





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



Making growth fashionable.

MAKING GROWTH FASHIONABLE

KILLER >K

Launched in 1989, "Killer" is the flagship brand of the company contributing over 53% of the turnover. "Killer" is one of the brands in the premium men's wear segment. This brand is targeted to the customers between the age group of 16 to 25 years. The product line of this brand includes jeans, shirts, jackets and accessories such as belts, bags and caps. The products under this brand are priced ranging from Rs.495 to Rs.1895. Killer Jeans is one of the largest selling denim brands in India. Clothing Manufacturers Association of India (CMAI) awarded "Killer" with the "Denim Brand of the Year" in 2001-02 and the "Brand Campaign of the Year" in 2001-02.



LAWMAN

"Lawman" was launched in 1998. This brand is targeted to the customers between the age group of 18 to 28 years, with a focus on denim and party/club wear. Lawman's product offerings include shirts, jackets, denims and cotton trousers and are priced between Rs.695 to Rs.1995. "Lawman" is positioned as a fashion brand.



easios

"Easies" was launched in 1998. This brand is targeted to the customers between the age group of 25 to 40 years, mostly corporate executives. The product offerings under this brand include formal and semi-formal apparel for men, priced between Rs.795 to Rs.1895. "Easies" is positioned as a brand for young executives.



Integriti

"Integriti" is the latest brand introduced by the company. Launched in 2002, Integriti's product offerings are formal shirts, T-shirts, jeans and cotton trousers priced between Rs.495 to Rs.995. "Integriti" is positioned as a brand for the masses without compromising on quality. This brand is primarily offered through Multi Brand Outlets. Clothing Manufacturers Association of India (CMAI) awarded "Integriti" with the "Casual Brand of the Year" in 2004-05.



K-Lounge

The company has its own retail stores concept under the brand name "K-Lounge". These stores exclusively display and sell apparels manufactured under the company's brands. These stores are either self owned and self operated; or self owned and franchisee operated; or franchisee owned and franchisee operated. As on June 30, 2006 the company has 39 K-Lounge stores operational across the country. To enhance visibility and to ensure maximum footfalls, K-Lounge stores are situated at high end malls and high streets of the major metros, mini metros and large cities with prominent locations.



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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*

Non Executive Independent Director

Dr. Prakash A. Mody*

Non Executive Independent Director

Mr. Nimish G. Pandya*

Non Executive Independent Director

Mr. Mrudul D. Inamdar*

Non Executive Independent Director

*appointed w.e.f. November 14, 2005

Mr. Abhijit B. Warange*

Company Secretary

*appointed w.e.f. November 14, 2005

M/s. Jain & Trivedi

Chartered Accountants

Statutory Auditors

M/s. N.A. Singh Associates

Chartered Accountants

Jt. Statutory Auditors

**Standard Chartered Bank
Mumbai.**

Bankers

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

Factories

Vapi

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

Daman

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

Mumbai

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

Behind Kesturba Mill Compound
Chandrabai Mahar Cross Road,
Bhandup (West),

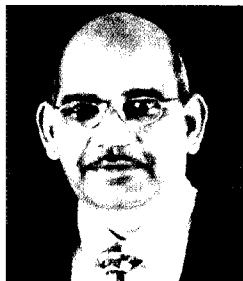
Registrar & Transfer Agents

Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compounds,
L.B.S. Marg, Bhandup (West),
Mumbai-400078

Subsidiaries

Kewal Kiran Retail India Pvt. Ltd.
(upto 06.08.05)
Kornerstone Retail Ltd.
(upto 20.12.05)

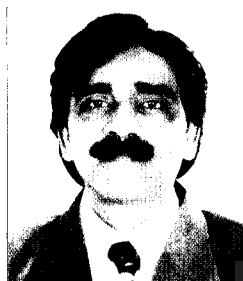
DIRECTORS BIOGRAPHY



MR. KEWALCHAND P. JAIN

Born in 1962 Mr. Kewalchand P. Jain decided to join the business at early age after completing school. He learnt the business on the job and spearheaded the groups' foray in to branded apparel business. A keen student of finance and a hands-on manager he heads the finance functions of the company and is responsible for the overall management of the affairs of the company.

Mr. Jain is a trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust. He is also the treasurer of Shree Jain Vyapar Udyog Seva Sansthan.

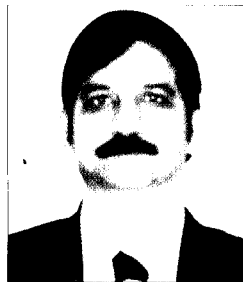


MR. HEMANT P. JAIN

Born in 1965, Mr. Hemant P. Jain decided to join the business at early age after completing school. He learnt the business on the job and leads the marketing functions of the company. He was instrumental in launching the new brands of the company. An avid traveler and field person, he keeps a keen eye on the latest trends in international men's fashion.

Mr. Jain is a trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.

Mr. Jain is responsible for marketing of Killer and Easies brands. He also looks after the business of K-Lounge, the retail concept of the company.

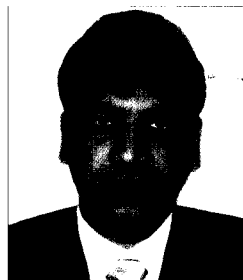


MR. DINESH P. JAIN

Born in 1969 Mr. Dinesh Jain joined the business in 1990 and heads the manufacturing operations of the company. He specialises in production and HR related issues.

Mr. Jain is a trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust. He is also the treasurer of Daman Industries Association.

Mr. Jain is responsible for ensuring optimum utilization of production facilities of the company at its units at Dadar, Goregaon, Daman and Vapi.



MR. VIKAS P. JAIN

Born in 1970 Mr. Vikas P. Jain joined the group in 1992, after completing his graduation in commerce. He heads the operations and distribution functions of the company.

Mr. Jain is a trustee of Jatnobai Karmchandji Ratanparia Chauhan Charitable Trust.

Mr. Jain is responsible for marketing of Lawman and Intigriti brands. He also looks after the business of K-Lounge, the retail concept of the company. Mr. Jain travels extensively and scouts for new technologies in garment manufacturing.


MR. POPATLAL F. SUNDESHA

Mr. Popatlal Fulchand Sundesha is a reputed exporter of garments and has a wide range of experience in the field of marketing, finance and general administration.

Mr. Sundesha along with his three brothers took over his fathers business and converted a medium sized trading firm into one of the leading manufacturer and exporter of knitted readymade garments to Non Quota countries like Switzerland, Netherland, U.K and others. His firm has supplied garments to Wal-Mart, Woolworth, Benetton, Manor AG and others.

Mr. Sundesha has been awarded the President's award in exports as also Apparels Export Promotion Council Award for six years.


DR. PRAKASH A. MODY

Dr. Prakash Amrut Mody is the Chairman and Managing Director of Unichem Laboratories Limited. He has a rich experience in the field of marketing, research and production.

Dr. Mody is a doctorate (Ph.D.) in Organic Chemistry from the University of Mumbai. He has perceived marketing management from Jamnalal Bajaj Institute of Management Studies, University of Mumbai. He is also a Graduate Alumni of Harvard Business School having undergone the Owner Presidents' Management Program.

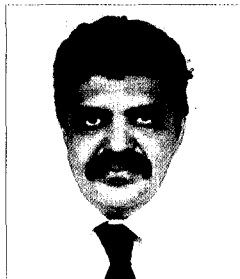
Dr. Mody is the former Vice President of the Indian Pharmaceutical Association. He is also on the Executive Committee of the Indian Drug Manufacturers Association. He is a member of the Young Presidents' Organisation Inc, an international organization for young presidents. He is a member of the Senate - SNDT Women's University and Rotary Club of Bombay Mid-Town and is also involved in many other social activities.


MR. NIMISH G. PANDYA

Mr. Nimish Gulabrai Pandya, aged about 53 years, holds a Bachelor's Degree in Law from Bombay University. He is a member of the Bar Council of Maharashtra and was appointed as a Notary Public by the Government of Maharashtra in the year 1993.

Mr. Pandya is a proprietor of Pandya & Co., Advocates and specializes in mergers and acquisitions. Besides, his career in law, he has been actively involved in many spiritual and social activities and has been a Member of Council of Management of Sri Sathya Sai Trust, Maharashtra. He is also a prominent member of the International Faculty of Personality Development Courses based on Human Values.

A prolific speaker, a dramatist and an ardent social worker, he has dedicated himself to the cause of Education in Human Values for children all over the world.


MR. MRUDUL D. INAMDAR

Mr. Mrudul Dattakumar Inamdar, a fellow member of the Institute of Chartered Accountants of India is a partner in Bansi Mehta and Company one of the most reputed Chartered Accountancy firm in Mumbai.

Mr. Inamdar has been practicing for over 24 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.

K-Lounge

KILN

AWMAN

Is from Kewal Kiran Clothing Ltd.



LETTER TO THE SHAREHOLDERS

Dear Shareholders,

It is my pleasure to address you, the new family members of Kewal Kiran Clothing Limited, and appraise you of the steps we have taken to further the growth of your company. We are looking ahead to a sustained growth situation, as a new textile revolution unfolds.

The textile and apparel industry traditionally consisting of unorganized players has witnessed a paradigm shift to organized manufacturing and retailing. The growth in retail space across the country, changing lifestyle of the consumers, rise in disposable income and an increase in the consumer appetite for branded products has further fueled this revolution.

The Government of India recently allowed international players to invest up to 51% stake in Indian JVs and to open single brand stores in India. Opening up of the retail sector would not only see premium-end luxury brands but also mid-range mass appeal brands setting up shop in India. We are confident of exploiting the opportunities available in the present retail revolution.

"Investing in Kewal Kiran Clothing Limited: A Step towards Future Success"

This year, we decided to enter the capital market with an initial public offer of 31,00,037 Equity shares of Rs. 10/- each through 100% Book Building Route. The IPO opened for public subscription on March 20, 2006 and closed on March 23, 2006, and was oversubscribed by around 12.56 times. The shares were allotted on April 5, 2006. The shares of your company got listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on April 13, 2006.

The issue proceeds will be used for financing your company's capital expenditure in setting up new manufacturing facilities, expansion of the distribution network by opening additional retail outlets, building the corporate office, and meeting general corporate purposes. We are now poised to take your company to greater heights.

Dividend @ Rs 1.5 per share: Token of Appreciation!

With the overall performance of your company and a positive outlook ahead, a dividend of Rs. 1.5 per equity share [@ 15% on face value of Rs.10/- each] on the enhanced capital of Rs.12,32,50,370/- has been recommended subject to your approval. An amount of Rs. 1 Crore has been transferred to the reserves.

Business Strategy: Integrating Design, Manufacturing, Retail!

Kewal Kiran Clothing Limited is an integrated apparel manufacturer with the capability of designing, manufacturing process encompassing cutting, body stitching, washing and ironing and finishing and marketing of branded men's wear apparel.

We have four well-established brands viz. KILLER, LAWMAN, EASIES and INTEGRITI. Your company is also aggressively making a foray in the domestic retail market, under the K-LOUNGE brand, and has opened 24 outlets during the year ended March 31, 2006. This has taken the total number of operational retail shops to 31, as on March 31, 2006. These stores are set up at diverse locations across the country. As on June 30th, 2006 39 K Lounge stores are operational across the country.

We have launched various innovative products & new brand campaigns during the year. We have also completed work on new corporate office at Goregaon (East) Mumbai subsequent to the financial year 2005-06.

Your company has 4 units one each at Dadar (Mumbai), Goregaon (Mumbai), Vapi (Gujarat) and Daman (Union Territory) with a total annual capacity of 2 million pieces. We are in the process of identifying a location to set up a new manufacturing facility for manufacturing of apparels to increase our total annual capacity to 4 million pieces.

Your company's facilities at Daman, Vapi and Mumbai have been assessed and registered as an ISO 9001:2000 and ISO 14001:2004 compliant pertaining to quality management system and environment management system respectively.

During the year your company has been awarded the CNBC TV 18 Emerging India Award 2005 for the Best emerging company in the Textile and Apparel Category. Your company has also been awarded with the best brand in small & medium category by CMAI for the brand "Integriti".

Performance: Zooming Profits!

During the financial year ended 31st March, 2006, the sales and operating income increased from Rs. 261.19 Mn to Rs. 859.64 Mn. The net profit before tax stood at Rs. 181.99 Mn as against Rs 48.79 Mn in the previous year. The net profit after tax stood at Rs. 116.50 Mn as against Rs. 37.23 Mn in the previous financial year.

As a result of restructuring of the group entities during the year the entire apparel manufacturing and marketing business now vests with the company. Results of the company include effect of the above for part of the year and hence previous year figures are not strictly comparable. Also, at the beginning of the financial year 2005-06, your company had two subsidiaries viz Kewal Kiran Retail India Private Limited and Kornorstone Retail Limited (Formerly known as Kornorstone Retail Private Limited). The aforesaid companies ceased to be subsidiaries of Kewal Kiran Clothing Limited with effect from August 6, 2005 and December 20, 2005 respectively.

Looking Ahead: Better Integration, Greater Capacity, Better Spreads

Your company will continue its foray into the domestic apparel market. In the year ahead, your company will test-market women's casual wear and Men's formal wear & accessories under the existing brands. We will also set up a new manufacturing facility for apparels. We will continue to fuel the growth by setting up exclusive retail chain stores "K-Lounge". Besides, we are also planning to set up few exclusive brand outlets (EBO) for our flagship brand "Killer". We have also planned to sell accessories like time wear, fashion jewelry, fragrances etc. through our retail stores. Your company will also benefit from the aggressive growth plans of organized retail across the country. We will continue to innovate and expand in this way.

Finally, I would take this opportunity to sincerely thank our highly motivated team for their dedication and support without which your company would not have been able to reach the position it enjoys today. I would also like to thank my fellow members on the Board for their active and valuable support while guiding the course of your company. I am sure that with continued support of the Board Members, Employees and all the stake holders your company will continue to scale new heights in the times to come.

With this, I would like to thank you again, my dear shareholders.

Kewalchand P. Jain
 Chairman & Managing Director