

KKCL

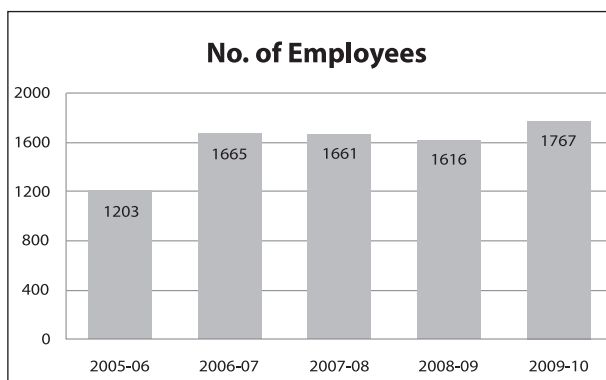
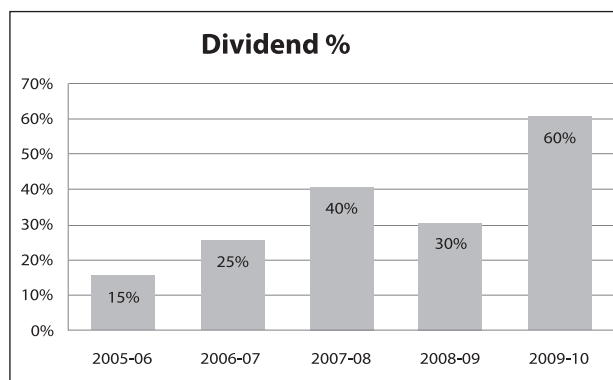
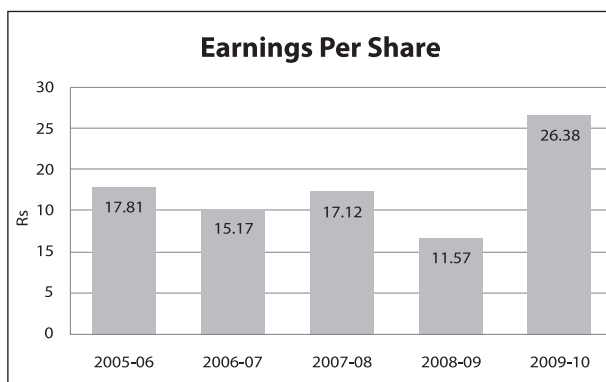
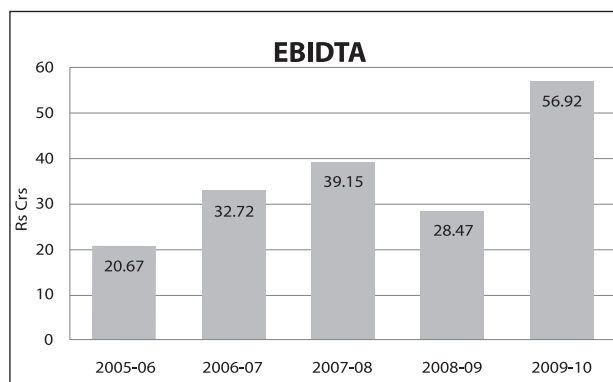
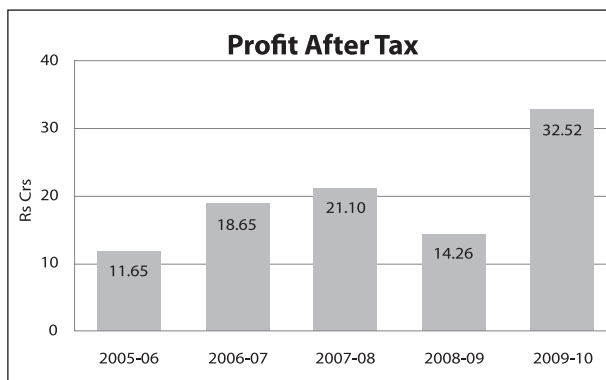
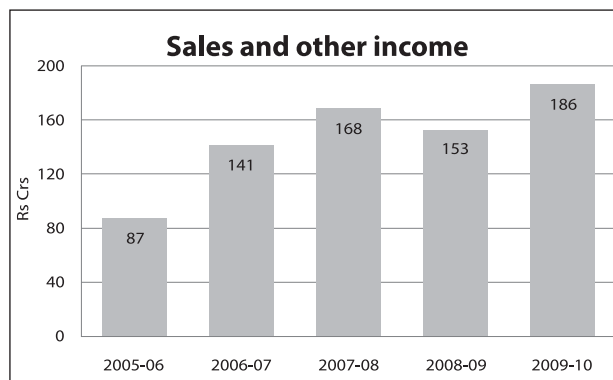
ANNUAL REPORT



INDEX

Performance at a Glance	02
General Information	03
Directors' Biography	05
Letter to the Shareholders	07
Notice	09
Directors' Report	18
Report on Corporate Governance	22
Management Discussion and Analysis	35
Auditors' Report	41
Balance Sheet	44
Profit & Loss Account	45
Cash Flow Statement	46
Schedules forming part of Accounts	48
Balance Sheet Abstract & Company's General Business Profile	74
Financial Highlights	75

PERFORMANCE AT A GLANCE



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
Director

Mr. Mrudul D. Inamdar
Director

Dr. Prakash A. Mody
Director

Mr. Nimish G. Pandya
Director

Chief Financial Officer

Mr. S. L. Kothari

Company Secretary

Mr. Abhijit Warange

Statutory Auditors

M/s. Jain & Trivedi
Chartered Accountants, Mumbai

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

Internal Auditors

M/s. Bhandarkar & Kale
Chartered Accountants, Mumbai

Solicitors and Advocates

Solomon and Co. Mumbai

Bankers

Standard Chartered Bank
Mumbai.

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

Registrar & Transfer Agents

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

Factories

Vapi

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

Daman

697/3/5/5A, Near Maharani Estate,
Somnath Road, Dhabel
Daman: 396 210

Mumbai

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

71-73, Kasturchand Mill Estate
Bhawani Shankar Road,
Dadar (West),
Mumbai; 400 028

Windmill

Land Survey No. 1119/P
Village Kuchhadi
Taluka Porbunder
District Porbunder
Gujarat

Website

<http://www.kewalkiran.com>



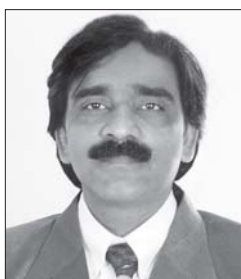
DIRECTORS' BIOGRAPHY



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 is spear heading the lifestyle accessories business of the company under the brand name ADDICTION. 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 Vice President of the Indian Pharmaceutical Alliance. He is also on the Executive Committee of the Indian Drug Manufacturers' Association. He is a member of the World Presidents' Organisation Inc. He is a member of National Committee on Drugs and Pharmaceuticals Confederation of Indian Industry 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 Banshi S. Mehta and Company, one of the most reputed Chartered Accountancy firm in Mumbai.

Mr. Inamdar has been practicing for over 26 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,

It gives me great pleasure to share with you the 19th Annual Report of your company.

Retail industry continues to be one of the fastest growing industries and India is one of the youngest consumer markets in the world. The last 2 years have been very significant for the organized retail industry in India as the unstable economic situation posed several challenges to a nascent industry at the cusp of growth. Many new players entered the retailing space in the last few years and some of them succumbed to the crisis that started globally and also hit the Indian shores.

Excessive leverage, inadequate internal controls, weak logistical support and unnatural growth aspirations were possibly the key factors that is attributable to some of the failures in the organized retail segment. These market indicators have reinforced our confidence into the business model of your company and your company has emerged stronger and even more focused after the global economic downturn. Your company sensed the impending slowdown a little early and started cutting down on inventory and implemented stringent cost controls. This led to a dip in the profitability in FY2008-09 but has positioned the company well to achieve strong growth in sales and profits in FY2009-10.

Today, your company stands apart for its completely integrated operations that encompass the entire value chain, right from design to production to branding and retailing. This has enabled the company to improve cost efficiencies, exercise quality control, ensure timely deliveries and provide customers with a world class shopping experience.

On the business front, your company recorded growth in sales of 21% to Rs. 175.28 crores and profit after tax increased by 128% to Rs. 32.52 crores. Considering the improved performance your Board of Directors has recommended a dividend of Rs. 6/- per equity share of Rs. 10/- each.

The Indian economy has demonstrated remarkable resilience to the global headwinds and continues to grow at a robust pace. Your company is optimistic about the long term potential of the Indian markets and has taken several steps towards creating a system driven, high performance organization by targeting sustainable and profitable growth. The ever rising rental for commercial premises, availability of quality retail space and service tax on rent still remain a

cause of concern for the retail industry.

“Killer” the flagship brand of your company is one of the few brands in the country today with a presence of more than 2 decades. “Killer” continues to be vibrant brand with a strong value proposition. Our other brands LawmanPg3, Easies and Integriti have created a niche in the market and have consistently registered a commendable growth year on year. Your company will retain focus on its key power brands and intends to nurture them further and replicate similar success across all.

We have ramped up our store role out and as on 31st March 2010 have 139 retail stores apart from a wide distribution network of multi brand outlets and increased presence in large format stores. The company intends to increase its retail presence through more retail outlets under the franchisee operation model. The focus would be on expanding reach into Tier II and Tier III cities where the products are already available through other formats and there is familiarity with the company’s brands. The other areas of growth include women wear and lifestyle accessories. Your company is optimistic about the potential in the lifestyle accessories business. During the year under review your company has launched a retail format ‘ADDICTION’ for its lifestyle accessories business.

Your company also participated in the prestigious Lakme Fashion Week Summer/Resort 2010 to showcase the spring summer collection in association with Mr. Narendra Kumar Ahmed; one of the India’s leading fashion designers. Such events give your company a platform to showcase its innovative and trendsetting products.

While your company is on an expansion spree and is increasing its footprints on a pan India level several steps are being taken in enhancing internal controls and systems that will support its growth aspiration with adherence to the highest levels of risk management and corporate governance standards.

Innovation at Kewal Kiran Clothing Ltd. is an everyday mantra and all efforts are focused towards creating and delivering high quality, fashionable products to meet the discerning wants of an ever demanding customer base. Your Company would continue to be the country’s trendsetters.

With this note I thank you all co-owners 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