



KAMADGIRI

FASHION LIMITED

ANNUAL REPORT
2017-18





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KAMADGIRI FASHION LIMITED

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KAMADGIRI FASHION LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR	:	Mr. Pradip Kumar Goenka
NON-EXECUTIVE DIRECTOR	:	Mr. Anil Biyani
DIRECTOR INDEPENDENT	:	Mr. Rahul Mehta
INDEPENDENT DIRECTOR	:	Mr. Sanjeev Maheshawari
INDEPENDENT DIRECTOR	:	Ms. Bindu Shah
EXECUTIVE DIRECTOR	:	Mr. Tilak Goenka
CHIEF EXECUTIVE OFFICER	:	Mr. Abhay Kumat
CHIEF FINANCIAL OFFICER	:	Mr. Jagdish Prasad Dave
COMPANY SECRETARY	:	Mr. Gaurav K. Soni
AUDITORS	:	M/s. Haribhakti & Co. LLP Chartered Accountants, Mumbai.
BANKERS	:	State Bank of India Bank of Baroda



KAMADGIRI FASHION LIMITED

REGISTERED OFFICE	: B-104, 'The Qube', Off M.V. Road Marol, Andheri (E), Mumbai - 400059. Tel: (+91 22) 71613131 Fax: (+91 22) 71613199 Website : www.kflindia.com Email: cs@kflindia.com
CIN	: L17120MH1987PLC042424
FACTORY/PLANT	: 43/2, 42/1, Ganga Devi Road, Umbergaon - 396171 Dist. Valsad (Gujarat). C-4/2/2, MIDC, Tarapur - 401506 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 – 400072. Tel: (+91 22) 28515606/28515644 Fax: (+91 22) 28512885 Email: sharexindia@vsnl.com

KAMADGIRI FASHION LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the Thirty-First Annual Report on the business and operation of the Company together with the Audited Financial Statements for the year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2017-18	2016-17
Income from Operations	33,152.52	30,482.91
Other Income	148.39	45.64
Profit before tax	1,062.03	414.19
Less: Provision for current tax	417	220.00
Less: Net deferred tax liability	(6.28)	(87.35)
Profit after tax	651.31	281.54
Other Comprehensive Income	7.74	(16.25)
Earning per share of ₹ 10/- each		
Basic (in ₹)	11.10	4.80
Diluted (in ₹)	11.10	4.80

COMPANY'S PERFORMANCE

Pursuant to the notification issued by the Ministry of Corporate Affairs on February 16, 2015 and under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, the Company has adopted Indian Accounting Standards (Ind AS) on April 1, 2017, with the transition date as April 1, 2016.

The Financial Statements for the year under review and previous year have been prepared in accordance with the recognised and measurement principles stated therein. Considering the effect given in the financial statements of the previous years, as per the provisions of Ind AS 101 with respect to "First-time Adoption of Indian Accounting Standards".

During the year under review, the Company has achieved a turnover of ₹ 33,152.52 Lakhs as compared to ₹ 30,482.91 Lakhs in the previous year. Accordingly, there was a top line growth of 8.76%. The Profit after tax for the financial year 2017-18 was ₹ 651.31 lakhs as compared to ₹ 281.54 lakhs during the previous year.

FUTURE PLANS

The Company would continue its focus in increasing efficiency through modernisation and adoption innovative management methods in every division of the Company. The Company's finished fabrics division which supplies fabrics to readymade branded manufacturers is expected to perform better, considering the improved consumer sentiments.

The Company proposes to launch "RISQUE" – Men's Casual Shirt Brand targeted for online market and distribution network. This would enable the Company to create better margin in same capacities. Also, the brand will be positioned to enter new areas and segments of fashion. The Company proposes to enter into Women's Wear segment wherein it will use fabric manufacturing capacity of the Company to offer innovative fabrics for women's garments and use these fabrics to create garment samplings eventually to create women's wear brand in long run.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 2/- (i.e. 20%) per equity share on the equity 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 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also enclosed along with the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is as required under Regulation 34 read with Schedule V of the Listing regulations forms part of this Annual Report.

DISCLOSURE REQUIREMENTS

Details of programmes for familiarization of Independent Directors with the Company are available on the website of the Company at the following link <http://kflindia.com/wp-content/uploads/2017/09/PD-3.pdf>.

Policy on dealing with related party transactions is available on the website of the Company at the following link <http://kflindia.com/wp-content/uploads/2017/09/PD-1.pdf>.

Policy for archival of documents of the Company is available on the website of the Company at the following link <http://kflindia.com/wp-content/uploads/2018/04/Archival-Policy.pdf>.

Policy for determining Materiality of Events of the Company is available on the website of the Company at following the link http://kflindia.com/wp-content/uploads/2018/05/WebsiteRegulation-305_2018-19_KFL.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(2)(d) (iv) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Policy on Whistle Blower is available on the website of the Company at the following link <http://kflindia.com/wp-content/uploads/2017/09/PD-2.pdf>.

NUMBER OF BOARD MEETINGS

The Board of Directors met 4 (Four) times during the financial year 2017-18. 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 Act stating that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

PERFORMANCE EVALUATION OF BOARD

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) and Regulation 25(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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. Pradip Kumar Goenka retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Additional information on appointment/re-appointment of Directors as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the Notice convening the ensuing Annual General Meeting.

During the year, Mr. Siddanth Singh ceased to be a Key Managerial Personnel of the Company with effect from December 5, 2017.

Subsequent to the year under review, Mr. Lalit Goenka ceased to be a Director of the Company with effect from May 26, 2018 and Mr. Gaurav K. Soni was appointed as Company Secretary (Key Managerial Personnel) with effect from May 26, 2018.

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

During the year in review, the Audit Committee of the Company comprised of 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 March 31, 2018, 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 March 31, 2018 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 March 31, 2018, 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 September 26, 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.

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 2017-18 in terms of provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor Report for the year ended March 31, 2018 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 the accounts of the Company for the financial year 2018-19 at a remuneration of ₹ 0.90 Lakh plus Goods and Service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, 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 2016-17 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

Disclosure of transactions with related parties as required under the Indian Accounting Standard (IND AS-24) has been made in the notes forming part of the financial statements. Accordingly, the disclosure of related party transactions as required under section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable to your Company.

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 REMUNERATION TO MANAGERIAL PERSONNEL

In terms of provisions of the Companies Act, 2013 and disclosure as required under rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed there under, the names and other particulars of employees are provided under **Annexure D**, which is annexed to this Report.

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 not required to be given as per the Notification issued by Ministry of Corporate Affairs dated June 30, 2016.

RISK MANAGEMENT POLICY AND INTERNAL 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

Place: Mumbai
Date: May 26, 2018

Pradip Kumar Goenka
Chairman & Managing Director

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR FINANCIAL YEAR ENDED ON MARCH 31, 2018.

[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 authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on March 31, 2018, 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 March 31, 2018, 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, 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;
 - e. The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited.
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company being in Textile Sector 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 Sate 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 along with revised Secretarial Standards 1 and 2 as Issued by The Institute of Company Secretaries of India with effect from October 01, 2017.
- ii) The Securities and Exchange Board of India (Listing Obligation 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.

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. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period the Company has:

1. Company Secretary cum Compliance officer of the Company was resigned w.e.f. December 05, 2017. Mr Jagdish Prasad Dave, Chief Financial Officer of the Company appointed as a Compliance Officer as per Regulation 6 of the SEBI (LODR) Regulations, 2015 w.e.f. December 13, 2017.
2. Transferred 13,605 shares to IEPF Authority for Financial Year ended 2009 – 10 pursuant to section 124(5) of the Companies Act, 2013 read with the applicable rules made thereunder.
3. Declared and paid the Final dividend of ₹ 1.50/- per equity share of ₹ 10/- each for the Financial year ended March 31, 2017 which was in compliance with the provisions of Section 123 of the Companies Act, 2013 read with Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.
4. Obtained Shareholders approval pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) for Ratification and Remuneration payable to Cost Auditor of the Company for the financial year ended March 31, 2018.

For **HS Associates**
Company Secretaries

Hemant S. Shetye
Partner

FCS No.: 2827
CP No.: 1483

Date: May 26, 2018
Place: Mumbai

Annexure - I

To,
The Members,
KAMADGIRI FASHION LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial audit report is neither an assurance as of the Company nor to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **HS Associates**
Company Secretaries

Hemant S. Shetye
Partner

FCS No.: 2827
CP No.: 1483

Date: May 26, 2018
Place: Mumbai