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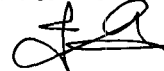
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ANNUAL REPORT 2008 - 2009

KHADIM INDIA LIMITED

CERTIFIED TO BE TRUE COPY

KHADIM INDIA LIMITED



JOYDEV SENGUPTA
COMPANY SECRETARY & HEAD-LEGAL

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Corporate Information

BOARD OF DIRECTORS

Mr. Satya Prasad Roy Burman : Chairman &
Whole-Time Director
Mr. Siddhartha Roy Burman : Managing Director
Mrs. Tanusree Roy Burman : Director
Mr. Indra Nath Chatterjee : Director
Prof. Ashoke Kumar Dutta : Director
Prof. Amar Nath Sadhu : Director

AUDIT COMMITTEE

Prof. Amar Nath Sadhu : Chairman
Prof. Ashoke Kumar Dutta : Member
Mr. Indra Nath Chatterjee : Member
Mr. Joydev Sengupta : Secretary

REMUNERATION/COMPENSATION COMMITTEE

Prof. Ashoke Kumar Dutta : Chairman
Prof. Amar Nath Sadhu : Member
Mr. Indra Nath Chatterjee : Member
Mr. Joydev Sengupta : Secretary

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Mr. Indra Nath Chatterjee : Chairman
Prof. Ashoke Kumar Dutta : Member
Mr. Siddhartha Roy Burman : Member
Mr. Joydev Sengupta : Secretary

COMPANY SECRETARY, HEAD - LEGAL & COMPLIANCE OFFICER

Mr. Joydev Sengupta

REGISTERED OFFICE

"Kankaria Estate", 5th Floor,
6, Little Russell Street,
Kolkata - 700 071, India
Website: www.khadims.com

STATUTORY AUDITORS

Ray & Ray
Chartered Accountants
6 Church Lane
Kolkata- 700 001

BANKERS

State Bank of India
UCO Bank

SOLICITORS

M/s. Khaitan & Co.

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors of your Company ("the Board") is pleased to present its report on the business and operations of your Company for the financial year ended on **31 March 2009**.

FINANCIAL HIGHLIGHTS:

	Rs. In '000s	
	2008-2009	2007-2008
Sales	1979807.00	1984536.00
Other Income	13956.00	19370.00
Profit before Depreciation, Interest, and Tax	182337.00	237300.00
Depreciation	47345.00	41985.00
Interest	98689.00	68065.00
Profit before tax	36302.00	127250.00
Provision for Taxation		
- Current and deferred Tax	13908.00	41976.00
- Fringe Benefit Tax	2701.00	2602.00
Profit for the year after tax	19694.00	82672.00

GENERAL OVERVIEW

The Directors of your Company are presenting their report at a time when the world economy is passing through a deep recession that has shaken the foundations of some of the big names of global economy. Nearly 40 million people have lost their jobs across the globe; big corporations have been forced to shut down; and in the process an estimated trillion US Dollars has been lost. The only silver lining is that in this time of crisis all the countries are working in unison to come out of this recession.

India, being a part of the global economy, has not been immune to the recession. However, Indian economy has not suffered as feared, mainly due to the very nature of the economy which, unlike other economies, is not dependent on any one or two particular industry but has an even spread of industries.

With this backdrop, your Company has tried to carry out its operation in a prudent manner so that the impact of the recession is reduced. However, due to recessionary trends and also due to the substantial loss from the Large Format Retail ("LFR") business, during the year under review the turnover of your Company was less, compared to the previous year. In addition, the loss suffered on account of the LFR operations delivered a major blow to the bottom line of the Company resulting in a decline in profit against the last year.

During the year under review, a petition under sections 397 & 398 of the Companies Act, 1956 (hereinafter referred to as "the Act") was brought, inter-alia, against the Company which has been settled after the date of the Balance Sheet to which this Report relates, particulars of the case is appearing under the head "Events Occurring After The Date of Balance Sheet".

PROCUREMENT

Procurement of products through outsourcing has all along been an area of strength for your Company. We always feel that in our type of industry ensuring seamless transition from one design to another, one style to another, can only be possible if the focus is on outsourcing backed by need based manufacturing of strategic products. Moreover, the benefits derived in the form of shifting of risks coupled with cost effectiveness is much more than that through manufacturing.

Our team of dedicated professionals is equipped to ensure quality control that is so important in outsourcing. During the year under review we continued to focus on product quality improvement, through streamlining and centralizing the procurement process. In addition we have mapped the capacity of our vendors to extract the best out of them at best possible price points.

MANUFACTURING

In the year under review, the Injection Moulded Footwear Section has become fully operational. Due to installation of new machinery the capacity has increased to 17000 pairs per day. In the year that went by, initiative was taken to enhance the quality of Injection Moulded Footwear and EVA while the focus was on better capacity utilization. During this period the productivity saw a growth of 18 % over the same period last year.

During the year under review, a new factory building inside the Kasba Industrial Estate, Kolkata with 45000 sq. ft., spread over 5 floors was put to use to facilitate the enhanced manufacturing capabilities. In order to make the manufacturing activities more robust complete support of D.G. Backup was installed to ensure uninterrupted power supply, thereby reducing the lead time and related costs.

LOGISTICS

During the year under the review, substantial progress has been made in terms of reducing operation time of loading and unloading. Moreover, during the financial year 2008-2009 we made substantial savings in transport costs, despite the hike of fuel and related transportation costs, by giving clubbed loads to the transporters and also by giving forward planning to them. Another important development during the year was the logical streamlining of the re-order Level System in all company operated retail outlets and some exclusive dealer outlets.

BRAND AND MARKETING

During 2008-2009, a new decor scheme for our footwear stores were introduced with an objective to enhance the functionality and browsing experience in the store and impart a contemporary look so as to appeal to the young consumer base. Threshold marketing support was provided nationally for key festivals like Pongal, Bihu, Durga Puja, Diwali, Onam, Eid and occasion linked purchases like Wedding, School & Monsoon collections through an optimum mix of media, to generate footfalls and sales. Further, Sona Khazana was repositioned as a brand of attractive gold jewellery for the women.

LIFESTYLE RETAILING

During the year under review, the Company has closed down its LFR unit at Bhowanipur after taking necessary approval from the Board of Directors and the Shareholders.

INFORMATION TECHNOLOGY

During the year under review, we have implemented the SAP R/3 as a core business solution. This will improve alignment of strategies and operations, increase productivity and insight, reduce costs through increased flexibility, reduce risk, improve financial management and corporate governance, optimize IT spending and provide immediate access to enterprise information to the top management. Apart from this we have ensured single-window access to all employees through Khadim's portal and anywhere-anytime e-mail access.

INTERNAL AUDIT

The internal audit team of your Company continues to evaluate the effectiveness of the internal control system and contribute to its ongoing effectiveness through its reporting directly to the Audit Committee and the Board of Directors.

HUMAN RESOURCES

Your Company's most valuable resource remained in focus during the year 2008-09. During the year the Performance Appraisal System was made more robust and result oriented. New talents were inducted in the system and steps were

taken to reduce attrition. Besides, various policies and systems like travel policy, incentives policy etc. were updated and rewards and recognition system were reviewed and upgraded.

PARTICULARS OF EMPLOYEES

Information as per the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms a part of this Report and is given in **Annexure A**.

DIVIDEND

The Board is of the opinion that the Company should consolidate its net worth and hence thus no dividend is being recommended for the financial year ended 31 March 2009.

PUBLIC DEPOSITS

During the financial year 2008-2009, the Company has neither invited nor accepted any deposits from the Public within the meaning of Section(s) 58A, 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

EVENTS OCCURRING AFTER THE DATE OF BALANCE SHEET

During the financial year 2008-2009 a Petition under Section 397 & 398 of the Companies Act, 1956, (hereinafter "the Act") being No. C.P.No. 4 (KOL) of 2009 (hereinafter "the said proceedings") before the Hon'ble Company Law Board, Kolkata Bench, New Delhi (hereinafter "CLB") was filed by two members of Company who are part of the promoter group, inter-alia, against the Company.

After several rounds of hearing the CLB passed its final order dated 24 July 2009 disposing off the said proceedings in terms of the Terms of Settlement executed by and between the petitioners and all the companies, partnership firm and the individuals of / related to the Khadim Group being in the nature of family settlement.

As per the terms of settlement the Company is supposed to release its land at Gariahat measuring 8 Cottahs 15 Chittaks 9 Sq.ft, situate at Premises no. 49A, Leela Roy Sarani (formerly Gariahat Road) Kolkata 700019. Moreover, any one or more of the Respondents or any of their duly appointed representative(s) or nominee(s) or successor(s)-in-interest) or legal heir(s) will pay to the Petitioners or their legal heirs, representatives, administrators, assignees or nominees an aggregate sum of Rs.18,00,00,000/- (Rupees eighteen crore only) over a period of 5 years 4 months from 13 May 2009 and against such consideration the petitioners shall transfer their shares to the respondents or their nominees and shall not be entitled to attend any Board meetings/ General meetings and shall observe non-compete for 5 years.

AUDITORS' REPORT

Subject to the following, the comments made by the Auditors in their Report have been duly explained in the Notes to Accounts and hence do not require to be separately dealt with here.

With respect to the qualification of the Auditors' Report, in Clause 4.6 the Directors of your Company state as under:

The Qualification is in respect of CP 4 (KOL) of 2009 ("the Case") as described under the head "Events Occurring after the date of Balance Sheet". As mentioned before, as per the Order of the Hon'ble Company Law Board ("CLB"), the Company has to transfer its land at Gariahat measuring 8 Cottahs 15 Chittaks 9 Sq.ft., situate at Premises no. 49A, Leela Roy Sarani (formerly Gariahat Road) Kolkata 700019 to the petitioners in respect of the Case, latest by 31 March 2010. Furthermore, as per the said order, the respondents, which includes the Company, are to pay a sum of Rs.18 Crore in 5 years 4 months' time from 13 May 2009.

The Company has not made any provision for loss in the Profit & Loss Account for the financial year 2008-2009 as the Management feels that actual event of transfer of the land will take place in the financial year 2009-2010 as per the order of CLB and that at the end of the entire transaction period i.e. 5 years 4 months' time from 13 May 2009

or any time before that, approval will be obtained from the High Court at Calcutta or any other court / authority having appropriate jurisdiction, as the case may be, for reduction of share capital and reserves.

AUDITORS

The Statutory Auditors of the Company, M/s Ray & Ray, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting, and being eligible offer themselves for reappointment. Furthermore, M/s Ray & Ray, Chartered Accountants, have confirmed that, if appointed, their appointment would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

DIRECTORS

As on the date of this Report the number of members on the Board is 6 consisting 2 whole-time directors, 1 non-executive director and 3 non-executive-Independent Directors.

The Managerial Remuneration paid to Mr. Satya Prasad Roy Burman, Chairman and Mr. Siddhartha Roy Burman, Managing Director in the financial year 2008-2009 needs your approval in accordance with item (v) of Clause (B) of sub-section(1) of Section I of Part II of Schedule XIII to the Act. The Remuneration Committee has already approved it.

Furthermore, pursuant to Section 256 of the Companies Act, 1956, Mr. Indra Nath Chatterjee, Director being Director liable to retire by rotation under Section 255, retire at the AGM and being eligible offers himself for re-appointment.

The respective resolutions seeking your approval for his appointment is being forwarded to you through appropriate Notice.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

During the year under review, your Company has taken adequate measures to optimize the consumption of electricity. Loss of electricity due to leakage has been minimized by improving the insulation capacity of the water pipelines, from chillier machine to EVA injection machine as also centralisation of power supply. An improved capacitor panel was introduced to improve the power factor. Electricity consumption was made effectively to reduce wastage. The effect of the aforesaid measures will be beneficial in the long run.

As the Company is not operating in an industry listed in the Schedule to Form A referred to in sub-clause (d) of Clause A of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the details as per Form A is not relevant.

B. TECHNOLOGY ABSORPTION:

Research and Development

During the year under review no R&D initiatives were taken within the meaning of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 or AS 26.

Technology Absorption, Adaptation and Innovation:

No specific technology was absorbed, adapted or innovated within the meaning of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, during last 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign exchange earnings and outgo is as follows:

		Rs.'000	
Sl.	Particulars	2008-09	2007-08
(a)	Value of import on CIF basis		
	Raw material, components & spare parts	Nil	1443
	Capital Goods - including Moulds	4010	477
(b)	Foreign exchange Earning	2441	4094
(c)	Foreign exchange outgo	17	530
(d)	Others	Nil	Nil

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. They 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 at the end of the financial year and of the profit or loss of the Company for that period;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the significant contribution made by the employees, who through their competence, hard work, solidarity, co-operation and support have enabled the Company to consolidate its foothold across the market.

The Directors also take this opportunity to thank the Central and various State Governments and other statutory bodies including the Registrar of Companies, West Bengal and the Ministry of Corporate Affairs, Vendors, Lenders, Bankers, financial institutions and the shareholders for their consistent and uninterrupted support.

Kankaria Estate,
5th Floor,
6, Little Russell Street,
Kolkata- 700 071

Dated: 29 August 2009

For and on behalf of the Board

Satya Prasad Roy Burman

Chairman

Annexure A

Information as per the provisions of Sec 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

SI No.	Name	Designation	Nature of Employment	Nature of Duties	Qualifications	Age (in Yrs.)	Date of Commencement of Employment	Remuneration (In Rs. Lacs)	Experience	Previous Employment
1	Sri Satya Prasad Roy Burman	Chairman & Whole time Director	Contractual	General Management	School Final	79	03.12.1981	39.19	53	NA
2	Sri Siddhartha Roy Burman	Managing Director	Contractual	General Management	B.Com	47	25.09.1990	66.08	23	Chief Executive of the Company

NOTES:

1. Gross Remuneration comprises of salary, commission, perquisites and Company's contribution to PF.
2. The Directors featuring above are related to each other directly.
3. No other employee of the Company have drawn salary more than Rs. 2 lakh per month for any part of the financial year 2008-2009 or Rs. 24 lakh during the entire financial year 2008-2009.
4. The approval given by the Ministry in respect of the Managerial Remuneration payable to the Chairman expired on 31 March 2008 while that for the Managing Director was still in vogue. The Managerial Remuneration paid to Mr. S P Roy Burman, Chairman and Mr. Siddhartha Roy Burman, Managing Director in the financial year 2008-2009 exceeded the limits prescribed under Schedule XIII of the Companies Act, 1956 and they were paid remuneration in accordance with item (v) of Clause (B) of sub-section(1) of Section I of Part II of Schedule XIII to the Act on the basis of approval by the Remuneration Committee given on 17 March 2009 subject to approval of the shareholders at the General Meeting.

Auditors' Report

TO THE MEMBERS OF KHADIM INDIA LIMITED

1. We have audited the attached Balance Sheet of **KHADIM INDIA LIMITED** (the "Company") as at 31st March, 2009, the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (hereinafter referred to as "financial statements"), which have been signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure**, a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 4.2 In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - 4.3 The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 4.4 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report except as noted below comply with the applicable Accounting Standards referred to in Sub-section (3C) of Section 211 of 'the Act';
 - 4.5 On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of 'the Act';
 - 4.6 *On the basis of the order passed by the Company Law Board on 24th July, 2009 as referred to Note no 20 in Notes to Accounts, in our opinion, considering the event occurring after the Balance Sheet date (AS -4 'Contingencies and events occurring after Balance Sheet Date'), there is impairment in respect of land of Rs. 20,487,586 and Capital Work -In -Progress of Rs. 3,975,380 for which no provision for loss have been made in the accounts of the Company. Had the above provision been made in the accounts, the profit of the Company for the year would have been reduced by Rs. 24,462,966 with similar reduction in the total assets of the Company.*
Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner in the information required by 'the Act', and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **RAY & RAY**
Chartered Accountants

AMITAVA CHOWDHURY
(Partner)
(Membership No - F-56060)

Place : Kolkata
Date : 29th August 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1.
 - (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) During the year, no substantial part of fixed assets has been disposed off by the Company.
2.
 - (a) The inventory has been physically verified by the management during the year. In respect of the inventory lying with the third parties and in transit, substantial confirmation and/ or subsequent receipt have been verified. In our opinion, the frequency of verification is generally reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3.
 - (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of 'the Act'. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.
 - (b) The Company has taken unsecured loan from a Company covered in the register maintained under Section 301 of 'the Act'. The maximum outstanding amount involved during the year was Rs. 10,831 (*in thousands*) and the year-end balance of such loan is Rs. Nil.
 - (c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
 - (d) On the basis of examination of books of account, we are of the opinion that the Company is regular in payment of principal and interest.
4. In our opinion and according to the information and explanations given to us, there are, in general, adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5.
 - (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of 'the Act', have been so entered.

- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of 'the Act' and exceeding the value of Rupees Five Lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits during the year from the public under Section 58A and 58AA of 'the Act' and rules framed there under.
7. In our opinion, the Company's internal audit system is generally commensurate with its size and nature of its business.
8. *The Central Government has not prescribed the maintenance of cost records by the Company under Section 209 (1)(d) of 'the Act'.*
9. (a) According to information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. There are no outstanding dues in respect of the above items, which are of more than six months as at the Balance Sheet date.
- (b) According to the information and explanations given to us, the particulars of dues of income tax and excise duty as at 31st March, 2009, which have not been deposited on account of dispute are given in the Appendix I. Apart from the same, there are no undisputed dues in respect of sales tax, custom duty, wealth tax, service tax and cess.
10. The Company has no accumulated loss as at 31st March, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution / bank.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
13. The provisions of any special statute applicable to chit fund / nidhi/ mutual benefit fund / societies are not applicable to the Company.
14. The Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loan taken by others from bank or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans raised by the Company have been applied for the purposes for which they were raised.
17. In our opinion and according to the information and explanations given to us and on the basis of an overall examination of the Balance Sheet and Cash Flow Statement of the Company, no funds raised on short term basis has been used for long term investments.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of 'the Act' during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For **RAY & RAY**
Chartered Accountants

AMITAVA CHOWDHURY
(Partner)
(Membership No - F-56060)

Place : Kolkata
Date : 29th August 2009

APPENDIX I TO THE AUDITORS' REPORT

[Referred to in paragraph (ix) (b) of the Annexure to the Auditors' Report of even date to the members of KHADIM INDIA LIMITED on the financial statements for the year ended 31st March, 2009]

Name of the Statute	Nature of dues	Amount (Rs in Thousands)	Forum where dispute is pending	Year to which the amount relates
Income Tax Act, 1961	Income Tax	339	Commissioner of Income Tax (Appeals)	2005-06
Total		339		
Central Excise Act, 1944	Excise Duty	1462	Commissioner of Central Excise (Appeals)	2002-03
Total		1462		

Balance Sheet

KHADIM INDIA LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2009

(Rupees in Thousand)					
	Schedule Reference		As at 31st March, 2009		As at 31st March, 2008
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1		121,352		121,352
Reserves and Surplus	2		571,877		552,183
Loan Funds					
Secured Loans	3	641,213		538,468	
Unsecured Loans		137,000	778,213	119,876	658,344
Net Deferred Tax Liability [Note 4 on Schedule 17]			36,586		30,601
TOTAL			1,508,028		1,362,480
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	912,507		799,660	
Less: Depreciation		146,043		109,533	
Net Block		766,464		690,127	
Capital Work-in-Progress		59,039	825,503	45,872	735,999
Investments	5		2,982		827
Current Assets, Loans and Advances					
Inventories	6	478,013		479,328	
Sundry Debtors	7	221,560		158,981	
Cash and Bank Balances	8	81,364		44,957	
Other Current Assets	9	7,936		6,783	
Loans and Advances	10	306,271		274,506	
		1,095,144		964,555	
Less:					
Current Liabilities and Provisions					
Current Liabilities	11	404,633		331,057	
Provisions		10,968		7,844	
		415,601		338,901	
Net Current Assets			679,543		625,654
TOTAL			1,508,028		1,362,480
Notes on Accounts	17				

The schedules referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to our report of even date

For and on Behalf of the Board

For **Ray and Ray**
Chartered Accountants

S.P. Roy Burman
(Chairman)

Siddhartha Roy Burman
(Managing Director)

Amitava Chowdhury
(Partner)
Membership No.F- 56060
Place : Kolkata
Date : 29th August 2009

Ishani Ray
(Chief Finance Officer)

Joydev Sengupta
(Company Secretary & Head - Legal)

Profit & Loss Account

KHADIM INDIA LIMITED
PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2009

(Rupees in Thousand)

	Schedule Reference	Year ended 31st March, 2009	Year ended 31st March, 2008
INCOME			
Turnover (Gross)		2,012,624	2,030,928
Less : Excise Duty		32,817	46,392
Turnover (Net)		1,979,807	1,984,536
Other Income	12	13,956	19,369
		1,993,763	2,003,905
EXPENDITURE			
Purchase of General Merchandise		1,140,101	1,292,366
Raw Materials Consumed	13	124,468	99,625
(Accretion)/Decretion in Stocks	14	3,994	(185,243)
Manufacturing, Selling and Administrative Expenses	15	542,864	559,857
Depreciation		47,344	41,985
Interest	16	98,690	68,066
		1,957,461	1,876,656
PROFIT BEFORE TAXATION		36,302	127,249
TAXATION			
Current Tax [Including earlier years' adjustments of Rs.927 (Previous Year - Rs.811)]		7,922	37,389
Fringe Benefit Tax [Net of earlier years' adjustments of Rs.26 (Previous Year - Rs.224)]		2,701	2,602
Deferred Tax		5,985	4,587
PROFIT AFTER TAXATION		19,694	82,671
Profit brought forward from previous year		222,040	139,369
BALANCE CARRIED TO BALANCE SHEET		241,734	222,040
Notes on Accounts	17		
Earnings per Share - Basic and Diluted (Rupees) (Note 21 on Schedule 17)		1.62	7.09

The schedules referred to above form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to
our report of even date

For and on Behalf of the Board

For **Ray and Ray**
Chartered Accountants

S.P. Roy Burman
(Chairman)

Siddhartha Roy Burman
(Managing Director)

Amitava Chowdhury
(Partner)

Ishani Ray
(Chief Finance Officer)

Joydev Sengupta
(Company Secretary & Head - Legal)

Membership No.F- 56060

Place : Kolkata

Date : 29th August 2009

Cash Flow Statement

KHADIM INDIA LIMITED		
CASH FLOW STATEMENT		
(Rupees in thousand)		
	Year Ended 31st March, 2009	Year Ended 31st March, 2008
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	36,302	127,249
Adjustments for:		
Depreciation	47,344	41,985
(Profit) / Loss on Sale of Fixed Assets (Net)	1,612	117
Interest Received	(5,365)	(5,254)
Provision for Gratuity and Leave Encashment in respect of earlier period	-	(2,684)
Dividend Received	(303)	(206)
Profit on Sale of Investment	-	(196)
Interest paid	98,690	68,066
Operating Profit before Working Capital Changes	178,280	229,077
Adjustments for:		
Trade & Other Receivables	(49,518)	(157,892)
Inventories	1,315	(186,147)
Trade Payables	76,401	85,331
Cash Generated from Operations	206,478	(29,631)
Payment of Direct Taxes	(924)	(28,042)
Cash Flow before Extraordinary Items	205,554	(57,673)
Extra Ordinary Items	-	-
Net cash from Operating Activities - (A)	205,554	(57,673)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(179,219)	(205,437)
Sale of Fixed Assets	40,759	87
Advances of Capital nature	(54,664)	(21,994)
Purchase of Investments	(32,982)	-
Sale of Investments	30,827	14,169
Dividend received	303	206
Interest Received	4,253	4,717
Net Cash from Investing Activities - (B)	(190,723)	(208,252)

Cash Flow Statement

KHADIM INDIA LIMITED CASH FLOW STATEMENT

(Rupees in thousand)

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital including Share Premium	-	105,999
Proceeds from Borrowings	•	
Demand Loan	2,692	5,948
Term Loans	13,261	83,050
Car Loan	7,071	-
Unsecured Loans	17,124	98,256
Cash Credit from Banks	79,720	55,353
Repayment of		
Interest Paid	(98,292)	(65,797)
Car Loan	-	(494)
Net Cash used in Financing Activities - (C)	21,576	282,315
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	36,407	16,390
Cash and Cash Equivalents at beginning of year	44,957	28,567
Cash and Cash Equivalents at end of year	81,364	44,957

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2009 and the related Profit and Loss Account for the year ended on that date.
2. The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard -3 on "Cash Flow Statement", issued by The Institute of Chartered Accountants of India and reallocations required for this purpose are as made by the Company.
3. Addition to fixed assets are stated inclusive of movements of Capital Work In Progress between the beginning and end of the year and treated as part of investing activities
4. Movements of capital advances between the beginning and the end of the year has been treated as part of the investing activities
5. Cash and Cash Equivalents represent cash and bank balances.
6. Figures in parenthesis represents outflows.
7. Previous year's figures have been regrouped, wherever necessary, to conform current year's presentation

This is the Cash Flow Statement referred to
in our report of even date

For and on Behalf of the Board

For **Ray and Ray**
Chartered Accountants

S.P. Roy Burman
(Chairman)

Siddhartha Roy Burman
(Managing Director)

Amitava Chowdhury
(Partner)

Ishani Ray
(Chief Finance Officer)

Joydev Sengupta
(Company Secretary & Head - Legal)

Membership No.F- 56060

Place : Kolkata

Date : 29th August 2009

Schedules forming part of Accounts

KHADIM INDIA LIMITED SCHEDULES TO ACCOUNTS

SCHEDULE - I

			(Rupees in Thousand)	
			As At 31st March, 2009	As At 31st March, 2008
SHARE CAPITAL				
Authorised				
25,000,000	Equity Shares of Rs.10/- each		250,000	250,000
Issued, Subscribed and Paid-up				
12,135,238	(Previous year 12,135,238) Equity Shares of Rs. 10/- each fully paid-up [Refer Notes below]		121,352	121,352

NOTES :

- Of the above shares 3,000,000 (Previous Year - 3,000,000) shares have been issued and allotted as fully paid-up bonus shares by capitalisation of General Reserve and 5,639,308 (Previous Year - 5,639,308) Equity Shares of Rs.10/- each fully paid up, have been issued and allotted, pursuant to the Scheme of Amalgamation, without payment being received in cash.
- Of the above shares 8,737,829 (Previous Year - 8,737,829) equity shares of Rs.10/- each fully paid up are held by the Holding Company, Knightsville Private Limited.

SCHEDULE -2

					(Rupees in Thousand)	
		As At 31st March, 2008	Additions during the year	Transfer/ Adjustments during the year	As at 31st March, 2009	
RESERVES AND SURPLUS						
CAPITAL RESERVE						
-	Amalgamation Reserve - As per last account [Refer Note 5 on Schedule 17]	231,916	-	-	231,916	
	SHARE PREMIUM [Refer Note 6 on Schedule 17]	93,888	-	-	93,888	
	GENERAL RESERVE					
-	As per last account	4,339	-	-	4,339	
		330,143	-	-	330,143	
	Profit and Loss Account - As annexed	222,040	19,694	-	241,734	
		552,183	19,694	-	571,877	

Schedules forming part of Accounts

KHADIM INDIA LIMITED SCHEDULES TO ACCOUNTS

SCHEDULE 3

(Rupees in Thousand)

			As At 31st March, 2009	As At 31st March, 2008
LOANS				
A SECURED LOANS	Security as per Note			
Term Loans from Banks	1		225,120	212,908
Bank Overdrafts	2		38,186	8,806
Vehicles Loan from Banks	3		7,071	-
Working Capital Loan from Banks	4		368,052	314,952
Interest accrued and due:				
- on Term Loans		2,742		1,693
- on Working Capital Loan		42	2,784	109
			641,213	538,468
B UNSECURED LOANS				
(Refer Note below)				
Inter Corporate Deposits			137,000	115,256
Others			-	4,620
			137,000	119,876
Note:				
Repayable within one year - Rs.137,000 (Previous year - Rs.112,220)				
TOTAL [(A) + (B)]			778,213	658,344

Notes:

Note I: Term Loan

Name of Bank	2008-09 Amount (Rs. in Thousands)	2007-08 Amount (Rs. in Thousands)
SBI Term Loan I	70,518	96,518
SBI Term Loan II	10,037	13,301
SBI Term Loan III	11,419	27,419
Axis Bank Term Loan I	4,167	5,000
Axis Bank Term Loan II	31,934	38,730
UCO Bank Term Loan I	7,063	11,060
UCO Bank Term Loan II	29,355	12,435
Andhra Bank Term Loan I	14,382	5,087
Andhra Bank Term Loan II	6,245	3,358
Punjab National Bank	40,000	Nil
Total	225,120	212,908

SCHEDULE 3 (Cont..)**Particulars of Securities****SBI Term Loan (I, II and III)**

Secured by equitable mortgage of Shop 6 & 7 at Alkapuri, Vadodara, P 31 & S 26 situated at Phase III, Kasba Industrial Estate, land at Kamraj Road , Bangalore, Land at 49A Gariahat Road, 20 Old Court House Street , Kolkata, 32 Kabi Guru Rabindrapath, Kanchrapara, Unit No. E0103, Block DC City Centre, Sector I, Salt Lake, Kolkata & Land at Coimbatore, Tamil Nadu.

Axis Bank Term Loan – I

Primary Security – Secured by first charge on the entire movable fixed assets of the Company at ground floor, 1st floor and 2nd floor at 32(31), G. T. Road (East), J. L. No. 37, ward no. 20 at Asansol, West Bengal.

Collateral Security - Extension of charge on the immovable properties of the Company at ground floor, 1st floor and 2nd floor at 32(31), G. T. Road (East), J. L. No. 37, ward no. 20 at Asansol, West Bengal. The term loan is additionally secured by the corporate guarantee of the holding company, Knightsville Private Limited.

Axis Bank Term Loan – II

Primary Security – Equitable mortgage of ground floor, 1st floor and 2nd floor at 32(31), G. T. Road (East), J. L. No. 37, ward No. 20 at Asansol , West Bengal. The term loan is additionally secured by the corporate guarantee of the holding company Knightsville Private Limited.

UCO Bank Term Loan I

Primary Security - Mortgage of Land & Building at plot no. P-43 & P-43A at Kasba Industrial Estate, Kolkata.

UCO Bank Term Loan II

Primary Security – Secured by hypothecation of Hardware and Software of SAP.

Collateral security for Term Loan I and II - Equitable mortgage of property situated at Phase I Building Space No. S-32/1, S-32/2 and S-32/1A, Phase III of Building Space No. S-43, S-44, S-43/1, S-44/1 of Kasba Industrial Estate , Kolkata. Equitable Mortgage of Flat at C-1/121, Janakpuri, 2nd floor, New Delhi - 110058.

Andhra Bank Term Loan I

Primary Security - Hypothecation of assets to be created out of Term Loan like Furniture, fixture, computer, showcase, counter and generator, etc.

Collateral Security - Mortgage of Factory Building (S-19, S-20 and S-21) at Kasba Industrial estate, Kolkata on Leasehold Land.

Andhra Bank Term Loan II

Primary Security – Nil

Collateral Security - Extension of mortgage of Factory Building (S19, S20 and S21) at Kasba Industrial estate, Kolkata on Leasehold Land for Term Loan I and additionally secured by personal guarantee of the promoter directors.

Punjab National Bank

Primary Security – Equitable mortgage on Land at Bantala, Calcutta Leather Complex, Mauza Gangapur, Dist. 24 Pgs. (S)

Collateral Security – Personal guarantee of the promoter directors and Corporate guarantee of the holding company, Knightsville Private Limited.

Note 2: Bank Overdraft

Name of Bank	2008-09 Amount (Rs. in Thousands)	2007-08 Amount (Rs. in Thousands)
ICICI Bank	28,474	8,149
Standard Chartered Bank	9,712	657
Total	38,186	8,806

SCHEDULE 3 (Cont..)**Particulars of Securities****ICICI Bank**

Primary Security - Hypothecation of all Credit Card Receivables both present & future, liquid security in the form of fixed deposit and Corporate guarantee of the holding company, Knightsville Private Limited.

Standard Chartered Bank

Primary Security - By Lien on Fixed Deposits of the Company.

Note 3: Vehicle Loan

Name of Bank	2008-09 Amount (Rs. in Thousands)	2007-08 Amount (Rs. in Thousands)
HDFC Bank	701	Nil
Axis Bank	6,370	Nil
Total	7,071	Nil

Particulars of Securities

Secured by way of hypothecation of the vehicles financed

Note 4: Working Capital Loan

Name of Bank	2008-09 Amount (Rs. in Thousands)	2007-08 Amount (Rs. in Thousands)
State Bank Of India - Cash credit	161,405	112,660
UCO Bank - Cash credit	165,762	173,100
State Bank of India - Stand by line of credit	18,000	9,000
ICICI Bank - Demand Loan	22,885	20,192
Total	368,052	314,952

Particulars of Securities**SBI Cash Credit**

Primary Security - Hypothecation of entire stock in trade, receivables and other current assets of the Retail Division.

Collateral security - Equitable mortgage of 14 shops at Kempegowda Road, Bangalore, 2 Shops at Jayanagar, Bangalore. Extension of equitable mortgage of retail shops at 32 & 33 Kamraj Road, civil station, Bangalore, equitable mortgage of office premises at Cooke & Kelvey Building, Kolkata, security deposits of 2 shops at Jayanagar, Bangalore, 1 shop at Coimbatore, Tamil Nadu, 2 shops at Purasawalkam, Chennai, 2 Shops at Mysore and 2 Shops at Dilsukhnagar, Andhra Pradesh and mortgage of industrial plot with buildings at S-26 & P-31, Phase III, Kasba Industrial Estate, Kolkata.

The loan is additionally secured by personal guarantee of two whole time directors.

UCO Bank Cash Credit

Primary Security - Hypothecation of stock in trade & book debts of Wholesale and Manufacturing Division.

Collateral Security - Hypothecation of all office equipments, furniture and other accessories and all other movable / fixed assets (both present & future) of Wholesale Division.

ICICI Bank Demand Loan

Primary Security - Hypothecation of all credit card receivables both present & future, liquid security in the form of fixed deposits and corporate guarantee of the holding company, Knightsville Private Limited.

Schedules forming part of Accounts

KHADIM INDIA LIMITED SCHEDULES TO ACCOUNTS

SCHEDULE 4

(Rupees in Thousand)										
FIXED ASSETS										
PARTICULARS	GROSS BLOCK - AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 31st March, 2008	Additions during the year	Sales / Adjustments during the year	As on 31st March, 2009	As on 31st March, 2008	For the year	On Items Sold/ Adjusted during the year	As on 31st March, 2009	As on 31st March, 2009	As on 31st March, 2008
A Tangible Assets										
Land										
Freehold	-	16,764	-	16,764	-	-	-	-	16,764	-
Leasehold	141,060	-	-	141,060	2,914	1,609	-	4,523	136,537	138,146
Buildings										
Freehold	194,303	41,452	-	235,755	14,838	5,054	-	19,892	215,863	179,465
Leasehold	32,578	3,176	3,405	32,349	3,129	4,543	3,405	4,267	28,082	29,449
Plant and Machinery	134,637	38,945	8,032	165,550	41,571	15,838	1,763	55,646	109,904	93,066
Furniture and Fixtures	256,602	25,022	39,861	241,763	39,660	15,680	4,615	50,725	191,038	216,942
Vehicles	6,269	10,982	1,908	15,343	3,186	1,155	1,051	3,290	12,053	3,083
Assets held for disposal										
Freehold Land (Note 20 on Schedule 17)	20,488	-	-	20,488	-	-	-	-	20,488	20,488
	785,937	136,341	53,206	869,072	105,298	43,879	10,834	138,343	730,729	680,639
B Intangible Assets										
Trademarks, Copyrights and Designs	2,815	-	-	2,815	1,604	289	-	1,893	922	1,211
Audio-Visuals	5,604	-	-	5,604	1,889	1,121	-	3,010	2,594	3,715
Computer Software	5,304	29,712	-	35,016	742	2,055	-	2,797	32,219	4,562
	13,723	29,712	-	43,435	4,235	3,465	-	7,700	35,735	9,488
GRAND TOTAL	799,660	166,053	53,206	912,507	109,533	47,344	10,834	146,043	766,464	690,127
Previous Year	583,762	218,357	2,459	799,660	69,803	41,985	2,255	109,533	690,127	
Capital Work in Progress (Note 5 below)	45,872	113,347	100,180	59,039	-	-	-	-	59,039	45,872

NOTES :

1. Leasehold land has been amortised over the period of lease, in terms of Note 1 (c)(ii) on Schedule 17
2. Leasehold land includes Rs.22,500 paid to Kolkata Metropolitan Development Authority (KMDA) as lease premium for a land at Laskarhat, Kolkata having a lease term of 99 years against which permissive possession has been received. The related lease deed is under execution.
3. Vehicles hypothecated amounting to Rs.10,332 (Previous Year - Rs.Nil)
4. (a). Acquired Trademarks and Copyrights are amortised uniformly over its useful life of 10 years.
(b). Computer software acquired by the Company is amortised in equal instalments over 5 years which is the best estimate of its useful life.
5. Includes Rs.3,975 (Previous Year - Rs.2,459) relating to expenses incurred in respect of project on freehold land at Gariahat included in assets held for disposal

Schedules forming part of Accounts

KHADIM INDIA LIMITED SCHEDULES TO ACCOUNTS

(Rupees in Thousand)			
		As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 5			
INVESTMENTS			
Long Term - Non-Trade (At Cost)			
Investment in Bonds			
<i>Unquoted</i>			
5.25% National Housing Bank Bonds of 36 units of Rs.10,000 each	-	360	
<i>Quoted</i>			
US 64 Bonds of UTI (Tax free) of 4,667 Bonds of Rs.100 each	-	467	
UTI Infrastructure Fund of 22,876 Units of Rs.21 each	482	-	
Current - Non-Trade (At Cost)			
Other Investments			
<i>Quoted</i>			
25 (Previous year - Nil) Units of CCFIL NCD Series 400 of Rs.100,000 each	2,500	-	
	2,982	827	
Aggregate Book Value of Quoted Investments	2,982	467	
Aggregate Book Value of Unquoted Investments	-	360	
Market Value/Net Asset Value of quoted investments	2,799	473	
Note: The details of Investments in respect of which purchases and sales were made within the year:			
	No. of units Sold/Purchases	Purchase price (Rs.)	Sale price (Rs.)
JM Money Manager Fund (Superplus plan weekly dividend)	2,965,473	30,000	30,000
SCHEDULE 6			
INVENTORIES			
(Valued at cost as noted below or net realisable value whichever is lower)			
Raw Materials (At cost on First-in-First out basis)		17,368	14,689
Work-in-progress (At raw material cost plus relevant conversion cost)		15,351	15,664
Stock-in-Trade			
Finished Goods (At cost of production inclusive of excise duty payable on clearance)		368,675	331,070
[Including Goods in Transit Rs.19,217 ; Previous Year - Rs.11,820]			
General Merchandise (including Gold and Jewellery)		76,619	117,905
[At landed cost plus other related overhead costs]			
		478,013	479,328

Schedules forming part of Accounts

KHADIM INDIA LIMITED SCHEDULES TO ACCOUNTS		
(Rupees in Thousand)		
	As At 31st March, 2009	As At 31st March, 2008
SCHEDULE 7		
SUNDRY DEBTORS		
Unsecured -		
Exceeding six months -		
Considered Good	41,600	7,614
Considered Doubtful	2,556	1,979
	44,156	9,593
Others -		
Considered Good	179,960	151,367
Considered Doubtful	-	250
	224,116	161,210
Less: Provision for Doubtful Debts	2,556	2,229
	221,560	158,981
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash in hand [including Cheques/Drafts in hand - Rs.13,086 (Previous Year - Rs.10,870)]	16,417	14,581
Balances with Scheduled Banks on :		
- Current Accounts	18,043	6,748
- Margin Accounts	31	599
- Fixed Deposits		
Against Guarantees and Letter of Credit	5,210	7,659
Pledged against Bank overdraft	41,663	15,370
	81,364	44,957
SCHEDULE 9		
OTHER CURRENT ASSETS (Unsecured - Considered Good)		
Interest Receivable	2,347	1,235
Prepayments	5,589	5,548
	7,936	6,783

Schedules forming part of **Accounts**

KHADIM INDIA LIMITED SCHEDULES TO ACCOUNTS

(Rupees in Thousand)

	As At 31st March, 2009	As At 31st March, 2008
SCHEDULE 10		
LOANS AND ADVANCES		
(Refer Note 9 on Schedule 17)		
Unsecured-		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	42,545	61,031
Considered Doubtful	833	716
	43,378	61,747
Advances of capital nature (Refer Note 7 on Schedule 17)		
Considered Good	112,309	57,775
Considered Doubtful	1,630	1,500
	113,939	59,275
Balance with Cental Excise and Other Government Authorities	30,711	13,963
Security Deposits	114,549	125,783
[including deposits with Government Authorities -		
- In National Savings Certificates Rs.23 (Previous Year - Rs.23)		
- In Fixed Deposits Rs.173 (Previous Year - Rs.161)]		
Income Tax payments/refunds	6,157	15,954
[Net of provision Rs.45,196 (Previous Year - Rs.47,792) and including Taxes deducted at source Rs.1,525 (Previous Year - Rs.1,178)]		
	308,734	276,722
Less : Provision for Doubtful Advances	2,463	2,216
	306,271	274,506
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
A. Current liabilities		
Acceptances	30,882	12,265
Sundry Creditors (Note 8 on Schedule 17)		
Total outstanding dues of Micro and Small enterprises	-	-
Total outstanding dues other than Micro and Small enterprises	308,293	256,940
Sundry Advances from Customers	3,266	4,330
Security Deposits	45,207	37,729
Other Liabilities	14,241	17,446
Interest accrued but not due on Loans	2,744	2,347
Total	404,633	331,057
B. Provisions [Refer Note 11 on Schedule 17]		
Fringe Benefit tax	247	344
[Net of advance Rs.4,858 (Previous Year - Rs.3,676)]		
Gratuity	6,929	3,959
Leave Encashment	3,792	3,541
Total	10,968	7,844
Grand Total [(A) +(B)]	415,601	338,901

Schedules forming part of Accounts

KHADIM INDIA LIMITED SCHEDULES TO ACCOUNTS		
	(Rupees in Thousand)	
	Year Ended 31st March 2009	Year Ended 31st March 2008
SCHEDULE 12		
OTHER INCOME		
Royalty [Tax deducted at source Rs.14 (Previous Year - Rs.28)]	109	218
Dividend on Current Non-trade Investments	303	206
Interest on Bank/other deposits and bonds	5,081	2,178
[Tax deducted at source Rs.989 (Previous Year - Rs.459)]	-	
Interest on Income tax refund	284	3,076
Scrap Sales	4,077	3,064
Profit on sale of Current Non-trade Investments	-	196
Liabilities/Provisions no longer required, written back	611	1,504
Miscellaneous	3,491	8,927
	13,956	19,369
SCHEDULE 13		
RAW MATERIALS CONSUMED		
Opening Stock	14,689	13,736
Add : Purchases	127,147	100,578
	141,836	114,314
Less: Closing Stock	17,368	14,689
	124,468	99,625
SCHEDULE 14		
(ACCRETION)/DECRETION IN STOCKS		
Opening Stock		
Finished Goods	448,975	270,695
Work-in-progress	15,664	8,701
	464,639	279,396
Less: Closing Stock		
Finished Goods	445,294	448,975
Work-in-progress	15,351	15,664
	3,994	(185,243)

Schedules forming part of Accounts

KHADIM INDIA LIMITED SCHEDULES TO ACCOUNTS

(Rupees in Thousand)		
	Year Ended 31st March 2009	Year Ended 31st March 2008
SCHEDULE 15		
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Salaries, Wages and Bonus	128,434	127,476
Contribution to Provident and Family Pension Funds	5,767	5,619
Contribution to Gratuity Funds	4,490	4,704
Workmen and Staff Welfare Expenses	8,795	9,668
Consumption of Stores and Spare Parts	1,496	2,047
Power and Fuel	34,916	34,536
Jobwork and Hallmarking charges	13,435	15,569
Material Handling Charges	-	196
Repairs and Maintenance		
- Buildings	1,205	2,344
- Plant and Machinery	1,721	1,230
- Others	24,253	17,839
Advertisement, Marketing and Sales Promotion expenses	128,205	144,420
Rent	65,751	69,039
Rates and Taxes [including Wealth Tax Rs.11 (Previous Year - Rs.11)]	7,902	7,414
Insurance	5,798	4,848
Communication expenses	9,658	10,338
Freight, Transport and Delivery	29,938	31,483
Travelling and Conveyance Expenses	20,491	20,369
Printing and Stationery	3,075	4,769
Commission and Discount on Sales	3,580	3,858
Professional and Consultancy charges	18,753	17,185
Legal Expenses	864	83
Security Hire charges	7,191	8,365
Exchange Loss	35	-
Loss on sale/discard of assets - Net	1,612	117
Debts and other debts written off	758	171
Provisions for Doubtful Debts, Advances and other assets	930	2,873
Miscellaneous Expenses (Refer Note 14 on Schedule 17)	13,811	13,297
	542,864	559,857
SCHEDULE 16		
INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans (Note 9 on Schedule 17)	24,269	19,923
Interest on others	69,564	44,332
Other Finance charges	4,857	3,811
	98,690	68,066

KHADIM INDIA LIMITED
SCHEDULES TO ACCOUNTS

SCHEDULE - 17

NOTES ON ACCOUNTS

(All Amounts in Rs. thousands, unless otherwise indicated)

I. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under historical cost convention, on accrual basis and the relevant provisions of the Companies Act, 1956.

(b) Use of Estimates

While preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amount of revenue and expenses during that reported period. Actual results may differ from those estimates. Any revision to such estimates is recognized in the period in which the same is determined/materialised.

(c) Fixed Assets

- (i) Fixed Assets are stated at their original cost, which includes freight taxes, duties (net of CENVAT) and other incidental expenses relating to acquisition and installation.
- (ii) Costs of leasehold rights of land and buildings, including incidental charges thereto are amortised over the period of lease.
- (iii) Intangible Assets (Trademarks, Copyrights and Designs, Audio-Visuals and Computer Software) are stated at their cost less accumulated amortisation. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the Company and where its costs can be reliably measured. The carrying value is reviewed at each Balance Sheet date.
- (iv) Capital expenses, pending installation / commercial use and certain expenses which can be regarded as incidental and directly related to project set-up are transferred to "Capital Work-in-Progress". These expenses are allocated to fixed assets in the year of installation / commencement of commercial usage.

(d) Depreciation

- (i) Depreciation on fixed assets, other than leasehold land, buildings and intangible assets, is provided on "Straight-Line Method (SLM)" at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (ii) Leasehold land, buildings and improvements thereon are depreciated over the respective lease periods.
- (iii) Intangible assets are depreciated over the useful life on straight line basis.

(e) Investments

- (i) Long Term investments are stated at cost. Diminution of permanent nature, if any, is provided for.
- (ii) Current investments (other than long term) are carried at lower of cost and net realizable value.

(f) Inventories

Inventories are valued at cost or net realizable value, whichever is lower. For this purpose, basis of ascertainment of cost is as under:

- Raw materials : At cost on First-in-First out basis.
- Stock-in-process : Raw material cost plus conversion cost upto the stage of completion.
- Finished goods and finished goods in transit : Raw material cost and other related overhead costs inclusive of excise duty payable on clearance.
- Trading goods : At landed cost plus related overhead costs.

(g) Borrowing cost

Borrowing cost that is attributable to the acquisition/construction of fixed assets is capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they arise.

(h) Employee Benefits

- (i) Contribution to Provident Fund and other Funds in accordance with the relevant plans / schemes (Defined Contribution Schemes), are charged to Profit and Loss Account on accrual basis.
- (ii) Gratuity is maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India as per Company's scheme. Provision/write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date as determined by actuarial valuation following Projected Unit Credit Method.
- (iii) Leave Encashment (Defined Benefit Scheme) is provided annually based on actuarial valuation carried out by an independent actuary using Projected Unit Credit Method as at the Balance Sheet date.

(i) Foreign Currency Transactions

Foreign Currency Transactions are recorded at the prevalent exchange rates as on the dates of the respective transactions. Year-end monetary assets / liabilities, denominated in foreign currencies, are realigned at the applicable exchange rates or at forward contract rates, wherever applicable, prevailing at the Balance Sheet date. All exchange variations are recognized in the Profit and Loss Account.

(j) Taxes on Income

Income Tax expenses are accounted in the same period to which the revenue and expenses relate.

Current tax is determined on the amount of tax payable in respect of taxable income for the year.

Deferred tax resulting from "timing differences" between taxable and accounting income subject to prudential consideration is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

(k) Recognition of Income and Expenditure

- (i) Items of income and expenditure are recognised on accrual basis.
- (ii) Sales and retail revenues, net off trade discounts and taxes but inclusive of Excise duty, are recognized on delivery of the goods / merchandise to the dealers/customers.
- (iii) Revenue from displays and sponsorships are based on the period for which the products / displays are sponsored/ carried out.
- (iv) Income on investments is accounted for when the right to receive the payment is established.

(l) Leases

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating lease. Payments made under operating lease are charged to Profit and Loss Account on a straight line basis over the period of the lease.

(m) Derivative transactions

In respect of Derivative Contracts, gain/loss on settlement are recognized and charged to Profit and Loss Account.

(n) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimates of recoverable amount.

(o) Treatment of prior period and extra ordinary items

- (i) Any material items (other than those arising out of over / under estimation of earlier years) arising as a result of error or omission in preparation of earlier years financial statements are separately disclosed.

- (ii) Any material gains/losses, which arise from the events or transactions, which are distinct from ordinary activities of the Company, are separately disclosed.

(p) Provisions, Contingent Liabilities and Contingent Assets

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent Liabilities, if material, are disclosed in notes to accounts. Contingent Assets are not recognized or disclosed in the financial statements, as a matter of prudence.

2. Contingent Liabilities

	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.
(a) Claims not acknowledged as debts-		
(i) Income Tax under Appeals	339	Nil
(ii) Sales Tax under Appeals	Nil	20,064
(iii) Excise Duty under Appeals	1,462	1,555
(iv) Others	4,275	4,275
(b) Bank Guarantees	28,581	34,531

3. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for – Rs.112,751 (Previous Year – Rs. 44,142).

4. Deferred Taxation

The major components of deferred taxation arising out of timing differences are -

	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.
Liabilities		
Depreciation	40,092	32,903
Total Liabilities (A)	40,092	32,903
Assets		
Provision for Gratuity	2,487	1,478
Provision for Doubtful debts and advances	1,019	824
Total Assets (B)	3,506	2,302
Net Deferred Tax Liabilities (A-B)	36,586	30,601

5. Pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court at Calcutta with effect from 1st October, 2004, the surplus of net assets over the equity shares issued as purchase consideration has been treated as Capital Reserve.
6. Premium of Rs.93,888 received on issue of equity shares during the year 2007-08 has been credited to Share Premium Account and shown as part of Reserves and Surplus (Schedule 2)
7. Capital advances include advances of Rs.8,118 (Previous Year - Rs. 9,643) paid for acquisition of lands / immovable properties, for which the related Deed of Conveyance / Lease Deed are yet to be executed.
8. The Company has not received any information from its suppliers regarding registration under "The Micro, Small and Medium Enterprises Development Act, 2006". Hence, the information, as required to be given in accordance with Section 22 of the said Act have not been disclosed.
9. Interest debited to Profit and Loss Account is net of interest on fixed loans capitalized during the year amounting to Rs.9,370 (Previous Year – Rs.4,834)
10. Excise duty on uncleared goods (dutiable) amounting to Rs.2,809 (Previous Year – Rs. 2,864) lying at factory/warehouse has been accounted for in these financial statements with corresponding impact in the valuation of the year-end closing stock, the treatment of which is revenue neutral.

11. The disclosures required under Accounting Standard (AS) 15 "Employee Benefits" (Revised 2005) issued by The Institute of Chartered Accountants of India notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Plan

Contributions to Defined Contribution Plan charged off for the year are as under:

	2008-09 Rs.	2007-08 Rs.
Employer's Contribution to Provident Fund	5,767	5,619

Defined Benefit Plan

The employees' gratuity fund scheme is managed by Life Insurance Corporation of India (LIC) as a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in same manner as gratuity.

	Gratuity Funded(Rs.)		Leave Encashment Unfunded(Rs.)	
	2008-09	2007-08	2008-09	2007-08
I Changes in present value of Defined Benefit Obligations (DBO) during the year ended March 31, 2009				
1 Present value of obligations at the beginning of the year	3,959	2,841	3,541	1,223
2 Interest Cost	317	213	293	191
3 Current Service Cost	954	601	1,726	1,063
4 Benefits paid	(258)	(139)	(700)	(1,478)
5 Actuarial (gain)/ loss on obligations	1,957	443	(1,068)	2,542
6 Present value of obligations at the end of the year	6,929	3,959	3,792	3,541
II Changes in the fair value of plan assets during the year ended March 31, 2009 and funded status as at March 31, 2009				
1 Fair value of plan assets at the beginning of the year	5,098	1,464	Nil	Nil
2 Expected return on plan assets	484	297	Nil	Nil
3 Actual company contributions	1,419	3,477	700	1,478
4 Benefits paid	(258)	(139)	(700)	(1,478)
5 Actuarial gain/ (loss) on plan assets	Nil	Nil	Nil	Nil
6 Fair value of plan assets at the end of the year	6,743	5,099	Nil	Nil
7 Funded status (Fair value of plan assets at the end of the year less present value of obligations at the end of the year)	(186)	1,140	(3,792)	(3,541)
III Actuarial gain/ (loss) recognized during the year ended March 31, 2009				
1 Actuarial gain/ (loss) for the year – Obligation	(1,957)	(443)	1,068	(2,542)
2 Actuarial gain/ (loss) for the year – Plan assets	Nil	Nil	Nil	Nil
3 Total (gain)/ loss for the year	1,957	443	(1,068)	2,542
4 Actuarial (gain)/ loss recognized in the year	1,957	443	(1,068)	2,542
IV Net Asset/ (Liability) recognized in the Balance Sheet as at March 31, 2009				
1 Present value of obligations at the end of the year	6,929	3,959	3,792	3,541
2 Fair value of plan assets as at the end of the year	6,743	5,098	Nil	Nil
3 Net Asset/(Liability) recognized in Balance Sheet	(186)	1,140 (Note A below)	(3,792)	(3,541)

	Gratuity Funded(Rs.)		Leave Encashment Unfunded(Rs.)	
	2008-09	2007-08	2008-09	2007-08
V Expenses recognized in Profit and Loss Account				
1 Current Service Cost	954	601	1,726	1,063
2 Interest Cost	317	213	293	191
3 Expected return on plan assets	(484)	296	Nil	Nil
4 Net Actuarial (gain)/ loss recognized during the year	1,957	443	(1,067)	2,542
5 Total expenses recognized in the Profit and Loss Account	2,744	961	952	3,796

A In 2007-08, Rs.1,140 being excess of fair value of plan assets over the present value of obligations as at 31st March 2008 has not been accounted for as an asset because of limit in para 59(b) of Accounting Standard (AS) 15 on Employee Benefits issued by The Institute of Chartered Accountants of India.

B The Gratuity expenses have been recognized in "Contribution to Gratuity Funds" and Leave Encashment in "Salaries, Wages and Bonus" in Schedule - 15 (Manufacturing, Selling and Administrative expenses)

VI Investment Details	% invested as at March 31, 2009
Invested with LIC in Group Gratuity Scheme	100%

VII Actuarial Assumptions	Gratuity	Leave Encashment
1 Discount Rate (%)	8.00%	8.00%
2 Expected rate of return on plan assets	9.15%	
3 Salary escalation	6.00%	10.00%
4 Mortality	Indian Assured lives Mortality (1994-96) modified ultimate	

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

12. (a) Value of Derivative Contracts entered into by the Company for hedging gold and related risks and outstanding as on March 31, 2009 amounts to Nil (Previous Year - Rs.2,210)
- (b) In respect of outstanding Derivative Contracts which are stated in para "a" above there is a net unsettled loss of Nil (Previous Year - Rs.168), which has been recognized in the accounts.
13. (a) Remuneration to Managing Director and other Directors (included under various revenue heads)-

	2008-09 Rs.	2007-08 Rs.
(i) Salary	10,463	9,080
(ii) LTA	Nil	630
(iii) Monetary value of Perquisites	65	363
(iv) Commission	Nil	1,500
(v) Sitting fees	290	220
Total	10,818	11,793

- (b) In view of depressed business conditions and the consequent decline in profit, all Executive Directors of the Company have voluntarily waived their claim for LTC for the year 2008-09. Accordingly the board of directors have not determined and recommended commission for Executive Directors. Therefore provision for commission has not been made in the accounts during the year.
- (c) The approval given by the Central Government in respect of the remuneration payable to the Chairman expired on 31st March 2008 while that for the Managing Director is still in vogue. Meanwhile, the managerial remuneration paid to Mr. Satya Prasad Roy Burman, Chairman and Mr. Siddhartha Roy Burman, Managing Director in the financial year 2008-2009 exceeded

the limits prescribed under Schedule XIII of the Companies Act, 1956 and they were paid remuneration in accordance with item (v) of Clause (B) of sub-section (1) of Section I of Part II of Schedule XIII to the Act on the basis of approval given by the Remuneration Committee at its meeting held on 17th March 2009 subject to approval of the shareholders.

14. Miscellaneous Expenses (Schedule- 15) include-

	2008-09 Rs.	2007-08 Rs.
(a) Amounts paid/payable to Auditors		
(i) Statutory Audit	550	500
(ii) Tax Audit	150	150
(iii) Others	85	1,137
(iv) Reimbursement of Expenses – [Including Service Tax Rs.72 (Previous year Rs.222)]	99	232
Total	884	2,019
(b) Director Fees	290	220

15. The Company is primarily engaged in the business of manufacturing / retail business of footwear, leather accessories and other lifestyle / household consumer goods catering predominantly to the domestic market and therefore, according to the management, this is a "Single Segment" Company, as envisaged in the Accounting Standard 17, issued by The Institute of Chartered Accountants of India.

16. Related Party Disclosures

(a) Related parties (as identified by the management) are classified as:

Ultimate Holding Company	Knightsville Private Limited
Key Managerial Personnel (KMP)	Mr. Satya Prasad Roy Burman- Whole time Director Mr. Siddhartha Roy Burman- Managing Director Mrs.Tanusree Roy Burman – Non-Executive Director
Enterprises over which KMP and their relatives have substantial interests:	Khadim Financial Services (P) Ltd. Khadim Development Co. (P) Ltd. Khadim Enterprise K. M. Khadim & Co. St. Mary's Clinic & Drug Stores Sheila Departmental Stores (P) Ltd. Bee Tee Enterprise Moviewallah Communications (P) Ltd.
Relatives of KMP	Mr.Partha Roy Burman Mrs.Basabdutta Roy Burman Mrs.Namita Roy Burman

(b) Transactions with Related Parties-

Particulars	Key Management Personnel (KMP) Rs.	Enterprises over which KMP and their relatives have substantial interest Rs.	Ultimate Holding Company Rs.
Advances taken	- (-)	- (-)	- (-)
Advances repaid	- (-)	- (-)	- (-)
Loan Taken	- (-)	4,959 (6,000)	- (-)
Loans repaid	- (-)	13,091 (6,344)	- (-)
Sales	- (-)	35,466 (79,068)	- (-)
Royalty Received	- (-)	109 (218)	- (-)
Commission paid	- (1,500)	984 (943)	- (-)
Interest paid	- (-)	454 (615)	- (-)
Paid for rendering of services	10,528 (10,073)	15,279 (17,067)	- (-)

Note: Figures in parenthesis denote previous year's figures

(c) Outstanding Balances:

	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.
- Key Management Personnel (KMP)	Nil	Nil
- Enterprises over which KMP and their relatives have substantial interest (Net)	41,627(Dr.)	12,645(Dr.)
- Holding Company	Nil	Nil

17. Leases

The Company has taken various premises including offices, warehouses and retails under operating lease arrangements. As per legal opinion obtained by the Company, such lease arrangements are mostly not non-cancellable leases, as envisaged in Accounting Standard 19 on "Leases" issued by The Institute of Chartered Accountants of India and are renewable by mutual consent or mutually agreed terms. However, the overall future lease commitments of such lease arrangements entered into by the Company will be Rs.671,349 (Previous Year – Rs. 1,063,072)

18. In the opinion of the Directors, except the amount already provided, there is no impairment on assets in terms of Accounting Standard 28 on "Impairment of Assets" issued by The Institute of Chartered Accountants of India.

19. Additional Information pursuant to provisions of paragraph 3, 4C and 4D of Part-II of Schedule VI to the Companies Act, 1956

(a) Licensed, Installed Capacity and Actual Production:

Product	Units	Licensed Capacity	Installed Capacity ('000)	Actual Production ('000)
PVC Sandals / Slippers & Direct Injection Shoes/Stuck on process	Pairs	Refer Note (i) below	2,880 (2,880)	1,359 (1,139)
EVA	Pairs	Refer Note (i) below	1,050 (1,050)	1,301 (1,469)

Notes:

- (i) The Company did not require any industrial licence at the time of the establishment of its manufacturing setup but required registration under the applicable laws and regulations were obtained.
- (ii) Installed capacity, as certified by the company's technical experts.
- (iii) Actual production of EVA products include 346 pairs (Previous Year – 606 pairs) procured from outside sources.
- (iv) Figures in parenthesis denote previous year's figures

(b) Particulars in respect of Stocks and Sales of Manufactured Goods:

Product	Opening Stock		Sales		Closing Stock	
	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
PVC Sandals / Slippers & Direct Injection Shoes/Stuck on	75 (45)	7,381 (3,904)	1,387 (1,109)	138,339 (114,876)	47 (75)	4,122 (7,381)
EVA	71 (20)	4,468 (1,117)	1,348 (1,418)	86,514 (95,011)	24 (71)	1,595 (4,468)

Notes:

- (i) Quantity stated in pairs
- (ii) Sales include inter-unit transfers.
- (iii) Figures in parenthesis denote previous year's figures

(c) Particulars in respect of Trading Goods-Footwear:

Particulars	2008-09		2007-08	
	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
Opening Stock	1,596	279,664	1,152	198,385
Purchase	9,647	868,137	12,287	1,045,050
Sales	9,502	1,798,473	11,843	1,910,068
Closing Stock	1,741	326,761	1,596	279,664

Notes:

- (i) Quantity stated in pairs
- (ii) Purchases include inter-unit transfers.
- (iii) Sales is inclusive of Excise duty and other related taxes.

(d) Particulars in respect of Trading goods – Large Format Retail (LFR) and Gold Jewellery:

(i) LFR – Apparels

(in pcs.)

Particulars	2008 – 09		2007 – 08	
	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
Opening Stock	172	47,322	38	13,773
Purchase	241	56,262	310	71,852
Sales	316	104,715	176	58,359
Closing Stock	97	29,690	172	47,322

(ii) LFR – Other than Apparels

Particulars	2008 – 09 (Rs.)	2007 – 08 (Rs.)
Opening Stock	20,336	5,639
Purchase	29,015	94,523
Sales	52,509	101,127
Closing Stock	10,044	20,336

(iii) Gold Jewellery (in gms.)

Particulars	2008 – 09		2007 – 08	
	Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
Opening Stock	43	50,246	23	22,171
Purchase	45	66,182	62	66,182
Sales	64	92,646	42	49,745
Closing Stock	24	36,885	43	50,246

(e) Value of Raw Material, Stores and Spare parts consumed:

Particulars	Unit	2008 – 09		2007 – 08	
		Quantity ('000)	Amount Rs.	Quantity ('000)	Amount Rs.
PVC Compound	Kgs	1,443	64,535	1,012	69,733
EVA Compound	Mtrs.	286	31,717	1,68	17,953
Leather & others	SDM	931	29,712	1,842	13,986
Total			125,964		101,672

The above includes consumption of imported items – Nil (Previous Year – Rs.1,443 – 1.42%)

(f) Value of Imports on CIF Basis:

Particulars	2008 – 09 (Rs.)	2007 – 08 (Rs.)
Raw Materials, Components and Spare Parts (including materials lying in bonded warehouse of the Custom authorities)	Nil	1,443
Capital Goods, including Moulds	4,010	477
Total	4,010	1,920

(g) Expenditure in Foreign Currency:

Particulars	2008 - 09 (Rs.)	2007 - 08 (Rs.)
Traveling	17	530
Total	17	530

(h) Earnings in Foreign Currency:

Particulars	2008 - 09 (Rs.)	2007 - 08 (Rs.)
FOB Value of Exports (on accrual basis)	2,441	4,094
Total	2,441	4,094

20. During the year two minority shareholders related to promoter group filed petition under Section 397 and 398 of the Companies Act, 1956, to the Company Law Board (the Board) making allegations against the Company, promoter directors and their relatives and group companies. The Board has passed an order on 24th July, 2009 advising the parties to resolve the disputes amicably by way of family settlement and stipulated the mutually agreed terms of settlement. The terms of settlement inter alia require the Company to transfer a particular land amounting to Rs.20,488 as per books of account as at 31st March, 2009 to the petitioner free of cost on or before 31st March, 2010. It further stipulated that the petitioners will have to be paid Rs.18 crores as per time schedules extending to 5 years and 4 months effective from 13th May 2009 by the Company and 18 other respondents.

Moreover, it is also stipulated that on completion of the payment and other obligations by the Company and the respondent promoter group of shareholders, firms and companies, the petitioners have to surrender the shares held by them in the Company and other companies of promoter group and such surrendered shares would be adjusted against the existing paid up equity share capital of the companies by way of reduction of capital.

As the order was passed subsequent to the date of Balance Sheet and the mode of adjustment, if any, is yet to be finalized, no effect of the same has been made in the accounts of the year.

21. Earnings per share

	2008-2009	2007-2008
(a) Number of Equity shares of Rs. 10/- each		
(i) At the beginning of the year	12,135,238	10,924,138
(ii) At the end of the year	12,135,238	12,135,238
(iii) Weighted average number of equity shares outstanding during the year	12,135,238	11,667,027
(b) Profit after tax available to share holders.	19,694	82,671
(c) Earnings per share basis [(a) / (b)] – (In Rs.)	1.62	7.09

22. Previous year's figures have been regrouped / rearranged wherever necessary.

23. Information pursuant to Part IV of schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

(a) Registration Details:

Registration Number	UI9129WB1981PLC034337
State Code	21
Balance Sheet Date	March 31, 2009

(b) Capital raised during the year

	(Rs. in thousands)
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement including Share Premium	NIL

(c) Position of mobilisation and deployment of Funds:

	(Rs. in thousands)
Total Liabilities	1,923,629
Total Assets	1,923,629

Sources of Funds:

Paid-up Capital	121,352
Reserves & Surplus	571,877
Secured Loans	641,213
Unsecured Loans	137,000
Deferred Tax Liability	36,586

Application of Funds:

Net Fixed Assets (including Capital Work-in-progress)	825,503
Investments	2,982
Net Current Assets / (Liabilities)	679,543
Miscellaneous Expenditure	NIL

(d) Performance of the Company

	(Rs. in thousands)
Turnover (including Other Income)	1,993,763
Total Expenditure	1,974,069
Profit/ (Loss) before Tax	36,302
Profit/ (Loss) after Tax	19,694
Earning per Share (in Rs.)	1.62
Dividend Rate (%)	Nil

(e) Generic Names of principal products/ services

Item Code No. (ITC Code)	64011090
Product Description	Footwear

Signatures to the Schedules I to 17.

For and on Behalf of the Board

S.P. Roy Burman
(Chairman)

Siddhartha Roy Burman
(Managing Director)

Ishani Ray
(Chief Finance Officer)

Joydev Sengupta
(Company Secretary & Head - Legal)

Place : Kolkata

Date : 29th August 2009

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