part of balance sheet

As per our audit report of even date

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

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

For and on behalf of the Board

Sandeep Shah
Partner
Membership No. 37381

Satish C. Trivedi
Partner
Membership No. 38317

Kewalchand P. Jain
Chairman & Managing Director

Hemant P. Jain
Wholetime Director

Abhijit B. Warange
Company Secretary

Place : Mumbai
Date : 26th May, 2011

Place : Mumbai
Date : 26th May, 2011

Profit and Loss Account

For the year ended 31st March, 2011

(Amount in ₹)

Particulars	Schedule No.	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2010
INCOME			
Sales income	12	2,360,110,239	1,751,599,527
Less: Excise Duty		7,010,654	–
		2,353,099,585	1,751,599,527
Other income	13	96,511,860	110,290,150
		2,449,611,445	**1,861,889,677**
EXPENDITURE			
(Increase) / Decrease in Stocks	14	(97,042,085)	(32,413,617)
Cost of Material consumed	15	947,947,273	673,273,024
Purchase of Trading Goods		47,199,987	8,550,790
Personnel Cost	16	254,221,016	208,184,202
Manufacturing and Operating Expenses	17	169,761,294	118,042,617
Administrative and Other Expenses	18	95,056,366	97,755,421
Selling and Distribution Expenses	19	262,008,266	219,346,027
Finance Expenses	20	20,591,010	23,290,153
Depreciation/ Amortisation	4	57,263,393	58,445,407
		1,757,006,520	**1,374,474,024**
Net Profit Before Tax		692,604,925	487,415,653
Provisions for Taxation			
Current Tax		229,000,000	163,920,000
Deferred Tax		137,115	(2,126,084)
Short provision for taxes of earlier years		1,134,531	456,475
Net Profit for the Year		**462,333,279**	**325,165,262**
Balance brought forward		686,694,668	480,278,361
Appropriations:			
Proposed Dividend		49,300,148	73,950,222
Interim Dividend (Refer Note 5 to Schedule B - 21)		154,062,963	–
Tax on Proposed Dividend		7,997,717	12,282,207
Tax on Interim Dividend (Refer Note 5 to Schedule B - 21)		25,302,300	–
Transfer to General Reserves		46,233,328	32,516,526
Balance carried to balance sheet		**866,131,491**	**686,694,668**
Earnings Per Share - Basic & Diluted (Face Value of ₹ 10 each)		**37.51**	**26.38**
(Refer Note 14 to Schedule B - 21)			
Significant accounting policies and notes to accounts	21		

The schedules referred to above and notes form integral part of profit and loss account

As per our audit report of even date

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

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

For and on behalf of the Board

Sandeep Shah
Partner
Membership No. 37381

Satish C. Trivedi
Partner
Membership No. 38317

Kewalchand P. Jain
Chairman & Managing Director

Hemant P. Jain
Wholetime Director

Abhijit B. Warange
Company Secretary

Place : Mumbai
Date : 26th May, 2011

Place : Mumbai
Date : 26th May, 2011

Statement of Cash Flows

For the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	2010-11		2009-10	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxes as per Profit and Loss Account		**692,604,925**		**487,415,653**
Adjustments for:				
Depreciation/ Amortisation	57,263,393		58,445,407	
(Gain) / Loss on Sale of Assets / Asset discarded (Net)	(1,145,112)		13,666,428	
Provision for assets	–		550,000	
(Gain)/Loss on Redemption of units of Mutual Fund (Net)	(887,361)		(11,650,515)	
Sundry balance (written back)/written off (Net)	116,153		(10,652)	
Finance expenses	8,604,015		16,336,034	
Dividend Income on Mutual fund	(10,515,875)		(10,802,036)	
Provision/(Reversal of provision) for doubtful debts, advances and deposits	46,000		(3,271,000)	
Provision / (Reversal of Provision) for Contingent rent	(817,878)		(580,278)	
Provision / (Reversal of Provision) for Contingencies	2,225,000		(725,000)	
Provision /(Reversal of Provision) for Diminution in value of Investment	(411,526)		(733,500)	
Provision for Share of Loss in Joint Venture	600,000		4,300,000	
Provision/ (Reversal of Provision) of Exchange Rate Fluctuation (Net)	154,500		(8,833,925)	
Interest on Income Tax Refund	(2,163,948)		–	
Rent Income	(1,609,667)		(1,359,602)	
Interest earned	(68,085,285)	**(16,627,591)**	(70,806,242)	**(15,474,880)**
Operating Profit before Working Capital Changes		**675,977,334**		**471,940,773**
Adjustments for:				
Trade and other Receivables	(61,451,296)		(25,191,242)	
Inventories	(150,861,628)		(53,733,135)	
Trade payables and other liabilities	128,280,505		46,898,307	
		(84,032,419)		**(32,026,070)**
Net Cash Inflow from Operating Activities		**591,944,915**		**439,914,703**
Less: Income Tax paid		**(214,274,492)**		**(137,841,001)**
Net Cash Inflow from Operating Activities		**377,670,423**		**302,073,702**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		**(53,197,666)**		**(55,431,627)**
Sale of Fixed Assets		**2,514,586**		**5,516,341**
Investments in Joint Venture		–		**(4,150,000)**
Investment in Fixed Deposit with NBFC's		–		**(20,000,000)**
Purchase / Redemption of Investments in mutual funds (Net)		**(127,913,751)**		**87,526,669**
Gain on Redemption of Mutual Funds	887,361		11,650,515	
Less : Income Tax Paid	(294,759)	**592,602**	(463,032)	**11,187,483**
Dividend Received		**10,515,875**		**10,802,036**
Interest received on fixed Deposit with Bank/NBFC's	65,977,898		67,320,382	
Less : Income Tax Paid	(21,916,208)	**44,061,690**	(24,067,042)	**43,253,340**
Rent Income	1,609,667		1,274,824	
Less : Income Tax Paid	(534,691)	**1,074,976**	(453,155)	**821,669**
Net Cash Inflow/(Outflow) from Investing Activities		**(122,351,688)**		**79,525,910**

Statement of Cash Flows
For the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	2010-11		2009-10	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Secured Loans repaid		–		(132,942,098)
Realised Exchange Loss on payment of foreign currency Loan		–		(19,065,603)
Secured Loans - Bank Overdraft (Net)		(102,369,262)		82,845,040
Interest paid		(10,492,168)		(16,325,271)
Payment of Dividend (Including Dividend Tax)		(179,628,275)		(43,243,667)
Net Cash (Outflow) from Financing Activities		(292,489,705)		(128,731,600)
Net Increase / (Decrease) in Cash & Cash Equivalents		(37,170,970)		252,868,012
CASH AND CASH EQUIVALENTS - OPENING		1,076,151,134		823,363,484
Effect of exchange(gain)/loss on cash and cash equivalents		65,713		80,362
CASH AND CASH EQUIVALENTS - CLOSING		1,038,914,451		1,076,151,134

Notes:

1. The Aggregate Income Tax paid during the year is ₹ 230,083,477 (P.Y. ₹ 162,904,230). Tax paid is net of interest on Income Tax Refund.
2. Investment in Mutual Fund under Fixed Maturity Plan are not treated as Cash and Cash Equivalent.
3. Cash and Cash Equivalent as at the end of 31st March, 2011 include Bank Deposits of ₹ 875,162,784 (P.Y. ₹ 757,038,485) a maturity period exceeding three months and which are readily convertible into known amounts of cash.

(Amount in ₹)

	31st March, 2011	31st March, 2010
4. Component of Cash and Cash Equivalent includes as at :		
Cash	1,609,652	1,701,982
Bank balances in Current Account	18,733,088	20,358,932
Cash and Bank balance at the end of year	20,342,740	22,060,914
Add:		
Fixed Deposit under lien	68,236,885	45,029,964
Other Fixed Deposit	864,638,166	734,508,520
Unclaimed dividend/ Share Application Money	259,253	236,493
Investment in Liquid Funds	85,437,407	274,315,242
Cash and Cash Equivalent at the end of year	1,038,914,451	1,076,151,134

As per our audit report of even date

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

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

For and on behalf of the Board

Sandeep Shah
Partner
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Chairman & Managing Director

Hemant P. Jain
Wholetime Director

Abhijit B. Warange
Company Secretary

Place : Mumbai
Date : 26th May, 2011

Place : Mumbai
Date : 26th May, 2011

Schedules '1' To '21'

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 1 : SHARE CAPITAL		
Authorised capital	200,000,000	200,000,000
20,000,000 (P.Y. 20,000,000) Equity shares of ₹10 each		
Issued, subscribed and paid up :		
12,325,037 (P.Y. 12,325,037) Equity shares of ₹ 10 each, fully paid up	123,250,370	123,250,370
(of the above 3,000,000 (P.Y. 3,000,000) shares are allotted as fully paid up by way of bonus shares by Capitalisation of Profits)		
	123,250,370	**123,250,370**
SCHEDULE - 2 : RESERVES AND SURPLUS		
Securities Premium Account	842,676,986	842,676,986
(As per last Balance Sheet)		
General Reserve		
Opening Balance	99,274,229	66,757,703
Add: Transfer from Profit & Loss account	46,233,328	32,516,526
	145,507,557	99,274,229
Profit and Loss account	866,131,491	686,694,668
	1,854,316,034	**1,628,645,883**
SCHEDULE - 3 : SECURED LOANS		
Working Capital Loans from Bank	21,837,769	158,008,052
(Secured by pari-passu first charge on Stock and Receivables)		
(Amount due within a year ₹ 21,837,760 (P.Y. ₹ 100,000,000)		
Working Capital Loans from Bank	33,862,868	–
(Secured by lien on Term Deposit)		
(Interest accrued and due included in above ₹ 162,868 (P.Y. ₹ Nil)		
(Amount due within a year ₹ 33,862,868 (P.Y. ₹ Nil)		
	55,700,637	**158,008,052**

Schedules ‘1’ To ‘21’

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

SCHEDULE - 4 : FIXED ASSETS

(Amount in ₹)

Sr. No.	Description of the Block of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
		As at 1st April, 2010	Additions during the Year	Deductions/ Discarded during the Year	As at 31st March, 2011	As at 1st April, 2010	Depreciation during the Year	Deductions / Adjustments during the Year	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
	TANGIBLE ASSET										
1	Free hold Land	10,437,168	–	–	10,437,168	–	–	–	–	10,437,168	10,437,168
2	Leasehold Land	19,061,883	–	–	19,061,883	611,850	243,063	–	854,913	18,206,970	18,450,032
3	Building*	284,623,480	35,007,661	–	319,631,141	75,651,776	14,072,467	–	89,724,243	229,906,898	208,971,704
4	Furnitures & Fixtures	105,166,279	3,328,757	–	108,495,036	52,110,115	18,996,115	–	71,106,230	37,388,806	53,056,164
5	Plant & Machinery	141,745,025	16,798,762	3,546,326	154,997,461	53,972,255	16,768,361	2,423,180	68,317,435	86,680,026	87,772,769
6	Computer	18,301,504	7,487,926	811,612	24,977,817	13,275,297	3,244,916	608,785	15,911,427	9,066,390	5,026,206
7	Office Equipment	18,063,029	605,703	–	18,668,732	8,504,656	2,006,618	–	10,511,274	8,157,458	9,558,373
8	Vehicles	12,820,236	847,000	384,065	13,283,171	5,884,536	1,846,487	340,564	7,390,459	5,892,712	6,935,700
	INTANGIBLE ASSETS										
9	Software	3,074,252	–	–	3,074,252	2,988,885	85,367	–	3,074,252	–	85,367
	Total	**613,292,856**	**64,075,809**	**4,742,003**	**672,626,661**	**212,999,370**	**57,263,393**	**3,372,529**	**266,890,233**	**405,736,428**	**400,293,485**
	Previous Year	**613,421,868**	**28,836,768**	**28,965,781**	**613,292,856**	**164,336,981**	**58,445,407**	**9,783,017**	**212,999,370**	**400,293,485**	

Note:

* Refer Note 13(b) of Schedule B-21

Schedules '1' To '21'

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 5 : INVESTMENTS		
LONG TERM INVESTMENTS		
a) **Trade Investments**		
(Refer Note 4 of Schedule B - 21)		
Investment in Joint Venture White Knitwear Private Limited		
In Equity shares (Unquoted)		
(330,000 (P.Y. 330,000) Shares of face value ₹ 10 each, fully paid up)	3,300,000	3,300,000
In Preference shares (Unquoted)		
9% Cumulative Redeemable Preference Shares	31,250,000	31,250,000
(3,125,000 (P.Y. 3,125,000) Shares of face value ₹ 10 each, fully paid up)		
b) **Other than Trade Investments**		
In Equity shares, Fully paid (Quoted)		
Reliance Power Limited	1,269,000	1,269,000
(4,512 (P.Y. 4,512) Shares of face value ₹ 10 each, including 1,692 (P.Y. 1,692 shares) Bonus shares received)		
Mahindra & Mahindra Financial Services Limited	330	330
(1 (P.Y. 1) Share of face value ₹ 10 each)		
Less: Provision for Diminution in value of Investment	683,794	594,456
	35,135,536	35,224,874
CURRENT INVESTMENTS		
a) **Other than Trade Investments**		
i) **Liquid & Debt Funds -(Un-Quoted) Fully paid**		
a) **Face Value of ₹ 10/- each**		
Birla Sunlife Dynamic Bond Fund-Monthly Dividend	–	20,054,708
[Units: Nil (P.Y. 1,924,850.11)]		
Birla Sunlife Savings Fund-Institutional Growth	–	41,676,804
[Units: Nil (P.Y. 2,384,706.74)]		
Canara Robeco Short Term Institutional Fund-Monthly Dividend	10,933,913	10,418,170
[Units: 1,072,928.5871 (P.Y. 1,021,965.81)]		
HDFC Floating Rate Income Fund-Short Term Plan-Daily Dividend	–	5,379,487
[Units: Nil (P.Y. 533,631.62)]		
ICICI Prudential Institutional Income Plan -Quarterly Dividend	10,878,908	10,501,400
[Units: 883,275.869 (P.Y. 851,113.29)]		
JP Morgan India Liquid Plus Fund Growth Plan	–	10,667,787
[Units: Nil (P.Y. 889,286.05)]		
Kotak Credit opp. Fund - Growth	2,830,923	–
[Units: 283,092.307 (P.Y. Nil)]		
Kotak Flexi Debt Scheme-Institutional Daily Dividend	–	5,108,629
[Units: Nil (P.Y.508,447.81)]		
Kotak Floater Long Term-Institutional Daily Dividend	–	2,821,191
[Units: Nil (P.Y. 279,885.57)]		
LIC MF Income Plus Fund-Growth	–	10,344,924
[Units: Nil (P.Y. 837,083.09)]		
LIC MF Savings Plus Fund-Growth	–	55,628,072
[Units: Nil (P.Y. 3,801,939.12)]		
Reliance Regular Savings Fund-Growth	20,000,000	20,000,000
[Units: 1,578,108.479 (P.Y.1,578,108.479)]		
Sundaram BNP Ultra Short Term Fund-Daily Dividend	–	10,275,273
[Units: Nil (P.Y. 1,023,739.44)]		
Templeton India Income Opportunity Fund-Growth	20,000,000	20,000,000
[Units: 1,943,710.154 (P.Y. 1,943,710.154)]		
Total (a)	64,643,744	222,876,445

Schedules '1' To '21'

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
CURRENT INVESTMENTS (Contd.)		
b) Face Value of ₹ 1,000/- each		
Reliance Money Manager Fund-Growth	–	31,351,455
[Units: Nil (P.Y. 24,993.15)]		
Templeton India Short Term Income Retail-Monthly Dividend	20,793,663	20,087,342
[Units: 18,561.550 (P.Y.17,933.81)]		
Total (b)	**20,793,663**	**51,438,796**
Less: Provision for Diminution in value of Investment	–	500,864
	85,437,407	273,814,378
ii) In units of Fixed Maturity Plans (FMP's) -Quoted fully paid		
Birla Sunlife Quarterly Interval Fund - Series 4 - Dividend	10,330,493	–
[Units: 1,033,049.287 (P.Y. Nil)]		
Birla Sunlife Short Term FMP Series 10 - Dividend	20,782,530	–
[Units: 2,078,253.801 (P.Y. Nil)]		
Birla Sunlife Fixed Term Plan CP Growth	10,179,310	–
[Units: 1,017,931.000 (P.Y. Nil)]		
BNP Paribas Fixed Term Fund Ser 20B - Dividend	10,000,000	–
[Units: 1,000,000.000 (P.Y. Nil)]		
DSP Blackrock FMP 3M Series 29 - Dividend	10,003,590	–
[Units: 1,000,359.000 (P.Y. Nil)]		
ICICI Pru FMP Series 51-13 M Plan C Cumulative	20,000,000	20,000,000
[Units:2,000,000.000 (P.Y.2,000,000.000)]		
ICICI Pru Interval III Quarterly Institution -Dividend	10,119,900	–
[Units: 1,011,990.000 (P.Y. Nil)]		
IDFC Fixed Maturity Yearly Series 38 - Growth	20,736,591	–
[Units: 2,073,659.091 (P.Y. Nil)]		
Kotak Qtrly Interval Plan Series 8 - Dividend	10,006,975	–
[Units: 1,000,677.486 (P.Y. Nil)]		
Reliance Interval Fund - Qtrly Plan Series I	10,148,080	–
[Units: 1,013,703.026 (P.Y. Nil)]		
Tata Fixed Maturity Plan Series 28 Scheme A -Dividend	5,188,630	–
[Units: 518,863.000 (P.Y. Nil)]		
UTI Fixed Income Interval Fund Qtrly Plan Series I	10,417,653	–
[Units: 1,041,764.300 (P.Y. Nil)]		
	147,913,751	20,000,000
Total Investments	**268,486,694**	**329,039,252**
Aggregate Cost (Net of Provisions)		
- Quoted	148,499,287	20,674,874
- Unquoted Shares	34,550,000	34,550,000
- Unquoted Mutual Fund	85,437,407	273,814,378
Aggregate Market / Net asset Value		
- Quoted	151,143,517	20,729,717
- Unquoted Mutual Fund	87,735,430	274,260,441

Schedules '1' To '21'

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 6 : INVENTORIES		
Finished goods [Includes Stock in transit of ₹ Nil (P.Y. ₹ 162,300]	165,386,506	103,220,946
Work-in-Progress	118,063,711	63,067,829
Raw material	69,810,982	41,777,298
Packing material & accessories	12,254,470	7,769,049
Stores, chemicals and consumables	2,623,119	2,012,038
	368,138,788	**217,847,160**
SCHEDULE - 7 : SUNDRY DEBTORS		
a) Debtors (Secured)		
i) Over Six Months	1,212,276	270,829
ii) Others	20,451,049	8,932,127
b) Debtors (Unsecured)		
i) Over Six Months		
a) Considered Good	9,406,816	4,658,000
b) Doubtful	1,892,251	2,764,446
ii) Other Debts		
a) Considered Good	267,033,823	227,474,292
b) Doubtful	3,407,750	1,785,554
	303,403,965	245,885,248
Less : Provision for Doubtful Debts	5,300,000	4,550,000
	298,103,965	**241,335,248**
SCHEDULE - 8 : CASH & BANK BALANCES		
Cash on hand	1,609,652	1,701,982
Bank balances with scheduled banks :-		
In Current accounts	12,777,251	15,546,751
In EEFC account [USD 133,389] (P.Y. USD 106,606)	5,955,837	4,812,181
In Public Issue Escrow Accounts	111,325	111,325
In Unclaimed Dividend Account	147,928	125,168
In Fixed Deposits	932,875,050	779,538,484
[Out of the above, Fixed Deposits under Lien aggregate to ₹ 68,236,885 (P.Y. ₹ 45,029,694) and includes Fixed Deposits of ₹ 27,892,641 (P.Y. ₹ 42,500,000) under lien, offered as security against third party borrowing.]		
	953,477,043	**801,835,891**
SCHEDULE - 9: OTHER CURRENT ASSETS		
Interest Accrued but not due on Fixed Deposits with Banks & NBFC's	33,442,209	31,334,822
Duty Drawback Receivable	423,351	676,953
	33,865,560	**32,011,775**

Schedules '1' To '21'

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 10 : LOANS AND ADVANCES		
(Unsecured, considered good except otherwise stated)		
Loans given to employees	2,349,362	2,369,398
Deposits [Net of Provision of ₹ 151,000 (P.Y. ₹ 1,425,000)]	81,172,371	81,788,474
Fixed Deposits with NBFC's	40,000,000	40,000,000
Advances recoverable in cash or in kind or for value to be received	20,022,788	14,070,474
Advance Tax / Tax deducted at source (Net of Provision)	9,489,646	520,078
Advance FBT (Net of Provision)	42,747	42,747
	153,076,914	**138,791,171**
SCHEDULE - 11 : CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities :		
Sundry Creditors for		
a) Micro, Small and Medium Enterprises		
-Materials	4,671,834	4,038,396
b) Others		
-Capital Expenditure	3,758,396	1,889,377
-Materials	100,420,257	49,564,396
-Expenses	73,452,876	79,341,278
Other Liabilities	59,275,815	25,628,564
Security Deposits	37,045,111	8,695,112
Advance from Customers	25,511,990	16,514,947
Unclaimed Share Application Money to be refunded	111,325	111,325
Unclaimed Dividend	147,788	125,168
	304,395,392	185,908,563
Note :		
(1) Refer Note. 7 of Schedule B - 21 for amount due to Micro, Small and Medium Enterprises.		
(2) There are no amounts due & outstanding to be credited to Investor Education & Protection Fund as at year end.		
(B) Provisions for :		
Proposed Dividend	49,300,148	73,950,222
Interim Dividend (Refer Note 5 of Schedule B -21)	73,950,222	–
Tax on Proposed Dividend	7,997,717	12,282,207
Tax on Interim Dividend (Refer Note 5 of Schedule B-21)	11,996,575	–
Employee benefits	4,549,173	4,558,667
Share of Loss in Joint Venture	4,900,000	4,300,000
Others	24,121,570	15,213,683
Contingencies	4,300,000	2,075,000
	181,115,404	112,379,780
TOTAL (A + B)	**485,510,797**	**298,288,343**

Schedules '1' To '21'

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2010
SCHEDULE - 12 : SALES INCOME		
Sales of Apparel and Life Style Accessories	2,359,837,786	1,750,969,488
Sale of Power	272,453	630,039
	2,360,110,239	**1,751,599,527**
SCHEDULE - 13 : OTHER INCOME		
a) Other Operating Income		
Service Income	4,299,296	410,698
(Tax Deducted at Source - ₹ 155,566 (P.Y. ₹ Nil)		
Export Incentives	5,441,348	4,803,259
Miscellaneous Operating Income	1,761,557	1,197,992
Rent Income	1,609,667	1,359,602
(Tax Deducted at Source - ₹ 189,651 (P.Y. ₹ 166,227)		
Total Other Operating Income (a)	13,111,868	7,771,551
b) Other Income		
Interest on Fixed Deposits with Banks & NBFC's	68,085,285	70,806,242
(Tax Deducted at Source - ₹ 6,959,893 (P.Y. ₹ 9,086,230)		
Interest on Income Tax Refund	2,163,948	–
Income from other than Trade Investments:		
Dividend Income	10,515,875	10,802,036
Gain on redemption on Mutual Fund (Net)	887,361	11,650,515
Reversal of Provision For Diminution in Value of Investment	411,526	733,500
Exchange Rate Fluctuation (Net)	190,884	8,526,307
Profit on Sale of Assets (Net)	1,145,112	–
Total Other Income (b)	83,399,992	102,518,600
Total (a) + (b)	**96,511,860**	**110,290,151**
SCHEDULE - 14 : (INCREASE) / DECREASE IN STOCKS		
Opening stock		
Work - in- Progress	63,067,829	45,074,822
Finished goods (includes Stock in Transit)	103,220,946	88,800,336
	166,288,775	133,875,158
Closing Stock		
Work - in- Progress	118,063,711	63,067,829
Finished goods (includes Stock in Transit)	165,386,506	103,220,946
	283,450,217	166,288,775
Add/(Less): Variation in Excise Duty on Opening and Closing Stock of Finished goods	(20,119,357)	–
(Increase)/Decrease in Stock	**(97,042,085)**	**(32,413,617)**

Schedules '1' To '21'

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2010
SCHEDULE - 15 : COST OF MATERIAL CONSUMED		
a) Raw Material Consumed:		
Opening stock	41,777,298	21,136,041
Add: Purchases	657,173,560	455,943,163
	698,950,858	477,079,204
Less: Closing stock	69,810,982	41,777,298
	629,139,876	435,301,906
b) Semi-Finished Goods	147,195,220	98,897,574
c) Packing Material, Accessories and others	133,334,433	104,162,352
d) Stores, Chemicals and Consumables	38,277,744	34,911,192
	947,947,273	**673,273,024**
SCHEDULE - 16 : PERSONNEL COST		
Salary, Wages and Allowances	219,364,086	182,372,583
(Refer Note 8 to Schedule B - 21)		
Contribution to Provident and other Funds	18,024,592	14,654,877
Bonus and Ex-gratia	6,594,306	6,068,806
Gratuity	5,922,059	2,249,055
Leave Benefits	4,315,973	2,838,881
	254,221,016	**208,184,202**
SCHEDULE - 17 : MANUFACTURING AND OPERATING EXPENSES		
Embroidery expenses	12,640,216	9,784,544
Electricity expenses (Net of credit received for Power generation from Windmill of ₹ 4,641,641 (P.Y. ₹ 5,360,033)	7,759,797	7,438,634
Factory Rent	2,520,264	2,346,264
General factory expenses	5,174,462	2,827,672
Processing charges	112,273,428	71,444,199
Fuel expenses	18,498,345	15,397,965
Water Charges	3,770,235	3,376,408
Waste Disposal Charges	1,983,378	1,689,841
Repairs to Machinery	4,104,395	2,998,926
Wind Turbine expenses	1,036,774	738,164
	169,761,294	**118,042,617**

Schedules '1' To '21'

Annexed to and forming part of the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

PARTICULARS		For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2010
SCHEDULE - 18 : ADMINISTRATIVE & OTHER EXPENSES			
Rent, Rates and Taxes		5,682,492	5,545,422
Communication expenses		6,010,262	5,625,009
Insurance Premium		2,140,121	2,612,388
Legal and Professional fees		13,379,399	13,104,541
Consultancy Fees		6,416,488	6,754,556
Printing and Stationery		3,103,836	2,648,396
Donations		6,474,845	2,493,967
Vehicle expenses		2,366,865	2,941,607
Auditors Remuneration		2,070,769	1,988,178
Conveyance & Travelling expenses		6,044,820	4,043,909
Electricity Expenses		3,799,584	4,530,892
Staff Welfare		7,049,282	5,572,472
Repairs to Building		2,644,748	828,176
Repairs & Maintenance (others)		7,022,350	6,324,018
Directors Sitting Fees		820,000	820,000
Sundry balance written off		116,153	–
General office expenses		15,374,718	13,940,824
Exchange rate fluctuation loss		–	–
Bad Debts	₹ 2,063,025		2,864,638
Less :Provision for Doubtful debts made:	₹ 2,063,025	–	(2,864,638)
Deposit Written off (Net Of Provision of ₹ 1,425,000)		1,126,607	–
Provision for Doubtful debts		2,813,025	14,638
Loss on Sale/discard of Assets (Net)		–	13,666,428
Provision for share of loss in Joint Venture		600,000	4,300,000
(Refer Note 4 to Schedule B - 21)			
		95,056,366	**97,755,421**
SCHEDULE - 19 : SELLING & DISTRIBUTION EXPENSES			
Commission on Sales		6,042,762	3,849,485
Discount and rebates on Sales		64,726,504	46,353,195
Octroi, clearing and forwarding charges on Sales		10,926,523	10,266,062
Tour and Travelling expenses		16,726,556	12,538,727
Advertisement and Publicity expenses (Net of recoveries)		111,806,005	89,750,242
Sales Promotion expenses (Net of recoveries)		11,795,036	4,984,646
Owned / Leased & Managed Retail outlet Expenses		39,984,880	51,603,670
		262,008,266	**219,346,027**
SCHEDULE - 20 : FINANCE EXPENSES			
Bank charges		1,277,777	1,181,716
Finance charges		10,709,218	5,772,403
Interest on Working Capital Loan		8,604,015	13,428,336
Interest on Term Loan		–	2,907,698
		20,591,010	**23,290,153**

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

A. SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING:

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

2. USE OF ESTIMATES:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that may affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FIXED ASSETS & CAPITAL WORK-IN-PROGRESS:

Fixed assets are stated at cost less depreciation or amortisation and impairment, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of fixed assets, if any, up to the date of commissioning of the assets and other incidental expenses incurred up to that date.

Capital work-in-progress is carried at cost comprising direct cost, borrowing cost (if applicable) and related incidental expenses.

4. DEPRECIATION/AMORTISATION:

a) Depreciation is provided on written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956 for all assets except those given below and such rates not being lower than the rates prescribed by the said Schedule XIV. Assets costing ₹ 5,000 or less are fully depreciated in the year of purchase.

b) Assets lying at retail stores are depreciated over a period of five years on straight-line basis.

c) Software is amortised over a period of three years on straight-line basis.

d) Mobile handsets (acquired on or after 1st April, 2010) are amortised over a period of three years on straight-line basis.

e) Leasehold Lands are amortised over the period of lease.

5. IMPAIRMENT:

Impairment loss is recognised whenever the carrying amount of the asset is in excess of its recoverable amount and the same is recognised as an expense in the statement of profit and loss and the carrying amount of the asset is reduced to 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.

6. INVESTMENTS:

Long-term investments are stated at cost less diminution (other than temporary) in value. Current investments are stated at cost or fair value (net asset value in case of units of mutual fund); whichever is lower, computed category wise for related investments.

Investment transactions are accounted for on a trade date basis. In determining the holding cost of investments and the gain or loss on sale of investments, the 'Weighted Average' method is followed.

7. INVENTORIES:

a) Raw material, packing material, accessories, stores and consumables are valued at lower of cost or net realisable value.

b) Work-in-progress, finished goods and traded goods are valued at lower of cost or estimated net realisable value. The excise duty in respect of inventory of finished goods is included in the cost of the finished goods.

c) Cost is ascertained on specific identification method and includes appropriate production overheads in case of work-in-progress and finished goods.

8. FOREIGN CURRENCY TRANSACTIONS:

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

9. REVENUE RECOGNITION:

a) Sales are recognised when significant risks and rewards of ownership of the goods have passed to the buyer that coincides with delivery and are recorded net of trade discount, rebates and sales tax. Sales do not include inter-divisional transfers.

b) Service Income are recognised after rendering of services.

c) Export incentives under the Duty Drawback Scheme are recognised on accrual basis in the year of export.

d) Licensing revenue is recognised in accordance with the terms of the relevant agreements.

e) Power generation income is recognised on the basis of electrical units generated in excess of captive consumption and recognised at prescribed rate as per agreement of sale of electricity by the Company.

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

10.EMPLOYEES' BENEFITS:

Employees' benefits are dealt with in the following manner:

a) Provident Fund is defined contribution plan and charged to Profit and Loss Account on accrual basis with corresponding contribution to recognised funds.

b) Gratuity is defined benefit plan and payment for present liability of future payment of gratuity is made to an approved gratuity fund, which fully covers the said liability under Cash Accumulation Policy of Life Insurance Corporation of India (LIC). The additional liability arising out of the difference between the actuarial valuation and the fund balance with the LIC, if any, is accrued at the year-end.

c) The leave entitlements defined benefits are either short term or long term benefit depending on the eligibility of the employees. Long term leave liabilities was funded with LIC and accounted as per actuarial valuation determined at the year end and short term leave liability are recognised/ measured on un-discounted basis.

11.TAXES ON INCOME:

Tax expenses for the year comprises of current tax, deferred tax and adjustments of taxes for previous years. Current tax provision has been determined based on reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from timing differences between taxable and accounting income is accounted for using the tax rate and laws enacted or substantively enacted as on the balance sheet date. The Deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the asset will be realised in future.

12.PROVISIONS AND CONTINGENT LIABILITIES:

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed and adjusted to reflect the current best estimate.

Contingent liability is disclosed when there is (a) possible obligation or (b) a present obligation, which is not recognised since it is not probable that outflow of resources, would be required to settle the obligation.

13.OPERATING LEASE:

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

Rental income and expense on assets given or obtained under operating lease arrangements are recognised on a straight-line basis / as per lease arrangement over the term of relevant lease.

14.EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit (after tax) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profits (after tax) for the year attributable to the equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

15.CASH FLOW STATEMENT:

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

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

B. NOTES TO ACCOUNTS:

1. CONTINGENT LIABILITIES:

a. Disputed demands in respect of income tax not acknowledged as debt – ₹ 9,648,192 (P.Y. ₹ 12,325,246). Future cash outflows in respect of above are dependent on outcome of matter under dispute.

b. The Company has purchased capital assets under EPCG license against which the Company has a balance export obligation of ₹ 36,696,501 (P.Y. ₹ 28,631,956). Contingent liability, to the extent of duty saved in respect of EPCG is ₹ 6,550,908 (P.Y. ₹ 3,151,492). Balance Export obligation to be fulfilled as per license up to the year 2019. Further, in respect of the above, outstanding bonds at the year end executed by the Company in favour of customs authority aggregating ₹ 33,700,395 (P.Y. ₹ 26,588,573) for which export obligation is pending / fulfilled but under the process of discharge from custom authorities.

c. The Company has fulfilled its export obligation with regards to certain EPCG License. However, the discharge from Custom authorities / DGFT is under process. The export obligation fulfilled against these licenses aggregates to ₹ 9,817,108 (P.Y. ₹ 18,601,084).

d. Bank guarantees of ₹ 3,219,244 (P.Y. ₹ 3,144,159).

e. Letter of Credit of ₹ Nil (P.Y. ₹ 5,722,649) discounted with Banks.

f. Guarantee of ₹ 16,602,758 (P.Y. ₹ 25,846,592) given to Bank for securing overdraft facility to third party of the Company by creating lien on Fixed Deposits of ₹ 27,892,641 (P.Y. ₹ 42,500,000).

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

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for ₹ 5,446,435 (net of advances) (P.Y. ₹ 6,001,300)

3. In March 2006, the Company made a public issue of its 3,100,037 equity share having face value of ₹ 10 each at a premium of ₹ 250/- per share. The aggregate fund raised by the issue was ₹ 733,459,620 (net of share issue expenses of ₹ 72,550,000). The entire proceeds raised from the issue have been fully utilised upto 31st March, 2010 as per revised objects approved by the shareholders of the Company.

4. INVESTMENT IN JOINT VENTURE:

The Company had invested in aggregate ₹ 34,550,000 (P.Y. ₹ 34,550,000) in Joint Venture "White Knitwear Private Limited" (WKPL). WKPL had acquired land in Surat SEZ and created building for setting up of production unit for producing of knitwear apparels for exports. In view of the sluggish demand in international market, most of the members of SEZ shelved their projects and approached to central government for de-notification of SEZ. The management is hopeful that the SEZ would be de-notified soon. Post de-notification WKPL shall dispose of the land and building and realise the proceeds to return it to joint venture partners.

No provision for diminution in the value of investment is considered necessary in view of the value of underlying assets base of joint venture, however the Company as a matter of abundant precaution made provision towards its share of loss of ₹ 600,000 (P.Y. ₹ 4,300,000) for the year ended 31st March, 2011 (cumulative share of loss aggregates to ₹ 4,900,000 (P.Y. ₹ 4,300,000) and provision is grouped under administrative & other expenses).

5. Interim Dividend includes Special Interim Dividend of ₹ 6 per share (Face value of ₹ 10 each) declared on 2nd April, 2011 and paid on 26th April, 2011 on the occasion of completion of 5 years of listing on the stock exchanges. Accordingly an amount of ₹ 73,950,222 along with Dividend Distribution Tax of ₹ 11,996,575 is shown under Schedule 11 as provisions.

6. AGGREGATE EXPENSES:

The aggregate amounts incurred on certain specific expenses are:

(Amount in ₹)

Particulars	31-03-2011	31-03-2010
Rent Including Common Area Maintenance Charges	33,340,086	43,671,529
Electricity Expenses	17,876,056	20,622,596
Communication Expenses	4,524,262	4,340,275
Repair & Maintenance (Building)	13,952,347	10,499,441
Repair & Maintenance (Machinery)	5,028,109	3,620,736
Insurance Premium	2,149,309	2,624,868
Rates & Taxes	3,775,862	3,979,836

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

7. Disclosure U/s 22 of Micro, Small and Medium Enterprises Development Act, 2006:

(Amount in ₹)

Particulars	31-03-2011	31-03-2010
a) Principle amount remaining unpaid to suppliers	4,671,834	4,038,396
b) Amount of Interest paid u/s 16	–	2,055
c) Amount of Interest due and remaining unpaid	3,501	–
d) Amount of Interest accrued and remaining unpaid	–	–

The Company has compiled this information based on the current information in its possession. As at 31st March, 2011, few suppliers/service providers have intimated the Company about their status as micro or small enterprises or their registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

8. MANAGERIAL REMUNERATION TO DIRECTORS:

(Amount in ₹)

Particulars	31-03-2011	31-03-2010
Salary and Allowances	14,400,000	9,600,000
Provident Fund	864,000	576,000
Perquisite	158,400	158,400
Total	**15,422,000**	**10,334,400**

Note:

a) Managerial remuneration is paid as per the provisions of Section I of Part II of Schedule XIII to the Companies Act, 1956.

b) The computation of profits under Section 349 of the Companies Act, 1956 has not been given as no commission is payable to the Directors.

c) The Directors are covered under the Company's scheme of gratuity along with the other employees of the Company. The proportionate amount of gratuity is not included in the aforementioned disclosure, as the amount attributable to Directors is not seperately ascertainable.

9. AUDITORS REMUNERATION:

(Amount in ₹)

Particulars	31-03-2011	31-03-2010
As Auditors (includes service tax of ₹ 160,880 (P.Y. ₹ 132,870))	1,720,680	1,422,870
For Taxation matters (includes service tax of ₹ 21,630 (P.Y. ₹ 17,510))	291,630	187,510
For Others matters (includes service tax of ₹ 5,459 (P.Y. ₹ 6,798))	58,459	377,798
Total	**2,070,769**	**1,988,178**

10.EMPLOYEE BENEFITS:

a) **Disclosure in respect of gratuity liability**

(Amount in ₹)

Reconciliation on Change in Benefit Obligation :	31-03-2011	31-03-2010
Liability at the beginning of the year	9,770,658	7,715,465
Interest Cost	781,653	617,237
Current Service Cost	2,269,751	2,025,242
Benefit Paid	(1,590,384)	(855,810)
Actuarial (gain)/loss on obligations	3,844,358	268,524
Liability at the end of the year	**15,076,036**	**9,770,658**

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

(Amount in ₹)

Reconciliation of Fair value of Plan Assets :	31-03-2011	31-03-2010
Fair Value of Plan Assets at the beginning of the year	8,153,128	4,846,990
Fair Value of Plan Assets transferred from other Fund	–	134,109
Expected Return on Plan Assets	973,703	527,839
Contributions	6,650,932	3,500,000
Benefit Paid	(1,590,384)	(855,810)
Fair Value of Plan Assets at the end of the year	**14,187,379**	**8,153,128**

(Amount in ₹)

Amount recognised in the Balance Sheet :	31-03-2011	31-03-2010
Liability at the end of the year	15,076,036	9,770,658
Fair Value of Plan Assets at the end of the year	14,187,379	8,153,128
Asset /(Liability) in the Balance Sheet	**(888,657)**	**(1,617,530)**

(Amount in ₹)

Gratuity recognised in the Income Statement :	31-03-2011	31-03-2010
Current Service Cost	2,269,751	2,025,242
Interest Cost	781,653	617,237
Expected Return on Plan Assets	(973,703)	(527,839)
Actuarial (Gain)/Loss	3,844,358	268,524
Fair Value of Plan Assets transferred from other Fund	–	(134,109)
Expense Recognised in Profit & Loss Account	**5,922,059**	**2,249,055**

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Principal Assumption used in determining Gratuity	31-03-2011	31-03-2010
Discount Rate	8%	8%
Expected Rate of return	9.00%	9.15%
Employee Turnover	1-3%	1-3%
Salary Escalation	6%	5%
Mortality Table	LIC (1994-96) Ultimate	

Other disclosures:

(Amount in ₹)

Benefit	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	15,076,036	9,770,658	7,715,465	6,365,143
Plan assets	14,187,379	8,153,128	4,846,990	4,200,890
Surplus/(deficit)	(888,657)	(1,617,530)	(2,868,475)	(2,164,253)
Experience adjustments on plan liabilities – loss/ (gain)	3,844,358	268,524	(399,645)	1,657,863

100% of the plan assets are invested in insurer Managed fund. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

b) Disclosure in respect of leave entitlement liability:

Effective current year, the Company has change its leave policy. Accordingly, Leave entitlement is short term benefit which is recognised as an expense at the un-discounted amount of the year in which the related service is rendered. Previous year, Long term leave entitlements was recognised as expense based on the actuarial valuation and the principal assumptions used in determining leave entitlement liability were same as those used for gratuity (Refer Note 10 – a of Schedule 21).

11.SEGMENT REPORTING:

a) Primary Segment:

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

(Amount in ₹)

Particulars	Apparel & Life style Accessories	Other\ Reconciling Item	Unallocated	Total
1. Segment Revenue				
Net Sales/Income from Operation	2,365,939,001	4,914,094	–	2,370,853,095
	(1,758,741,039)	(5,990,072)	(–)	(1,764,731,111)
Less: Inter Segment Revenue	–	4,641,641	–	4,641,641
	(–)	(5,360,033)	(–)	(5,360,033)
Total Segment Revenue	**2,365,939,001**	**272,453**	**–**	**2,366,211,454**
	(1,758,741,039)	**(630,039)**	**(–)**	**(1,759,371,078)**
2. Segment Result				
Segment Result	631,861,713	–320,657	–	631,541,056
	(414,135,197)	(302,010)	–	(414,437,207)
Less : Interest expenditure				20,591,010
				(23,290,154)
Add: Other unallocable income net of unallocable expenditure			81,654,880	81,654,880
			(96,268,600)	(96,268,600)
Profit before Tax				**692,604,926**
				(487,415,652)
Less : Provision For Tax				230,271,646
				(162,250,391)
Net Profit				**462,333,280**
				(325,165,262)
3. Other Information				
Segment Assets	1,191,560,122	26,455,349	1,300,762,369	2,518,777,840
	(980,579,440)	(30,574,686)	(1,196,958,520)	(2,208,112,646)
Segment Liabilities	337,366,135	–	146,547,434	48,913,569
	(293,898,343)	(10,000)	(162,308,052)	(456,216,394)
Depreciation/ Amortisation	53,065,416	4,197,977	–	57,263,393
	(53,495,509)	(4,949,898)	(–)	(58,445,407)
Non Cash Expenses other than Depreciation	–	103,872	600,000	703,872
	(–)	(103,874)	(4,300,000)	(4,403,874)
Capital Expenditure	64,075,809	–	–	64,075,809
	(28,836,768)	(–)	(–)	(28,836,768)

Note: As per the expert advisory opinion, electricity generated from Wind Turbine Generator and used for captive consumption is reduced from the electricity expenses in profit and loss account but shown as segment revenue for the purpose of segment reporting as per AS-17 "Segment Reporting".

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

b) Secondary Segment (By Geographical Segment):

(Amount in ₹)

Particulars	India	Outside India	Total
Sales / Income from Operations	2,293,582,048 (1,697,424,122)	72,629,406 (61,946,956)	2,366,211,454 (1,759,371,078)
Segment Assets *	2,511,399,524 (2,206,010,731)	7,378,316 (2,101,915)	2,518,777,840 (2,208,112,646)

(Figures in bracket indicate previous year's figures)

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

12. RELATED PARTY DISCLOSURE:

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

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

Joint Ventures

White Knitwear Private Limited

Enterprises where Key Management Personnel and their relative have significant influence

Kornerstone Retail Limited

Smt. Jatnobai Karamchandji Ratanparia Chouhan Charitable Trust

Relatives / Other concerns of Key Management Personnel

Shantaben P Jain

Veena K. Jain

Lata H. Jain

Sangeeta D. Jain

Kesar V. Jain

Pankaj K. Jain

Hitendra H. Jain

Aarpita K. Jain

Pukhraj K. Jain (HUF)

Kewalchand P. Jain (HUF)

Hemant P. Jain (HUF)

Dinesh P. Jain (HUF)

Vikas P. Jain (HUF)

P.K. Jain Family Holding Trust

Key Management Personnel:

Kewalchand P. Jain	Chairman & Managing Director
Hemant P. Jain	Whole-time Director
Dinesh P. Jain	Whole-time Director
Vikas P. Jain	Whole-time Director

Employee Funds:

Kewal Kiran Clothing Ltd. – Employee Group Gratuity Scheme.

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

(Amount in ₹)

b)

Nature of Transaction	Enterprises under the Same management	Joint Venture	Relatives/ Other Concerns of Key Management Personnel	Key Management Personnel	Employee Funds
Purchase of Assets	232,348	–	–	–	–
	(150,238)	(–)	(–)	(–)	(–)
Investment in Preference Shares	–	–	–	–	–
	(–)	(4,150,000)	(–)	(–)	(–)
Rent Expenses	–	–	918,000	2,989,200	–
	(–)	(–)	(918,000)	(2,989,200)	(–)
Managerial Remuneration	–	–	–	15,422,000	–
	(–)	(–)	(–)	(10,334,400)	(–)
Salary	–	–	966,546	–	–
	(–)	(–)	(487,778)	(–)	(–)
Rent Income (exclusive of service tax)	1,609,667	–	–	–	–
	(1,359,602)	(–)	(–)	(–)	(–)
Dividend Paid	–	–	78,912,500	35,191,213	–
	(–)	(–)	(18,939,000)	(8,394,891)	(–)
Donation Paid	3,500,000	–	–	–	–
	(925,000)	(–)	(–)	(–)	(–)
Contribution to Gratuity Fund	–	–	–	–	6,650,932
	(–)	(–)	(–)	(–)	(3,500,000)
Outstanding balance as on 31.03.2011					
Sundry Payable	–	–	197,217	4,178,354	888,657
	(57,320)	(–)	(223,196)	(1,184,308)	(1,617,530)
Sundry Receivable	1,419	–	–	–	–
	(329,985)	(–)	(–)	(–)	(–)
Deposit Receivable	–	–	459,000	324,000	–
	(–)	(–)	(459,000)	(324,000)	(–)
Investments	–	34,550,000	–	–	–
	(–)	(34,550,000)	(–)	(–)	(–)

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

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

Nature of Transaction	Name of the related party	Amount in ₹
Purchase of Assets	Kornerstone Retail Limited	232,348 (150,238)
Investment in Preference Shares	White Knitwear Private Limited	– (4,150,000)
Rent Expenses	Kewalchand P. Jain	997,800 (997,800)
	Hemant P. Jain	859,800 (859,800)
	Dinesh P. Jain	565,800 (565,800)
	Vikas P. Jain	565,800 (565,800)
	Shantaben P. Jain	918,000 (918,000)
Managerial Remuneration	Kewalchand P. Jain	3,855,600 (2,583,600)
	Hemant P. Jain	3,855,600 (2,583,600)
	Dinesh P. Jain	3,855,600 (2,583,600)
	Vikas P. Jain	3,855,600 (2,583,600)
Rent Income (exclusive of service tax)	Kornerstone Retail Limited	1,609,667 (1,359,602)
Salary	Pankaj K. Jain	524,398 (473,676)
	Arpita K. Jain	317,150 (14,103)
	Hitendra H. Jain	124,998 (–)
Dividend Paid	Shantaben P. Jain (Beneficiary of P. K. Jain Family Holding Trust)	76,912,500 (18,459,000)
	Kewalchand P. Jain	8,567,638 (2,041,233)
	Hemant P. Jain	8,589,375 (2,061,450)
	Dinesh P. Jain	9,070,625 (2,152,950)
	Vikas P. Jain	8,963,575 (2,139,258)
Contribution to Gratuity Fund	Employee Fund	6,650,932 (3,500,000)
Donation Paid	Smt. Jatnobai Karamchandji Ratanparia Chouhan Charitable Trust	3,500,000 (925,000)

Note:

i) Figures in brackets represents corresponding amount of previous year.

ii) Managerial Remuneration excludes Gratuity provision.

iii) Reimbursements of expenses made to Key Management Personnel are not included in the above figures.

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

13.OPERATING LEASE ARRANGEMENTS:

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

a) As lessee:

Rental expenses of ₹ 32,118,122 (P.Y. ₹ 42,154,500) under operating leases have been recognised in the profit and loss account. It includes contingent lease rent of ₹ 2,408,718 (P.Y. ₹ 781,669) based on revenue sharing model.

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

(Amount in ₹)

Particulars	31-03-2011	31-03-2010
Due not later than one year	24,335,512	28,553,444
Due later than one year but not later than five years	67,914,421	87,421,036
Later than five years	17,728,795	38,529,789
Total	**109,978,728**	**154,504,269**

The above figures include:

i) The agreements are executed for the periods of 33 to 108 months with a non-cancellable period at the beginning of the agreement ranging from 12 to 36 months and having a clause for extension of lease period.

ii) Lease rentals calculated based on estimated date of commencement of lease in cases where the agreements / MOU’s have been entered into but the date of commencement of lease is dependent on the date of construction/renovation of premises and based on the commitment for delivery by lessors.

iii) The afore-mentioned lease rentals include a lease the period of which is dependent on the occurrence of an event, the date of which is not ascertainable beyond five years. Hence, the lease rentals are considered up to a period of five years only.

iv) Lease rentals do not include common area maintenance charges and tax payable, if any.

v) The above details of Lease Rental obligation exclude the amounts payable by franchisee in accordance with the arrangement with them (a) not later than 1 year ₹ 7,111,142 (P.Y. ₹ 5,210,928) (b) between 1 to 5 year ₹ 19,316,502 (P.Y. ₹ 18,285,345) (c) more than 5 years ₹ 1,110,000 (P.Y. ₹ 2,317,744)

b) As Lessor:

Rental income of ₹ 1,609,667 (P.Y. ₹ 1,359,602) is recognised in the Profit & Loss account. It includes contingent lease rent of ₹ 409,667 (P.Y. ₹ 434,602) based on revenue sharing model. The Company has given part of the premises along with amenities under operating lease. There is no escalation clause and the arrangement is mutually cancellable. The gross carrying amount, accumulated depreciation at the balance sheet date and depreciation recognised in Profit and Loss account for the year of said premises is ₹ 15,990,000, ₹ 3,581,556, and ₹ 653,075 respectively (P.Y. ₹ 15,990,000, ₹ 2,928,491, and ₹ 687,448).

14.EARNINGS PER SHARE:

Particulars		31-03-2011	31-03-2010
Net Profit after Tax	₹	462,333,280	325,165,262
Weighted average number of Equity Shares	Nos.	12,325,037	12,325,037
Basic & Diluted Earnings per share (Face value of ₹10 each)	₹	**37.51**	**26.38**

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

15.DEFERRED TAX:

Disclosure as per Accounting Standard (AS) - 22 "Accounting for Taxes of Income" are given below:

Particulars	31-03-2011	31-03-2010
Deferred Tax Asset:		
Share Issue Expenses (Tax effect of share issue expenses eligible for the Income tax deduction, under section 35D, credited to securities premium account)	7,845,295	10,710,256
Various items including provisions for Doubtful debts/advances etc	6,180,038	4,459,274
Depreciation	2,400,690	1,393,608
Deferred Tax Liability:	–	–
Net deferred tax asset	**16,426,023**	**16,563,138**

Deferred tax asset is recognised only on those timing differences, which reverse in the post tax free period, as Company enjoys exemption under section 80-IA of Income Tax Act, 1961 in respect of revenue generated from Wind Turbine Generator.

16. Sundry debtors include ₹ 1,419 (P.Y. ₹ 329,985) [maximum amount due during the year ₹ 1,123,629 (P.Y. ₹ 945,169)] receivable from Kornerstone Retail Limited under same management.

17. Loans and advance includes Deposit of ₹ 324,000 for the premises taken on lease from the directors. (P.Y. ₹ 324,000) [Maximum amount due during the year ₹ 324,000 (P.Y. ₹ 324,000).

18. JOINT VENTURE INFORMATION:

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

i) Detail of Interest in Joint Venture

Name	Description of Interest	Country of Incorporation	Percentage of interest as on 31.03.2011	Percentage of interest as on 31.03.2010
White Knitwear Private Limited	Equity Shareholding	India	33.33%	33.33%

ii) Company's Interest in the Joint Venture

(Amount in ₹)

Name	Assets	Liabilities	Income	Expenditure
White Knitwear Private Limited	23,019,793 (23,443,608)	111,634 (689,672)	1,845,035 (369,972)	1,382,363 (1,004,184)

The Company's share in the Contingent Liability and Capital Commitment of the Joint Venture are ₹ Nil (P.Y. ₹ Nil) and ₹ Nil (P.Y. ₹ Nil) - respectively.

The Company's Contingent Liability and capital commitment in relation to joint venture ₹ Nil (P.Y. ₹ Nil) and ₹ Nil (P.Y. ₹ Nil)

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

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

19.DISCLOSURE REGARDING DERIVATIVE INSTRUMENT AND UNHEDGED FOREIGN CURRENCY EXPOSURE:

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

Particulars	Currency	2010-11		2009-10	
		Amt. in Foreign Currency	₹	Amt. in Foreign Currency	₹
Sundry Debtors	USD	71,808	3,206,227	58,975	2,662,136
Sundry Creditors	USD	180	8,037	–	–
Advance from Customer	USD	8,033	358,693	12,545	560,221
Advance to Supplier	USD	101,653	4,538,819	58,456	2,664,768
Balance in EEFC account	USD	133,389	5,955,837	106,606	4,812,181
Foreign currency in hand	Multiple	–	587,549	–	617,568

20.PROVISIONS:

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

(Amount in ₹)

Particulars	Provision for Contingencies (Special rebate/Advertisement expenses and Others)		*Provision for Reimbursement of expenses & claims	
	31-03-2011	31-03-2010	31-03-2011	31-03-2010
Opening Balance	2,075,000	2,800,000	10,071,353	–
Addition	4,300,000	2,075,000	31,510,000	17,500,000
Utilisation	377,971	–	20,180,966	7,428,647
Reversals	1,697,029	2,800,000	1,603,269	–
Closing Balance	4,300,000	2,075,000	19,797,118	10,071,353

*Provision for Reimbursement of expenses and claims has been grouped under the head 'Others' in Schedule 11-(B).

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

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

21.INVESTMENTS PURCHASED AND SOLD/REDEEMED DURING THE YEAR:

(Amount in ₹)

Particulars	No. of Units	Cost (₹)
Mutual Funds (Face Value of ₹ 10/- each)		
Birla Sunlife Cash Manager - Institutional (Daily Dividend)	3,504,049	35,051,007
Birla Sunlife Savings Fund - Institutional (Daily Dividend)	6,750,756	67,553,366
Birla Sunlife Cash Plus - Institutional (Daily Dividend)	5,727,537	57,387,060
Birla Sunlife Dynamic Bond Fund	60,528	631,826
BNP Paribas Fixed Term Fund Ser 17D (Dividend)	1,000,000	10,000,000
HDFC FMP 90D June 2010-Div Series XIII (Dividend)	540,000	5,400,000
HDFC FMP 100D September 2010(1) Div Series XIV	540,000	5,400,000
HDFC FMP 35D August 10 (2) Div Ser XIV	1,000,103	1,000,1034
HDFC Cash Management Fund Saving Plan (Daily Dividend)	940,265	10,001,034
HDFC FMP 100D September 2010(4) Div Series XIV	1,000,103	10,001,030
HDFC FMP 100D October 2010(1)	1,000,000	10,000,000
HDFC Floating Rate Income Fund	4,589	46,262
ICICI Prudential Interval Fund II (Dividend)	559,980	5,599,803
IDFC Money Manager Fund Invt Plan (Daily Dividend)	2,038,776	20,418,662
JP Morgan India Treasury Fund-Super Institutional (Daily Dividend)	1,095,207	10,961,813
Kotak Floater Long Term (Daily Dividend)	3,008,516	30,325,239
Kotak Floater Long Term (Growth)	656,895	10,219,508
Kotak Flexi Debt Scheme	13,510	135,744
LIC Nomura MF Income Plus Fund (Daily Dividend)	8,809,710	88,097,096
LIC Nomura MF Savings Plus Fund (Daily Dividend)	6,651,130	66,511,305
LIC Nomura MF Liquid Fund (Daily Dividend)	6,986,456	76,711,989
Reliance Medium Term Fund (Dividend Plan)	821,143	14,038,182
Reliance Monthly Interval Fund Series II Institutional (Dividend Plan)	1,016,508	10,164,496
Reliance Liquid Fund Treasury Plan - Institutional (Dividend Plan)	920,857	14,077,502
Sundaram BNP Paribas Institutional (Dividend Plan)	13,886	139,372
Tata Floater Fund (Daily Dividend)	498,286	5,000,598
Tata Fixed Income Portfolio Fund Scheme A2	512,462	5,187,856
Mutual Funds (Face Value of ₹ 1,000/- each)		
DSP Blackrock Money Manager - Institutional (Dividend Plan)	9,996	10,003,596
Reliance Money Manager Fund-Institutional (Daily Dividend)	143,457	157,347,256
UTI Liquid Cash Plan-Institutional (Daily Dividend)	9,810	10,001,185
UTI Treasury Advantage Fund-Institutional (Daily Dividend)	10,076	10,078,549

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

Investments purchased and sold/redeemed during the previous year

(Amount in ₹)

Particulars	No. of Units	Cost (₹)
Mutual Funds (Face Value of ₹ 10/- each)		
Birla Sunlife Income Plus (Quarterly Dividend)	25,190	296,541
Birla Sunlife Savings Fund-Institutional (Daily Dividend)	5,513,931	55,176,804
DWS Short Maturity Fund-Institutional (Weekly Dividend)	5,693	57,020
DWS Ultra Short Term Fund-Institutional (Daily Dividend)	2,654,727	26,594,791
HDFC Floating Rate Income Fund-Short Term Plan (Daily Dividend)	2,975,925	30,000,000
ICICI Prudential Inst Short Term Plan (Fortnightly Dividend)	13,152	158,072
ICICI Prudential Ultra Short Term Plan (Daily Dividend)	2,005,092	20,093,028
IDFC Money Manager Fund Treasury-Institutional Plan B (Daily Dividend)	1,232,777	12,414,435
IDFC Short Term Plan B (Fortnightly Dividend)	36,358	374,581
JP Morgan India Treasury Fund-Super Institutional (Daily Dividend)	1,065,830	10,667,787
Kotak Bond Short Term (Monthly Dividend)	53,051	534,371
Kotak Flexi Debt Scheme-Institutional (Daily Dividend)	1,741,727	17,500,000
Kotak Floater Long Term (Daily Dividend)	2,976,250	30,000,000
Kotak Liquid-Institutional (Daily Dividend)	3,257,121	39,828,405
LIC MF Income Plus Fund (Daily Dividend)	1,034,492	10,344,924
LIC MF Savings Plus Fund (Daily Dividend)	5,562,807	55,628,072
Reliance Short Term Fund-Retail Plan (Dividend Plan)	25,358	270,319
Sundaram BNP Ultra Short Term Fund-Institutional (Daily Dividend)	990,643	10,000,842
Tata Floater Fund (Daily Dividend)	2,139,629	21,472,456
Tata Short Term Bond Fund (Dividend)	8,540	103,354
Mutual Funds (Face Value of ₹ 100/- each)		
ICICI Prudential Flexible Income Plan-Institutional (Daily Dividend)	474,299	50,149,986
Mutual Funds (Face Value of ₹ 1,000/- each)		
Reliance Money Manager Fund-Institutional (Daily Dividend)	126,206	126,351,457

22. VALUE OF IMPORTS (C.I.F. VALUE):

(Amount in ₹)

Particulars	31-03-2011	31-03-2010
Capital goods	16,378,278	5,079,276
Components and spare parts	2,093,810	490,191
Apparel & Life style accessories	22,926,364	14,469,535
Total	**41,398,452**	**20,039,002**

23.EXPENDITURE IN FOREIGN CURRENCIES *:

(Amount in ₹)

Particulars	31-03-2011	31-03-2010
Traveling expenses	4,140,518	2,123,282
Interest on Bank Loan	–	4,156,410
Advertisement expenses	142,994	4,350,005
Legal expenses	33,278	105,967
Bank Charges	1,099,673	665,794
Others	–	773,094
Consultancy Fess	340,262	1,909,436

* The amounts mentioned are net of Tax Deducted at source, if any.

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

24.EARNINGS IN FOREIGN CURRENCIES:

(Amount in ₹)

Particulars	31-03-2011	31-03-2010
Export of goods (F.O.B. value)	72,165,704	60,193,684
Domestic Sales / Deemed Export Sales	340,928	1,192,009
Total	**72,506,632**	**61,385,693**

25.POWER GENERATION: CAPACITY, PRODUCED, CONSUMED AND SOLD:

Particulars	Opening stock		Production	Sales/ Captive consumption		Closing stock	
	Qty.	₹	Qty (Units)	Qty (Units)	₹	Qty. (Units)	₹
Power Generation (0.6 MW Capacity)	– (–)	– (–)	1,041,936 (1,283,195)	1,041,936 (1,283,195)	4,914,094 (5,990,072)	– (–)	– (–)

26.IMPORTED AND INDIGENOUS CONSUMPTION:

Particulars	31-03-2011		31-03-2010	
	₹	%	₹	%
Indigenous	915,570,344	96.64	657,641,870	99.42
Imported	31,816,929	3.36	15,631,154	0.58
Total	**947,387,273**	**100%**	**673,273,024**	**100%**

27.MATERIAL CONSUMED:

Material	Measure	31-03-2011		31-03-2010	
		Qty.	₹	Qty.	₹
Woven Fabric	Mtrs	5,018,382	628,235,022	3,933,240	435,166,209
Knitted Fabric	Kgs.	988	344,854	597	135,697
Semi-finished	Pcs	457,541	147,195,220	386,928	98,897,574
Packing material	**	**	49,280,309	**	25,038,065
Accessories	**	**	84,054,124	**	79,124,287
Stores, chemicals and consumables	**	**	38,277,744	**	34,911,192
Total			**947,387,273**		**673,273,024**

** Comprises of various items the value of which is less then 10% of the total Cost of Material.

Schedule 21

Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011.

28. PARTICULARS OF FINISHED PRODUCTS:

(Qty in Pcs.)

Particulars	Opening stock		Production	Sales		Closing stock	
	Qty.	₹	Qty.	Qty.	₹	Qty.	₹
Apparel	320,351 (221,378)	100,787,238 (80,673,517)	3,412,751 (2,821,844)	3,360,655 (2,722,871)	2,301,422,978 (1,738,729,720)	372,447 (320,351)	149,403,899 (100,787,238)

Note:

a) Figures in brackets indicate previous year's figures

b) Sales includes samples distributed free of cost

c) Closing stock is after adjusting shortages on physical verification of stocks.

29. PARTICULARS OF TRADING ACTIVITIES:

(Qty in Pcs.)

Particulars	Opening stock		Purchases		Sales		Closing stock	
	Qty.	₹	Qty.	₹	Qty.	₹	Qty.	₹
Apparel	– (–)	– (–)	– (7,926)	– (932,024)	– (7,926)	– (1,187,937)	– (–)	– (–)
Lifestyle Accessories	25,866 (34,562)	2,433,708 (8,126,819)	507,526 (70,023)	47,199,897 (7,618,766)	374,066 (78,719)	51,586,607 (12,239,768)	159,326 (25,866)	15,982,607 (2,433,708)

Note:

a) Figures in brackets indicate previous year's figures

b) Sales includes samples distributed free of cost

c) Closing stock is after adjusting shortages on physical verification of inventories

30. Previous year's figures are regrouped or rearranged wherever considered necessary.

As per our audit report of even date

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

Sandeep Shah
Partner
Membership No. 37381

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

Satish C. Trivedi
Partner
Membership No. 38317

Place : Mumbai
Date : 26th May, 2011

For and on behalf of the Board

Kewalchand P. Jain
Chairman & Managing Director

Hemant P. Jain
Wholetime Director

Abhijit B. Warange
Company Secretary

Place : Mumbai
Date : 26th May, 2011

Financial Statements
Board and Management Reports
Strategic Review
Corporate Overview

Balance Sheet Abstract
and Company's general business profile

I. REGISTRATION DETAILS

Registration No.	65136	State Code	1 1

	Date	Month	Year
Balance Sheet Date	3 1	0 3	2 0 1 1

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ '000)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Convertible Warrants	N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ '000)

Total Liabilities	2 5 1 8 7 7 8	Total Assets	2 5 1 8 7 7 8

Sources of Funds

Paid-Up Capital	1 2 3 2 5 0	Reserves and surplus	1 8 5 4 3 1 6
Secured Loans	5 5 7 0 1	Unsecured Loans	N I L

Application of Funds

Net Fixed Assets	4 2 7 2 0 3	Investments	2 6 8 4 8 7
Net Current Assets	4 8 5 5 1 1	Deferred tax Assets	1 6 4 2 6
Misc. Expenditure	N I L		

IV. PERFORMANCE OF COMPANY (AMOUNT IN ₹ '000)

Sales	2 3 5 3 1 0 0	Other Income	9 6 5 1 2
Total Income	2 4 4 9 6 1 1	Total Expenditure	1 7 5 7 0 0 7
Profit /(Loss) Before Tax	6 9 2 6 0 5	Profit / (Loss) After Tax	4 6 2 3 3 3
Earning per share (Basic) (₹)	3 7 . 5 1	Earning per share (Diluted) (₹)	3 7 . 5 1
Dividend Rate %	1 6 5		

V. GENERIC NAME OF PRINCIPAL PRODUCT / SERVICE OF COMPANY TERMS)

Items Code No. (ITC Code)	6 2 0 3 4 2 0 0
Product Description	Men's Trousers of Cotton

As per our audit report of even date

For and on behalf of	For and on behalf of	For and on behalf of the Board		
N. A. Shah Associates	Jain & Trivedi			
Chartered Accountants	Chartered Accountants			
Firm Registration No.: 116560W	Firm Registration No.: 113496W			
Sandeep Shah	Satish C. Trivedi	Kewalchand P. Jain	Hemant P. Jain	Abhijit B. Warange
Partner	Partner	Chairman & Managing Director	Wholetime Director	Company Secretary
Membership No. 37381	Membership No. 38317			
Place : Mumbai		Place : Mumbai		
Date : 26th May, 2011		Date : 26th May, 2011		

Notes

GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. Kewalchand P. Jain
Chairman & Managing Director

Mr. Hemant P. Jain
Whole-time Director

Mr. Dinesh P. Jain
Whole-time Director

Mr. Vikas P. Jain
Whole-time Director

Mr. Popatlal F. Sundesha
Director

Mr. Mrudul D. Inamdar
Director

Dr. Prakash A.Mody
Director

Mr. Nimish G. Pandya
Director

Chief Financial Officer
Mr. S. L. Kothari

General Manager-Compliance & Company Secretary
Mr. Abhijit Warange

Statutory Auditors
M/s. Jain & Trivedi
Chartered Accountants, Mumbai

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

Internal Auditors
M/s. Bhandarkar & Kale
Chartered Accountants, Mumbai

Solicitors and Advocates
Solomon and Co. Mumbai

Bankers
Standard Chartered Bank
Mumbai.

Registered Office
B-101 to 107, Synthofine Estate,
Opp Virwani Industrial Estate,
Goregaon (East), Mumbai: 400 063

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

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

FACTORIES

Vapi
Plot No. 787/1,
40, Shed, IInd Phase,
G.I.D.C
Vapi: 396 195
Gujarat

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

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

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

WINDMILL

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

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

Registered Office:
B/101 to 107, Synthofine Estate, Opp. Virwani Indl. Estate, Goregaon (East), Mumbai - 400 063.
Tel : 91-22-2874 4433 Fax : 91-22-2874 8998