



KAMADGIRI
FASHION LIMITED

ANNUAL REPORT
2016-17



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KAMADGIRI FASHION LIMITED

CIN: L17120MH1987PLC042424

BOARD OF DIRECTORS

Mr. Pradip Kumar Goenka	:	Chairman & Managing Director
Mr. Lalit Goenka	:	Director
Mr. Rahul Mehta	:	Director
Mr. Sanjeev Maheshwari	:	Director
Mr. Anil Biyani	:	Director
Ms. Bindu Shah	:	Director

CHIEF EXECUTIVE OFFICER	:	Mr. Abhay Kumat
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CHIEF FINANCIAL OFFICER	:	Mr. Jagdish Prasad Dave
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COMPANY SECRETARY	:	Mr. Siddhant Singh
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AUDITORS	:	M/s. Haribhakti & Co. LLP Chartered Accountants, Mumbai.
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BANKERS	:	State Bank of India Bank of Baroda
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KAMADGIRI FASHION LIMITED

CIN: L17120MH1987PLC042424

REGISTERED OFFICE	:	B-104, The Qube, Off M.V. Road Marol, Andheri (E), Mumbai - 400 059 Website : www.kflindia.com
FACTORY/PLANT	:	43/2, 42/1, 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).
REGISTRAR & SHARE TRANSFER AGENT	:	Sharex Dynamic (India) Pvt. Ltd. Unit No.1, Luthra Industrial Premises Safed Pool, Andheri Kurla Road Andheri East, Mumbai – 400 072. Tel: 022 28515606/28515644 Fax: 022 28512885 Email: sharexindia@vsnl.com
VENUE OF ANNUAL GENERAL MEETING	:	Hotel Mirage International Airport Approach Road, Marol, Andheri (East) Mumbai - 400 059 Tel: 022 66721234/66721200

KAMADGIRI FASHION LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the Thirtieth Annual Report on the business and operation of the Company together with the Audited Financial Statements for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

(₹ in Lakh)

Particulars	2016-17	2015-16
Turnover	30,994.15	30,023.81
Other Income	20.78	38.26
Profit before tax	372.59	320.20
Less: Provision for current tax	220.00	(164.78)
Less: Net deferred tax liability/(asset)	(96.68)	(34.72)
Profit for the year	249.27	190.14
Add: Balance brought forward	1,173.46	1,091.04
Profit available for appropriation	1,422.73	1,281.18
Appropriation:		
Transferred to General Reserve	-	9.51
Proposed dividend	-	81.60
Tax on proposed dividend	-	16.61
Balance carried forward	1,422.73	1,173.46

OPERATIONS

During the year under review, the Company has achieved a turnover of ₹ 30,994.15 lakh as compared to ₹ 30,023.81 lakh in the previous year. Accordingly, there was a growth of 3.23%. The Profit after tax for the financial year 2016-17 was ₹ 249.27 lakh as compared to ₹ 190.14 lakh during the previous year which resulted in a growth of 31.10%.

The Company has been working on various measures to reduce cost and increase the efficiency.

FUTURE PLANS

The Company continues to concentrate on its core strength of weaving, manufacturing and trading of 'value for money' category of fabrics and ready-made apparels through its distribution networks, also sale of fabrics to garment manufacturers and also contract manufacturing of readymade garments to brands. The Company has embarked upon modernisation and expansion plan to improve overall efficiency. During the current financial year, the Company proposes to replace 24 Sulzer Looms with high speed 20 Rapier Looms and Automatic Drawing Machines from Staubli. This will help in improving efficiency with less manpower requirements. Further, the Company proposes to increase its garmenting division capacity to 4000 pieces per day by adding new space for cutting and finishing work and outsourcing stitching job to third parties. These initiatives will ensure more output with reduced cost and increased efficiency.

EQUITY SHARE CAPITAL

During the year, 429,505 Compulsorily Convertible Debentures

issued on preferential basis were converted into equal number of Equity shares and that resulted in increase in paid up Equity share capital of the Company from ₹ 543.89 lakh to ₹ 586.94 lakh.

DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 1.50 (i.e. 15%) per share on the Equity share capital of the Company for the year under review. The said Dividend shall be subject to the approval of the members at the ensuing Annual General Meeting.

PUBLIC DEPOSIT

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

RESERVES

During the financial year under review, the Company has not transferred any profit to general reserves.

CORPORATE GOVERNANCE REPORT

As per Regulation 34(3) read with Schedule V of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations"), a separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from Auditors of your Company regarding compliance of conditions of Corporate Governance as stipulated in Regulation 17(7) read with Part A of Schedule II of the Listing Regulations is also enclosed along with the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DISCLOSURE REQUIREMENTS

The process of Familiarisation program for Independent Directors is posted on website of the Company at the link <http://kflindia.com/wp-content/uploads/2015/08/KFL-ID-Familiarization.pdf>

The Board of Directors periodically review various business policies, strategies including internal processes and controls and the Directors are updated about new initiatives and developments at business and operational level during the course of Board Meeting and the Board spent about 3 (three) hours on the above matters during the year.

Policy on dealing with related party transactions is available on the website of the Company at the link <http://kflindia.com/wp-content/uploads/2015/08/KFL-RPT-Policy.pdf>

The Company has formulated and disseminated a Whistle Blower Policy to provide vigil mechanism for employees and Directors of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company. This Policy is in compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 4(d)(iv) of the Listing Regulations. Establishment of Vigil Mechanism is available on the website of the Company at the link <http://kflindia.com/wp-content/uploads/2015/08/KFL-Vigil-Mechanism.pdf>

NUMBER OF BOARD MEETINGS

The Board of Directors met 4 (Four) times during the financial year 2016-17. The details of Board meetings and the attendance of the Directors are provided in the Corporate Governance Report which forms part of this Annual Report.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

PERFORMANCE EVALUATION OF BOARD

Subject to the provisions of the Section 134(3) of the Companies Act, 2013 and Regulation 17(10) and Regulation 25(4) of the Listing Regulations, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually. At the meeting of the Board all the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board except the Independent Director being evaluated.

The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013, has been disclosed in the Corporate Governance Report, which forms part of the Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of Section 152 of the Companies Act, 2013, Mr. Anil Biyani retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Additional information on re-appointment of Director as required under Regulation 36 of Listing Regulations and Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India is given in the Notice convening the ensuing Annual General Meeting.

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

During the year review, the Audit Committee of the Company comprised of 3 (three) Independent Directors viz., Mr. Sanjeev Maheshwari, Mr. Rahul Mehta and Ms. Bindu Shah. Mr. Sanjeev Maheshwari is the Chairman of the Audit Committee. There are no instances where the Board did not accept the recommendations of the Audit Committee. The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

Details of all the Committees of the Board of the Company along with their terms of reference, composition and meetings held during the year, are provided in the Corporate Governance Report, which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement it is hereby confirmed that:

- i. in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts for the financial year ended 31st March, 2017, on a going concern basis;
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

At the Annual General Meeting of the Company held on 26th September 2014, M/s. Haribhakti & Co. LLP, Chartered Accountants, Mumbai was appointed as statutory auditors of the Company to hold office till the conclusion of the 32nd Annual General Meeting. In terms of the first proviso to Section 139 of the Companies Act, 2013 the appointment of the auditors shall be placed for ratification at every Annual General Meeting.

Accordingly, the appointment of M/s. Haribhakti & Co. LLP, Chartered Accountants, Mumbai, as statutory auditors of the Company, placed before for ratification by the shareholders.

The Auditors' Report does not contain any disqualification, reservation or adverse mark.

Secretarial Auditor

The Company has appointed M/s. H. S. Associates, Company Secretaries to conduct Secretarial Audit of the Company for the financial year 2016-17 in terms of provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor Report for the year ended 31st March, 2017 is annexed to this report as **Annexure A**. There is no observation or comment which requires your attention.

Cost Auditor

As per the requirement of Central Government pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out Cost Audit of cost records relating to Textile products every year.

The Board of Directors, on the recommendation of Audit Committee, has appointed Ms. Ketki D. Visariya, Cost Accountant, as Cost Auditor to audit cost records of the Company for the financial year 2017-18 at a remuneration of ₹ 0.90 lakh plus service tax as applicable and reimbursement of out of pocket expenses. As required under the Act, a resolution seeking ratification of members for the payment of remuneration to Cost Auditor forms part of the Notice convening the Annual General Meeting.

The Cost Audit Report for the financial year 2015-16 was filed with the Ministry of Corporate Affairs.

EXTRACT OF ANNUAL RETURN

In terms of provisions of Section 92(3) of the Companies Act, 2013, an extract of Annual Return in prescribed format is annexed to this Report as **Annexure B**.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all transactions entered into by the Company with related parties as defined under the Companies Act, 2013 and Regulation 23 of Listing Regulations were in the ordinary course of business and on an arm's length basis. There

were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company. Accordingly, no disclosure is made in respect of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2.

Disclosure of transactions with related parties as required under the Accounting Standard (AS-18) has been made in the notes forming part of the financial statements.

PARTICULARS OF LOANS GRANTED, GUARANTEE PROVIDED AND INVESTMENTS MADE PURSUANT TO THE PROVISIONS OF SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not granted any loans, not provided any guarantee and not made any investments which are covered under the provision of Section 186 of the Companies Act, 2013.

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

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014 is given as **Annexure C**. The Company being focusing in Indian market, it has not taken any export initiative.

PARTICULARS OF EMPLOYEES

In terms of provisions Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed thereunder, the names and other particulars of employees are provided under **Annexure D**, which is annexed to this Report.

Addition to the above, a statement containing the particulars as required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as **Annexure E**.

RISK MANAGEMENT POLICY AND INTERNAL CONTROL ADEQUACY

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested by statutory as well as internal auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of the business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The Audit Committee of the Board of Directors actively review the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

Pradip Kumar Goenka
Chairman & Managing Director

Place: Mumbai
Date: 29th May, 2017

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2017.

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Kamadgiri Fashion Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KAMADGIRI FASHION LIMITED** (hereinafter called "The Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, to the extent applicable provisions of:

- I. The Companies Act, 2013 ("The Act") and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 2015);
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company as given below:
 - i. The Environment (Protection) Act, 1986 and Rules made there under.
 - ii. Air (Prevention and Control of Pollution) Act, 1981 and Rules issued by the State Pollution Control Boards.
 - iii. Water (Prevention and Control of Pollution) Act, 1974 and Rules issued by the State Pollution Control Boards.
 - iv. Industries (Development and Regulation) Act, 1951

We have also examined compliances with the applicable clauses of the following:

- i. Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India ; and
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards as mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors took place during the year.