

FEASIBILITY ON NEW WITH CONSCIENCE

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OBITUARY

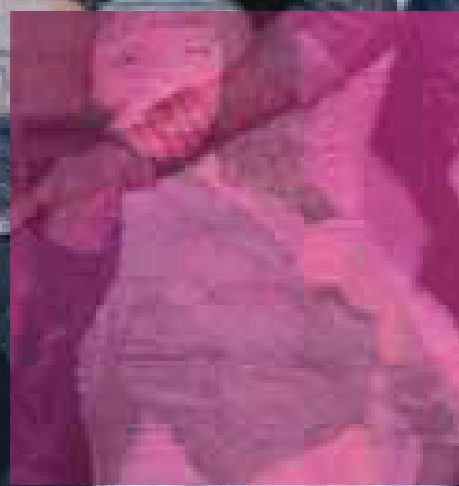
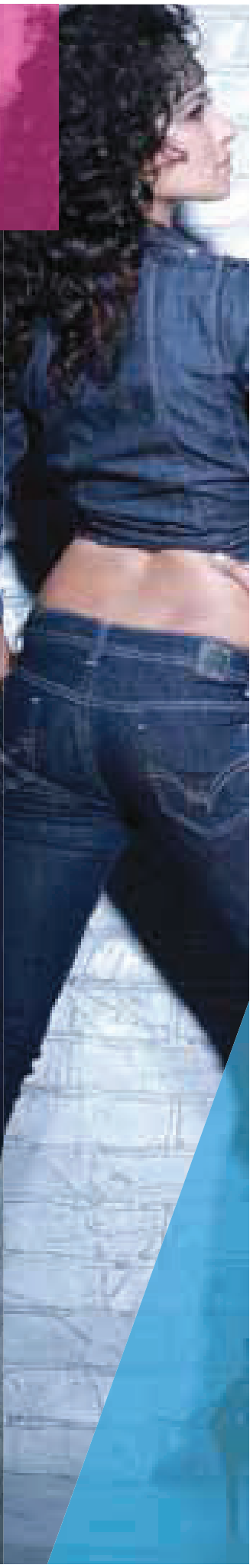
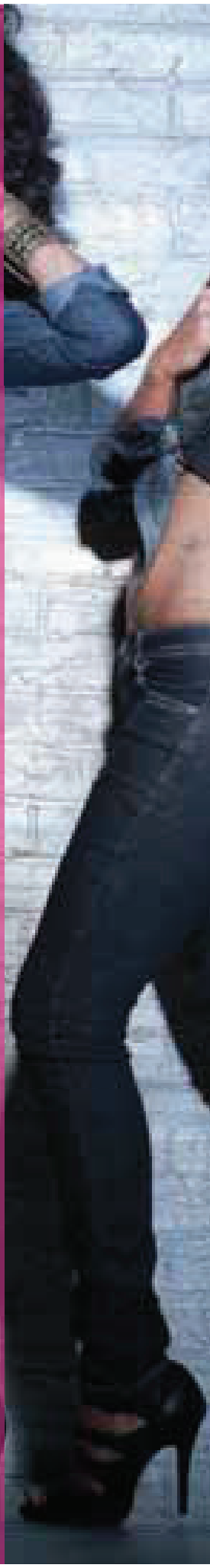


C.A. Mr. Mrudul Dattakumar Inamdar
(21st April 1956 - 1st January 2013)

Senior Partner - M/s. Bansi S. Mehta & Co.
Independent Non-Executive Director - M/s.
Kewal Kiran Clothing Limited

C.A Mr. Mrudul D. Inamdar left us for
heavenly abode on 1st January 2013.

May his soul rest in eternal peace.



FASHION ADDS A TOUCH OF BEAUTY TO OUR EXTERNAL APPEARANCE.

Our conscience, on the other hand, drives us from inside and gives a meaningful direction to our existence on this planet.

At Kewal Kiran Clothing Limited (KKCL), Fashion and Conscience are married together to cater to the external and internal needs of our customers. Our unique offerings help shape a durable relationship between in-trend fashion and economic sustainability.

As vital natural resources wane away every day, at KKCL, we have been striving hard since our incorporation to make all our operations environment friendly. Driven by our core values, we help our customers enhance their fashion quotient, while fulfilling our social commitments.

Today, we have emerged as one of India's largest fashion houses, while remaining true to our vision of being conscience driven. We have a diverse portfolio of top lifestyle apparel brands that helps us meet the fashion needs of our customers. At the same time, we offer them a chance to be associated with a noble cause of protecting the environment.

In order to find out more, read on. ▶



CREATORS OF INSPIRING FASHION

We, at KKCL, are one of India's largest branded apparel manufacturers dealing in apparel for both men and women. We design, manufacture and market jeans, formals, semi-formals, casual wears and lifestyle accessories under the brands Killer, Easies, Lawman Pg3 and Integriti. These products are distributed through retail formats such as Addictions and K-Lounge, apart from other selling and distribution formats.

COMPANY PHILOSOPHY

To be a world-class business enterprise, creating values, excellence in every business and service to consumers, stakeholders and society.

LOOKING BACK

We have traversed a long way since a humble beginning in 1989. We started as a manufacturer and retailer of men's wear for reputed brands. Over the years,

we expanded our portfolio, included our own brands and spread our wings in the women's wear section. Our careful observation and interest in the ever-changing world of fashion, along with the ability to adapt fast to the transforming scenario, drive our endeavour at KKCL. We are committed to the global standards in quality, technology, marketing and branding, and provide our customers with best-in-class offerings at an affordable cost.

MANUFACTURING

We have our designing and manufacturing facilities located in Dadar (Mumbai), Goregaon (Mumbai), Daman and Vapi. Our jeans manufacturing processes are supported by international technocrats. We use state-of-the-art technologies in jeans manufacturing processes. Our core competence in the manufacturing process, driven by innovation, helps us offer the best products to our customers.

DISTRIBUTION CHANNELS

At KKCL, our wide network of distribution channels helps us to remain in touch with our diverse and expanding customer base. This network also keeps us abreast about their changing requirements. We reach out to our discerning customers through 141 K-Lounge showrooms, 3 K-Lounge for her showrooms, 129 Exclusive Brand Outlets (EBOs), various Lifestyle accessories stores, National Chain Stores (NCSs), Multi-Brand Outlets (MBOs) and many more. We also use other modes, including distributors, master stockists, brand licensees and online means.

CMD'S MESSAGE

Dear shareholders,

It is my pleasure to present to you the 22nd Annual Report of the Company.

Our journey since incorporation has been quite encouraging. And the financial year 2012-13 proved no exception. Despite the sector facing considerable headwinds, our experience and performance during the year provided significant insights. More importantly, it strengthened our belief in the long-term business strategy over short-term benefits. The Company's Total Income increased from ₹ 313.63 Crores in FY 2011-12 to ₹ 315.17 Crores in FY 2012-13. Profit after Tax rose from ₹ 52.14 Crores in FY 2011-12 to ₹ 53.42 Crores in the last financial year. We continue to be in a strong financial position with total dividend payout (including interim dividends and final dividend) of ₹ 17.50 per share in the previous year.

Two qualities that stand out specifically in the context of fashion lifestyle and retailing business are 'Patience' and 'Perseverance'.

The year started with the headwinds of high inflation and elevated interest rates. The economic slowdown has had a limited impact on high price levels of the basic necessities of food and shelter (property) which occupy a significant portion of the consumer spend thus dampening discretionary expenditure. The Company braced itself for the resulting fallout on the

business trends and stayed focused on sustaining its core business. A fine balance had to be achieved between pushing sales and maintaining healthy profitability and cash flows. The efforts paid off as the year progressed. After a challenging start to the year, the Company was able to successfully claw back and exceed its revenues.

At the macro level, India represents a significant opportunity for growth due to huge and increasing population with earning capability, along with a low per capita spend on fashion apparel and



We, at KKCL, are clearly focused on our growth trajectory and are investing in our core brands, infrastructure, distribution and innovation.

KKCL believes that Integrity and Financial Prudence are equally important to build a sustainable and successful organisation that values and safeguards the interest of all its stakeholders. KKCL today is a financially strong Company with best-in-class operating parameters like profit margins, working capital cycle and cash flow.

As a proactive measure the Company has established a Business Progressive Fund wherein an amount of ₹ 10 Crores has been apportioned from the profits. This fund will be instrumental in addressing the adverse business impact that is experienced during periods of sluggishness, which are inherent to the industry and also providing enhanced support for superior, long-term growth.

We, at KKCL, are clearly focused on our growth trajectory and are investing in our core brands, infrastructure, distribution and innovation. In the Union Budget for FY 2013-14, the Government took heed to the challenges faced by the industry and rolled back the excise duty that was imposed in FY 2010-11. This move will benefit the branded apparel industry and provide the Company with some headroom to pursue its growth targets in a business scenario that continues to be challenging despite decreasing inflation.

The core philosophy and strategy of KKCL is to build a stable, sustainable and scalable business. I believe, we have established a strong and stable foundation and have demonstrated the ability to sustain the business in periods of volatility. With these building blocks firmly in place, we are now focusing our efforts

accessories as compared to developed markets. However, unlike the pocket-size of international consumers, the Indian environment is highly sensitive to price inflation and economic sentiments. For the Indian consumer, fashion clothing today is no longer an aspiration, but more of a lifestyle necessity.

Even as the consumer aspires for high quality fashion wear, the spending is constrained by core inflation that eats into the wallet share. This underscores the need for 'Patience' to tide over these intermittent periods of volatility and uncertainty and the need for 'Perseverance' to continue investing in the business to deliver high quality and innovative products to the discerning consumer.

KKCL has these qualities ingrained in its DNA. But these alone are not sufficient. Patience and Perseverance require robust financial backup that will enable the Company to sustain such prolonged periods of uncertainty without risking its very survival. The past twelve months witnessed several cases of disruption and decline, especially for companies that were over leveraged, causing suffering to all stakeholders including employees, shareholders, lenders and suppliers.

on business scalability. Needless to say, there are significant opportunities and with our ability to be patient and persevere, we will endeavour to scale up this business to greater heights.

We are privileged to have you, valued shareholders, who share this attitude and I am confident that you will benefit from this association as we continue on our journey of value creation.

Warm regards,

KEWALCHAND P. JAIN

Chairman and Managing Director

₹ 17.50 - Dividend per share

We continue to be in a strong financial position with total dividend payout (including interim dividends and final dividend) of ₹ 17.50 per share in the previous year.

5 YEAR FINANCIAL HIGHLIGHTS



	(₹ in Lakhs)				
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Sales and Other Income	15,294	18,631	24,496	31,368	31,516
EBITDA	2,847	5,692	6,869	7,336	7,366
Profit before Interest & Tax (PBIT)	2,343	5,108	7,132	7,891	7,989
Profit before Tax (PBT)	2,072	4,875	6,926	7,632	7,727
Profit after Tax (PAT)	1,426	3,252	4,623	5,214	5,342
Cash Profits (Profits after Current Tax + Depreciation + Amortisation)	1,930	3,836	5,196	8,255	8,321
Net Fixed Assets	4,555	4,308	4,272	4,432	4,425
Investments	3,082	3,290	2,685	5,264	15,905
Net Current Assets	9,706	11,335	13,784	16,942	6,262
Deferred Tax Assets	144	166	164	173	203
Total Capital Employed	17,488	19,099	20,906	24,044	26,795
Networth	15,130	17,519	19,776	22,555	25,386
Borrowed Funds	2,359	1,580	557	1,489	1,409
Total Funds Employed	17,488	19,099	20,333	24,044	26,795