



KAMADGIRI FASHION LIMITED
2012-13 ANNUAL REPORT



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

It is seamless yet individualistic representation of the company.

Contents

Corporate Information	02
Notice of AGM	03
Directors' Report	06
Management Discussion & Analysis	12
Corporate Governance Report	14
Independent Auditors' Report	25
Balance Sheet	30
Statement of Profit and Loss	31
Cash Flow Statement	32
Notes to the Financial Statements	33

KAMADGIRI FASHION LIMITED**Board of Directors**

Mr. Pradip Kumar Goenka	:	Chairman & Managing Director
Mr. Lalit Kumar Goenka	:	Director
Mr. Madhusudan Singrodia	:	Director (upto 30/05/2013)
Mr. Ashwani Bhatia	:	Director
Mr. Rahul Mehta	:	Director
Mr. Sanjeev Maheshwari	:	Director
Mr. Anil Biyani	:	Director

Chief Executive Officer

: Mr. Abhay Kumat

Finance Controller

: Mr. Jagdish Dave

Company Secretary & Compliance Officer

: Mr. Arun Bhandari

Auditors: M/s. Haribhakti & Co.,
Chartered Accountants, Mumbai.**Bankers**: State Bank of Hyderabad
Bank of Baroda**Registered Office**: 28, Y. A. Chunawala Industrial Estate
Kondivita Lane, Andheri (East)
Mumbai – 400 059.
Website : www.kslindia.in**Factory/Plant**: 43/2, Ganga Devi Road, Umbergaon - 396 171
Dist. Valsad (Gujarat).C-4/2/2, MIDC, Tarapur - 401 506
Dist. Thane (Maharashtra).J-72/1, MIDC, Tarapur - 401 506
Dist. Thane (Maharashtra).B-7/3, MIDC, Tarapur - 401 506
Dist. Thane (Maharashtra).**Registrar & Share Transfer Agent**: Sharex Dynamic (India) Pvt. Ltd.
Unit No.1, Luthra Industrial Premises
Safed Pool, Andheri Kurla Road
Andheri (East), Mumbai – 400 072.
Tel: 022 28515606/28515644
Fax 022-28512885.
Email- sharexindia@vsnl.com**Date & Time of Annual General Meeting**

: 24th September 2013 at 10:30 AM

Venue of Annual General Meeting: Hotel Kohinoor Continental
Andheri-Kurla Road, J.B. Nagar
Andheri (East)
Mumbai - 400059
Tel : 022-66919000

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

NOTICE

NOTICE is hereby given that the Twenty-sixth Annual General Meeting of the members of Kamadgiri Fashion Limited will be held on Tuesday the 24th September 2013 at 10:30 AM at Hotel Kohinoor Continental, Andheri-Kurla Road, J.B. Nagar, Andheri (East), Mumbai – 400 059 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Accounts for the year ended 31st March 2013 along with notes attached thereto and the reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Anil Biyani, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashwani Bhatia, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of next Annual General Meeting and to fix their remuneration.

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

Place: Mumbai
Date: 30th May 2013

Arun Bhandari
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Proxies, in order to be effective should be deposited with the Company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Books shall remain closed from **Wednesday the 18th September 2013 to Tuesday the 24th September 2013** (both days inclusive).
4. If the dividend is approved at the Annual General Meeting, which shall be payable to members of the Company on or after 24th September 2013 as under:
 - To all beneficial owners in respect of shares held in electronic form, as per the beneficiary data made available by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on 17th September 2013.
 - To all members in respect of shares held in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 17th September 2013.
5. Pursuant to the provision of section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 2005 - 2006 and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to section 205C of the Companies Act, 1956.

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to Investor Education & Protection Fund
2005 - 2006 (Final)	27/09/2006	26/09/2013	26/10/2013
2006 - 2007 (Final)	27/09/2007	26/09/2014	26/10/2014
2007 - 2008 (Final)	27/09/2008	26/09/2015	26/10/2015
2008 - 2009 (Final)	29/09/2009	28/09/2016	28/10/2016
2009 - 2010 (Final)	29/09/2010	28/09/2017	28/10/2017
2010 - 2011 (Final)	23/08/2011	22/08/2018	22/09/2018
2011 - 2012 (Final)	18/09/2012	17/09/2019	17/10/2019

Shareholders who have not so far encashed the dividend warrant(s) for the financial year ended 31st March 2006 or any subsequent financial year are requested to make their claim to the office of the Registrar and Transfer Agent, M/s. Sharex Dynamic (India) Private Limited. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

6. As a measure of economy, copies of the Annual Reports will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the meeting.
7. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
8. Members desirous of having any information regarding accounts are requested to write to the Company at least seven days in advance of the date of Annual General Meeting so as to enable the management to keep the information ready.
9. Members who are holding shares in identical order or names in more than one folio are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
10. Members are requested to demat their shares in order to facilitate easy and faster trading in equity shares. The ISIN of the Company's equity shares is INE535C01013.
11. Members whose shareholding is in the electronic mode are requested to write change of address, if any and updation of bank account details to their respective Depository Participants.
12. **Members are requested to provide and register their Email ID with the Company and/or Registrar & Transfer Agents (RTA) to enable the Company/RTA to send communications such as notices and Annual Report, etc., as per Green Initiative of Ministry of Corporate Affairs started through circular nos. 17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011.**

13. Members are encouraged to utilize the National Electronic Clearing Service (NECS) for receiving dividend. This notice includes an NECS Mandate Form for the benefit of members desiring to receive dividend through the NECS mode.
14. As required under clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchange, the following information is provided in respect of Directors proposed to be appointed / re-appointed:

Name of the Director	Mr. Anil Biyani	Mr. Ashwani Bhatia
Age	49 years	55 years
Qualification	B.Com	Textile Engineer
Expertise in specific functional areas	About three decades of experience in textile industry.	More than three decades of experience in marketing of yarn and textile machines.
Directorship in other public companies (excluding foreign and private companies)	1) PIL Industries Ltd. 2) Future Corporate Resource Ltd. 3) Weavette Textstyles Ltd. 4) Gold Mohur Design & Apparel Park Ltd. 5) nuFuture Digital India Ltd.	Nil
Shareholding	Nil	Nil

DIRECTORS' REPORT

To
The Members,

Your Directors have great pleasure in presenting Twenty-sixth Annual Report along with the audited Statement of Accounts for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS

(` in Lacs)

	2012-13	2011-12
Turnover	20217.68	20523.01
Other Income	29.39	15.00
Profit before tax	151.83	275.08
Less: Provision for current tax	30.40	54.92
Less: Net deferred tax liability	60.30	52.06
Profit for the year	91.53	168.10
Add: Balance brought forward	765.18	626.51
Profit available for appropriation	856.71	794.61
Appropriation:		
Proposed dividend	25.32	25.32
Tax on proposed dividend	4.30	4.11
Balance carried forward	827.09	765.18

OPERATIONS

Year 2012-13 was another challenging year for the Company. During the year under review, the Company was able to maintain the top line almost at the same level as of the previous year despite challenging business environment and weak consumer sentiment. However, the Company could not maintain bottom line due to overall increase in operational costs including interest, personnel, power and fuel costs. The Company has achieved a turnover of ` 20217.68 lacs during the year as compared to ` 20523.01 lacs during the previous year. The profit after tax for the financial year 2012-13 was ` 91.53 lacs as compared to ` 168.10 lacs during the previous year. The various measures taken for controlling the costs and improving the productivity have started giving returns. As these measures are continuous process, the Company would continue its effort to increase the productivity, control the costs and investing on product innovations, to reap benefits in terms of increase profitability in years to come.

FUTURE PLANS

During the year, the Company plans to further strengthen its presence in branded fabrics, mainly linen, polyester, viscose and polyester cotton blends. In weaving division, the Company intends to gradually replace old machines with the technologically advanced machines to enhance the productivity.

The Company also plans to launch 'Lombard' brand of premium fabrics and accessories range. The Company has entered into brand licensing agreement with Future Brands Limited, the brand owners of 'Lombard'. The Company believes that this business has a potential to grow in the long run.

The Company has, in principle, decided to dispose of its jeans stitching and washing facility situated at Plot no. B7/3, MIDC, Tarapur, Thane District, Maharashtra, as the same is not a major contributor to the top line and is reducing overall profitability being a negative contributor. Sale of these facilities would free up the working capital to some extent and would also help to improve the operational efficiency and bottom line of the Company.

The Company plans to consolidate its business and continue its effort to control costs, better utilisation of manufacturing facilities and investing on product innovations. The Company expects the continued focus on said measures, would help the Company to improve its bottom line as well as top line. In view of these efforts, the proposed Rights Issue of shares of the Company has also been called off.

Future Group continues to be associated with the Company for strategic and marketing initiatives. This association helps the Company to counter the competition and assures ready market for quality products of the Company.

DIVIDEND

Your Directors are pleased to recommend a dividend of ` 0.50 per equity share (i.e. 5%) on the equity capital of the Company for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is presented as a separate section forming part of this Annual Report.

CORPORATE GOVERNANCE REPORT

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

PARTICULARS OF EMPLOYEES

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

PUBLIC DEPOSIT

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

DIRECTORS

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

Mr. Lalit Kumar Goenka, Wholetime Director has ceased to be a Wholetime Director after the close of business hour on 25th August 2012 and he continues as a Non-Executive Director.

Mr. Madhusudan Singrodia has resigned as Director of the Company w.e.f. 29th May, 2013 due to pre-occupation. Board places on record sincere appreciation for the contribution made by him during his tenure as Director of the Company.

AUDITORS

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

COST AUDIT

Your Company is following the order issued under the section 209(1)(d) of the Companies Act, 1956 as amended in respect of manufacture of textiles. The Company has been maintaining cost accounting records as required in the above referred provision of the Companies Act, 1956 as amended. Ms. Ketki D. Visariya, Cost Accountant, has been appointed as a cost auditor for the financial year 2013-14.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- I. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and that of the profit of the Company for the year ended on that date;
- iii. the proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.

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

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

ACKNOWLEDGEMENT

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

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

Place: Mumbai
Date: 30th May 2013

Pradip Kumar Goenka
Chairman & Managing Director