

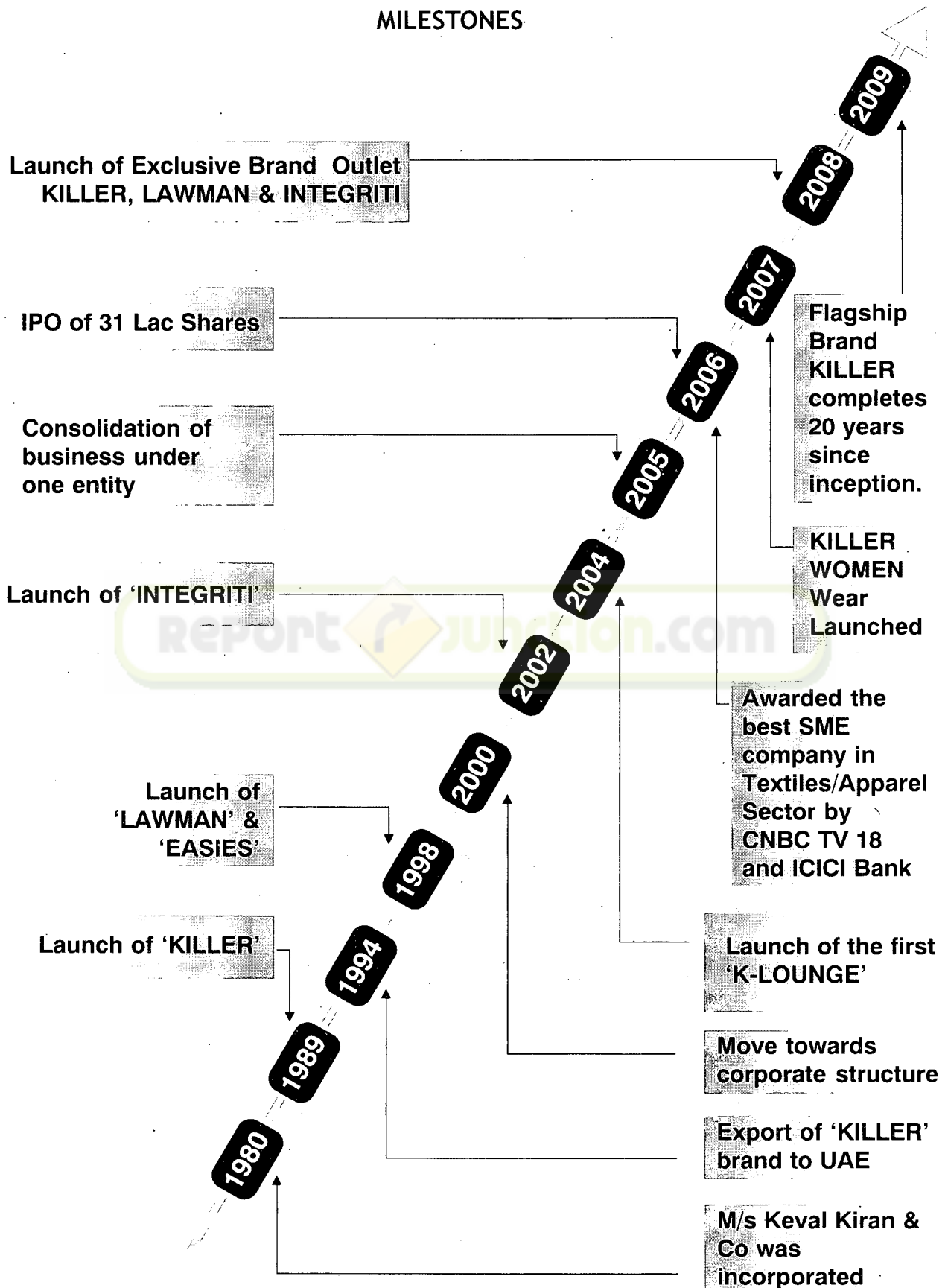


ANNUAL REPORT 2008-09



W  
A  
K  
I  
N  
G  
G  
E  
O  
R  
G  
I  
A  
N  
C  
O  
R  
P  
O  
R  
A  
T  
I  
O  
N  
L  
I  
M  
I  
T  
E  
D

## MILESTONES




**KILLER**

- Launched in 1989
- Power Brand for youth with an international feel and unique style quotient
- Casual Men's wear
- Launched Women's wear in 2007

- Target Age Group 16-25
- Latest collection - One on One
- Price Range
  - ❖ Jeans Rs. 899 - Rs. 2599
  - ❖ Trousers Rs. 999 - Rs. 1599
  - ❖ T Shirts Rs. 399 - Rs. 1499
  - ❖ Shirts Rs. 699 - Rs. 1599
  - ❖ Jackets Rs. 1299 - Rs. 2799
  - ❖ Innerwear Rs. 199 - Rs. 299
  - ❖ Sneakers Rs. 1699 - Rs. 1899
  - ❖ Accessories Rs. 699 - Rs. 1399


**LAWMAN Pg<sup>3</sup>**

- Launched in 1998
- Design led brand
- Men's Club wear
- Launched high fashion range of shoes and eyewear.

- Target Age Group 18-28
- Latest collection - Casino
- Price Range
  - ❖ Jeans Rs. 799 - Rs. 1699
  - ❖ Trousers Rs. 795 - Rs. 1699
  - ❖ Shirts Rs. 695 - Rs. 1899
  - ❖ Jackets/Blazers Rs. 2599 - Rs. 3999
  - ❖ Shoes Rs. 1299 - Rs. 2899
  - ❖ Accessories Rs. 499 - Rs. 1099


**K-LOUNGE**

- Exclusive Retail Store Concept under brand name "K-Lounge" displaying our four brands creating a compelling mix of fashion, price and quality

- K-Lounge stores help in presenting the complete brand experience to consumers
- Improves brand visibility.
- Current Focus is on small format stores but plans to open mid format and large format stores.
- Exclusive brand outlets showcasing products of individual brand under the Brand name KILLER, LAWMAN AND INTEGRITI.


**easios**

- Launched in 1998
- Fashion Brand for office and after office hours
- Men's formal and semi formal wear

- Innovation in Fabric and designs
- Target Age Group 23-40
- Latest collection - After Dark
- Price Range
  - ❖ Trousers Rs. 995 - Rs. 1695
  - ❖ T-Shirts Rs. 645 - Rs. 1095
  - ❖ Shirts Rs. 895 - Rs. 1595
  - ❖ Jackets/Blazers Rs. 2295 - Rs. 4595


**Integriti**

- Launched in 2002
- Mass market brand
- Fashionable yet affordable
- Men's formal and semi formal wear

- Target Age Group 18-30
- Latest Collection - Fashion Friction
- Price Range
  - ❖ Jeans Rs. 695 - Rs. 1295
  - ❖ Trousers Rs. 745 - Rs. 995
  - ❖ T-Shirts Rs. 395 - Rs. 695
  - ❖ Shirts Rs. 695 - Rs. 1095
  - ❖ Jackets Rs. 895 - Rs. 2200
  - ❖ Sweaters Rs. 895 - Rs. 1095
  - ❖ Accessories Rs. 199 - Rs. 399

## INDEX

General Information	04
Directors' Biography	06
Letter to the Shareholders	08
Notice	10
Directors' Report	14
Report on Corporate Governance	19
Management Discussion and Analysis	32
Auditors' Report	35
Balance Sheet	38
Profit & Loss Account	39
Cash Flow Statement	40
Schedules forming part of Accounts	42
Balance Sheet Abstract & Company's General Business Profile	63

## 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

Mr. Mrudul D. Inamdar  
Non-Executive Independent Director

Dr. Prakash A. Mody  
Non-Executive Independent Director

Mr. Nimish G. Pandya  
Non-Executive Independent Director

### Committees of the Board

#### Audit Committee

Mr. Mrudul D. Inamdar  
Chairman

Mr. Nimish G. Pandya  
Mr. Popatlal F. Sundesha

#### Remuneration Committee

Mr. Nimish G. Pandya  
Chairman

Mr. Popatlal F. Sundesha  
Dr. Prakash Mody

#### Shareholders' & Investors' Grievance Committee

Mr. Nimish G. Pandya  
Chairman

Mr. Kewalchand P. Jain  
Mr. Hemant P. Jain

#### Company Secretary & Sr. Manager-Legal

Mr. Abhijit B. Warange

#### Statutory Auditors

M/s. Jain & Trivedi  
Chartered Accountants

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

<b>Internal Auditors</b>	M/s. Bhandarkar & Kale Chartered Accountants
<b>Solicitors &amp; Advocates</b>	Solomon & Co.
<b>Bankers</b>	Standard Chartered Bank Barclays Bank PLC The Hongkong & Shanghai Banking Corporation Ltd.
<b>Registered Office</b>	B-101 to 107, Synthofine Estate, Opp. Virwani Industrial Estate, Goregaon (East), Mumbai: 400 063
<b>Corporate Office</b>	Kewal Kiran Estate, Behind Tirupati Udyog, 460/7, I.B. Patel Road, Goregaon (East), Mumbai: 400 063
<b>Registrars &amp; Transfer Agents</b>	Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compounds, L.B.S. Marg, Bhandup (West), Mumbai: 400 078
<b>Factories</b>	<b>Vapi</b> Plot No. 787/1, 40, shed IInd Phase, G.I.D.C., Vapi: 396 195 Gujarat  <b>Daman</b> 697/3/5/5A, Near Maharani Estate, Somnath Road, Dhabel, Daman: 396 210  <b>Mumbai</b> Synthofine Estate, Opp Virwani Industrail Estate, Goregaon (East), Mumbai: 400 063  71-73, Kasturchand Mill Estate, Bhawani Shankar Road, Dadar (West), Mumbai: 400 028

## DIRECTORS' BIOGRAPHY



### MR. KEWALCHAND P. JAIN

Born in 1962, Mr. Kewalchand P. Jain decided to join the business at an early age after completing school. He learnt the business on the job and spearheaded the groups' foray into 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 an 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 retail business of the company.



### MR. DINESH P. JAIN

Born in 1969, Mr. Dinesh P. 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 Integrity brands. He also looks after the retail business of the company. Mr. Jain travels extensively and scouts for new technologies in garment manufacturing.



## DIRECTORS' BIOGRAPHY

### 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 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 S. Mehta and Company, one of the most reputed Chartered Accountancy firm in Mumbai.

Mr. Inamdar has been practicing for over 25 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.




*From the Chairman's Desk*


Dear Shareholders,

India is a country full of surprises! A few years ago, the term 'organised retail' was almost non-existent in the minds of people and in the dictionary of an average Indian layman. But suddenly, we witnessed a boom in retail and organised retail became talk of the town.

Organised retail acts as an interface between branded fashion lifestyle apparel makers and the end consumers. The Indian retailing industry, which has been traditionally dominated by small and family-run stores, has come of age. The retail sector is the second largest employer after agriculture in the country and also the second largest untapped market after China. There are some 12 million retail outlets in India. Besides, the country is also dotted with low-cost kiosks and pushcarts.

Over the past couple of years there have been sweeping changes in the general retailing business, mainly in apparel retailing which was once strictly a made-to-order market for clothing has changed to a ready-to-wear market. Preference for readymade garments is increasing and this has become inevitable with the rise in urbanization. The preference for the branded Western and Indo-western apparels among the working women is on the rise, which is a welcome relief for the manufacturer and retailers of branded apparel. The dressing habits are getting refined if not changed specifically among the working women.

When we were just about to experience a revolution in the organized retail the world economy witnessed a global financial turmoil and recession crept in having its impact on developed and developing economies. In spite of having a robust financial system India could not remain insulated from the ensuing fall-out.

The year under review has not been very encouraging for the apparel and retail industry. With the suddenly disturbed economical status, consumers are gradually losing interest on buying. And for the interested, the unbalanced income, followed by the economic slowdown, is not meeting their buying requirements. This evolution had soon disappointed the hopes of retail industry.

When the economy sputters, people close their wallets and delay purchases, and retail industry suffers. With fears that the coming months could be the toughest, retailers are fighting to gain any edge they can over their rivals and to cushion themselves from the slide in customer spending. Many of them are redeploying staff and revising promotions; some are putting a new stress on low prices. Retailers have also resorted to measures such as shutting unviable stores, trimming inventory, slicing payroll and taking other strategic steps they hope will help them endure the pain.

While it is not possible to fully escape the impact of the global financial meltdown, the Indian economy is better placed than many to withstand the shock, given that it is driven more by domestic consumption, has a sound banking system, a young population, and a strong savings culture. Therefore, although growth may be relatively muted in the range of 6% to 6.5% for the next couple of years, the future prospects for sustained growth remain very bright.

In the backdrop of the aforesaid scenario your company has for the financial year ended March 31, 2009 witnessed a revenue of Rs. 152.42 Crores. The net profit after tax for the year under review stood at Rs.14.26 Crores.

Your Board of Directors appreciate the continued investor confidence reposed in the company and recommend a final dividend of 30% per equity share i.e. Rs. 3/- per equity share of Rs. 10/- each for the year ended March 31, 2009.

On the retail front during the financial year 2008-09, your company opened 11 K-Lounge stores, 6 Killer Exclusive Brand Outlets (EBO), 7 Integrity EBO, 3 Lawman EBO, and 8 Factory Outlets. During the year your company closed/relocated 12 stores due to location disadvantage. As on March 31, 2009 your company had 123 operational retail stores across the country.

During the year your company has procured one 0.6 MW capacity, Wind Turbine Generator (WTG) from M/s. Suzlon Energy Limited. The said WTG is installed on Government Land R.S.No. 1119 /p at Village Kuchhadi, Taluka Porbundar in the registration District of Porbundar in the State of Gujarat. The WTG bearing No. SEL/600/08-09/1249 has been in operation on the above land with effect from 30<sup>th</sup> July 2008. The said WTG is connected by 33KV grid line to 33/66 KV, 25MVA capacity Suthri site sub-station at Kuchhadi. The Kuchhadi site sub-station is connected to Gujarat Energy Transmission Corporation Ltd. (GETCO) Bokhira sub station. As on the date of this report, the WTG has generated 906,350 KWH, thus paving way for reduction in energy cost of your company.

Your company has completed the construction of the new factory building at Daman. The construction of the factory building at Vapi is in full swing and we expect the same to be completed by December 2009.

I am also pleased to inform my co-owners that 'KILLER', the flagship brand of your company has completed two decades of existence from its inception in the year 1989. A dream which was conceptualized in 1989 by a few has now grown to be the nation's most preferred indigenous denim brand. The brand equity of 'KILLER' keeps getting stronger by each passing day.

With this note I thank you all for being a part of the Kewal Kiran Family. I take this opportunity to thank our dedicated team for their valuable support and cooperation without which the company would not have been able to reach the position it enjoys today. I would also take this opportunity to thank my colleagues on the Board for their valuable participation and contribution while guiding the course of the company.

**Kewalchand P. Jain**  
**Chairman and Managing Director**