

Khadim India Limited

Regd. Office: Kankaria Estate, 5th Floor, 6 Little Russell Street, Kolkata- 700 071

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 2012**.

FINANCIAL HIGHLIGHTS

Fig. Rs.

	2011-2012	2010-2011
Revenue from Operations (Net)	3,593,228,393	2,931,526,393
Other Income	31,658,855	12,750,215
Profit before Depreciation, Interest, and Tax	409,268,103	372,877,772
Depreciation	69,410,738	71,064,523
Interest	174,137,078	141,703,872
Profit before tax	165,720,287	160,109,376
Provision for Taxation		
- Current and deferred Tax	56,053,478	54,122,463
- Fringe Benefit Tax	Nil	14,479
Profit for the year after tax	109,666,809	105,972,434

GENERAL OVERVIEW

The Directors of your Company submit this report at a time when the world economy is passing through a very challenging time. Though the global macroeconomic conditions have started showing slow signs of improvement, the turn of events in the Euro zone at large has failed to remove doubts about the long term sustainability of this trend. Impact of the global economic downturn coupled with internal complexities, have affected the Indian economy adversely. This is evident from the slow GDP growth rate in comparison with the previous year viz. the GDP growth during April-December 2011 was 6.9 % against 8.1% for the corresponding period previous year. Apart from this, the skyrocketing prices of food items and other essential commodities have also impacted the economy negatively.

So far as the performance of your Company is concerned, the Directors are pleased to declare that during the financial year 2011-2012 the net revenue from operations of the Company has witnessed a growth of

22.5 % over the revenue from operations of the previous year and in the process has crossed the Rs. 350 crore mark. However, profitability did not see a corresponding growth on two counts. Firstly the increase in manufacturing cost could not be passed on to the end user immediately and secondly, the return on investments in new stores and manufacturing units were moderate.

During the year under review the Company has rolled out several big footwear stores in strategic locations. Overall 55 retail outlets selling exclusively the products of the Company were launched during 2011-2012. Southern India in general and the State of Tamil Nadu in particular, has always been important for the Company. Keeping this in mind, the Company has opened its largest store in terms of selling area in Chennai during the year. Apart from this, the Company has also started selling slow moving stocks at a discount through discount stores during this year.

The Directors are also pleased to inform you that the much awaited rubber sheet manufacturing facility covering over 1,25,000 sq ft. in Panpur in the District of 24 Parganas (N), became ready for operation during the year under review. The unit has actually commenced production in the 1st quarter of 2012. This state-of-the-art rubber sheet manufacturing facility will help the Company to move seamlessly across various designs in the footwear segment thereby increasing the flexibility of the Company in the mass market products.

In 2011-12, the Company exported men's shoes and ladies ballerinas to the developed countries as per their specifications and requirement. The management is hopeful that in the coming years your Company shall be able to further consolidate its position in these markets.

BUYING AND MERCHANDISING

Buying and Merchandising has always been a key business driver for the Company. During 2011-2012, the Buying and Merchandising division has kept their focus on the latest fashion trends amongst the Indian consumers and has responded to the needs of the market with various designs at various price points. During this period, the existing core collection in all major categories was strengthened. Apart from this, additional shoe lines were introduced commensurate to the market trends. Moreover, in order to cater to the seasonal trends and demand, collections like "Spring Summer", "Festival / Autumn" and "Winter collection" were developed and launched to give the consumer, especially the younger generation, a global flavour with Indian touch.

MANUFACTURING

During 2011-2012, the manufacturing facility at Kasba saw some increased activity in response to the growing demand of its products. The PVC/DIP division saw a growth of 39% in terms of pairs over the last fiscal. Similarly, there was 37% growth in terms of pairs in the stuck-on division. In addition to this specific focus was maintained towards stringent quality control that has helped the Company in achieving a reduction in customer complaints in respect of the products manufactured by the factory.

As has been mentioned earlier, the rubber sheet manufacturing facility in Panpur in the District of 24 Parganas (N) has commenced operation from the 1st quarter of 2012. This factory having an area of 1.25 Lakh sq. ft. has a well-equipped testing laboratory for checking quality of the products.

LOGISTICS

In 2011-2012, the logistics function concentrated more on reduction in transit time and transit loss and cost rationalization. For reduction in transit time and transit losses, a system of Discrepancy Management was implemented in 2011-2012 in addition to tracking the movement of material in transit on-line. This year a cost effective packaging with greater standardization and enhanced quality was introduced. The logistics division gave adequate support in reduction of slow moving stock through proper liquidation planning. A new distribution centre in Malancha, on the Eastern fringes of Kolkata was set up for enhancing the strength of the Distribution network.

BRAND AND MARKETING

Increasing exposure to the electronic media at real time has made Indian Consumers more mature and conscious about their needs and choices. Your Company always keeps this development in mind while taking any initiative in the branding and marketing space. During 2011-2012, the target was to get maximum mileage for each rupee spend. The objective was to undertake a focused marketing strategy based on categories like Wedding, School Spring – Summer and Monsoon collections or event specific marketing like Bihu, Onum, Eid, Puja, Diwali, X Mass, Pongal. Moreover, each footwear store has been used as a marketing space and has been utilised adequately by deploying enhanced visual merchandising activities. Apart from this need-based support was also given for the business of Khadim's Sona Khazana & Khadim's Khazana

INFORMATION TECHNOLOGY

As planned last year, the commissioning of internet based Credit Card Swapping system in all the footwear retails, Sona Khazana stores and Khazana was introduced. This would reduce the ever increasing telephone bills apart from yielding a quicker realisation of funds. Development of IT facility was done as per the requirement of the Panpur factory which will help seamless connectivity at nominal charges. During the year, the system down-time at the footwear retail level was reduced to less than 5% which included the regular maintenance activities.

INTERNAL AUDIT

During 2011-2012, the Internal Audit department of your Company, like earlier years, has kept vigil on the various operations of your Company. More emphasis was given on streamlining and strengthening the existing controls over the various production lines of operation at the factory along with the periodic audit of inventory, monitoring of logistics operations and audit of selected transactions as per the Audit Plan developed under the supervision of the Audit Committee.

HUMAN RESOURCES MANAGEMENT

Human Resource is the lifeblood of any organisation and your Company is no exception to this. Accordingly, it has always been a sincere effort of your Company that our Human Resources are nurtured and properly taken care of. During the year several initiatives were taken towards these objectives including rationalisation of pay structure at all levels, revision of reimbursement policies keeping in mind the changing times etc. Moreover, from 1 April 2012 a "Variable Pay" scheme for the top management has been introduced to help the Company nurture a performance-orientation to reach its desired goal. Apart from this, to improve management and operational skills of store in charges of various stores, rigorous training continues to be imparted on their joining. With the launching of the new factory at Panpur, the need for a dynamic team to supervise the manufacturing activities at both the factories has become necessary. Accordingly, a team of experienced middle and senior level management staff has been recruited. Consistent efforts were made for improving safety standards in the Company by taking measures like intensive safety drives in works areas; conducting safety awareness workshop and training etc., in your manufacturing unit at Kasba. The Directors of your Company sincerely appreciate the contribution made by the human resources of your Company.

CORPORATE SOCIAL RESPONSIBILITY AND CONTRIBUTION OF THE ENVIRONMENT

The Directors of the Company firmly believe that a corporate does not exist only for earning profits but has responsibility towards the society and the environment.

The Directors feel that discharging social responsibility is a continuous process and can take various forms and structures even if such action is not publicised every now and then. However, for the records, the Directors are pleased to mention that the age old practice of the Company in uplifting the artisans / vendors and their families by making them self-reliant and legally compliant, continues.

Your Company has always been conscious about its responsibility towards the environment. To this end, several initiatives were taken during the year. You are aware that indiscriminate use of plastics poses tremendous threat to the environment and the entire world is deeply concerned about this. The Company on its part, has upgraded from dispensing plastic carry-bags to non-woven carry-bags which are being well accepted by the consumers. Similarly, while constructing the factory building at Panpur, extensive care was taken at the planning stage to minimise the use of power without hampering the production process thereby ensuring energy conservation. Details in this respect appear under the head *Conservation of Energy*. Apart from this, the Company has planned Water Harvesting in the Panpur factory for reducing the consumption of water.

The Directors feel all these initiatives will go a long way in protecting the environment apart from reducing expenditure.

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 Directors are pleased to recommend a dividend @ 10% for the financial year ended on 31 March 2012. This is at par with the last year. The recommendation, if and when approved by the members at the ensuing Annual General Meeting, shall be payable to those members who are legally entitled to dividend.

PUBLIC DEPOSITS

During the financial year 2011-2012, the Company has neither invited nor accepted any deposits from the Public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS' REPORT

Except the qualification in Paragraph 4.6 of the Auditors' Report, which is dealt hereunder, there is no other reservation, qualification or adverse remark in the Auditors' Report, within the meaning of section 217(3) of the Companies Act, 1956.

1. With respect to the qualification in the Auditors' Report, in Paragraph 4.6, pertaining to impairment of land and work in progress, the Directors of your Company state as under:

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 dated 24 July 2009 (hereinafter referred to as the "ToS") 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 ToS, the Company was 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 (hereinafter referred to as the Gariahat Land").

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) is supposed to 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.

In accordance with the direction of the CLB, the Company has transferred its Gariahat Land to the nominee of the Petitioners on 11 June 2010.

The Company has not made any provision for loss in the Profit & Loss Account for the financial year 2011-2012 as the Management intends to write off the cost of the Gariahat Land and the payment shown under "Payments to Minority Shareholders' under Loans and Advances, by way of reduction of share capital and reserves after obtaining approval from the Members and the High Court at Calcutta or any other court / authority having appropriate jurisdiction, at the end of the entire transaction period i.e. 5 years 4 months' time from 13 May 2009.

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 7 comprising of 2 Whole-time Directors, 1 Non-executive Director and 4 Non-executive Independent Directors.

Pursuant to Section 256 of the Companies Act, 1956, Prof. A N Sadhu, Director being a Director liable to retire by rotation under Section 255, retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Sunil Mitra was appointed an additional Director within the meaning of Section 260 of the Companies Act, 1956 ("the Act"), as a Non-executive Independent Director by the Board of Directors at its Meeting held

on 3 August 2012. Mr. Mitra shall hold office up to the date of the ensuing Annual General Meeting. Meanwhile the Company has received a notice pursuant to Section 257 of the Act, proposing his name as a Director of the Company to be appointed at the ensuing Annual General Meeting. The respective resolutions seeking your approval for the above two matters is being forwarded to you through the Notice of the Annual General Meeting at which, this Report will be tabled.

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

Energy conservation is an ongoing process in the Company through investments in the latest energy efficient technologies to conserve energy at all locations, plants and sites of the Company. As a part of your Company's endeavor towards conservation of energy and prevention of energy wastage, constant improvements are undertaken in order to conserve energy on an ongoing basis. In the new Rubber Sheet Manufacturing Unit at Panpur the Factory Building has been designed by using Energy Conservation methods like use of Translucent Roofing Sheet which permit Natural light inside the premises thereby reducing the need of electrical lights to a negligible level, use of Turbo Vents and Ridge Vents and latest insulating materials for the roof and side panels for reducing the internal heat and thus keeping the temperature at a moderate level even during peak summer without use of air-conditioning.

During the year under review, your Company has taken adequate measures to optimize the consumption of electricity by reducing operational losses as much as possible. 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

Though no "Research and Development" initiatives were taken within the meaning of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 or Accounting Standard

26 during the year, the Company, which is present in the retail space, understands the importance of continuous improvement of the product line and development initiatives and thus continued to carry out various design development and improvement activities not only to keep itself abreast with the market but also to stay ahead of the times.

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, in the last 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Fig. In Rs.

Sl.	Particulars	2011-2012	2010-2011
(a)	Value of import on CIF basis		
	Raw material, components & spare parts	852,477	632474
	Finished footwear	43,808,247	45133328
	Capital Goods - including Moulds	34,518,495	18831520
(b)	Foreign exchange Earning	24,393,455	3952074
(c)	Foreign exchange outgo	14,261,404	10046843
(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 have been followed along with proper explanations relating to material departures;
2. Such accounting policies were selected and applied consistently; judgments made and estimates projected, that are reasonable and prudent in order to provide 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. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their sincere gratitude to the Central Governments 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, employees, the shareholders and other stakeholders for their consistent and uninterrupted support.

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

For and on behalf of the Board

Sd/-

(Satya Prasad Roy Burman)

Chairman

Dated: 28 August 2012

ANNEXURE A										
KHADIM INDIA LIMITED										
Information as per the provisions of Sec 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975										
Details of Employees Employed throughout the year and in receipt of remuneration of Rs. 60 lakh or more.										
Sl. No.	Name	Designation	Nature of Employment	Nature of duties	Qualification	Age (in Years)	Date of Commencement of Employment	Remuneration (In Rs.)	Experience	Previous Employment
1	Sri Satya Prasad Roy Burman	Chairman & Whole time Director	Contractual	General Management	School Final	82	03.12.1981	12076891	56	NA
2	Sri Siddhartha Roy Burman	Managing Director	Contractual	General Management	B.Com	50	25.09.1990	13091049	26	Chief Executive of the Company

NOTES:

- Gross Remuneration comprises of salary, commission and perquisites.
- The Directors featuring above are related to each other directly.
- No other employee of the Company have drawn salary more than Rs. 5 lakh per month for any part of the financial year 2011-2012 or Rs. 60 lakh during the entire financial year 2011-2012.
- During 2011-2012, the Managerial Remuneration paid to Mr. S P Roy Burman, Chairman and Mr. Siddhartha Roy Burman, Managing Director exceeded the limits prescribed under Schedule XIII of the Companies Act, 1956 and they were paid remuneration in accordance with item (vi) of Clause (C) of sub-section (1) of Section II of Part II of Schedule XIII to the Companies Act, 1956 on the basis of approval by the Remuneration Committee and the Board given on 10 May 2012 and by the Members at an Extra-ordinary General Meeting held on 4 July 2012.

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, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss 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, Statement of Profit and Loss 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, 2012 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, 2012 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of 'the Act';
 - 4.6 *On implementation of the order passed by the Company Law Board on 24th July, 2009 as referred to in Note no. 34.1 in Financial Statements, loans and advances include Rs. 20,487,586 being value of land and Rs. 5,980,873 being value of related work in progress which have been transferred to minority shareholders and is unrealizable.*

Furthermore, loans and advances include Rs.83,333,000 which have been paid pursuant to the above settlement order as explained in Note No.34.3 of the Financial Statements which is unrealizable. This includes Rs.53,333,000 pertaining to previous years and Rs.30,000,000 for the year, which have not been provided. Had these provisions been made in the accounts the net worth of the Company for the earlier years would have been reduced by 79,801,459 and the profit of the Company for the year would have been reduced by Rs.30,000,000 with corresponding 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, 2012;
- (b) in the case of the Statement of Profit and Loss, 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
Firm Registration No-301072E

Place: Kolkata
Date : 3rd August 2012

K K GHOSH
(Partner)
(Membership No – 59781)

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) As informed by the management, 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, fixed assets located at some retail outlets and factory have 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 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) As informed to us, 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) As informed to us, the Company has taken unsecured loans from companies and firms covered in the register maintained under Section 301 of 'the Act', as shown below.

Companies/ Firms	Amount of Unsecured Loan
Knightsville Private Limited	15,000,000
Sheila Dept Stores (P) Ltd	5,000,000

- (c) In our opinion and as explained to us, the rate of interest and other terms and conditions of the above unsecured loans are not prima- facie prejudicial to the interest of the company.
- (d) As explained to us and test checked on the basis of records provided to us, the company is generally regular in payment of principal and interest in respect of the above unsecured loan.
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 contracts/arrangements 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', 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, Investor education and protection 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 in respect of income tax, excise duty, sales tax and service tax as at 31st March, 2012, which have not been deposited on account of dispute are given in the Appendix 1. Apart from the same, there are no undisputed dues in respect of income tax, sales tax, custom duty, wealth tax, service tax, excise duty and cess.

10. The Company has no accumulated loss as at 31st March, 2012 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 on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to any bank and financial institution. The Company has not issued any debenture.
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 have 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
Firm Registration No-301072E

Place: Kolkata
Date : 3rd August 2012

K K GHOSH
(Partner)
(Membership No – 59781)

APPENDIX 1 TO THE AUDITORS' REPORT

[Referred to in paragraph (9) (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, 2012]

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	1,028	Income Tax Appellate Tribunal	2008-09
Income Tax Act, 1961	Income Tax	1,482	Commissioner of Income Tax (Appeal)	2009-10
Total		2,510		
Central Excise Act	Excise Duty	188	Commissioner of Central Excise (Appeal-I)	2007-08
Central Excise Act	Excise Duty	2,063	Commissioner of Central Excise (Appeal-I)	2004 to 2007
Total		2,251		
Finance Act, 1994	Service Tax	151	Commissioner of Central Excise (Appeal-I)	2005-06 & 2006-07
Total		151		
West Bengal Value Added Tax Act, 2003	Value Added Tax	1,397	West Bengal Taxation Tribunal	2011-2012
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	135	Additional Commissioner Of Commercial Tax (Appeal)	2008-2009
Total		1,532		

KHADIM INDIA LIMITED
Balance Sheet as on 31st March 2012
(All amounts in Rupees, unless otherwise stated)

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	121,352,380	121,352,380
(b) Reserves and Surplus	4	840,180,769	744,617,837
2 Non- Current Liabilities			
(a) Long - Term Borrowings	5	865,434,808	269,482,549
(b) Deferred Tax Liabilities (Net)	6	69,634,825	56,095,758
(c) Other Long - Term Liabilities	7	83,967,176	60,589,585
(d) Long - Term Provisions	8	12,883,512	6,249,595
3 Current Liabilities			
(a) Short - Term Borrowings	9	938,753,214	758,468,284
(b) Trade Payables	10	642,382,678	339,677,274
(c) Other Current Liabilities	11	182,896,610	188,925,313
(d) Short - Term Provisions	12	142,781,519	100,261,519
Total		3,496,947,488	2,645,720,094
B ASSETS			
1 Non - Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	13	1,205,365,728	1,065,866,846
(ii) Intangible Assets	14	20,534,810	23,344,440
(iii) Capital Work - In - Progress		227,714,988	22,312,214
(b) Non - Current Investment	15	482,451	482,451
(c) Long - Term Loans and Advances	16	341,728,283	299,348,870
2 Current Assets			
(a) Current Investments	17	30,000,000	30,000,000
(b) Inventories	18	1,148,989,818	817,069,523
(c) Trade Receivables	19	157,145,285	147,308,871
(d) Cash and Cash Equivalents	20	114,175,673	97,882,463
(e) Short Term Loans and Advances	21	250,839,484	142,104,416
Total		3,496,947,488	2,645,720,094

Summary of significant Accounting policies

2

The accompanying notes are an integral part of these Financial Statements.

In terms of our Report attached

For and on behalf of Board of Directors

For Ray & Ray
Chartered Accountants
Firm Registration No.-301072E

Satya Prasad Roy Burman
Chairman

K K Ghosh
Partner
Membership No. 59781

Siddhartha Roy Burman
Managing Director

Kolkata
3rd day of August 2012

Ishani Ray
Chief Finance Officer

Joydev Sengupta
Company Secretary & Head - Legal

KHADIM INDIA LIMITED
Statement of Profit and Loss for the year ended 31st March 2012
 (All amounts in Rupees, unless otherwise stated)

Particulars	Note No.	Year Ended 31 March 2012	Year Ended 31 March 2011
I. Revenue from Operations (Gross)	22	3,642,445,509	2,974,416,480
Less: Excise Duty		48,217,116	42,890,087
Revenue from Operations (Net)		3,593,228,393	2,931,526,393
II. Other Income	23	31,858,855	12,750,215
III. Total Revenue (I + II)		3,624,887,248	2,944,276,608
IV. Expenses :			
Cost of Material Consumed	24	373,472,348	264,057,020
Purchase of Stock - In - Trade	25	2,289,062,256	1,838,205,738
Changes in Inventories of Finished Goods, Work - In - Progress and Stock - In - Trade	26	(316,605,467)	(236,746,849)
Employee Benefit Expenses	27	306,894,273	224,800,788
Finance Costs	28	174,137,078	141,703,872
Depreciation and Amortization Expense	14.2	89,410,738	71,064,523
Other Expenses	29	666,795,735	481,078,540
Total expenses		3,459,166,961	2,784,167,232
V Profit Before Tax (III - IV)		165,720,287	160,109,376
VI Tax expenses			
(1) Current tax [including earlier years' adjustments of Rs.14,411 (Previous Year - Rs.102,419)]		42,514,411	44,467,419
(2) Fringe Benefit tax [including earlier years' adjustments of Rs.Nil (Previous Year - Rs.14,479)]		-	14,479
(3) Deferred tax		13,539,067	9,655,044
		56,053,478	54,136,942
VII. Profit for the year (V - VI)		109,666,809	105,972,434
VIII. Earnings per equity share : [Nominal Value per Share Rs 10/- (Previous year Rs. 10/-)]			
(1) Basic		9.04	8.73
(2) Diluted		9.04	8.73

The accompanying notes are an integral part of these Financial Statements.

In terms of our Report attached

For and on behalf of Board of Directors

For Ray & Ray
 Chartered Accountants
 Firm Registration No.-301072E

Satya Prasad Roy Burman
 Chairman

K K Ghosh
 Partner
 Membership No. 69781

Siddhartha Roy Burman
 Managing Director

Kolkata
 3rd day of August 2012

Ishani Ray
 Chief Finance Officer

Joydev Sengupta
 Company Secretary & Head - Legal

KHADIM INDIA LIMITED
Cash Flow Statement as on 31st March 2012
(All amounts in Rupees, unless otherwise stated)

	Year Ended 31 March 2012	Year Ended 31 March 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	166,720,287	180,109,376
Adjustments for:		
Depreciation	69,410,738	71,064,523
(Profit) / Loss on Sale of Fixed Assets (Net)	5,603,389	2,616,912
Interest Received	(6,051,064)	(3,687,021)
Profit on sale of Investments	-	(257,560)
Government grant received	(7,072,926)	-
Depreciation written back	(794,669)	-
Interest paid	174,137,078	141,703,872
Operating Profit before Working Capital Changes	400,852,933	371,550,102
Adjustments for:		
Trade & Other Receivables	(67,955,249)	12,726,735
Inventories	(331,890,293)	(247,997,633)
Trade Payables	229,872,666	12,200,236
Cash Generated from Operations	230,660,047	148,479,440
Payment of Direct Taxes	(66,837,966)	(42,250,114)
Cash Flow before Extraordinary Items	174,042,081	106,229,326
Cash paid to Minority Shareholders (Refer Note 34)	(30,000,000)	(23,333,000)
Net cash from Operating Activities - (A)	144,042,081	82,896,326
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(399,227,350)	(192,794,728)
Sale of Fixed Assets	793,087	246,667
Advances of Capital nature	4,697,730	(14,920,442)
Purchase of Investments	-	(30,000,000)
Sale of Investments	-	2,757,560
Interest Received	5,881,131	3,584,560
Net Cash from Investing Activities - (B)	(388,085,402)	(231,126,383)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital including Share Premium	-	-
Proceeds from Borrowings		
Demand Loan	-	40,741,767
Term Loans	272,846,404	59,966,685
Unsecured Loans	-	119,300,000
Cash Credit from Banks	177,814,678	87,372,415
Interest Paid	(168,018,549)	(141,073,452)
Repayment of Car Loan	(1,804,025)	(1,545,377)
Repayment of Unsecured loans	(6,100,000)	-
Dividends paid	(12,138,238)	(9,707,809)
Dividend tax paid	(1,988,639)	(1,612,409)
Net Cash used in Financing Activities - (C)	260,336,631	153,441,820
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	16,293,210	5,211,763
Cash and Cash Equivalents at beginning of year	97,882,463	92,670,700
Cash and Cash Equivalents at end of year	114,175,673	97,882,463

Notes:

- I The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2012 and the related Profit and Loss Account for the year ended on that date.
- II 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.
- III 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
- IV Movements of capital advances between the beginning and the end of the year has been treated as part of the investing activities
- V Cash and Cash Equivalents represent cash and bank balances.
- VI Figures in parenthesis represents outflows.
- VII Previous year's figures have been regrouped, wherever necessary, to conform current year's presentation

The accompanying notes are an integral part of these Financial Statements.

In terms of our Report attached

For Ray & Ray
Chartered Accountants
Firm Registration No.-301072E

K K Ghosh
Partner
Membership No. 59781

Kolkata
3rd day of August 2012

For and on behalf of Board of Directors

Satya Prasad Roy Burman
Chairman

Siddhartha Roy Burman
Managing Director

Ishani Ray
Chief Finance Officer

Joydev Sengupta
Company Secretary & Head - Legal

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012

(All amounts in Rupees, unless otherwise stated)

1 Corporate Information

Khadim India Limited (the 'Company') is an unlisted Public Limited Company engaged in the manufacturing / retail business of footwear, leather accessories, gold jewellery and other consumer goods.

The Company is incorporated and domiciled in Republic of India. The address of its Registered office is "Kankaria Estate", 5th Floor, 6, Little Russell Street, Kolkata - 700071.

2 Summary Of significant accounting policies

2.1 Basis of preparation

These Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These Financial Statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

2.2 Use of Estimates:

The preparation of the Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and the disclosure of contingent liabilities as at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised in the period in which the results are known/materialised.

2.3 Revenue Recognition

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

2.4 Fixed Assets

- i) Fixed Assets (comprising both tangible and intangible items) are stated at cost. The cost includes the original cost of asset, freight, taxes (Net of CENVAT) and other incidental expenses relating to the acquisition and installation.
- ii) Cost of Leasehold rights of Land and Buildings, including incidental charges thereto are amortized over the period of lease.
- iii) Intangible assets (Computer Software) are stated at their cost less accumulated amortization. An intangible asset is recognized 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 the 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.
- v) Impairment loss, if any, is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount i.e. net selling price or value in use, whichever is higher.

2.5 Depreciation

Depreciation (including amortisation) is calculated in the following manner :

- (a) Leasehold land is amortised over the period of lease.
- (b) In respect of other assets, at rates prescribed in Schedule XIV to the Companies Act, 1956 on 'Straight Line Method'.
- (c) Intangible assets are depreciated over the useful life on straight line basis.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair-value whichever is lower. Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary in the value of the investments, such reduction being determined and made for each investment individually.

2.7 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 and Packing Materials : At cost on First-in-First-out basis (FIFO).
- 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 cost inclusive of excise duty payable on clearance
- Trading goods : At landed cost plus related overhead cost.

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

Continuation on 2

2.8 Taxation:

Current Tax in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred Tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

2.9 Employee Benefits

- (i) Short-term Employee benefits (i.e. benefits payable within one year) are recognised in the period in which the employee services are rendered.
- (ii) Contributions 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.
- (iii) Gratuity is maintained as a defined benefit retirement plan and contribution is made to 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.
- (iv) 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.

2.10 Treatment of Prior Period, Extraordinary Items and Changes in Accounting Policies:

- (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.

2.11 Foreign Currency Transactions and Translation

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 variation are recognized in the Statement of Profit and Loss Account. Premium/ discount on forward exchange contracts are prorated over the period of contract.

2.12 Borrowing Costs

Borrowing Cost, if any, that are attributable to the acquisition, construction or production of 'Qualifying Assets' are capitalised as part of cost of such assets. A 'Qualifying Asset' is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as expenses in the period in which they are incurred.

2.13 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

2.14 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.15 Derivative Transactions

In respect of derivative contracts, gain/loss on settlement are recognized and charged to the Statement of Profit & Loss.

2.16 Government Grants

Government Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Grants related to depreciable fixed assets are treated as deferred income. The deferred income is recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of assets to which the grant relates to. Such allocation to income is made over the periods and in proportions in which depreciation on related assets is charged.

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012

(All amounts in Rupees, unless otherwise stated)

3 SHARE CAPITAL**Authorised**

25,000,000 (31st March 2011 : 25,000,000) Equity Shares of Rs 10/- each

Issued, Subscribed and Paid up

12,135,238 (31st March 2011 : 12,135,238) Equity Shares of Rs 10/- each

Total

As at 31 March 2012	As at 31 March 2011
250,000,000	250,000,000
121,352,380	121,352,380
121,352,380	121,352,380

3.1 Reconciliation of the number of Equity shares

Particulars
Balance as at the beginning of the year
Balance as at the end of the year

As at 31 March 2012	
Number	Amount
12,135,238	121,352,380
12,135,238	121,352,380

As at 31 March 2011	
Number	Amount
12,135,238	121,352,380
12,135,238	121,352,380

3.2 Details of Shares held by Shareholders holding more than 5 % of the aggregate shares in the Company

Name of Shareholder
Knightsville Private Limited
Satya Prasad Roy Burman
Namita Roy Burman

As at 31 March 2012	
No. of Shares held	% of Holding
8,737,829	72.00
1,240,749	10.22
620,137	5.11

As at 31 March 2011	
No. of Shares held	% of Holding
8,737,829	72.00
1,240,749	10.22
620,137	5.11

3.3 Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of Equity Shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all Preferential amounts, in proportion to their shareholding.

KHADIM INDIA LIMITED**Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees; unless otherwise stated)****4. RESERVES AND SURPLUS**

	As at 31 March 2012	As at 31 March 2011
Capital Reserve - Amalgamation Reserve (Refer Note 4.1)	231,916,072	231,916,072
Securities Premium Account (Refer Note 4.2)	93,888,000	93,888,000
General Reserves		
Opening Balance	4,339,000	4,339,000
Add : Amount transferred from Surplus in the Statement of Profit and Loss	-	-
Closing Balance	4,339,000	4,339,000
Surplus in Statement of Profit and Loss		
Opening Balance	414,474,765	322,606,206
Profit for the year	109,666,809	105,972,434
Less : Appropriations		
Proposed Dividend on Equity Shares @ Re.1 per share	12,135,238	12,135,238
Tax on Proposed Dividend on Equity Shares	1,968,639	1,968,639
Closing Balance	510,037,697	414,474,765
Total	840,180,769	744,617,837

4.1 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.

4.2 Premium of Rs.93,888,000 received on issue of Equity shares during the year 2007 - 2008 has been credited to Share Premium Account.

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012.

(All amounts in Rupees, unless otherwise stated)

5. LONG TERM BORROWINGS (LOAN FUNDS)

(a) SECURED LOANS

Term Loans

From Banks

SBI Term Loan	Refer Note 1 of 5.1
SBI Corporate Loan I	Refer Note 2 of 5.1
SBI Corporate Loan II	Refer Note 3 of 5.1
AXIS Bank Term Loan	Refer Note 4 of 5.1
YES Bank	Refer Note 5 of 5.1
IDBI Term Loan I	Refer Note 6 of 5.1
IDBI Term Loan II	Refer Note 7 of 5.1
SIDBI	Refer Note 8 of 5.1

Vehicle Loans :	Refer Note 9 of 5.1
From HDFC Bank	

Total

As at 31 March 2012	As at 31 March 2011
196,070,910	112,695,411
-	35,000,000
87,800,000	-
-	5,456,172
168,963,898	-
48,000,000	68,000,000
15,900,000	21,900,000
80,000,000	25,500,000
868,434,808	288,551,583
-	930,966
868,434,808	289,482,549

6 DEFERRED TAX LIABILITIES (NET)

Timing Difference resulting in liabilities / (assets) mainly on account of :

Difference between net book value of depreciable Capital Assets as per books vis-à-vis written down value as per Income Tax.

Disallowances allowable for Tax purpose on payment:

Provision for Gratuity
Provision for Leave Encashment
Provision for Doubtful Debts And Advances

Total

As at 31 March 2012	As at 31 March 2011
74,983,984	59,877,324
463,514	419,158
1,682,009	576,759
3,273,338	2,585,649
69,634,825	66,098,758

7 OTHER LONG TERM BORROWINGS

Unsecured loans from related parties
Security Deposits

Total

As at 31 March 2012	As at 31 March 2011
20,000,000	-
63,987,176	60,589,585
83,987,176	60,589,585

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012

(All amounts in Rupees, unless otherwise stated)

5.1 Nature of Security and Terms of repayment for Secured borrowings

Nature of Security
<p>1 Primary security - To be secured by mortgage of 7 owned properties situated at Bhubaneswar, Serampore, Chinsurah, Chandernagore, Darjiling, Howrah and Rashbehari Avenue alongwith hypothecation of interiors, furniture and fixtures and all other assets therein, leasehold property situated at Calcutta Leather Complex, 24' leased properties situated at Annavati, Ratiam, Jeedimetla, Marathalli, Puttanahalli, Arera Colony, Kolar Road, Durg, Lucknow, Ujjain, Srinivasnagar, Velachery, B B Ganguly Street, B T Road, Porur, Cross Cut Road, Madurai, Annanagar, TVS Road, Dharampet, Salem, Barasat and Bhalia.</p> <p>Collateral security - 2nd charge on entire current assets of the Company both present and future on pari passu basis with other consortium member banks, mortgage over 8 properties situated at KG Road, Civil Station, Hemanta Basu Sarani, Rajkot, Jamnagar, Kasba, Salt Lake City and Faridabad, pledge of STDR, in the name of Khadim India Limited, assignment of SBI Life Insurance Policy in the name of Managing Director, personal guarantees of promoter directors and corporate guarantees of group companies</p>
<p>2 Primary security - Second charge on fixed assets procured out of Term Loan with SBI</p> <p>Collateral security - Same as SBI Term Loan (Refer Note 1 above).</p>
<p>3 Primary security - Second charge on current assets</p> <p>Collateral security - Same as SBI Term Loan (Refer Note 1 above).</p>
<p>4 Primary security - Equitable mortgage of Ground Floor, First Floor and Second Floor at 32 (3 f), GT 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.</p>
<p>5 Primary security - Exclusive charge on movable and immovable fixed assets related to the factory for manufacturing of Hawai products and second pari passu charge on the current assets (both present and future)</p> <p>Collateral security - Personal guarantees of promoter directors.</p>

Terms of Repayment
<p>1 Repayable - By way of 16 quarterly instalments of Rs.1.196 crore each starting from June 2011, followed by 4 quarterly instalments of Rs.1.329 crore each, 3 quarterly instalments of Rs.0.532 crore each and final instalment of Rs.0.512 crore in March 2017</p>
<p>2 Repayable - By way of 3 equal annual instalments of Rs.3.50 crore each starting from July 2010</p>
<p>3 Repayable - By way of 8 equal quarterly instalments of Rs.1.25 crore each starting from March 2013</p>
<p>4 Repayable - By way of 60 equal monthly instalments of Rs.9.42 lac each.</p>
<p>5 Repayable - By way of 20 equal quarterly instalments of Rs.93.75 lac each starting after a moratorium period of 2 years.</p>

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

5.1 Nature of Security and Terms of repayment for Secured borrowings

Nature of Security	Terms of Repayment
<p>6 Primary security - Secured by mortgage of shops and movable assets at Durgapur, Rajamundry, Satara, Tirupur, Bhavnagar, Lucknow, Belgaum, Bhubaneswar, Kumbakonam, Barrackpore, Vapi, A S Rao Nagar, Vizag and Hanamkonda. Collateral security - Secured by Equitable mortgage of factory building at S19, S20 and S21, Kasba Industrial Estate, Kolkata and personal guarantee of Promoters Directors.</p>	<p>6 Repayable - By way of 10 quarterly instalments of Rs.40 lac each starting from April 2010, followed by 10 quarterly instalments of Rs.60 lac each.</p>
<p>7 Primary security - Secured by mortgage/hypothecation of all the assets acquired out of the Term Loan, extension of mortgage and hypothecation of movable/immovable fixed assets at Durgapur, Satara, Bhubaneswar, Barrackpore, Cuttack and Allahabad and mortgage of retail outlet at Garisahat, Kolkata. Collateral security - Secured by Equitable mortgage of factory building at S19, S20 and S21, Kasba Industrial Estate, Kolkata and personal guarantee of Promoters Directors.</p>	<p>7 Repayable - By way of 50 monthly instalments of Rs.5 lac each starting from January 2011, followed by 10 monthly instalments of Rs.7 lac each.</p>
<p>8 Primary security - Secured by hypothecation of all the movable assets (including Current Assets), both present and future. The charge is subservient to all the existing and prospective charges created / to be created on the said assets in favor of other banks which have extended loans for the same business as SIDBI. Collateral security - Personal guarantee of Promoter Directors and Corporate Guarantees of Holding Company.</p>	<p>8 Repayable - By way of 50 monthly instalments of Rs.10 lac each starting from 36 months from the date of first disbursement.</p>
<p>9 Vehicle Loan is secured by hypothecation of the vehicle financed.</p>	<p>9 Repayables - By way of 36 monthly instalments of Rs.0.58 lac each.</p>

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

8 LONG TERM PROVISIONS

Provisions for employee benefits:

Gratuity

Leave Encashment

Deferred Government Grant (Refer Note 43)

Total

As at 31 March 2012	As at 31 March 2011
840,092	702,455
8,645,459	5,547,140
3,397,961	-
12,883,512	6,249,595

9 SHORT TERM BORROWINGS**SECURED**

Cash Credit / Working Capital Demand Loans from Banks:

SBI Cash Credit

Refer Note 1 of 9.1

SBI - FCNRB

Refer Note 1 of 9.1

SBI - Standby Line of Credit

Refer Note 2 of 9.1

SBH Cash Credit

Refer Note 3 of 9.1

YES Bank Cash Credit

Refer Note 4 of 9.1

UCO Bank Cash Credit

Refer Note 5 of 9.1

ICICI Bank Demand Loan

Refer Note 6 of 9.1

YES Bank Demand Loan

Refer Note 7 of 9.1

YES Bank Short Term Loan

Refer Note 7 of 9.1

Bank Overdraft

From Banks:

ICICI Bank

Refer Note 1 of 9.2

ING Vysya Bank

Refer Note 2 of 9.2

Acceptances

Refer Note 9.3

UNSECURED

Inter Corporate Deposits

Total

As at 31 March 2012	As at 31 March 2011
208,284,503	90,120,852
103,060,000	132,690,000
40,000,000	-
26,272,919	-
20,648,106	-
232,239,272	212,007,224
30,000,000	30,000,000
40,000,000	40,000,000
-	38,500,000
698,602,800	543,315,076
49,854,580	29,829,871
12,186,370	9,881,225
62,040,950	39,711,086
32,509,464	6,639,112
142,700,000	168,800,000
935,783,214	758,468,284

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

9.1 Nature of Security and Terms of repayment of Working Capital Demand Loans from Banks

Nature of Security	Terms of Repayment
<p>1 Primary security - Hypothecation charge on inventory, receivables and all other current assets of the Company, both present and future, on pari-passu basis with other working capital member banks under the consortium. Collateral security - 2nd charge on the primary security for all SBI Term loans, equitable mortgage of properties at Kancharapara, Vadodara, Building Space No. S-32/1, S-32/2 and S-32/1A of Phase I and S-43, S-43/1, S-44/1 of Kasba Industrial Estate and Flat at Janakpuri, New Delhi, on pari-passu basis with other working capital members banks under the consortium, personal guarantees of promoter directors and corporate guarantees of group companies.</p>	<p>1 Repayable - On demand</p>
<p>2 Primary security - Same as SBI Cash Credit and FCNRB (Refer Note 1 above). Collateral security - Subservient charge on properties situated at Bhubaneswar, Serampore, Chhinsurah, Chandannagore, Darjeeling, Howrah, Rashbehari Avenue and leasehold property situated at Calcutta Leather Complex.</p>	<p>2 Repayable - On demand</p>
<p>3 Primary security - Same as SBI Cash Credit and FCNRB (Refer Note 1 above). Collateral security - Equitable mortgage of properties at Kancharapara, Vadodara, Building Space No. S-32/1, S-32/2 and S-32/1A of Phase I and S-43, S-43/1, S-44/1 of Kasba Industrial Estate and Flat at Janakpuri, New Delhi, on pari-passu basis with other working capital members banks under the consortium, 2nd charge on pari passu basis with other working capital lenders on fixed assets of the company, personal guarantees of promoter directors and corporate guarantees of group companies.</p>	<p>3 Repayable - On demand</p>
<p>4 Primary security - Same as SBI Cash Credit and FCNRB (Refer Note 1 above). Collateral security - Same as SBI Cash Credit and FCNRB (Refer Note 1 above).</p>	<p>4 Repayable - On demand</p>
<p>5 Primary security - Same as SBI Cash Credit and FCNRB (Refer Note 1 above). Collateral security - Same as SBI Cash Credit and FCNRB (Refer Note 1 above) and additional exclusive charge on property at P-43 and P-43A at Kasba Industrial Estate, Kolkata</p>	<p>5 Repayable - On demand</p>
<p>6 Secured by hypothecation of all credit card receivables both present and future, liquid security in form of fixed deposits and Corporate guarantee of the Holding Company, Knightsville Private Limited.</p>	<p>6 Repayable - On demand</p>
<p>7 Secured by subservient charge on all Current Assets, movable fixed assets and immovable properties (both present and future) of the Company alongwith personal guarantee of Managing Director.</p>	<p>7 Repayable - On demand</p>

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

9.2 Nature of Security and Terms of repayment for Bank Overdraft

Nature of Security	Terms of Repayment
1 Secured by hypothecation of all credit card receivables both present and future, liquid security in form of fixed deposits and Corporate guarantee of the Holding Company, Knightsville Private Limited.	1 Repayable - On demand
2 Secured by lien on specified fixed deposits of the Company.	2 Repayable - On demand

9.3 Break-up of Acceptances, Repayable on Demand

Name of the Bank/ Financial Institution	As at 31 March 2012	As at 31 March 2011
Small Industries Development Bank of India *	16,265,016	1,415,079
ICICI Bank Ltd. **	16,244,448	5,223,433
Total	32,509,464	6,639,112

* Secured by first charge on freehold property of the Company at Medhyagram, West Bengal, pledge of specified fixed deposits and personal guarantees of Promoter Directors.

** Secured by hypothecation of all Credit Cards Receivables of the Company, both present and future, liquid security in the form of specified fixed deposits, Corporate Guarantee Of Holding Company and personal guarantee of Managing Director.

KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

10 TRADE PAYABLES

Other than Acceptances (Refer Note 10.1)
Employee Benefits Payable

Total

As at 31 March 2012	As at 31 March 2011
837,748,842	333,989,875
4,838,733	5,687,399
842,587,575	339,677,274

10.1 Details Of Dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.

Total outstanding dues of Micro and Small Enterprises
Total outstanding Dues other than Micro and Small Enterprises

Total

As at 31 March 2012	As at 31 March 2011
7,862,101	1,293,139
829,884,841	332,896,736
837,746,942	333,989,875

Sl.	Details of Dues to Micro, Small and Medium Enterprises	2011-12	2010-11
I	The principal amount and the interest due thereon remaining unpaid to any supplier as at the year end. Principal amount unpaid Interest due	7,862,101 -	1,293,139 -
II	Amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year. Payments made beyond the Appointed date Interest paid beyond the Appointed date	- -	- -
III	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
IV	The amount of interest accrued and remaining unpaid at the end of the year	-	-
V	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

11 OTHER CURRENT LIABILITIES

Current maturities of long - term debt:
Vehicle Loans
Term Loans

Interest accrued but not due on borrowings
Interest accrued and due on borrowings
Advance from customers and others
Investors Education and Protection Fund (the fund) shall be credited by the following amount

Unclaimed/Unpaid Dividend [Refer Note 11.1]
Unclaimed/Unpaid Matured Deposit [Refer Note 11.1]

VAT and Sales Tax
Contribution to Fund (Provident and Other Funds)
Withholding Tax
Deferred Forward Contract Premium
Others

Total

As at 31 March 2012	As at 31 March 2011
930,966	1,804,025
126,796,172	180,830,992
127,727,138	182,638,017
2,637,025	1,142,951
8,137,234	3,413,079
20,602,602	10,979,009
858	381
-	-
8,703,687	5,384,581
1,708,670	1,399,557
8,434,983	3,862,491
4,834,348	3,646,664
2,713,188	6,361,583
182,596,610	188,925,313

11.1 There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

12 SHORT TERM PROVISIONS

(a) Provision for employee benefits

(b) Others
Provision for Income Tax
Provision for Proposed Equity Dividend
Provision for Tax on Proposed Dividend

Total

As at 31 March 2012	As at 31 March 2011
-	-
-	-
126,657,842	88,157,642
12,138,238	12,135,238
1,968,639	1,968,639
142,761,519	100,261,519
142,761,519	100,261,519

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

13

TANGIBLE ASSETS	GROSS BLOCK - AT COST			DEPRECIATION/ AMORTISATION			NET BLOCK		
	Cost/ Valuation as at 01 April 2011	Additions during the year	Sales during the year	Cost/ Valuation as at 31 March 2012	As at 01 April 2011	For the Year	On Sales/ Adjustment during the year	As at 31 March 2012	As at 31 March 2011
Own Assets									
Freehold Land	16,764,096	-	-	16,764,096	-	-	-	16,764,096	16,764,096
Leasehold Land	145,832,656	-	-	145,832,656	7,841,035	1,658,768	-	138,332,833	137,991,621
Buildings : Leasehold	37,524,056	3,472,493	187,750	40,806,799	7,727,129	2,022,937	21,062	31,079,796	29,798,927
Freehold	470,421,149	99,685,631	-	570,306,980	34,195,663	10,402,845	-	525,708,452	436,225,466
Plant and Machinery	207,507,828	38,902,844	16,231,190	230,179,482	88,842,432	21,340,011	16,139,628	136,136,867	118,665,396
Furniture and Fixtures	333,388,227	60,183,340	8,721,705	384,847,962	81,515,732	22,062,287	2,725,258	283,965,161	251,870,485
Vehicles	16,112,890	610,000	-	16,722,890	5,285,745	1,555,267	-	9,891,876	10,827,145
Office Equipments	23,311,498	2,472,541	64,372	25,719,665	7,404,562	1,494,125	22,593	16,853,571	15,906,934
Sub total (A)	1,250,860,398	205,527,049	25,205,917	1,431,182,430	232,812,318	60,526,260	18,908,541	1,156,752,393	1,018,048,080
Assets Held For Disposal									
Freehold Building	48,613,335	-	-	48,613,335	794,569	-	794,569	48,613,335	47,818,766
Sub total (B)	48,613,335	-	-	48,613,335	794,569	-	794,569	48,613,335	47,818,766
Total (A+B)	1,299,473,733	205,527,049	25,205,917	1,479,795,765	233,606,887	60,526,260	19,703,110	1,205,365,728	1,065,866,846
Previous Year	978,247,937	325,411,067	4,185,271	1,299,473,733	180,205,537	54,723,041	1,321,691	1,065,866,846	937,100,000

13.1 Leasehold land has been amortized over the period of lease.

13.2 Leasehold land includes Ra.22,500,000 paid to Kolkata Metropolitan Development Authority (KMDA) as lease premium for a land at Laskhara, Kolkata having a lease term of 99 years against which permissive possession has been received. The related lease deed is under execution. However a small portion of the said land is under dispute which is pending before Hon'ble High Court at Calcutta.

13.3 Vehicles hypothecated amounting to Ra.1,761,953 (Previous Year - Ra.9,821,305).

13.4 Freehold Building of Assand amounting to Ra.48,613,335 was acquired with the intention of opening a Large Format Retail (LFR) outlet under the brand name "Egare". As the Company has decided to discontinue its Egare operations, the management has been looking for a prospective buyer for sale of this property. In view of the above, the said building has been grouped under "Tangible Assets held for disposal". The deed of conveyance in respect of the said property is yet to be executed.

KHADIM INDIA LIMITED
 Notes to Financial Statements for the year ended 31st March 2012
 (All amounts in Rupees, unless otherwise stated)

14 INTANGIBLE ASSETS	GROSS BLOCK - AT COST			DEPRECIATION/ AMORTISATION		NET BLOCK		
	Cost/ Valuation as at 01 April 2011	Additions during the year	Sales during the year	As at 01 April 2011	For the Year	On Sales/ Adjustment during the year	As at 31 March 2012	As at 31 March 2011
Software	37,347,731	6,074,848	-	14,003,291	8,884,478	-	20,534,810	23,344,440
Total	37,347,731	6,074,848	-	14,003,291	8,884,478	-	20,534,810	23,344,440
Previous Year	54,955,732	4,548,847	22,158,848	19,818,657	18,341,482	22,156,848	14,003,291	23,344,440

14.1 Computer software acquired by the Company is amortized in equal instalments over its useful life.

14.2 Details of Depreciation and Amortisation Expenses

	Year Ended 31 March 2012	Year Ended 31 March 2011
Depreciation of Tangible Assets	60,508,360	54,723,041
Amortisation of Intangible Assets	8,884,478	18,341,482
Net Depreciation Charged to Profit and Loss Statement	69,416,738	71,064,523

KHADIM INDIA LIMITED**Notes to Financial Statements for the year ended 31st March 2012**
(All amounts in Rupees, unless otherwise stated)**15 NON CURRENT INVESTMENTS**
(At Cost)**Other Investments:****Quoted :****Bonds****UTI Infrastructure Fund of Rs.21.09 each****Total**

Aggregate book value of investments

Quoted

Unquoted

Total

Aggregate market value of quoted investments

As at 31 March 2012		As at 31 March 2011	
Number	Value	Number	Value
22,876	482,451	22,876	482,451
	482,451		482,451
	482,451		482,451
	482,451		482,451
	380,752		428,693

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012

(All amounts in Rupees, unless otherwise stated)

16 LONG TERM LOANS AND ADVANCES**Unsecured, Considered Good****Capital Advances**

Paid to related parties

Paid to others

Security Deposits

Government Grant Receivable (Refer Note 43)

On account payments to Minority Shareholders (in cash/in kind)

pursuant to order of Company Law Board (Refer Note 34)

Other long term advances

Unsecured, Considered Doubtful**Capital Advances****Security Deposits**

Less : Provision for Doubtful Advances

Total

	As at 31 March 2012	As at 31 March 2011
	60,299,291	12,433,141
	19,984,041	72,547,921
	141,694,539	132,896,367
	7,853,165	-
	109,801,459	79,801,459
	2,096,788	1,669,982
	1,854,231	2,154,231
	27,427	27,427
	(1,881,688)	(2,181,658)
Total	341,729,283	299,348,870

17 CURRENT INVESTMENTS

(At cost or fair value whichever is lower)

Unquoted :**Equity Instrument**

Singrodia Brothers Holding Pvt.Ltd

150,000 (Previous year 150,000) Shares of Rs 10/- each fully paid

Total**Aggregate book value of Investments**

Quoted

Unquoted

	As at 31 March 2012	As at 31 March 2011
	30,000,000	30,000,000
Total	30,000,000	30,000,000
	30,000,000	30,000,000

18 INVENTORIES

(a) Raw Material and components

(b) Work - in - progress

(c) Finished goods (Refer Notes 18.2 & 18.4)

(d) Stock - in - trade (Refer Note 18.8)

Total

	As at 31 March 2012	As at 31 March 2011
	47,158,998	34,871,170
	37,217,018	19,734,815
	883,118,717	620,863,824
	201,468,088	141,599,714
Total	1,148,959,816	817,069,523

18.1 Refer Note 2.7 above for mode of valuation**18.2** As per the consistent practice, consumption of packing material has not been shown separately in these accounts. Stock of packing materials has been shown as a part of stock of finished goods.**18.3** Excise Duty on uncleared goods (dutiable) amounting to Rs.1,705,762. (Previous year Rs.4,165,074) lying at factory / warehouses 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.

KHADIM INDIA LIMITEDNotes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)**18.4 Details of Finished Goods :
Particulars**Footwear and accessories
Goods in Transit
Stock of Packing materials**Total**

As at 31 March 2012	As at 31 March 2011
784,123,088	568,211,273
32,330,318	17,106,697
48,888,334	37,545,834
865,341,740	622,863,804

**18.5 Details of Stock In Trade :
Particulars**Stock of Gold and Jewellery
Others Stock**Total**

As at 31 March 2012	As at 31 March 2011
188,884,810	108,743,702
42,803,478	34,858,012
231,688,288	143,601,714

19 TRADE RECEIVABLES**Unsecured, Considered Good**Outstanding for a period exceeding six months from the date they are due for payment.
Others**Unsecured, Considered Doubtful**Outstanding for a period exceeding six months from the date they are due for payment.
Others

Less : Provision for doubtful debts

Total

As at 31 March 2012	As at 31 March 2011
31,623,710	49,371,237
128,621,878	97,937,834
160,245,588	147,309,071
9,107,033	6,521,819
9,107,033	6,521,819
151,138,555	140,787,252

20 CASH AND CASH EQUIVALENTS**Balance with Banks :**On Current Accounts
On Dividend Accounts
On Margin Accounts
On Fixed Deposits (including deposits with more than 12 months maturity Rs.2,312,377 (Previous Year Rs.3,680,274))
- Against guarantees and letter of credit
- Pledged against bank overdraft
- Others

Cheques/drafts in hand

Cash in hand

Total

As at 31 March 2012	As at 31 March 2011
21,788,223	14,869,160
868	381
2,188,016	2,801,230
26,323,728	17,578,480
64,881,087	48,107,927
808,888	1,088,318
1,027,881	8,725,859
3,083,324	4,711,108
93,918,107	80,982,463

21 SHORT - TERM LOANS AND ADVANCES**Unsecured, Considered Good**

Interest Receivable

Accrued Duty Benefits pertaining to exports/deemed exports

Employee Advances

Advance to Suppliers:

Trade advances to related parties

Other trade advances (Refer Note 44)

Advance Income Tax

Advance to Government Authorities

Prepayments

Government Grant Receivable (Refer Note 43)

Others

Unsecured, Considered Doubtful

Advance to Suppliers (other trade advances)

Less : Provision for Doubtful Advances

Total

As at 31 March 2012	As at 31 March 2011
881,111	451,178
1,308,834	277,713
927,145	649,543
40,389,408	21,954,757
30,184,199	854,380
128,811,908	89,688,353
38,701,172	37,374,421
7,128,728	5,835,431
2,817,722	-
8,288,487	4,918,640
942,922	1,108,790
(942,922)	(1,108,790)
250,839,484	142,104,418

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

22 REVENUE FROM OPERATIONS

Sale of products (Refer Note 22.1)
Sale of services

Scrap Sales

REVENUE FROM OPERATIONS (gross)

Less : Excise Duty

REVENUE FROM OPERATIONS (net)

Year Ended 31 March 2012	Year Ended 31 March 2011
3,638,664,115	2,971,720,262
3,638,664,115	2,971,720,262
3,781,394	2,696,218
3,642,445,609	2,974,416,480
49,217,116	42,890,087
3,693,228,393	2,931,526,393

22.1 Details of sale of products

Footwear and accessories
Large Format Retail - Apparels
Large Format Retail - Other than Apparels
Gold Jewellery

Total

Year Ended 31 March 2012	Year Ended 31 March 2011
3,185,479,413	2,662,570,299
90,642,255	75,666,889
40,410,171	47,459,266
322,132,276	186,004,108
3,638,664,115	2,971,720,262

23 OTHER INCOME

Royalty

Profit/(Loss) on Sale of Current Non-Trade Investments

Gain on Exchange (Net)

Interest :

- On Income Tax Refunds

- On deposits with Banks and Others

Government Grant received (Refer Note 43)

Insurance Claim

Liabilities/Provisions no longer required written back (Refer Note 23.1)

Miscellaneous Income

Total

Year Ended 31 March 2012	Year Ended 31 March 2011
65,808	65,453
-	257,560
-	1,654,691
-	308,459
6,061,064	3,378,562
7,072,926	-
4,789,955	292,236
4,123,509	1,608,307
9,575,893	5,184,945
31,658,955	12,750,215

23.1 Break up of Liabilities / Provisions no longer required, written back

Liabilities written back
Provisions written back
Depreciation written back
Gratuity written back

Total

Year Ended 31 March 2012	Year Ended 31 March 2011
2,273,458	811,484
1,056,482	768,956
794,569	-
-	27,867
4,123,509	1,608,307

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

24 COST OF MATERIALS (INCLUDING COMPONENTS) CONSUMED

Opening Inventory
Add: Purchases (Net)

Less: Closing Inventory
Materials Consumed

Total

Year Ended 31 March 2012	Year Ended 31 March 2011
34,871,170	23,620,386
385,757,174	275,308,404
420,628,344	298,928,790
47,188,998	34,871,170
373,472,348	264,057,620
373,472,348	264,057,620

24.1 Details of Materials (including Components) consumed:

<u>Particulars</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value</u>	<u>Percentage</u>
<u>Indigenous :</u>				
PVC Compound (Previous Year)	Kgs.	1,955,209	178,593,909	48
	Kgs.	1,414,116	114,510,782	43
EVA Compound (Previous Year)	Mtrs.	399,746	49,987,188	13
	Mtrs.	301,979	37,808,478	14
Leather (Previous Year)	SDM	4,117,837	22,468,803	6
	SDM	2,382,628	11,142,197	4
Others (Previous Year)		-	122,426,448	33
		-	100,796,165	38
	A (Previous Year)		373,472,348	100.00
			264,057,620	100.00
<u>Imported :</u>				
Current year (Previous Year)		-	-	-
		-	-	-
	B (Previous Year)		-	-
			-	-
Total	A+B (Previous Year)		373,472,348	100.00
			264,057,620	100.00

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

25 PURCHASE OF STOCK IN TRADE

Footwear and accessories
Large Format Retail - Apparels
Large Format Retail - Other than Apparels
Gold & Jewellery

	Year Ended 31 March 2012	Year Ended 31 March 2011
	1,874,499,800	1,515,292,015
	69,823,889	54,282,878
	31,187,877	39,502,587
	313,860,890	229,131,260
Total	2,289,362,256	1,838,208,738

26 CHANGES IN INVENTORIES

Inventories at the end of the year

Traded goods
Work - in - progress
Finished goods

Inventories at the beginning of the year

Traded goods
Work - in - progress
Finished goods

	Year Ended 31 March 2012	Year Ended 31 March 2012	Year Ended 31 March 2011
	201,468,088		141,599,714
	37,217,018		19,734,815
	863,118,717	1,101,803,820	620,863,824
			782,198,353
	141,899,714		75,092,897
	19,734,818		15,803,861
	620,863,824		454,554,946
		782,198,353	545,451,504
TOTAL NET (INCREASE)/ DECREASE		(319,605,467)	(238,746,849)

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

27 EMPLOYEE BENEFITS EXPENSE

Salaries, Wages, Bonus etc.

[Including payments towards contract for services Rs.88,408,829
(Previous Year Rs.50,041,401)]

Contribution to Provident and other Funds

Staff Welfare Expenses

Medical Expenses

Total

Year Ended 31 March 2012	Year Ended 31 March 2011
289,389,800	199,017,555
11,721,657	9,409,360
11,767,830	11,399,587
13,015,386	4,974,286
305,894,273	224,800,788

27.1 Employee Benefits

The Company has recognised, in the Statement of Profit and Loss for the year ended 31st March, 2012 an amount of Rs.9,320,988 (Previous Year Rs.7,268,408) as expenses under defined contribution plans (Employer's Contribution to Provident Fund).

27.2 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.

KHADIM INDIA LIMITED
 Notes to Financial Statements for the year ended 31st March 2012
 (All amounts in Rupees, unless otherwise stated)

27.3 Reconciliation of Opening and Closing Balances of the Present Value of Defined Benefit Obligation and Planned Assets as below:

	Gratuity (Funded)			Leave Encashment (Unfunded)																	
	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10															
1. Changes in present value of Defined Benefit Obligations (DBO)																					
a. Present value of obligations at the beginning of the year	12,213,520	9,385,284	6,828,847	5,547,140	4,740,865	3,782,074															
b. Interest Cost	977,082	750,823	554,292	507,704	411,512	341,310															
c. Current Service Cost	1,581,450	1,435,687	1,208,837	1,467,888	890,082	1,044,368															
d. Benefits paid	(185,180)	(253,095)	(185,199)	(3,593,800)	(2,484,147)	(1,488,383)															
e. Actuarial gain/loss on obligations	1,104,903	885,012	880,707	4,858,535	2,048,028	1,029,308															
f. Present value of Obligations at the end of the year	15,891,795	12,213,520	9,385,284	8,645,459	5,547,140	4,740,865															
2. Changes in the fair value of plan assets																					
a. Fair value of plan assets at the beginning of the year	11,511,065	8,654,982	6,743,307	-	-	-															
b. Expected return on plan assets	1,242,868	840,380	704,677	-	-	-															
c. Actual company contributions	2,292,932	2,168,019	1,392,177	3,593,800	2,484,147	1,488,383															
d. Benefits paid	(185,180)	(253,095)	(185,199)	(3,593,800)	(2,484,147)	(1,488,383)															
e. Actuarial gain/loss on plan assets	14,851,703	11,511,065	8,654,982	(8,645,459)	(5,547,140)	(4,740,865)															
f. Fair value of plan assets at the end of the year	(840,092)	(702,455)	(730,327)	-	-	-															
3. Actuarial gain/loss recognized																					
a. Actuarial gain/ (loss) for the year - Obligation	(1,104,903)	(885,012)	(880,707)	(4,858,535)	(2,048,028)	(1,029,308)															
b. Actuarial gain/ (loss) for the year - Plan assets	1,104,903	885,012	880,707	4,858,535	2,048,028	1,029,308															
c. Total gain/ (loss) for the year	1,104,903	885,012	880,707	4,858,535	2,048,028	1,029,308															
d. Actuarial gain/ (loss) recognized in the year	-	-	-	-	-	-															
4. Net Asset/ (Liability) recognized in the Balance Sheet																					
a. Present value of obligations at the end of the year	15,891,795	12,213,520	9,385,284	8,645,459	5,547,140	4,740,865															
b. Fair value of plan assets at the end of the year	(840,092)	(702,455)	(730,327)	-	-	-															
c. Net Asset/ (Liability) recognized in the Balance Sheet	15,051,703	11,511,065	8,654,982	8,645,459	5,547,140	4,740,865															
5. Expenses recognized in the Statement of Profit And Loss :																					
a. Current Service cost	1,581,450	1,435,687	1,208,837	1,467,888	890,082	1,044,368															
b. Interest cost	977,082	750,823	554,292	507,704	411,512	341,310															
c. Expected return on plan assets	(1,242,868)	(840,380)	(704,677)	-	-	-															
d. Net Actuarial (gain)/ loss recognized during the year	1,104,903	885,012	880,707	4,858,535	2,048,028	1,029,308															
e. Total expenses recognized in the Statement of Profit and Loss	2,400,567	2,140,842	1,939,159	6,882,125	3,290,622	2,414,984															
The Gratuity expenses have been recognized in 'Contribution to Provident and other Funds' and Leave Encashment in 'Salaries, Wages and Bonus' in Employee Benefit Expense (Refer Note 27)																					
6. Investment Details																					
Invested with LCI in Group Gratuity Scheme																					
<table border="1"> <thead> <tr> <th></th> <th>Gratuity</th> <th>Leave Encashment</th> </tr> </thead> <tbody> <tr> <td>a. Discount Rate (%)</td> <td>8.00%</td> <td>8.00%</td> </tr> <tr> <td>b. Expected rate of return on Plan Assets</td> <td>9.15%</td> <td>0.00%</td> </tr> <tr> <td>c. Salary Escalation</td> <td>5.50%</td> <td>10.00%</td> </tr> <tr> <td>d. Mortality</td> <td></td> <td>Indian Assured lives Mortality (1994-98) modified ultimate</td> </tr> </tbody> </table>								Gratuity	Leave Encashment	a. Discount Rate (%)	8.00%	8.00%	b. Expected rate of return on Plan Assets	9.15%	0.00%	c. Salary Escalation	5.50%	10.00%	d. Mortality		Indian Assured lives Mortality (1994-98) modified ultimate
	Gratuity	Leave Encashment																			
a. Discount Rate (%)	8.00%	8.00%																			
b. Expected rate of return on Plan Assets	9.15%	0.00%																			
c. Salary Escalation	5.50%	10.00%																			
d. Mortality		Indian Assured lives Mortality (1994-98) modified ultimate																			
The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.																					

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

28 FINANCE COST

Interest Expenses (Refer Note 28.1)
Other borrowing costs

Total

Year Ended 31 March 2012	Year Ended 31 March 2011
162,200,195	132,953,195
11,936,883	8,750,677
174,137,078	141,703,872

28.1 Interest debited to Statement of Profit and Loss Account is net of interest on fixed loans capitalized during the year amounting to Rs.4,256,289 (Previous Year Rs.852,269)

29 OTHER EXPENSES

Consumption of Stores

Rent

Rates and Taxes [including Wealth Tax Rs.36,320 (Previous Year Rs.16,629)]

Bank Charges

Insurance

Repairs and Maintenance :

Buildings

Plant and Machinery

Other

Travelling and Conveyance Expenses

Stationery and Printing

Postage, Telephone and other Communication Expenses

Advertising, Marketing and Sales Promotion Expenses

Power and Fuel

Freight Charges, Transport and Delivery

Jobwork and Hallmarking Charges

Professional Fees

Commission and Discount on sales

Legal Expenses

Loss on Exchange (Net)

Debts/Advances/Claims written off

Loss on sale/discard of Assets - Net

Provision for doubtful debts, advances and other assets

Security Hire Charges

Premium on Forward Contract

Miscellaneous Expenses (Refer Note 29.1)

Total

Year Ended 31 March 2012	Year Ended 31 March 2011
441,019	509,355
89,034,817	64,766,477
9,486,999	10,862,929
11,276,036	5,427,781
9,641,176	8,519,345
2,939,026	3,640,598
4,174,926	3,837,304
50,970,075	36,933,739
25,810,556	24,072,106
2,713,259	2,278,979
18,116,872	13,874,022
74,838,123	101,215,886
66,994,684	46,554,488
76,197,144	65,065,986
36,683,503	19,192,641
19,019,976	17,630,574
8,366,420	17,630,199
214,358	180,461
14,374,716	-
978,287	1,023,039
6,603,389	2,616,912
3,175,027	4,054,947
14,263,940	12,201,524
17,173,484	5,538,269
16,864,925	13,448,967
666,785,736	481,076,540

29.1 Miscellaneous Expenses include :

Amount paid /payable to Auditors

- Statutory Audit

- Tax Audit

- Other matters

- Expenses reimbursed *

* Including Service Tax Rs.126,801 (Previous Year Rs.92,700)

Total

Year Ended 31 March 2012	Year Ended 31 March 2011
800,000	750,000
200,000	150,000
65,000	52,500
136,937	111,703
1,181,937	1,064,203

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012

(All amounts in Rupees, unless otherwise stated)

- 29.2 The Company has entered into operating Lease arrangements primarily for various commercial premises / retail outlets and distribution centres. Some of the significant terms and conditions are :
 - Arrangements are not non - cancellable in nature and can generally be terminated by either party by serving notice.
 - The lease arrangements which are not non-cancellable are generally renewable by mutual consent on mutually agreed terms.

Rent in respect of the above amounting to Rs.89,034,817 (Previous Year - Rs.64,768,477) has been charged to Statement of Profit and Loss.

- 29.3 In the opinion of the Directors, there is no impairment on assets in terms of Accounting Standard (AS) 28 on 'Impairment of Assets' as notified by the Companies (Accounting Standards) Rules 2006.

30 Contingent Liabilities in respect of -

Claims not acknowledged as debts :

- a. Sales Tax Matters under dispute
 b. Income Tax Matters under dispute
 c. Service Tax matters under dispute
 d. Excise Duty matters under dispute
 e. Others

	As at 31 March 2012	As at 31 March 2011
	1,831,543	-
	2,509,688	3,365,508
	151,000	-
	2,250,632	2,401,832
	6,750,000	4,275,000

The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of operations.

31 Bank Guarantees and Letters of Credit outstanding

	107,790,704	60,004,172
	-	-
	96,488,898	56,511,443

32 Corporate Guarantee given on behalf of Ultimate Holding Company / Subsidiaries :

33 Capital Commitment

34

- 34.1 During the financial year 2008-09, two minority shareholders related to promoter group had filed a petition under Section 397 and 398 of the Companies Act, 1956 before the Hon'ble Company Law Board, Kolkata Bench, New Delhi (the Board) making allegations against the Company, Promoter Directors and their Relatives and Group Companies. The Board had 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. As per the terms of settlement, the Company and 18 other respondents shall pay Rs.18 Crores to the petitioners as per the time schedule extending to 5 years and 4 months effective from 13th May, 2009. Moreover, the Company shall transfer one of its land measuring 8 Cottahs 15 Chittacks 9 Sq.ft situated at 49A Leela Roy Sarani (formerly Garlahat Road), Kolkata - 700019, free of all incumbrances to the petitioner or his legal heir or any other person nominated by him on or after the payment of first instalment but within 31 March 2010 as per such terms of settlement.

- 34.2 In order to give effect to the terms of settlements, the first instalment of Rs.3 Crores was paid to the petitioners on 11th September 2009 by the Company. In respect of transfer of land, a deed of conveyance (the Deed) was executed on 12th May, 2010 between the Company and another entity (Nominee) nominated by the petitioners. In accordance with such deed, the physical possession of the land was handed over to the nominee by the Company on the said date.

- 34.3 The total amount of Rs.63,333,000 (Rs.30,000,000 paid in 2009-10, Rs.23,333,000 paid in 2010-11 and Rs.30,000,000 paid in 2011-12) paid to the petitioners till 31st March 2012, the value of land amounting to Rs.20,487,586 as per the books of Account and development expenditure incurred on such land amounting to Rs.5,980,873 have together been shown as payments to "Minority Shareholders in cash or in kind" under Long Term Loans and Advances. Upon completion of entire transaction, approval will be obtained from the appropriate authority having jurisdiction for reduction of Share Capital and Reserves.

KHADIM INDIA LIMITED

 Notes to Financial Statements for the year ended 31st March 2012
 (All amounts in Rupees, unless otherwise stated)

35 Earnings Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted EPS :

		Year Ended 31 March 2012	Year Ended 31 March 2011
Profit after Tax attributable to the Equity Shareholders	A	109,886,809	105,972,434
Basic and Diluted			
i. Number of Equity Shares at the beginning of the year		12,138,238	12,135,238
ii. Number of Equity Shares issued during the year		-	-
iii. Number of Equity Shares at the end of the year		12,138,238	12,135,238
iv. Weighted average number of Equity Shares outstanding during the year	B	12,138,238	12,135,238
v. Nominal Value of each Equity Share (Rs)		10/-	10/-
Basic / Diluted Earnings per Share (Rs.)	A/B	8.04	8.73

36 The Company is primarily engaged in the business of Manufacturing / Retail business of Footwear, Leather Accessories, Gold Jewellery 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 (AS) 17-Segment Reporting, as notified by the 'Companies (Accounting Standards) Rules, 2008.

37 Related Party Disclosure in keeping with Accounting Standard 18 on "Related Party Disclosures"
A) List of Related Parties

Ultimate Holding Company	Knightsville Private Limited
Subsidiaries	Nil
Key Management Personnel (KMP)	Mr. Satya Prasad Roy Burman (Chairman) Mr. Siddhartha Roy Burman (Managing Director)
Enterprises over which KMP and their Relatives have substantial interest	Khadims Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K.M.Khadim & Co. St.Marys' Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprises Moviewallah Communications Private Limited
Relatives of KMP	Mrs. Tanushree Roy Burman - Non Executive Director (Wife of Mr.Siddhartha Roy Burman) Mr. Partha Roy Burman (Son of Mr.Satya Prasad Roy Burman) Mrs. Basabduitta Roy Burman (Wife of Mr.Partha Roy Burman) Mrs. Namita Roy Burman (Wife of Mr.Satya Prasad Roy Burman) Mr. Ritoban Roy Burman (Son of Mr.Siddhartha Roy Burman) Mr. Ritick Roy Burman (Son of Mr.Siddhartha Roy Burman)

B) Particulars of transactions during the year ended 31st March, 2012 :

Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011	
<u>I) Ultimate Holding Company</u>			
a) Unsecured loan received	18,000,000	-	
b) Year - end Balance	18,000,000	-	Cr.
<u>II) Key Management Personnel</u>			
a) Remuneration	28,167,940	17,237,181	
b) Paid towards Immovable Property	100,000	100,000	
c) Year - end Balance	200,000	100,000	
<u>III) Enterprises over which KMP and their relatives have substantial interest</u>			
a) Advances Given	59,483,749	29,789,141	
b) Advances Refunded	-	18,556,000	
c) Paid towards Immovable Property	6,750,000	1,100,000	
d) Unsecured loan received	8,000,000	-	
e) Royalty received	68,808	65,453	
f) Commission Paid	-	1,258,929	
g) Paid for rendering of services	712,401	15,483,938	
h) Year - end Balance (Net)	101,667,441	44,780,585	Dr.
<u>IV) Relatives of Key Management Personnel</u>			
a) Advances Given	30,000,000	23,333,000	
b) Remuneration	422,892	189,754	
c) Year - end Balance (Net)	109,801,489	79,801,459	Dr.

KHADIM INDIA LIMITED
Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

	Year Ended	%	Year Ended	%
	31 March 2012		31 March 2011	
38 Value of Imported and Indigenous Consumption of Stores				
	<u>Value</u>		<u>Value</u>	
Imported	-	-	-	-
Indigenous	441,019	100	509,355	100
	441,019	100	509,355	100

39 C.I.F. Value of imports :

(a) Raw materials, components and Spare Parts (excluding items in transit at year-end, but including materials lying in bonded warehouse of the Customs Authorities).

852,477

632,474

(b) Finished Footwear

43,808,247

45,133,328

(c) Capital Goods, including Moulds

34,518,495

18,831,520

40 Expenditure in Foreign Currency : (on accrual basis)

(a) Travelling

1,588,446

1,433,236

(b) Interest on FCNRB Loan

7,787,874

8,613,607

(c) Medical expenses

4,888,084

41 Earnings in Foreign Exchange (Remittance received) on account of

(a) Export of goods calculated on FOB basis

24,393,455

3,952,074

42 Foreign Exchange Contracts and Hedging:

42.1 The Company has entered into forward exchange contracts in respect of Foreign Currency Loans of USD 4,057,000 (Previous Year - USD 6,000,000) obtained from State Bank of India. In order to comply with requirements of Accounting Standard (AS) - 11 "The effects of the changes in foreign exchange rates" as notified by the "Companies (Accounting Standards) Rules, 2006, premium arising at the inception of contract amounting to Rs.17,173,484 upto 31st March, 2012 (Previous year - Rs.5,538,269) has been debited to Statement of Profit and Loss Account as Premium on Forward Contract (Refer Note 29 above). Corresponding liability for the same amounting to Rs.4,834,348 (Previous year - Rs.3,646,664) have been shown under Other Current Liabilities (Refer Note 11 above).

42.2 Details of Hedging of Foreign Exchange are stated below:

	As at 31 March 2012	As at 31 March 2011
Hedged Foreign Currency Exposure		
Secured Loans denominated in Indian Currency	209,057,210	265,380,000
Total Hedged Exposure	209,057,210	265,380,000
Unhedged Foreign Currency Exposure		
Assets denominated in Indian Currency	9,630,473	3,973,866
Liabilities denominated in Indian Currency	61,088,496	8,912,345
Total Unhedged Exposure	70,718,969	12,886,211

KHADIM INDIA LIMITED

Notes to Financial Statements for the year ended 31st March 2012
(All amounts in Rupees, unless otherwise stated)

- 43 During the year, the Ministry of Commerce and Industry, Government of India, approved a grant of Rs.10,470,887 to the Company under their "Integrated Development of Leather Sector (IDLS)" Scheme towards purchase/installation of specified machines at its manufacturing facility. The said assistance shall be released in four equal annual instalments starting from the financial year 2012-13 and accordingly one-fourth of such assistance receivable is shown under short-term loans and advances (Refer Note 21) and the balance under long-term loans and advances (Refer Note 16). The grant is recognised in the Statement of Profit and Loss as a deferred income and allocated in proportion to the depreciation charged on the related assets. An amount of Rs.7,072,926 was allocated to income during the year being the total depreciation charged to date on the related assets of Rs.44,021,102 (Refer Note 23). The balance income of Rs.3,397,961 has been deferred and shown under Long Term Provisions (Refer Note 8)
- 44 Capital advance of Rs.23,000,000 paid to a contractor has been grouped under Short Term Loans and Advances (Refer Note 21) as the contract awarded to them was subsequently cancelled and the entire advance has been recovered in cash before the Balance Sheet date.
- 45 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 have been prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Signatures to Notes '1' to '45'

For and on behalf of Board of Directors

Satya Prasad Roy Burman
Chairman

Siddhartha Roy Burman
Managing Director

Ishani Ray
Chief Finance Officer

Joydev Sengupta
Company Secretary & Head - Legal

Kolkata
3rd day of August 2012