

# KSL AND INDUSTRIES LIMITED

## BOARD OF DIRECTORS

Shri Saurabh Kumar Tayal – Chairman  
Shri Ajay Ramesh Gupta – Managing Director  
Shri M. P. Mehrotra  
Shri P. S. Pritam  
Shri Utpal Mukhopadhyay  
Ms. Mrinal Tayal  
Shri Harinder Kumar  
Shri Rajshekhar S. Ganiger  
Shri Farindra Bihari Rai

## BANKERS

Allahabad Bank,  
Andhra Bank,  
Indian Overseas Bank,  
UCO Bank,  
Dena Bank,  
Bank of India  
Syndicate Bank,  
Oriental Bank of Commerce,

## AUDITORS

A. F. Khasgiwala & Co.  
Chartered Accountants

## REGISTERED OFFICE

Plot No.69, Dhanu Udyog Industrial Area,  
Piperia, Silvassa (Union Territory) - 396 230

## CORPORATE OFFICE

Raghuvanshi Mills Compound,  
11/12, Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai- 400 013

## REGISTRAR & TRANSFER AGENT

Bigshare Services Pvt. Ltd.,  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai – 400 072.

## PLANTS

Silvassa (U.T.)  
Dombivali, Dist. Thane (Maharashtra)  
Kalameshvar, Nagpur (Maharashtra)  
Wada, Dist. Thane

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**ANNUAL GENERAL MEETING** on Saturday, 10th July 2010, at 2:00 p.m.,  
at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory).

# KSL AND INDUSTRIES LIMITED

## NOTICE

**Notice** is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of **KSL AND INDUSTRIES LIMITED** will be held on Saturday, 10<sup>th</sup> July, 2010 at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory) at 2.00 p.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet for the year ended 31<sup>st</sup> March, 2010 and Profit and Loss Account as on that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Saurabh Kumar Tayal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Harinder Kumar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Farindra Bihari Rai, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. A. F. Khasgiwala & Co., Chartered Accountants, as Auditor of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the Auditor's remuneration.

**"RESOLVED THAT** M/s A.F. Khasgiwala. & Co, Chartered Accountants be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

### SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following Resolutions as **ORDINARY RESOLUTIONS**:

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED** that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Ms. Mrinal Tayal, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 29<sup>th</sup> January, 2010 and whose tenure of Office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED** that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Mahesh Prasad Mehrotra, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 17<sup>th</sup> March, 2010 and whose tenure of Office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED** that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. Pritam Singh Pritam, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 17<sup>th</sup> March, 2010 and whose tenure of Office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."
9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED** that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Utpal Mukhopadhyay, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 20<sup>th</sup> May, 2010 and whose tenure of Office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."

### NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto under item No. 6, 7, 8 & 9 and forms an integral part of this Notice.
2. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.
3. The instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, 8<sup>th</sup> July, 2010 to Saturday, 10<sup>th</sup> July, 2010 (both days inclusive) to comply with Annual Book Closure requirements.
5. All documents and agreements referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 10.00 A.M. and 1.00 P.M., up to the date of Annual General Meeting.
6. Members desiring any information on the Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2010 are requested to write to the Company at its Administrative Office Address at least 7 days in advance of the Annual General Meeting, so as to enable the Management to keep the information ready at the meeting.
7. Member(s) are advised to avail of nomination facility pursuant to section 109 of the Companies Act 1956. They may nominate a person in the prescribed manner i.e. by sending Form 2B under Rule 4CCC and 5B duly filled and signed in by the Member(s) to whom/her/his shares shall vest in the event of his / her death. They may send the nomination form to the Company at its Corporate Office directly.
8. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio. Members are requested to immediately notify any change in their Registered Address specifying full address with Pin Code Number and quoting their Registered Folio Number to the Company.

For and on Behalf of the Board of Directors  
SD/-  
Saurabh Kumar Tayal  
Chairman

Place : Mumbai  
Date : 20<sup>th</sup> May, 2010

## ANNUAL REPORT 2009-2010

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

**ITEM NO. 6:**

Ms. Mrinal Tayal was appointed as an Additional Director by the Board on 15<sup>th</sup> January, 2010 under Section 260 of the Companies Act, 1956. She holds office till the conclusion of this Annual General Meeting. The Company has received a Notice along with the deposit of Rs. 500/- from a member, under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Ms. Mrinal Tayal for the office of the Director of the Company.

Ms. Mrinal Tayal is MBA (Finance & Marketing), B. Tech (Computer Science). She has rich experience of working in Banking Sector. Ms. Mrinal Tayal was Corporate Relationship Manager in CITIBANK. Further, she worked with ICRA to profile credit ratings for SME's. She has also worked with Barclays Capital for the project on Syndicated INR Loans.

The Board recommends the passing of this Resolution. Except Ms. Mrinal Tayal, none of the Directors is interested in the Resolution.

**ITEM NO. 7:**

Mr. Mahesh Prasad Mehrotra was appointed as an Additional Director by the Board on 17<sup>th</sup> March, 2010 pursuant to Section 260 of the Companies Act, 1956. He holds office up to this Annual General Meeting. The Company has received a Notice along with the deposit of Rs. 500/- from a member, under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Mahesh Prasad Mehrotra for the office of the Director of the Company.

Mr. Mahesh Prasad Mehrotra is Graduate in Bachelor of Commerce, LL.B. and a Fellow Chartered Accountant. He is a founder partner of M/s. Mehrotra and Mehrotra, Practising Chartered Accountants, Kanpur and Delhi.

Mr. Mahesh Prasad Mehrotra is on the Board of several well known Companies such as India Securities Ltd. (Essar Group), Dhampur Sugar Mills Ltd., Delton Cables Ltd., etc. He is also a member of PHD Chamber of Commerce Industry and ASSOCHAM.

The Board recommends the passing of this Resolution. None of the Directors is interested in the Resolution.

**ITEM NO. 8:**

Mr. P. S. Pritam was appointed as an Additional Director by the Board on 17<sup>th</sup> March, 2010 under Section 260 of the Companies Act, 1956. He holds office up to this Annual General Meeting. The Company has received a Notice along with the deposit of Rs. 500/- from a member, under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. P. S. Pritam for the office of the Director of the Company.

Mr. P. S. Pritam is Post Graduate in Master of Arts, LL.B., Ph.D., F.I.I.I. He has wide experience of 36 years in Financial Institutions.

During his tenure, he has held top positions in LIC. He has worked in diverse functional areas like Accounts, Legal, Sales & Marketing, Client Servicing, Underwriting, etc. He was also National Head of Allianz Bajaj Life Insurance Company.

The Board recommends the passing of this Resolution. None of the Directors is interested in the Resolution.

**ITEM NO. 9:**

Mr. Utpal Mukhopadhyay was appointed as an Additional Director by the Board of Directors at its meeting held on 20<sup>th</sup> May, 2010 under Section 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received a Notice along with the deposit of Rs. 500/- from a member, under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Utpal Mukhopadhyay for the office of the Director of the Company.

Mr. Utpal Mukhopadhyay is M.Sc., Ph.D. and IAS (Rtd.). He has done postgraduate course in Development Economics at University of Swansea, United Kingdom.

Mr. Utpal Mukhopadhyay, till recently, MD & CEO of Tata Housing Development Company. He is retired as IAS officer with over 35 years experience in Maharashtra Government, Central Government and World Bank. He was Executive Chairman of the Board in State Road transport Corporation of Maharashtra. Also, he has participated actively in International conferences like UNIDO and Rio Conference on Environment and Development.

The Board recommends the passing of this Resolution. None of the Directors is interested in the Resolution.

**For and on Behalf of the Board of Directors**

**SD/-**

**Saurabh Kumar Tayal  
Chairman**

**Place : Mumbai  
Date : 20<sup>th</sup> May, 2010**

# KSL AND INDUSTRIES LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report on the business and operations of your Company and the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

(Rs. in Lacs)

	2009-10	2008-09
Sales & Income from operation	104569.96	84183.87
Other Income	1104.49	131.55
Profit before Depreciation, Interest & Tax	16842.43	15979.13
Interest & Finance Charges	7304.16	5697.60
Depreciation	9009.30	7227.01
Profit before Tax	528.97	3054.52
Provision for Tax & Deferred Tax Liability	128.70	617.76
Net Profit for the Year	400.27	2436.76
Profit available for Appropriation	17973.63	18448.73
Appropriations		
General Reserve	Nil	404.28
Proposed Dividend	Nil	402.67
Tax on Dividend	Nil	68.43
Surplus carried to Balance Sheet	17973.63	17573.35

### DIVIDEND

In view of inadequacy of profit for the year under review, your Directors do not recommend dividend on the Equity Shares for the year under review.

### REVIEW OF OPERATIONS

The Company has achieved Net Sales of Rs.104569.96 Lacs during the Financial Year ended 31<sup>st</sup> March, 2010 as against Net Sales of Rs. 84183.87 Lacs during the previous year ended 31<sup>st</sup> March, 2009. The Net Profit for the year 2009-10 decrease to Rs.400.27 Lacs from previous year Profit of Rs.2436.76 Lacs due to higher interest outgo and and higher Provision for Depreciation. The earnings per share works out to Rs.0.40 on a paid up capital of Rs.4026.73.

### SUBSIDIARY COMPANY

The Company has Three Subsidiary Company namely Reward Real Estate Company Ltd., Kalameshvar Textiles Ltd. & Actif Corporation Ltd. The Statement Pursuant to section 212 of the Companies Act, 1956, relating to Company's interest in the subsidiary company for the financial year 2009-2010 is given separately.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Company, Mr. Saurabh Kumar Tayal, Chairman and Mr. Harinder Kumar & Mr. Farindra Bihari Rai, Directors of the Company are due to retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

The Board of Directors of the Company in its meeting held on 29<sup>th</sup> January, 2010 appointed Ms. Mrinal Tayal as an Additional Director of the Company. Mr. Surendra Ambalal Dave resigned as a Director of the Company w.e.f 13<sup>th</sup> March, 2010 and Mr. Raj Narain Bhardwaj resigned as a Director of the Company w.e.f. 14<sup>th</sup> March, 2010. The Board of Directors of the Company in its meeting held on 17<sup>th</sup> March, 2010 appointed Mr. Mahesh Prasad Mehrotra and Dr. Pritam Singh Pritam as an Additional Director of the Company. Also, Mr. Utpal Mukhopadhyay was appointed as an Additional Director of the Company at Board Meeting held on 20<sup>th</sup> May, 2010.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors' confirm that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- appropriate Accounting Policies have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2010 and of the Profit of the Company for the year under review;
- proper and sufficient care has been 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 frauds and other irregularities;
- the Annual Accounts have been prepared on a 'going concern' basis for the Financial year ended 31<sup>st</sup> March 2010.

### AUDIT COMMITTEE

The composition of Audit Committee is as given in the Report on Corporate Governance.

### SHAREHOLDERS' /INVESTOR GRIEVANCE COMMITTEE

The composition of Shareholders'/Investor Grievance Committee is as given in the Report on Corporate Governance.

### REMUNERATION COMMITTEE

The composition of Remuneration Committee is given in the Report of Corporate Governance.

### REPORT ON CORPORATE GOVERNANCE

The revised clause 49 of the listing agreement has come into effect from 1<sup>st</sup> January 2006. Your Company has made due compliance thereof.

# ANNUAL REPORT 2009-2010

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report and Corporate Governance Report are made as a part of this Annual Report.

A Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

## **SAFETY, HEALTH AND ENVIRONMENT**

Sustained and meticulous efforts continue to be exercised by the Company at all plants of the Company, towards greener production and environment conservation. The Company perseveres in its efforts to indoctrinate safe and environmentally accountable behavior in every employee, as well as vendors, by rigid compulsory annual training and refresher courses, as well as frequent awareness programs. Mock drills of emergency preparedness are regularly conducted at all the plants showing Company's commitment towards safety, not only of its own men and plants, but also of the society at large.

Safety records, at all plants showed considerable improvement and accident statistics showed downward trend. This was made possible by strict adherence to laid down procedures and following of international guidelines. Involvement of workers in all safety matters has been encouraged by their participation in shop floor safety meetings.

The health of employees and the environment in and around the Plant area have been given due care and attention. The Company continued to comply with the prescribed industrial safety environment protection and pollution control regulation at its production plant, through periodic checks of the system involved and constant monitoring to meet the standards set by the pollution control authorities etc.

All the mills of the company are eco-friendly and do not generate any harmful effluents. They have facilities for captive power generation as a stand-by arrangement, to meet any contingency. Safety devices have been installed wherever necessary, although both the spinning and knitting activities are known to be quite safe and free from usual hazards of water and air pollution.

## **INDUSTRIAL REALATIONS & HUMAN RESOURCES MANAGEMENT**

The Company recognizes that in a people-intensive business, major gains can be scored in the area productivity management. In view of this, the Company strengthened its people management through performance-linked incentives, amenities, training, multi-skilling and career path identification.

The Company is of firm belief that good Human Resource Management would ensure success though high performance. HR strategy and plans of the company are deeply embedded with the organizational goals. In order to enhance the manpower productivity the goal is set to increase the production capacity of the various plants and rationalize the manpower through scientific study. All the operational goals of the top management emanate from the business plan. The goals of CEO are shared with his subordinates who in turn share their goal with their respective subordinates and so on. Regular visits by HR team are being made to all plants to meet the employees and also interaction meetings are conducted to get their feed back, based on which HR policies are improved continuously. The process has resulted in better employee relationship.

The Company lays due emphasis on all round development of its human resource. Hence training of the employees is aimed at systemic development of knowledge, skills, aptitude and team work. Training is designed for the development of personal skills necessary for the performance of the present job and to prepare them for future growth. Individual development is given top priority to groom high caliber manpower.

## **CONVERSATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars required under 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, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

## **EMPLOYEES**

None of the employees drew remuneration of Rs.24,00,000/- or more per annum Rs.2,00,000/- or more per month during the year under review. This information is furnished as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

## **FIXED DEPOSITS**

The Company has not invited/received any Fixed Deposits from the Public during the year under review.

## **INSURANCE**

The properties/assets of your Company are adequately insured.

## **COST AUDIT**

The Central Government's Cost Audit Committee Order specifies audit of Cost Accounting Records for certain products of the company every year. The Board of Directors, subject to the approval of the Central Government, have appointed M/s J. K. Kabra & Co., Cost Accountants, as Cost Auditors to carry out this audit in respect of manufacture of textile products for the year ending 31<sup>st</sup> March 2011.

## **AUDITORS**

M/s. A. F. Khasgiwala & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment. The Company has received a letter from M/s. A. F. Khasgiwala & Co. to the effect that their reappointment as Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

## **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, and Shareholders of the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company.

**For and on Behalf of the Board of Directors**

**Place : Mumbai  
Date : 20<sup>th</sup> May, 2010**

**SD/-  
Saurabh Kumar Tayal  
Chairman**

# KSL AND INDUSTRIES LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT:

Information as per Section 217(1)(e), of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year 2009 – 10.

### I. CONSERVATION OF ENERGY

#### a) Energy conservation measures taken :

The Company has been making concerted efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for upgradation of the quality of the Plant Operation. Utilities are being combined for effective energy conservation.

#### b) Additional Investments and Proposals being implemented for reduction of consumption of energy:

The Company, as a matter of policy, has a regular and ongoing program for investments in energy saving devices. Studies are being made to reduce energy consumption and make suitable investments in this area, if necessary.

#### c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods:

The Company has economized considerably the cost of power despite steep hike in the tariffs and is constantly exploring avenues for cost saving as an on-going process.

#### d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A OF THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THEREOF

	Year ended 31.03.2010	Year ended 31.03.2009
<b>A. Power and Fuel Consumption in respect of :</b>		
<b>1. Electricity</b>		
(a) Purchased		
1. Units (KWH in Lacs)	294.35	272.93
2. Total amount (Rs. in lacs)	1462.92	1323.73
3. Rate per unit (Rs./unit)	4.97	4.85
(b) Own Generation	886.95	479.78
(Through Diesel Generator/Furnace Oil	8.80	3.77
1. Units (KWH in Lacs)	6.82	6.44
2. Units per litre of fuel	—	—
3. Cost per unit (Rs/unit)	—	—
2. Coal	—	—
3. Furnace Oil	—	—
Others/Internal Generation	—	—
<b>B. Consumption per unit of production</b>		
(Product : Yarn & Fabric)		
1. Electricity (KWH/Tonne)	2256.40	1121.09
2. Coal (Kgs.)	—	—
3. Furnace Oil (Ltrs.)	—	—
4. Steam (Tonnes)	—	—

Note : Since the Company manufactures different qualities of fabrics/yarns with product-mix changing significantly, there are no specific norms for per unit of production.

### II. TECHNOLOGY ABSORPTION

#### Efforts made in technology absorption in prescribed Form 'B':

#### 1. Research and Development:

- |  |   |
|--|---|
| a) Specified areas in which R & D activities are carried out by the Company. | R & D activities are being carried out continuously to produce better quality of yarn and fabrics.  |
| b) Benefits derived as a result of the above                                 | As a result of R & D activities, the Company has been able to produce quality fabrics conforming to international standards.                        |
| c) Future Plan of Action   | Efforts aimed at cost reduction, improvement in quality of products and development of new process will continue.                                   |
| d) Expenditure on R & D  | Expenditure on R & D is being booked under the respective heads in the Profit & Loss Account as no separate account is maintained for this purpose. |

#### 2. Technology Absorption, Adoption and Innovation

The Company has not utilized any imported technology.

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- a) Activities relating to export markets for products and services and export plan
- The Company is exploring avenues to export its premium quality fabrics.

	Year ended 31.03.2010	Year ended 31.03.2009
b) Foreign Exchange Outgo (Rs. in Lacs)	—	Rs.800.00
c) Foreign Exchange earned (Rs. in Lacs)	—	—

For and on Behalf of the Board of Directors

SD/-  
Saurabh Kumar Tayal  
Chairman

Place : Mumbai  
Date : 20<sup>th</sup> May, 2010

**CORPORATE GOVERNANCE REPORT**

**This brief report on matters required to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreements is as under:**

**1. Company's Philosophy on Code of Governance**

At **KSL and Industries Limited**, the concept of Corporate Governance does not mean only total transparency, integrity and accountability of the management team but also to maximize shareholder's value and protection of the interests of all the stakeholders. It includes the policies and procedures adopted by the Company in achieving its objective in relation to its shareholders, employees, customers, and suppliers, regulatory authorities and society at large.

The Revised Clause 49 of Listing Agreement has introduced Code of Conduct for its Directors and Executives so that they remain accountable to the shareholders and other beneficiaries for their actions.

It is a recognized philosophy of the company that effective and good Corporate Governance is a must, not only in order to gain credibility and trust, but also as a part of strategic management for the survival, consolidation and growth.

**2.1 Board of Directors**

**The Board of Directors consists of 9 Directors.**

During the year 2009-10, the board met 6 times on the following dates namely 20<sup>th</sup> May, 2009, 20<sup>th</sup> June, 2009, 24<sup>th</sup> July 2009, 29<sup>th</sup> October 2009, 29<sup>th</sup> January 2010 and 17<sup>th</sup> March, 2010. There was no time gap of four months or more between any two meetings.

The following table gives details of Directors, attendance of Directors at the Board Meetings and last Annual General Meeting held on 31<sup>st</sup> July, 2009 as well as number of membership held by Directors in the Board / Committees of various Companies :-

Name	Category	Attendance Particulars		Number of other Directorships and Total Committee Member/Chairmanships		
		Board Meetings	Last AGM	Other Directorships In Indian Public Limited Companies	Committee Memberships	Committee Chairmanships
Shri Saurabh Kumar Tayal	NEC	6	Yes	8	1	Nil
Shri Ajay Ramesh Gupta	MD	6	Yes	7	1	3
Shri Farindra Bihari Rai	ID	3	No	7	3	Nil
Shri Rajshekhar Ganiger	ID	3	Yes	1	1	Nil
Shri Harinder Kumar	ID	3	Yes	7	1	2
Shri Surendra Dave*	ID	5	Yes	12	10	1
Shri Raj Narain Bharadwaj**	ID	5	Yes	10	NIL	1
Ms. Mrinal Tayal#	ID	2	No	3	NIL	NIL
Shri P. S. Pritam@	ID	NIL	No	2	2	NIL
Shri M. P. Mehrotra@	ID	NIL	No	14	4	2
Shri Utpal Mukhopadhyay\$	ID	NIL	No	3	—	—

\* Resigned w.e.f. 13.03.2010

\*\* Resigned w.e.f. 14.03.2010

# Appointed as an Additional Director on 29.01.2010

@ Appointed as an Additional Director on 17.03.2010

\$ Appointed as an Additional Director on 20.05.2010

"NEC" = Non Executive Chairman, "MD" = Managing Director, "ID" = Independent Director

## KSL AND INDUSTRIES LIMITED

### 2.2 Appointment and Re-appointment of Directors

As required under Clause 49(VI) of the Listing Agreement the brief details of the directors seeking appointment/ re-appointment at the ensuing Annual General Meeting are furnished hereunder :-

Sl. No.	Name of Director	Brief Resume	Area of Expertise	Other Directorships	Other Committee Memberships	Other Committee Chairmanship
1.	Shri Saurabh Kumar Tayal	Having rich experience in Textile and Real Estate industry.	Textile and Real Estate	9	1	
2.	Shri Harinder Kunar	Chartered Accountant with more than 5 years experience in commercial, operations including Import and Export operations.	Finance & Accounts, Taxation	7	3	
3.	Shri Farindra Bihari Rai	Graduate and having vast experience in textile Industry. He has vast experience in Spinning and Knitting sector.	Knitting	10	3	
4.	Ms. Mrinal Tayal	MBA in Finance and having rich experience in the field of Finance and administration	Finance and Administration	3	NIL	
5.	Shri P. S. Pritam	M.A., L.L.B., Ph.D. F.I.I.I. and experience of 36 years in working with the Financial Institutions.	Accounts, Legal and Corporate, underwriting, Sales & Marketing and Client servicing.	4	2	Nil
6.	Shri M. P. Mehrotra	B. Com, L.L.B., F.C.A., and vast experience of working in legal and finance sectors.	Accounts & Audit, Legal, Taxation and Finance	14	4	2
7.	Shri Utpal Mukhopadhyay	Ph.D. M.Sc. and required as officer of the Indian Administrative Services. (IAS) and having vast experience in the field of Administration and Finance.	Financial Administration	3	—	—

### 2.3 Non-Executive Directors Compensation Disclosures

Details of Sitting Fees paid to Non-Executive Directors of the Company during the year is as follows:

Name of Director	Category	Attendance Particulars	
		Board Meetings	Sitting Fees Paid (Rs.)
Shri Rajshekhar S. Ganiger	ID	3	30,000/-
Shri Farindra Bihari Rai	ID	3	30,000/-
Shri Harinder Kumar	ID	3	30,000/-
Shri Surendra Ambalal Dave	ID	5	50,000/-
Shri Raj Narain Bharadwaj	ID	5	50,000/-
Ms. Mrinal Tayal	ID	2	10,000/-
Total			2,00,000/-

### 3. Board Committees

The requirement that a Director shall not be a member of more than 10 committees and Chairman of more than 5 committees has been complied with while constituting the Committees of Director.



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## 3.1 Audit Committee

The Board of Directors of the Company has constituted an Audit Committee. The Audit Committee comprised of Shri Harinder Kumar, Shri Rajshekhar S. Ganiger and Shri Farindra Bihari Rai.

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. They are as follows:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the Annual Financial Statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft Audit Report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with Accounting Standards (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audits commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's various financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the year 2009-10, the Audit Committee met 4 times on the following dates namely 19<sup>th</sup> June 2009, 23<sup>rd</sup> July 2009, 28<sup>th</sup> October 2009 and 29<sup>th</sup> January 2010.

Name of Member	Designation	Attendance
Shri Harinder Kumar	Chairman	3
Shri Farindra Bihari Rai	Member	4
Shri Rajshekhar S. Ganiger	Member	4

## 3.2 Remuneration Committee

### A. Constitution and Meetings

The Board of Directors in their meeting held on 28<sup>th</sup> February 2006 has constituted a Remuneration Committee. The Remuneration Committee comprised of Shri Farindra Bihari Rai, Chairman, Shri Rajshekhar S. Ganiger, Member and Shri Harinder Kumar, Member. The Remuneration Committee is empowered to decide and recommend to the Board of Directors the Remuneration package (including basic salary, perquisites, commission on profit and other allowances) of managerial personnel in terms of section 269 and other applicable provisions read with Schedule XIII of the Companies Act, 1956."

### B. Remuneration and Sitting Fees to Managing Director and Directors

Remuneration is paid to Managing Director as proposed by the Remuneration Committee and approved by the Board. Non-Executive Directors do not received any Remuneration or commission or any other consideration except the Sitting Fees as per their presentation in the Board Meetings and Committees Meetings.

## KSL AND INDUSTRIES LIMITED

Details of Remuneration to Managing Director

Name	Salary	Commission	Sitting Fees	Amount
Shri Ajay Gupta	Rs.6,00,000	Nil	Nil	Rs.6,00,000
Non-Executive Directors	Nil	Nil	Rs.2,00,000	Rs.2,00,000

**C. Non Executive Directors of the Company do not have any pecuniary relationship with the Company other than Sitting Fees.**

### 3.3 Shareholders'/ Investors' Grievance Committee

The Shareholders'/ Investors' Grievance Committee of the Company has been re-constituted in the meeting of the Board of Directors held on 24<sup>th</sup> July, 2009. The Committee now comprises of Shri Saurabh Kumar Tayal, Shri Farindra Bihari Rai and Shri Rajshekhar Ganiger as the Members of the Committee. Shri Saurabh Kumar Tayal is the Chairman of the Committee.

The Committee, inter alia, looks into redressing of shareholders'/investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. The Committee oversees the performance of the Company and recommends measures for overall improvement of the quality of investor services. The Board of Directors has delegated the power for approving transfer of securities to the Managing Director and Chairman of the Company.

During the year 2009-10, the Shareholders/Investors Grievance Committee met 4 times on the following dates namely 19<sup>th</sup> June 2009, 23<sup>rd</sup> July 2009, 28<sup>th</sup> October 2009 and 29<sup>th</sup> January 2010.

Name of Member	Designation	Attendance
Shri Saurabh Kumar Tayal	Chairman	4
Shri Farindra Bihari Rai	Member	4
Shri Ajay Gupta (Resigned w.e.f. 24.07.2009)	Member	2
Shri Rajshekhar Ganiger (Appointed w.e.f. 24.07.2009)	Member	2

Name & Designation of Compliance Officer : Shri Sanjay Gadade,  
(Secretarial Officer)

No of Shareholder's Complaint received so far : 10

Complaints solved to the satisfaction of shareholders : 10

Number of pending complaints : Nil

### 4. General Body Meetings

The last three Annual General Meetings of the Company were held as under :-

Year	Location	Date	Time
2008-09	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	31 <sup>st</sup> July, 2009	11.30 A.M.
2007 – 08	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	9 <sup>th</sup> August, 2008	10.00 A.M.
2006 – 07	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	9 <sup>th</sup> June, 2007	11.30 A.M.

### 5. Disclosures

**(a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors of the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:**

None of the transactions with any of the related parties were in conflict with the interests of the Company.

**(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

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### 6. Means of Communication

- (a) The Company has published its quarterly results in The Economic Times, Loksatta-Jansatta and JaybharaT Times Further, the Quarterly results and Quarterly shareholding patterns are also posted at EDIFAR website i.e. [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in).
- (b) Management Discussion and Analysis forms integral part of this Annual Report.

### 7. GENERAL SHAREHOLDER INFORMATION

- 7.1 Annual General Meeting** :
- Date and time : 10<sup>th</sup> July 2010 at 2.00 p.m.
  - Venue : 65, Krishna Nagar, Samarvani, Silvassa (Union Territory of Dadra & Nagar Haveli)
- 7.2 Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March
- Financial Calendar 2010-11 (tentative)** : Annual General Meeting – (Next year) July 2011
- Board Meetings**
- Results for the quarter ending June 30, 2010 : Second week of July, 2010
  - Results for the quarter ending September 30, 2010 : Second week of October, 2010
  - Results for the quarter ending December 31, 2010 : Second week of January, 2011
  - Results for the year ending March 31, 2011 : Second week of May, 2011
- 7.3 Book Closure date** : 8<sup>th</sup> July, 2010 to 11<sup>th</sup> July, 2010 (Both days Inclusive)
- 7.4 Dividend Payment Date** : N.A.
- 7.5 (a) Listing of Equity shares** : The Bombay Stock Exchange Ltd.
- (b) Demat ISIN Numbers in NSDL** : Equity Shares: INE219A01026
- 7.6 Stock Code** : 530149
- (Note : Annual listing fees for the year 2010-11 have been duly paid to the Bombay Stock Exchange Limited)

#### 7.7 Stock Market Data

KSL and Industries Limited (at the Bombay Stock Exchange Ltd.)				
Month	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares
April 2009	134.00	63.95	63.95	4,11,991
May 2009	89.50	56.00	74.40	4,71,920
June 2009	86.10	62.30	69.35	5,37,680
July 2009	74.00	57.50	69.55	5,85,493
August 2009	88.00	60.00	76.70	7,04,338
September 2009	77.50	66.25	66.85	6,31,940
October 2009	82.00	61.00	62.55	4,78,712
November 2009	68.90	50.10	50.35	4,77,415
December 2009	64.85	48.05	53.80	6,57,722
January 2010	65.00	49.80	51.65	6,66,426
February 2010	58.75	41.10	43.35	6,17,530
March 2010	47.00	35.50	37.80	4,84,390

Source: [www.bseindia.com](http://www.bseindia.com).

## KSL AND INDUSTRIES LIMITED

### 7.8 Performance in comparison to broad –based indices such as BSE sensex, CRISIL index etc.

The shares of the Company are listed at Bombay Stock Exchange Ltd., the Stock Market Details of which has been given as above.

### 7.9 Registrar & Transfer Agent

: BIGSHARE SERVICES PVT. LTD.  
E-2/3, ANSA INDUSTRIAL ESTATE,  
SAKIVIHAR ROAD, SAKI NAKA,  
ANDHERI (EAST), MUMBAI – 400 072

### 7.10 Share Transfer System :

The shares of the Company, being in the compulsory demat list, are transferable through the depository system. All transfers received are processed and approved by the Share Transfer Committee which normally meets twice a month. Shares under objection are returned within two weeks.

### 7.11.a Distribution of Shareholding

Category		Number of Shareholders	Number of Shares held
From	To		
Upto -	500	6208	1656263
501 -	1000	5536	4970870
1001 -	2000	368	647714
2001 -	3000	25	65317
3001-	4000	12	41023
4001 -	5000	12	58710
5001 -	10000	12	87103
10001-	and above	80	93141325
<b>TOTAL</b>		<b>12253</b>	<b>100668325</b>

### 7.11.b Shareholding Pattern

	Category	No. of shares held	Percentage of shareholding
1.	Promoter's Holding	<b>39481387</b>	<b>39.22</b>
2.	Mutual Funds, Banks, Financial Institutions, FII's, NRIs & OCBs	<b>4657523</b>	<b>4.62</b>
3.	Domestic Companies	<b>28130820</b>	<b>27.94</b>
4.	Resident Individuals	<b>28398595</b>	<b>28.21</b>
	<b>Total</b>	<b>100668325</b>	<b>100.00</b>

### 7.12.a Dematerialization of Shares

: Approximately 74.09% of the shares issued by the Company have been dematerialized upto 31<sup>st</sup> March 2010.

### 7.12.b Liquidity

: The Companies shares are listed on The Stock Exchange, Mumbai.

### 7.13 Outstanding FCCB

: FCCB of 74.56 million USD listed in Singapore Stock Exchange.

### 7.14 Plant Location

: **Silvassa (U.T.)**  
Dombivali, Dist. Thane (Maharashtra)  
Nagpur, Maharashtra  
Wada, Dist. Thane

### 7.15(i) Address for Investor Correspondence

For transfer / dematerialisation of shares payment of dividend on shares interest and redemption of debentures and any other query relating to shares and debentures of the Company.

BIGSHARE SERVICES PVT. LTD.  
E-2/3, ANSA INDUSTRIAL  
ESTATE, SAKIVIHAR ROAD,  
SAKI NAKA, ANDHERI (EAST),  
MUMBAI- 400 072

Note : Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

(ii) Any query on Annual Report

: Plot No.69, Dhanudyog Indl. Area, Piperia, Silvassa (U.T.)

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### DECLARATION

I hereby declare and confirm that requirement of Clause 49 of Listing Agreement has been duly complied with save and except compliance of AS-15 applicable to accounting treatment of gratuity and leave encashment which has been accounted on cash basis.

For KSL and Industries Limited

SD/-

Ajay Ramesh Gupta  
Managing Director

Place : Mumbai

Date : 20<sup>th</sup> May, 2010

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### CEO/CFO CERTIFICATION

I Ajay Ramesh Gupta, Managing Director of **KSL AND INDUSTRIES LIMITED** do certify to the Board that:

- a. I have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of my knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the Auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
  - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For KSL and Industries Limited

SD/-

Ajay Ramesh Gupta  
Managing Director

Place : Mumbai

Date : 20<sup>th</sup> May, 2010

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### Declaration regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted the Code of Conduct for its Board Members and Senior Management Personnel.

I confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2010, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Executive Directors as on 31<sup>st</sup> March, 2010.

For KSL and Industries Limited

SD/-

Ajay Ramesh Gupta  
Managing Director

Place : Mumbai

Date : 20<sup>th</sup> May, 2010

# KSL AND INDUSTRIES LIMITED

## REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

The Management of KSL AND INDUSTRIES LIMITED in its Analysis Report laid down the performance and outlook of the Company in order to comply the requirement of Corporate Governance as laid down in the Listing Agreement. However, investors and readers are cautioned that this discussion contains certain forward looking statements that involve risk and uncertainties.

Industry structure and developments:

### A) Textile Industry:

The Textile Industry occupies a unique place in our country by contributing 14% of the country's industrial production and 4% of India's GDP. India is the 2<sup>nd</sup> largest producer of cotton and accounts for 24% of Country's exports. In fact, it is the largest foreign exchange earning sector in the country. Moreover, it provides employment to over 35 million people.

India's textile exports have shot up from US\$ 19.14 billion in 2006-07 to US\$ 22.13 billion in 2007-08, registering a growth of over 15 per cent.

In the year 2000, the Government of India formulated a comprehensive textile policy called as Vision 2010 aimed at developing a globally competitive textile industry in India through modernization and consolidation. This policy is intended to take advantage of the free quota regime and increase India's export turnover to US\$ 50 billion by the end of 2010.

The availability of concessional loans under the Technology Upgradation Fund Scheme (TUFs) and growing demand for Value Added lifestyle- driven retail products are other contributing factors which encourage new investment in up gradation of machineries.

The textile industry is estimated offer an incremental revenue potential of no less than US\$ 50 billion by 2014 and over US\$ 125 billion by 2020.

It is expected that India's share of exports to the world would also increase from the current 4 per cent to around 10 per cent by 2015.

#### — Cotton

Cotton production in India, the world's second-biggest grower, may climb by 10% next year as farmers increase the crop area to benefit from record domestic prices. Indian is the second largest producer of cotton (4.15 metric tonnes) in the world, accounting for 16.75 per cent of the global production. Cotton is the predominant fabric used in the Indian industry, accounting for nearly 60 per cent of production. The average yield of cotton per hectare in Indian is about 400 kilograms which is considered low.

#### — Spinning

The spinning sector in India is completely (100 per cent) organized and is globally competitive in terms of variety, process and production quantity. India has about 40 million spindles (23 per cent of the world).

#### — Knitting

India's weaving/ knitting sector is highly unorganized, with the organized sector contributing to just 5 per cent of the total production. There are about 3.9 million hand looms and 1.8 million powers – looms in India.

Knitting units are successful in export channels. Some of the prominent weaving / knitting clusters include Tirupur in Tamil Nadu and Ludhiana in Punjab.

#### — Processing

Indian processing sector is largely decentralized with low levels of automation, marked by hand/independent processing units.

### i) Opportunity and Threats

The textile industry is undergoing a major reorientation towards non-clothing applications of textiles, known as technical textiles, which are growing roughly at twice rate of textiles for clothing applications and now account for more than half of total textile production. There is ample scope in the market by promoting research and development in this sector. Disbandment of 84% of quota from January 2005 is expected to trigger a US\$ 500 billion (roughly three-fold) rise in global textile trade.

The present global economic scenario provides ample opportunities for strong integrated textile companies such as like your company. Over the years the Company has built up capacities of scale by installing state-of-art production facilities. By reinforcing its position across the value change and presenting customers with diversified range of products, the company has developed sustainable business model with strength and resilience to combat any down turn in demand.

#### Strengths:

- Large and growing domestic market.
- Excellence in fabric and garment designing.
- Second-largest textile producer in the world.
- Adequate raw material supplies.
- Self reliant industry producing the entire supply chain fiber/cotton to garments/ home textiles.
- Low labour cost and availability of skilled and technical labour force.

#### Weaknesses:

- Labour laws and policies lack reforms.
- Small size and technologically outdated plants result in lack of economies scale, low productivity and weak quality control.
- With the exception of spinning, other sectors are fragmented.
- Cotton availability is vulnerable to erratic monsoon and low per hectare yield.
- Infrastructure bottlenecks for handling large volumes.

#### Opportunities:

- Shift in domestic market towards readymade garments, and domestic textile consumption increasing with growing disposable income.
- End of quota system and full integration of the textile industry.

## Threats:

- Stiff competition from other Asian countries.
- Survival of the fittest-in term of quality, size delivery and cost.
- Increase in regional trade could reduce share of market opened for India, China and other countries.
- Pricing pressures.

## ii) Government Initiatives

In an effort to increase India's share in the world textile market, the government has introduced a number of progressive steps.

- 100 per cent FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.
- Technology Mission on Cotton was launched in February 2000 to make quality raw material available at competitive prices.
- Technology Upgradation Fund Scheme (TUFS) which was launched to facilitate the modernisation and upgradation of the textiles industry in 1999 has been given further extension till 2011-12. A total of 18773 applications involving a project cost of US\$ 24.91 billion have been sanctioned under TUFS upto March 31, 2008.
- 40 textile parks are being set up under the Scheme for Integrated Textile Parks (SITP) which will attract an investment of US\$ 4.38 billion.  
In current times of a global meltdown, the government has come out with an economic stimulus package for the textile industry. This includes:
  - Extension of interest rate subvention of 2 per cent on pre and post shipment credit.
  - Additional allocation of US\$ 285.66 million to clear the entire backlog in TUFS, which would enhance cash flow of the exporters.
  - Additional fund of US\$ 224.42 million for refund of terminal excise duty.

## B) Real Estate Industry:

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP).

The real estate sector in the country is one of great importance. According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.

The major development in real estate is of residential in nature, the rest comprises of commercial, shopping, hotel and hospital space.

The Company's flagship realty project christened as "**Empress City**" at Nagpur is progressing well and on its completion it has the potential to generate Rs. 450 Crores in Revenues across three years. The complex being built up on ten Hectare facility will comprise of residential complexes, Five Star Hotels, Shopping Malls, IT Parks, Multiplexes etc. The Company has also undertaken realty projects at other locations also.

### a. Real Estate Sector

#### Strength

- Greater professionalism in the industry
- Better product design and quality
- Technologically innovative products

#### Weakness

- Difficulties in procuring local sanctions
- Inadequate backup by local authorities
- High pricing and limited demand
- Difficulties in the exit route

#### Opportunities

- Competitive market creation
- Mass investments in the economy
- REITS / MFs
- Improved business environment

#### Threats

- Displacement of existing players
- Financial risks
- Market risks
- High susceptibility to Litigation

### b. Government Initiatives

The government has introduced many progressive measures to unlock the potential of the sector and also to meet the increasing demand levels.

- 100 per cent FDI allowed in townships, housing, built-up infrastructure and construction development projects through the automatic route, subject to guidelines as prescribed by DIPP
- 100 per cent FDI is allowed under the automatic route in development of Special Economic Zones (SEZ), subject to the provisions of Special Economic Zones Act 2005 and the SEZ Policy of the Department of Commerce
- FDI is not allowed in Real Estate Business  
In the Union Budget 2010-11, the Finance Minister made the following announcements with regard to the real estate sector:
  - Allocation for urban development were increased by more than 75 per cent from US\$ 660.3 million to US\$ 1.17 billion in 2010-11
  - Allocation for housing and urban poverty alleviation were raised from US\$ 183.4 million to US\$ 215.8 million in 2010-11

## KSL AND INDUSTRIES LIMITED

- Scheme of 1 per cent interest subvention on housing loan up to US\$ 21,576 where the cost of the house does not exceed US\$ 43,153 announced in the last Budget has been extended up to March 31, 2011 and US\$ 151 million has been earmarked for this scheme for 2010-11.\*\*

### c) **Segment-wise performance**

The Company's operations can be categorized into two segments namely Textile and Real Estate. However since the operations of the Company in the Real Estate Segment are in the implementation stage, the current financial year's performance relates only to the Textile Segment. The same has been detailed in the Financial Results of the Company.

### D) **Outlook**

As the industrial and economic growth of the country is showing steadily improvement The Company has drawn out and is implementing an extensive action plan which comprises thrust on high margin products, reduction in raw material costs, rationalization of operations and over-heads, optimizing inventory level, selective credit policy to customers and liquidation of slow-moving inventories and overdue receivables.

The Company with its superior product mix and higher value-addition, coupled with the change in industry scenario like more fiscal incentives as announced by Government of India for textile industry, change in consumer preferences from woven to knitted clothes etc, is expected to benefit significantly.

*\*\* Disclaimer: This information has been collected through <http://www.ibef.org/industry/realstate.aspx>*

### E) **Risk and Concern**

Forward looking statements are based on certain assumptions and expectations of the future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results, depending on variety of factors. The risk and concerns faced by the Company are similar to those faced by any growing organization in today's dynamic industrial and economic scenario.

There are no major risk and concern to the Company's operation except from the competitive pricing pressure from cheaper imports, unethical competitions from sick units, free market policies and removal of quantitative restrictions.

### F) **Internal Control system and their adequacy**

Your Company ensures adherence to all Internal Control policies and procedures as well as compliance with all regulatory guidelines. The adequacy of internal controls is reviewed by the Audit Committee of the Board of Directors.

The Company's internal control systems are adequate, considering size and nature of operation of the Company, to meet regulatory/statutory requirements assure recording of all transactions and report reliable and timely financial information. Additionally, it also provides protection against misuse or loss of any of the company assets.

### G) **Financial Performance Vs. Operational Performance**

The Company has achieved Net Sales of Rs.104569.96 Lacs during the year ended 31<sup>st</sup> March, 2010 as against Net Sales of Rs.84183.87 Lacs during the previous year ended 31<sup>st</sup> March, 2009. The net profit for the year 2009-10 decreased to Rs.400.27 Lacs from previous year profit of Rs. 2436.76 Lacs due to higher interest outgo. On a paid up capital of Rs.4026.73 Lacs, the earnings per share works out to Rs.0.04.

### H) **Development in Human Resources/Industrial Relation front**

Human resources represent the strength of your Company with a team of qualified and dedicated personnel who have contributed to the consolidation of the operations of your Company. The team ensured timely completion of the various projects undertaken by the Company. The Company has also laid qualitative objectives to maximize overall growth. Emphasis was placed on building a cohesive workforce to maximize returns to all stakeholders of the Company.

The focus of Human Resource is on building and developing intellectual capital through innovative ideas and by providing the training of the employees is an on going process. The industrial relation climate of the Company continues to remain harmonious with focus on quality and safety.

### I) **Research and Development:**

Increased globalization has made the marketing of products and retention of customers highly competitive. The need of the hour is total customer satisfaction and value for money from the products marketed. Keeping this objective as paramount, the research and development activities were focused into prompt attention to major customer complaints/ suggestions in order to retain and enhance customer satisfaction. The Company has started launching products of better quality and new look as per customer requirements. Forward looking statements are based on certain assumptions and expectations of the future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results, depending on variety of factors.



# ANNUAL REPORT 2009-2010

## AUDITORS' REPORT

To,  
The Members of  
**KSL AND INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of **KSL AND INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and also the Cash Flow Statement of the company for the year ended on that date, both annexed thereto. 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.
2. As required by the Companies (Auditor's Report) Order, 2003(CARO) and the Companies (Auditor's Report)(Amendment) order 2004 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that : -
  - a) 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.
  - b) 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.
  - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director of the Company in terms of Section 274(1)(g) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India except for the retirement benefit are accounted for on cash basis
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For A. F. KHASGIWALA & CO.**  
**Chartered Accountants**

**Place : Mumbai**  
**Date : 20<sup>th</sup> May, 2010**  
**Firm Registration No.: 105114W**

**Sd/-**  
**A.F .Khasgiwala**  
**Partner**  
**Membership No . 6491**

# KSL AND INDUSTRIES LIMITED

## ANNEXURE TO THE AUDITORS REPORT

### REFERRED TO IN PARAGRAPH 2 OF AUDITORS' REPORT OF EVEN DATE

On the basis of such checks/ audit procedures as we considered appropriate and according to the information and explanation given to us during the course of audit, we state that:

1. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Fixed Assets.
  - (b) The management has at reasonable intervals carried out the physical verification of the fixed assets. No material discrepancies have been noticed on such verification.
2. In respect of its inventories:
  - (a) The inventories have been verified during the year by the management. In our opinion, having regard to the nature and location of the stocks, the frequency of the physical verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on physical verification of the above referred inventories as compared to the book records were not material and have been properly dealt with in the books of account.
3. The company has neither granted nor taken secured or unsecured loans from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly Sub-clause (b), (c) & (d) are not applicable.
4. In our opinion, and according to the information and explanations given to us, in a few cases as the items are of special nature and no alternative quotation are available, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials including components, plant & machinery, equipment and similar assets & purchase of goods and for the sale of goods We have not observed any major weakness in such internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register under section 301 have been so entered.
  - b. According to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs.500000 or more in respect of each party have been made at prices which are reasonable having regards to the prevailing market price for such goods, materials or services or the prices at which the transactions for similar goods are services have been made with other parties, where applicable.
6. The Company has not accepted any deposits from the public during the year & consequently the provision of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Rules made there under are not applicable.
7. In our opinion, the company has an adequate internal audit system commensurate with the size of the company and nature of its business.
8. We are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209 (1) (d) of the Act have been maintained. We have, however, not made a detailed examination of such accounts and records.
9. In respect of statutory dues:
  - (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund and Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Cess and other material statutory dues with the appropriate authorities though there is delay in some cases.

## ANNUAL REPORT 2009-2010

- (b) There are no disputed statutory dues. Therefore reporting under this clause does not arise.
10. According to the information and explanations given to us, the company does not have an overdue outstanding to any financial institution or Banks.
  11. In our opinion and according to records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
  12. In our opinion and according to the information and explanations provided to us the nature of activities of the company does not attract special statute applicable to Chit fund & Nidhi /Mutual benefit / society
  13. All shares, debentures and other securities held as investments by the company have been held by the Company in its own name.
  14. According to the information and explanations given to us, the Company has given on behalf of Actif Corporation Ltd (Formerly known as Deccan Mills & infrastructure Ltd (Subsidiary company)guarantee for loans taken by others from banks or financial institutions.
  15. According to the information and explanations given to us, the working capital and term loans raised during the year were used for the purpose for which they were raised.
  16. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
  17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on Short-term basis have been used for long term investment.
  18. During the year the Company has not made any payment to parties or companies covered in the register maintained u/s 301 of the companies Act, 1956.
  19. The Company has not issued debenture during the year.
  20. The Company has not raised money by public issue during the year.
  21. Based upon the Audit procedure preformed for the purpose of reporting the true and fair view of financial statement as per the information and explanations given to us, no frauds on or by the company has been noticed or reported during the year

**For A. F. KHASGIWALA & CO.  
Chartered Accountants**

**Sd/-**

**A.F .Khasgiwala  
Partner**

**Membership No . 6491  
Firm Registration No.: 105114W**

**Place : Mumbai  
Date : 20<sup>th</sup> May, 2010**

# KSL AND INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31.03.2010 (Rs. lacs)	31.03.2009 (Rs. lacs)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	1	4026.73	4026.73
RESERVES & SURPLUS	2	47393.20	46992.93
		<b>51419.93</b>	51019.66
SHARE APPLICATION MONEY		10000.00	10000.00
DEFERRED TAX LIABILITY		2191.35	2152.58
<b>LOAN FUNDS</b>	3	<b>113939.65</b>	104060.98
<b>TOTAL</b>		<b>177550.93</b>	<b>167233.22</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	4	142447.68	124737.44
LESS: DEPRECIATION		25204.91	16195.60
		<b>117242.77</b>	108541.84
CAPITAL WORK IN PROGRESS		1141.61	4203.99
NET BLOCK		<b>118384.39</b>	112745.83
<b>INVESTMENTS</b>	5	<b>5311.95</b>	3266.95
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
INVENTORIES	6	19481.86	15018.75
SUNDRY DEBTORS	7	22774.95	17339.38
CASH & BANK BALANCES	8	1284.84	6560.42
LOANS & ADVANCES	9	10486.61	13467.69
		<b>54028.26</b>	52386.24
LESS: CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	10	1057.02	1449.25
PROVISIONS	11	89.93	828.87
		<b>1146.95</b>	2278.12
<b>NET CURRENT ASSETS</b>		<b>52881.32</b>	50108.12
<b>MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT ADJUSTED OR WRITTEN OFF)	12	<b>973.28</b>	1112.32
<b>TOTAL</b>		<b>177550.93</b>	<b>167233.22</b>
<b>NOTES ON ACCOUNTS</b>	19		
CONTINGENT LIABILITIES:- IN RESPECT OF BANK GURANTEES RS.293.23 LACS			

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F.KHASGIWALA & CO.  
Chartered Accountants

Sd/-  
(A.F.KHASGIWALA)  
Partner  
Mem. No. 006491  
Firm Registration No. 105114W

Sd/-  
Chairman

Sd/-  
Managing Director

Place: Mumbai  
Date:20th May, 2010

## ANNUAL REPORT 2009-2010

### PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

	Schedule	31.03.2010 (Rs. lacs)	31.03.2009 (Rs. lacs)
<b>INCOME</b>			
SALES & INCOME FROM OPERATIONS	13	104569.96	84183.87
OTHER INCOME	14	1104.49	131.55
INCREASE IN STOCK OF FINISHED GOODS		-1951.91	4589.43
<b>TOTAL</b>		<u>103722.54</u>	<u>88904.85</u>
<b>EXPENDITURE</b>			
MATERIALS & GOODS CONSUMED	15	68660.03	62628.74
MANUFACTURING EXPENSES	16	14585.84	8065.15
INTEREST & FINANCE CHARGES	17	7304.16	5697.60
SELLING & ADMINISTRATIVE EXPENSES	18	3495.19	2092.79
DEPRECIATION		9009.30	7227.01
MISCELLANEOUS EXPENDITURE WRITTEN OFF		139.04	139.04
<b>TOTAL</b>		<u>103193.57</u>	<u>85850.33</u>
<b>ROFIT BEFORE TAX</b>		528.97	3054.52
PROVISION FOR TAXATION		89.93	357.77
DEFFERRED TAX LIABILITY		38.77	259.99
PROFIT FOR THE YEAR		400.27	2436.76
ADD.: BALANCE BROUGHT FORWARD FROM LAST YEAR		17573.35	16011.98
<b>TOTAL</b>		<u>17973.62</u>	<u>18448.73</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		17973.62	18448.73
APPROPRIATIONS			
TRANSFER TO GENERAL RESERVE		0.00	404.28
PROPOSED DIVIDEND		0.00	402.67
TAX ON DIVIDEND		0.00	68.43
BALANCE CARRIED TO BALANCE SHEET		17973.62	17573.35
		<u>17973.62</u>	<u>18448.73</u>
BASIC/DILUTED EARNING PER SHARE		<u>0.40</u>	<u>2.42</u>
<b>NOTES ON ACCOUNTS</b>	<b>19</b>		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F.KHASGIWALA & CO.  
Chartered Accountants

Sd/-  
(A.F.KHASGIWALA)  
Partner  
Mem. No. 006491  
Firm Registration No. 105114W

Sd/-  
Chairman

Sd/-  
Managing Director

Place: Mumbai  
Date: 20th May, 2010

# KSL AND INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

	31.03.2010 (Rs. lacs)	31.03.2009 (Rs. lacs)
<b>SCHEDULE '1'</b>		
<b>SHARE CAPITAL</b>		
Authorised		
250000000 Equity Shares of Rs.4/- Each (Previous year 250000000 Equity Shares of Rs.4/- Each)	<b>10000.00</b>	10000.00
5000000 Preference Shares of Rs.10/- Each. (Previous year 5000000 Pref. Shares of Rs.10/- Each)	<b>500.00</b>	500.00
	<b>10500.00</b>	10500.00
Issued, Subscribed and Paid-Up		
100668325 Equity Shares of Rs.4/-each fully paid up (Previous year 100668325 Equity Shares of Rs. 4/- Each) (Refer note no.21)	<b>4026.73</b>	4026.73
	<b>4026.73</b>	4026.73
<b>SCHEDULE '2'</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve		
Balance As per Last Balance Sheet	<b>5527.48</b>	5123.20
Add.: Transfer from P&L A/c	<b>0.00</b>	404.28
	<b>5527.48</b>	5527.48
Share Premium Account		
As per Last Balance Sheet	<b>23888.34</b>	21919.75
Add : Issue of shares	<b>0.00</b>	1968.59
	<b>23888.34</b>	23888.34
Capital Reserve	<b>3.76</b>	3.76
Profit and Loss Account Surplus	<b>17973.62</b>	17573.35
Total	<b>47393.20</b>	46992.93

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	As At 31.03.2010 (Rs. in lacs)	As At 31.03.2009 (Rs. in lacs)
<b>SCHEDULE '3'</b>		
<b>LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
Working Capital Loan (See Note NO.12 (a) For Security)	22146.48	17328.12
Term Loan (See Note NO.12 (b) For Security)	45253.74	53329.12
ECB Loan	1155.14	0.00
Interest Accured & due	661.45	415.38
<b>TOTAL (A)</b>	<b>69216.81</b>	<b>71072.62</b>
<b>UNSECURED LOANS</b>		
Unsecured Loans	14000.00	0.00
FCCB Liability	30474.16	32697.60
Interest Accured but not due	248.68	290.76
<b>TOTAL (B)</b>	<b>44722.84</b>	<b>32988.36</b>
<b>TOTAL (A)+(B)</b>	<b>113939.65</b>	<b>104060.98</b>

### SCHEDULE- 4: FIXED ASSETS AS ON 31.03.2010

(Rs. in lacs)

SR NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		At cost 1.4.2009	Addi- tion	Dedu- ction	As on 31.03.2010	As on 1.4.2009	Dedu- ction	During the Year	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	Land & Building(emp)	31350.12	0.00	0.00	31350.12	0.00	0.00	629.11	629.11	30721.01	31350.12
2	Land & Site Development	3928.25	80.00	0.00	4008.25	0.00	0.00	0.00	0.00	4008.25	3928.25
3	Building	21812.65	3667.25	0.00	25479.90	1036.43	0.00	787.47	1823.88	23656.01	20776.23
4	Residential Building	127.93	0.00	0.00	127.93	19.34	0.00	2.09	21.42	106.51	108.59
5	Plant & Machinery	66684.72	12551.99	0.00	79236.70	14807.78	0.00	7505.45	22313.23	56923.47	51876.94
6	Electric Installation	142.44	813.27	0.00	955.71	60.27	0.00	26.03	86.30	869.41	82.17
7	Furniture & Fixtures	288.81	15.87	0.00	304.68	89.35	0.00	18.51	107.86	196.82	199.46
8	Air Conditioner	111.15	23.62	0.00	134.76	25.27	0.00	7.78	33.06	101.71	85.88
9	Office Equipment	142.57	558.25	0.00	700.82	34.99	0.00	26.64	61.62	639.20	107.58
10	Computers	83.09	0.00	0.00	83.09	83.10	0.00	0.00	83.09	0.00	0.00
11	Vehicle	65.72	0.00	0.00	65.72	39.09	0.00	6.24	45.32	20.40	26.64
	<b>Total</b>	124737.44	17710.24	0.00	142447.68	16195.60	0.00	9009.30	25204.91	117242.77	108541.86
	Capital Work in Porgress	4203.99	14647.86	17710.24	1141.61	0.00	0.00	0.00	0.00	1141.61	4203.99
	<b>Total</b>	128941.43	32358.09	17710.24	143589.29	16195.60	0.00	9009.30	25204.91	118384.39	112745.84
	Previous Total	96108.91	42760.55	9928.03	128941.43	8968.59	0.00	7227.01	16195.60	112745.83	87140.33

### SCHEDULE '5'

#### INVESTMENTS(Long term Investment)Trade

A.	Quoted Shares			
	Asahi Fibres Ltd of Rs.1/each fully paid up	1600000	160.00	1600000      160.00
B.	Unquoted Shares			
	In Subsidiary Companies			
	Actif Corpn Ltd of Rs10 each fully paid up.	49994	5.00	49994      5.00
	Reward Real Estate Ltd of Rs.10each fully paid up	29997500	4000.00	19997500      2000.00
	Kalmeshwar Textiles Mills Ltd of Rs.10each fully paid up	1641598	1050.00	1641598      1050.00
	In others			
	Mori Hanol Hydro-power Ltd of Rs.10each fully paid up	499996	50.00	49996      5.00
	Tayal Energy Ltd of Rs.10each fully paid up	469500	46.95	469500      46.95
			<b>5311.95</b>	<b>3266.95</b>
	Aggregate Book Value of Quoted Investments		<b>160.00</b>	<b>160.00</b>
	Aggregate Market Value of Quoted Investments		<b>0.00</b>	<b>0.00</b>

# KSL AND INDUSTRIES LIMITED

	31.03.2010 (Rs. in lacs)	31.03.2009 (Rs. in lacs)
<b>SCHEDULE '6'</b>		
<b>INVENTORIES</b>		
(At Cost or Market Value whichever is lower, as Valued and Certified by Management)		
Raw Materials	11977.23	5853.04
Finished Goods	5369.83	7321.74
Stock-In-Process	2076.51	1467.15
Consumables	58.29	376.82
	<u>19481.86</u>	<u>15018.75</u>
<b>SCHEDULE '7'</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
Over Six Months	22.34	39.88
Less than Six Month	22752.61	17299.50
	<u>22774.95</u>	<u>17339.38</u>
<b>SCHEDULE '8'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	8.18	11.82
Balances with Banks :		
In Current Accounts	67.66	3410.23
In Fixed Deposits	1208.99	3138.37
	<u>1284.84</u>	<u>6560.42</u>
<b>SCHEDULE '9'</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received		
	10486.61	13467.69
	<u>10486.61</u>	<u>13467.69</u>
<b>SCHEDULE '10'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	342.27	905.53
Other Liabilities	714.75	543.72
	<u>1057.02</u>	<u>1449.25</u>
<b>SCHEDULE '11'</b>		
<b>PROVISIONS</b>		
Provision for Taxation	89.93	357.77
Proposed Dividend	0.00	402.67
Tax on Dividend	0.00	68.43
	<u>89.93</u>	<u>828.87</u>
<b>SCHEDULE '12'</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not adjusted or written off)		
Deferred Revenue Expenditure	1112.32	1251.36
Less : Written off during the year	139.04	139.04
	<u>973.28</u>	<u>1112.32</u>



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### SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS ON 31 ST MARCH, 2010

	31/03/2010 (Rs. In Lacs)	31/03/2009 (Rs. In Lacs)
<b>SCHEDULE '13'</b>		
<b>SALES</b>		
Sales	103153.77	81869.35
Income From Operations	1416.19	2314.52
	<u>104569.96</u>	<u>84183.87</u>
<b>SCHEDULE '14'</b>		
<b>OTHER INCOME</b>		
Profit on Buy back of part FCCB	1104.49	0.00
Gross Interest	0.00	131.55
	<u>1104.49</u>	<u>131.55</u>
<b>SCHEDULE '15'</b>		
<b>MATERIALS AND GOODS CONSUMED</b>		
Raw Materials		
Opening stock - Raw Materials	5853.04	4533.44
- Stock-In-Process	1467.15	1872.09
	<u>7320.18</u>	6405.53
Add: Purchases	75393.59	63543.40
	<u>82713.77</u>	<u>69948.93</u>
Less : Closing stock -Raw Materials	11977.23	5853.04
- Stock-In-Process	2076.51	1467.15
	<u>14053.74</u>	7320.19
	<u>68660.03</u>	<u>62628.74</u>
Increase in stock of Finished goods		
-Closing Stock	5369.83	7321.74
-Opening Stock	7321.74	2732.31
	<u>-1951.91</u>	<u>4589.43</u>
<b>SCHEDULE '16'</b>		
<b>MANUFACTURING EXPENSES</b>		
Power & Fuel	7485.97	4509.86
Stores,Chemicals and Packing Materials	1750.33	1094.13
Labour Charges	4418.18	2058.06
Processing/Jobwork Charges	131.63	1.00
Repairs & Maintenance	462.77	243.75
Water Charges	89.17	62.73
Frieght Charges	63.57	31.85
Loading & Unloading Expenses	184.22	63.77
	<u>14585.84</u>	<u>8065.15</u>

# KSL AND INDUSTRIES LIMITED

	31/03/2010 (Rs. In Lacs)	31/03/2009 (Rs. In Lacs)
<b>SCHEDULE ' 17'</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest(Net)	7266.71	5661.12
Bank Charges	37.45	36.48
	<u>7304.16</u>	<u>5697.60</u>
<b>SCHEDULE '18'</b>		
<b>SELLING &amp; ADMINISTRATIVE EXPENSES</b>		
Discount, Comission & Brokerage	659.89	205.20
Sales Promotion Expenses	28.94	10.41
Transportation Charges	176.45	142.05
Insurance Charges	90.26	64.47
Rent, Rates and Taxes	49.90	32.12
Traveling & Conveyance	212.56	78.78
Auditors Remuneration	0.62	0.62
Telephone Charges	124.73	89.15
Postage & Telegram	97.33	72.47
Printing & Stationery	230.86	77.17
Salary & Staff Welfare	610.26	405.21
Directors' Remuneration	6.00	6.00
Directors' Sitting Fees	2.00	2.00
Legal, Professional & Consultancy Charges	210.56	169.51
Charity & Donation	0.50	0.48
General Charges	158.26	114.75
Electricity Charges	185.26	108.48
Repairs and Maintenance	31.45	21.12
Advertisement Expenses	395.26	370.86
Office Expenses	62.25	41.74
Security charges	53.25	23.32
Motor Car Expenses	43.56	9.42
Service Charges	24.27	13.78
Listing Fees	0.50	0.50
Registration & Filing Fees	40.26	33.18
<b>TOTAL</b>	<u>3495.19</u>	<u>2092.79</u>

**SCHEDULE '19' NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st March, 2010.**

**SIGNIFICANT ACCOUNTING POLICIES**

**A. ACCOUNTING CONVENTION & CONCEPTS :**

The financial statement are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principle (IGAAP) comprising the mandatory accounting standard issued by the ICAI and the provisions of the Companies Act, 1956 on accrual basis as adopted consistently by the company The preparation of the financial statement has been made based on the assumption that could probably affect the financial in total conformity with IGAAP.

**B. REVENUE RECOGNITION :**

- a) Revenue on sale of products is recognized when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax collected.
- b) Revenue in respect of insurance/other claims, interest, export incentives etc. is recognized only when it is reasonably certain that the ultimate collection will be made.

**C. FIXED ASSETS**

a) Own Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost includes all identifiable expenditure to bring the assets to its present location and condition.

b) Assets taken on Lease : Operating Lease:

Assets taken on lease under which, all the risk and reward of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements and charged to the Profit & Loss Account.

**D. DEPRECIATION**

The Company follows the straight line method of providing depreciation at the rates prescribed in Schedule XIV to the Companies Act 1956 read with Section 205(2) (b) of the said Act on pro-rata basis uniformly in respect of all assets.

**E. INVESTMENTS**

Investments are classified as Long term and are carried at cost. Provision for diminution in value of investments, if any, is made if such diminution is other than temporary. Current investments are carried at cost or fair value whichever is lower.

**F. INVENTORIES**

Finished goods are valued at the lower of cost or net realisable value. Value of Stock-in-process is determined considering cost of material, labour and related overheads. Raw material and Consumables are valued at cost or market value, whichever is lower.

**G. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**NOTES TO THE ACCOUNTS**

1. Retirement benefits :
  - a. Provident fund has been paid regularly in time by the company
  - b. Gratuity and Leave encashment are accounted for in cash basis as and when paid.
2. (a) Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes as a substantial period of time to get ready for its intended use or sale.  
(b) All other borrowing costs are charged to revenue in the period in which they are incurred.
- 3 The company has two business segment namely "Textiles" and "Real Estate" hence segment reporting as required under AS-17 issued by ICAI and made mandatory w. e .f. 1/04/2001 for certain business enterprises is applicable in case of company, But during the year company dealt with only Textiles activity, so all figure of Balance sheet and Profit & Loss A/c are belong to Textiles segment only.
4. AS-18 Related Party Disclosure: AS per accounting Standard -18 "Related Party Disclosures" issued by ICAI related parties of the company and nature of relationship are as follows :

**Related Party**

Kalameshwar Textile Mills Ltd.  
Reward Real Estate Co.Ltd.  
Actif Corporation Ltd  
Ajay Ramesh Gupta

**Nature of Relationship**

100% Subsidiary company  
100% Subsidiary company  
Subsidiary company u/s 4(1)(a)  
Key Management person

## KSL AND INDUSTRIES LIMITED

Disclosure of related party transactions:			
Related Party	Nature of Relationship	Nature of Transaction	Volume of Transaction (Rs. Lacs)
Reward Real Estate Company Ltd.	100% Subsidiary company	Unsecured Loan(given)	1500.00
Kalameshwar Textile Mills Limited.	100% Subsidiary company	Lease. rent(paid)	1.00
Ajay Ramesh Gupta	Key Management Person	Remuneration	6.00

5. AS-19 Leases The Company has taken various Assets on Lease and leave license basis, all leases are operating leases the details of the same are as under:

S No	Future Lease Payments	2009-10	(Rs.inLacs) 2008-09
1	Not later than 1Year	3.06	3.06
2	Later than 1Year but not later than 5Years	—	—
3	Later than 5Years	—	—

### 6. EARNING PER SHARE

In accordance with the Accounting Standard 20- Earning per Share issued by ICAI Basic and Diluted Earnings Per Share is calculated as under:

	31.03.2010 (Rs.Lacs)	31-03-2009 (Rs Lacs.)
a) Net Profit available to equity shareholder	400.27	2436.76
b) Weighted average no.of Eq.Sh.outstanding (nos.)	100668325	100668325
c) Basic & Diluted Earnings per Share	Rs.0.40	Rs 2.42
d) Nominal value of Equity Share	Rs.4.00	Rs.4.00

### 7. Deferred Tax assets & Liabilities

Deferred tax has been provided in a accordance with the Accounting Standard-22 – “Accounting for taxes on income” issued by the ICAI applicable with effect from 1<sup>st</sup> April 2001.The Accumulated Deferred tax liability as on 31<sup>st</sup> March, 2010 amounting to Rs.2191.35 Lacs is the difference between the book depreciation and tax depreciation.

### 8. Impairment of Assets:-

The carrying amounts of assets are reviewed at each balance sheet date, if there is an indication of impairment based on the internal & external factors. An assets is treated as impairment when the carrying cost of the assets exceeds its recoverable amount. An impairment loss if any, charged to P&L a/c. in the year in which the assets is identified as impaired. Reversal of impairment loss recognized in prior years is recorded when there is an indication that impairment loss recognized for the assets no longer exists or has decreased,

9. There are no parties which can be classified as small scale industries to whom the Company owes a sum exceeding Rs. 1 Lacs , which is outstanding for more than 30 days
10. Balances in respect of some of the Debtors, Creditors, Loans and Advances are subject to confirmation.
11. CENVAT: Capital expenditure and raw materials have been taken at net value after adjusting CENVAT, wherever applicable as per guidelines issued by The Institute of Chartered Accountants of India.

### 12. NOTE ON SECURITY FOR LOAN:

- a) Working Capital loan is secured by way of:
- 1<sup>st</sup> pari-pasu charge on the current assets both present and future of the company.
  - 2<sup>nd</sup> pari-pasu charge on the entire fixed assets both present and future of the company.Personal guarantee of Mr Saurabh K. Tayal, Chairman of the company
- b) Term Loan is secured by way of :
- Term Loan of Rs.18553.74 Lacs is Secured by 1<sup>st</sup> Charge over the Fixed Assets both Movable and Immovable assets of Textile division of the company and 2<sup>nd</sup> Charge over the entire current Assets of the company and Personal guarantee of Mr Saurabh K. Tayal, Chairman of the Company and Corporate guarantee of M/s Kalameshwar Textile Mills Ltd.(repayment 8784.40Lacs previous year Rs.4572.40Lacs)
  - Term Loan of Rs.26700 Lacs is Secured by 1<sup>st</sup> Mortgage Charge on the Shopping Mall at Empress city, Nagpur 13 In the opinion of the Board, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business, the provisions for all known liabilities are adequate and not in excess than reasonably necessary.

### 14. Additional Information under part II of schedule VI of Companies Act 1956

	2009-2010 (Rs.in Lacs)	2008-2009 (Rs.in Lacs)
a) Remuneration to Auditors		
Audit Fee	0.52	0.52
Tax Audit Fee	0.10	0.10
b) Remuneration to Managing Director	6.00	6.00

## ANNUAL REPORT 2009-2010

c) Quantitative information in respect of Opening Stock, Purchases, Sales and Consumption of Raw Materials :-

Particulars		2009-10		2008-09	
		Qty(Tonnes)	Value (Lacs)	Qty(Tonnes)	Value (Lacs)
1. Op. Stock	Raw Material	7030.64	5853.04	6447.81	4533.44
	Stock In Process	1082.34	1467.15	1458.00	1872.09
	Finished Goods	4314.94	7321.74	1831.48	2732.31
2. Cl. Stock	Raw Material	12559.56	11977.23	7030.64	5853.04
	Stock In Process	1548.15	2076.51	1082.34	1467.15
	Finished Goods	3199.91	5369.83	4314.94	7321.74
3. Purchases		65545.38	75393.59	51656.35	63543.40
4. Sales		55262.83	103153.77	44433.27	81869.35

### RAW MATERIAL CONSUMED

a. IMPORTED	NIL	NIL	NIL	NIL
b. INDIGENEOUS	67606.80	100%	62628.74	100%

15. Particulars in respect of goods manufactured:

<b>As at</b>	As at
<b>31.03.2010</b>	31 .03.2009
(In tones per annum)	

I. Licensed Capacity	N.A.	N.A.
II. Installed Capacity		
- Knitting division	24500	24500
- TFO Division	7000	7000
- Processing Division	25000	25000
- Spinning	67100	31000
- Garments 10 lacs pcs 10 lacs pcs		
III. Actual Production (Tonnes)	52335.73	46916.07
16. Expenditure in Foreign Currency : (Rs.Lacs)	<b>2009-10</b>	<b>2008-09</b>
a) Value of Imported capital goods on CIF	NIL	2141.32
b) Traveling Expenses	NIL	NIL
c) Remittance of dividend to NRIs AND FIIs	NIL	NIL

17. Foreign Currency Transaction:-

Foreign Currency Transaction are accounted for at the rate prevailing on the date transactions. Earning In Foreign Currency (Current Year) NIL Raised through FCCB for Textile Expansion which has been incurred for the said purpose mentioned in the offer document (Previous Year. \$80 Million) & interest payment of Rs.934.13 Lacs

18. Break-up Expenditure on employees who were in receipt of remuneration aggregating not less than Rs. 2400000/-, if employed throughout the year or not less than Rs. 200000/- p.m. if employed for part of the year

a Employed throughout the year - Number of Employees	NIL	NIL
b Employed for the part of the year-Number of Employees	NIL	NIL

19. Contingents liabilities for the period ended on 31<sup>st</sup> March,2010 in respect of Bank Guarantee is Rs. 293.23 lacs

20. The Company has made an investment in shares of Asahi fibres Ltd amounting to Rs. 160 Lacs (16000000 equity shares of Rs.1 each ). The trading in shares of the said Company was suspended by Bombay Stock exchange due to non-compliance of Listing agreement by the provision Management. Hence no market price is available

21. The Company has made an advance of Rs.360 Lacs to National Textile Corporation Towards Joint venture in respect of Akola, Nanded,Dhule, Chalisgaon &Hinganghat Mills.

22. Figures of previous year have been re-grouped/re-arranged wherever necessary to confirm to this years classification.

Signature to schedule " 1 to 19

**A.F.KHASGIWALA & CO**

Chartered Accountant

**A.F.KHASGIWALA**

Partner

Mem No 006491

Firm Registration No. 105114W

Place :Mumbai

Date: 20th May, 2010

‘ FOR AND ON BEHALF OF THE BOARD For

Sd/-  
Managing Director

Sd/-  
Chairman

# KSL AND INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010.

Particulars	2009-2010 Rs. In Lacs	2008-2009 Rs. In Lacs
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES	528.97	3054.52
Adjustments for Non Cash Charges		
Depreciation & amortisation	9148.34	7227.01
Other Income	-1104.49	-131.55
Loss on Discard of Fixed Assets	0.00	0.00
<b>OPERATION PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>8572.83</b>	<b>10149.98</b>
Adjustment for:		
Trade and other receivables	-2454.48	-5943.81
Inventories	-4463.11	-5695.66
Trade Payables	-750.01	-1395.71
<b>CASH GENERATED FROM OPERATIONS</b>	<b>905.23</b>	<b>(2885.20)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>905.23</b>	<b>(2885.20)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-14647.86	-32832.54
Sales of Fixed Assets	0.00	0.00
Purchase /Sale of Investments	-2045.00	0.00
Changes in Miscellaneous Expenditure	0.00	139.04
Loss on sale of Investment	0.00	0.00
Dividend and Income received	1104.49	131.55
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-15588.37</b>	<b>-32561.93</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Shares Capital (including Share Premium)	0.00	2000.21
Total Proceedings From Borrowings (Net Of Repayment)	9878.67	36598.11
Share Application Money	0.00	-2000.00
Dividend paid (including tax on dividend)	-471.11	-467.41
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>9407.57</b>	<b>36130.92</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5275.57)</b>	<b>683.79</b>
CASH AND CASH EQUIVALENTS (Opening Balance)	6560.42	5876.64
CASH AND CASH EQUIVALENTS (Closing Balance)	1284.84	6560.42
	<b>-5275.58</b>	<b>683.78</b>

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-  
Managing Director

Sd/-  
Chairman

### Auditors Certificate

We have examined the attached Cash flow statement of **KSL AND INDUSTRIES LTD.** for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with various Stock Exchanges and is based on and in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For **A.F. KHASGIWALA & CO.**  
Chartered Accountants

Sd/-  
**(A.F. KHASGIWALA)**  
Partner  
Mem. No. 006491

Place: Mumbai  
Date: 20<sup>th</sup> May, 2010

## ANNUAL REPORT 2009-2010

### ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT,1956.

#### Balance sheet Abstract and company's General Business Profile:

##### I. Registration Details

Registration No. : L17119DN19832PLC000074 State Code : 54  
Balance sheet Date : 31.03.2010

##### II. Capital Raised during the year( Rs. In Lacs)

Public Issue : Nil Right Issue : Nil  
Bonus Issue : Nil Private : Nil  
Placement : Nil  
Warrant Conversion : Nil

##### III. Position of Mobilisation and Development of Funds ( Amount Rs. In Lacs)

Total Liabilities : 177550.93 Total Assets : 177550.93  
Sources of Funds  
Paid-up Capital 4026.73 Reserves & Surplus : 47393.20  
Share Application Money 10000.00 Deferred Tax Liab : 2191.35  
LoansFunds : 113,939.65  
Application of Funds  
Net Fixed Assets : 118384.39 Investments : 5311.95  
Net Current Assets : 52881.32  
Misc.Expenditure : 973.28

##### IV Performance of Company (Amount Rs. In lacs)

Turnover & Other Income : 103722.54 Total Expenditure : 103193.57  
Profit Before Tax : 528.97 Profit After Tax : 400.27  
Earning Per Share : 0.40 Dividend Rate : NIL  
(Re.)

##### V Generic Names of Principal Products/Services of Company (As per monetary terms)

Item Code No.(ITC Code) : 60.-02  
Product description :Yarn & knitted Fabric

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AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F.KHASGIWALA & CO.  
Chartered Accountants

Sd/-  
(A.F.KHASGIWALA)  
Partner  
Mem. No. 006491

Sd/-  
Chairman

Sd/-  
Managing Director

Place: Mumbai  
Date:20th May, 2010

# KSL AND INDUSTRIES LIMITED

## CONSOLIDATED AUDITORS' REPORTS

To,  
**THE MEMBERS OF  
KSL AND INDUSTRIES LTD.**

We have examined the attached consolidated balance sheet of KSL and Industries Limited( the Company) and its subsidiaries which together constitute "the group" as at 31st March 2010, the consolidated Profit & Loss Account and the consolidated Cash Flow Statement of the group for the year ended on that date, both annexed thereto . These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also include, 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We have also audited the financial statements of the subsidiaries namely Kalmeshwar Textile Mills Ltd, Reward Real Estate Limited & Actif Corporation Limited (formerly known as Deccan Mills Real estate and Infrastructure Ltd), whose financial statements reflect total assets of Rs.4665.01 lakhs, Rs.17672.81 lakhs and Rs.41883.98 lakhs as at 31<sup>st</sup> March, 2010 and total revenues of Rs.349.45lakhs, Rs.232.51 Lacs and Rs.40243.66 lakhs respectively for the period ended on that date.
3. We report that the consolidated financial statements have been prepared by the company, in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of KSL and Industries Limited and the separate audited accounts of subsidiaries which have been included in the consolidated financial statements.
4. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on the individual audited financial statements of the KSL and Industries Limited and its subsidiaries, In our opinion the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) In the case of the consolidated balance sheet, of the state of affairs of KSL and Industries Limited and its subsidiaries as at 31<sup>st</sup> March, 2010;
  - b) In the case of the consolidated profit and loss account, of the consolidated Profit for the year ended on that date.
  - c) In the case of the consolidated cash flow statement of the cash flow for the year ended on that date

**For A. F. KHASGIWALA & CO.  
Chartered Accountants**

**Place : Mumbai  
Date : 20<sup>th</sup> May, 2010  
Firm Registration No.: 105114W**

**Sd/-  
A.F .Khasgiwala  
Partner  
Membership No . 6491**



## ANNUAL REPORT 2009-2010

### CONSOLIDATED BALANCE SHEET FOR YEAR ENDED AS AT 31 ST MARCH, 2010

	SCH.		As on 31.03.2010 (Rs. lacs)	As on 31.03.2009 (Rs. lacs)
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	1	8026.73	8026.73	
Reserves & Surplus	2	<u>48883.19</u>	<u>48355.74</u>	
			<b>56909.92</b>	56382.47
Share Application Money			<b>10000.00</b>	10000.00
Deferred Tax Liability			<b>3148.81</b>	2748.66
Minority Interest			<b>1890.07</b>	2058.04
<b>LOAN FUNDS</b>	<b>3</b>	<b>161752.49</b>	145985.77	
<b>Total</b>		<u><u>233701.29</u></u>	<u><u>217174.94</u></u>	
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	4	180591.20	161537.83	
Less: Depreciation		<u>31692.77</u>	<u>19234.83</u>	
		<b>148898.43</b>	142303.00	
Capital work in progress		<u>5198.17</u>	<u>8680.88</u>	
Net Block			<b>154096.60</b>	150983.88
<b>INVESTMENTS</b>	<b>5</b>	<b>256.95</b>		211.95
<b>GOODWILL</b>			<b>663.43</b>	663.43
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories	6	42557.46	32530.67	
Sundry Debtors	7	28876.30	19245.97	
Cash & Bank Balances	8	1421.46	6837.99	
Loans & Advances	9	<u>10070.15</u>	<u>13031.11</u>	
			<b>82925.37</b>	71645.74
Less: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	10	5021.66	6558.67	
Provisions	11	<u>195.62</u>	<u>886.85</u>	
		<b>5217.28</b>	7445.52	
<b>NET CURRENT ASSETS</b>			<b>77708.09</b>	64200.22
<b>MISCELLANEOUS EXPENDITURE</b>				
(To the extent not adjusted or written off)	12		<u>976.22</u>	1115.46
<b>Total</b>			<u><u>233701.29</u></u>	<u><u>217174.94</u></u>
NOTES ON ACCOUNTS	19			

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**For A.F.KHASGIWALA & CO.**  
Chartered Accountants

Sd/-  
(A.F.KHASGIWALA)  
Partner  
Mem. No. 006491

Sd/-  
Chairman

Sd/-  
Managing Director

Place: Mumbai  
Date: 20th May, 2010

# KSL AND INDUSTRIES LIMITED

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR PERIOD ENDED 31ST MARCH, 2010.

	Schedule	As on 31.03.2010 (Rs. lacs)	As on 31.03.2009 (Rs. lacs)
<b>INCOME</b>			
Sales & Income From Operations	13	145467.18	101132.79
Other Income	14	1104.49	131.55
Increase in stock of finished goods		-2023.50	5378.68
<b>Total</b>		<b>144548.17</b>	<b>106643.02</b>
<b>EXPENDITURE</b>			
Materials & Goods Consumed	15	98178.12	76027.15
Manufacturing Expenses	16	19456.20	9668.95
Interest & Finance Charges	17	9056.54	5947.92
Selling & Administrative Expenses	18	4305.65	2497.09
Depreciation		12457.95	9632.19
Miscellaneous Expenditure written off		139.24	139.24
<b>Total</b>		<b>143593.69</b>	<b>103912.54</b>
<b>PROFIT BEFORE TAX</b>		<b>954.48</b>	<b>2730.48</b>
Provision for Taxation		194.86	415.74
Deferred tax Liability		400.13	856.10
Add: Minority Shareholders Share in Loss		167.97	1062.67
<b>PROFIT FOR THE YEAR</b>		<b>527.46</b>	<b>2521.31</b>
Add.: Balance brought forward from Last Year		17687.87	16041.95
<b>TOTAL</b>		<b>18215.33</b>	<b>18563.26</b>
AMOUNT AVAILABLE FOR APPROPRIATION		<b>18215.33</b>	<b>18563.26</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		0.00	404.28
Proposed Dividend		0.00	402.67
Tax on Dividend		0.00	68.43
Balance Carried to Balance Sheet		18215.33	17687.87
<b>Total</b>		<b>18215.33</b>	<b>18563.26</b>
NOTES ON ACCOUNTS	19		
BASIC/DILUTED EARNING PER SHARE		0.52	2.50

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F.KHASGIWALA & CO.  
Chartered Accountants

Sd/-  
(A.F.KHASGIWALA)  
Partner  
Mem. No. 006491

Sd/-  
Chairman

Sd/-  
Managing Director

Place: Mumbai  
Date: 20th May, 2010

## ANNUAL REPORT 2009-2010

### SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH, 2010.

	As on 31.03.2010 (Rs. lacs)	As on 31.03.2009 (Rs. lacs)
<b>SCHEDULE '1'</b>		
<b>SHARE CAPITAL</b>		
Authorised		
250000000 Equity Shares of Rs.4/- Each (Previous year 100000000 Equity Shares of Rs.10/- Each)	<b>10000.00</b>	10000.00
5000000 Preference Shares of Rs.10/- Each. (Previous year 5000000 Pref. Shares of Rs.10/- Each)	<b>500.00</b>	500.00
4000000 Redeemable Preference Shares of Rs.100/- each (of Subsidiary Company)	<b>4000.00</b>	4000.00
<b>Issued, Subscribed and Paid-Up</b>		
100668325 Equity Shares of Rs.4/-each fully paid up (Previous year 99877725 Equity Shares of Rs. 4/- Each)	<b>4026.73</b>	4026.73
4000000 Redeemable Preference Shares of Rs.100/- each (of Subsidiary Company)	<b>4000.00</b>	4000.00
	<b>8026.73</b>	8026.73
<b>SCHEDULE '2'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
Balance As per Last Balance Sheet	<b>5527.48</b>	5123.20
Add.: Transfer from P&L A/c	<b>0.00</b>	404.28
	<b>5527.48</b>	5527.48
<b>Share Premium Account</b>		
As per Last Balance Sheet	<b>25136.62</b>	21919.75
Add :Issue of shares	<b>0.00</b>	3216.87
	<b>25136.62</b>	25136.62
Capital Reserve	<b>3.76</b>	3.76
Profit and Loss Account Surplus	<b>18215.33</b>	17687.88
<b>Total</b>	<b>48883.19</b>	48355.74

# KSL AND INDUSTRIES LIMITED

As At  
**31.03.2010**  
(Rs. in lacs)

As At  
31.03.2009  
(Rs. in lacs)

## SCHEDULE '3'

### LOAN FUNDS

#### SECURED LOANS

Working Capital Loan	<b>25346.79</b>	17328.12
Term Loan	<b>63436.29</b>	71811.63
ECB Loan	<b>1155.14</b>	0.00
Interest accrued & due	<b>852.48</b>	615.67
Other Loans	<b>1.99</b>	1.99
<b>TOTAL (A)</b>	<b>90792.69</b>	<b>89757.41</b>

#### UNSECURED LOANS

From Fccb	<b>30474.16</b>	32697.60
from Corporate	<b>40236.96</b>	23240.00
Interest accrued but not due	<b>248.68</b>	290.76
<b>TOTAL (B)</b>	<b>70959.80</b>	<b>56228.36</b>

### TOTAL (A)+(B)

**161752.49**      **145985.77**

## SCHEDULE : 4 : FIXED ASSETS AS ON 31st MARCH, 2010

(Rs. in lacs)

SR NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As On 01-04-2009	ADDI- TION	DEDU- CTION	AS ON 31.3.2010	UP TO 01-04-2009	DURING THE PERIOD	WRITTEN BACK	UPTO 31.03.10	AS ON 31.03.10	AS ON 31-03-2009
1	Land & building	31350.12	0.00	0.00	31350.12	0.00	0.00	629.11	629.11	30721.01	31350.12
2	Land & Site Development	4232.89	80.00	0.00	4312.89	0.00	0.00	0.00	0.00	4312.89	4232.89
3	Building	26382.38	3677.48	0.00	30059.86	1418.65	0.00	936.05	2354.70	27705.17	24963.73
4	Development property	15.51	0.00	0.00	15.51	4.07	0.00	0.25	4.32	11.19	11.44
5	Plant & Machinery	98593.40	13884.52	0.00	112477.92	17445.59	0.00	10799.54	28245.13	84232.79	81147.81
6	Electric Installation	142.44	813.27	0.00	955.71	60.27	0.00	26.03	86.30	869.41	82.17
7	Furniture & Fixtures	355.83	16.10	0.00	371.93	101.77	0.00	22.76	124.53	247.40	254.06
8	Air Conditioner	128.31	23.62	0.00	151.93	26.49	0.00	8.86	35.35	116.57	101.82
9	Office Equipment	179.92	558.38	0.00	738.30	48.56	0.00	28.79	77.35	660.95	131.36
10	Computers	85.09	0.00	0.00	85.09	84.12	0.00	0.32	84.44	0.66	0.97
11	Vehicle	71.95	0.00	0.00	71.95	45.30	0.00	6.24	51.54	20.40	26.65
	<b>Total</b>	<b>161537.84</b>	<b>19053.37</b>	<b>0.00</b>	<b>180591.20</b>	<b>19234.82</b>	<b>0.00</b>	<b>12457.95</b>	<b>31692.77</b>	<b>148898.43</b>	<b>142303.02</b>
	Capital Work in Porgress	8680.88	15560.05	19042.77	5198.17	0.00	0.00	0.00	0.00	5198.17	8680.88
	<b>Total</b>	<b>170218.72</b>	<b>34613.42</b>	<b>19042.77</b>	<b>185789.37</b>	<b>19234.82</b>	<b>0.00</b>	<b>12457.95</b>	<b>31692.77</b>	<b>154096.60</b>	<b>150983.89</b>
	Previous Year	135828.05	93236.74	58846.08	170218.71	9602.64	0.00	9632.19	19234.83	150983.88	126225.41

## SCHEDULE '5'

### INVESTMENTS(Long term Investment)Trade

A. Quoted Shares			
Asahi Fibres Ltd of Rs.1/each fully paid up	<b>16000000</b>	<b>160.00</b>	160.00
B. Unquoted Shares			
In Subsidiary Companies			
Actif Corpn Ltd of Rs10 each fully paid up.	<b>49994</b>	<b>0</b>	0.00
Reward Real Estate Ltd of Rs.10each fully paid up	<b>29997500</b>	<b>0</b>	0.00
Kalmeshwar Textiles Mills Ltd of Rs.10each fully paid up	<b>1641598</b>	<b>0</b>	0.00
In others			
Mori Hanol Hydro-power Ltd of Rs.10each fully paid up	<b>499996</b>	<b>50.00</b>	5.00
Tayal Energy Ltd of Rs.10each fully paid up	<b>469500</b>	<b>46.95</b>	46.95
		<b>256.95</b>	211.95
Aggregate Book Value of Quoted Investments		<b>160.00</b>	160.00
Aggregate Market Value of Quoted Investments		<b>0</b>	0

## ANNUAL REPORT 2009-2010

	31.03.2010 (Rs. in lacs)	31.03.2009 (Rs. in lacs)
<b>SCHEDULE '6'</b>		
<b>INVENTORIES</b>		
(At Cost or Market Value whichever is lower, as Valued and Certified by Management)		
For Constructin project	16501.28	14992.93
Raw Materials	17155.34	6872.29
Finished Goods	6112.46	8135.97
Stock-In-Process	2669.77	2093.18
Consumables	118.61	436.30
	<u>42557.46</u>	<u>32530.67</u>
<b>SCHEDULE '7'</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
Over Six Months	37.12	63.43
Less than Six Month	28839.17	19182.54
	<u>28876.30</u>	<u>19245.97</u>
<b>SCHEDULE '8'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	24.66	27.49
Balances with Banks :	102.81	3587.13
In Fixed Deposits/Margin money	1293.99	3223.37
	<u>1421.46</u>	<u>6837.99</u>
<b>SCHEDULE '9'</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	9429.24	12579.63
Security Deposits	0.32	0
Subsidy Receivable	640.59	451.48
	<u>10070.15</u>	<u>13031.11</u>
<b>SCHEDULE '10'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	548.59	1381.51
Other Liabilities	4473.07	5177.16
	<u>5021.66</u>	<u>6558.67</u>
<b>SCHEDULE '11'</b>		
<b>PROVISIONS</b>		
Provision for Taxation	195.62	415.75
Proposed Dividend	0.00	402.67
Tax on Dividend	0.00	68.43
	<u>195.62</u>	<u>886.85</u>
<b>SCHEDULE '12'</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not adjusted or written off)		
Balance as per Last Balance Sheet	1115.46	1254.70
Less : Written off during the year	139.24	139.24
	<u>976.22</u>	<u>1115.46</u>

## KSL AND INDUSTRIES LIMITED

	<b>31/03/2010</b>	31/03/2009
	<b>(Rs. In Lacs)</b>	(Rs. In Lacs)
<b>SCHEDULE '13'</b>		
Sales	<b>143812.23</b>	98606.43
Income from operation	<b>1654.95</b>	2526.36
	<b><u>145467.18</u></b>	<u>101132.79</u>
 <b>SCHEDULE '14'</b>		
<b>OTHER INCOME</b>		
Profit on Buy back of part FCCB	<b>1104.49</b>	131.55
	<b><u>1104.49</u></b>	<u>131.55</u>
 <b>SCHEDULE '15'</b>		
<b>MATERIALS AND GOODS CONSUMED</b>		
Raw Materials		
Opening stock - Raw Materials	<b>6872.29</b>	4562.10
- Stock-In-Process	<b>2093.18</b>	1910.78
	<b><u>8965.47</u></b>	<u>6472.88</u>
Add: Purchases	<b>109037.76</b>	78519.73
	<b><u>118003.23</u></b>	<u>84992.62</u>
Less : Closing stock - Raw Materials	<b>17155.34</b>	6872.29
- Stock-In-Process	<b>2669.77</b>	2093.18
	<b><u>19825.11</u></b>	<u>8965.47</u>
	<b><u>98178.12</u></b>	<u>76027.15</u>
Increase in stock of Finished goods		
-Closing Stock	<b>6112.46</b>	8135.97
-Opening Stock	<b>8135.97</b>	2757.29
	<b><u>-2023.50</u></b>	<u>5378.68</u>

## ANNUAL REPORT 2009-2010

	31/03/2010 (Rs. In Lacs)	31/03/2009 (Rs. In Lacs)
<b>SCHEDULES FORMING PART OF CONSOLIDATE PROFIT &amp; LOSS ACCOUNT YEAR ENDED ON 31STMARCH, 2010.</b>		
	<b>As on 31.03.2009 (Rs. lacs)</b>	<b>As on 31.03.2009 (Rs. lacs)</b>
<b>SCHEDULE '16'</b>		
<b>MANUFACTURING EXPENSES</b>		
Power & Fuel	10157.94	5457.93
Stores,Chemicals and Packing Materials	2304.52	1267.73
Labour Charges	5925.49	2443.74
Processing/Jobwork Charges	131.63	1.00
Repairs & Maintenance	472.80	247.54
Water Charges	89.17	62.73
Frieght Charges	190.45	124.51
Loading & Unloading Expenses	184.22	63.77
	<u>19456.20</u>	<u>9668.95</u>
<b>SCHEDULE' 17'</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest	9017.48	5908.07
Bank Charges	39.06	39.85
	<u>9056.54</u>	<u>5947.92</u>
<b>SCHEDULE '18'</b>		
<b>SELLING &amp; ADMINISTRATIVE EXPENSES</b>		
Discount & Brokerage, commission	987.15	210.33
Sales Promotion Expenses	35.50	59.73
Transportation Charges	202.47	167.78
Insurance Charges	108.53	77.94
Rent, Rates and Taxes	66.26	47.76
Traveling & Conveyance	238.30	90.47
Auditors Remuneration	1.12	1.12
Telephone Charges	139.43	99.37
Postage & Telegram	140.34	106.98
Printing & Stationery	261.26	96.74
Salary & Staff Welfare	746.70	498.70
Directors' Remuneration	6.00	6.00
Directors' Sitting Fees	2.84	2.84
Legal,Professional & Consultancy Charges	229.42	187.27
Charity & Donation	1.00	0.69
General Charges	205.42	154.03
Electricity Charges	218.11	131.77
Repairs and Maintenance	51.14	32.07
Advertisement Expenses	396.89	371.73
Profession Tax	0.05	0.05
Motor Car Expenses	43.68	9.51
Security charges	63.00	28.76
Services Charges	24.27	13.78
Listing Fees	0.50	0.50
Registration & Filing Fees	46.91	38.51
Office Exp.	89.35	62.66
<b>TOTAL</b>	<u>4305.65</u>	<u>2497.09</u>

# KSL AND INDUSTRIES LIMITED

## Consolidated Financial Statements as on 31.03.2010

### SCHEDULE '19'

#### SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. a. **ACCOUNTING CONVENTION & CONCEPTS:**

The financial statements have been prepared under the historical cost convention on an accrual basis and accordance with applicable mandatory Accounting Standard.

b. **PRINCIPLE OF CONSOLIDATION:**

- i) The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) issued by the Institute of Chartered Accountants of India. The consolidated financial statements have been prepared on the following basis:
- ii) The financial statement of KSL and Industries Limited And its subsidiary companies have been consolidated on a line-by line basis by adding together the book values of like items of assets, liabilities, Income and expenses, after fully eliminating intra-group balances and intra-group transaction and are presented to the extent possible in the same manner as the company's separate financial statement
- iii) Notes on Accounts of the financial statement of the company and all the subsidiaries are set out in their respective financial statement
- iv) Actif Corporation Ltd (formerly known as Deccan Mill & infrastature Ltd was 100% subsidiary of the company) However Actif Corporation Ltd ceased to be a subsidiary company on account of dilution of company 's share holding in Actif corporation Ltd due to further issue of equity shares capital by the said company. Later Actif corporation Ltd accerere became subsidiary company on account of control on the constitution of the Board of Directors of Actif corporation Ltd by the company . Since the company's share holding in Actif corporation Ltd is only 0.16% of the paid up capital of the Actif corporation Ltd ,In consolidated statements the said subsidiaries has been excluded.

c. **FIXED ASSETS:**

Fixed Assets are stated at cost less depreciation. The cost comprises the purchase price and other attributable costs.

d. **DEPRECIATION:**

Depreciation on fixed assets has been provided on Straight Line method at the rates prescribed in Schedule XIV to the Companies (Amendment) Act 1988 read with Section 205(2) (b) of the said Act on pro-rata basis uniformly in respect of all assets.

e. **INVENTORIES:**

Finished goods are valued at the lower of cost or net realisable value. Value of Stock-in-process is determined considering cost of material, labour and related overheads. Raw material and Consumables are valued at cost or market value, whichever is lower.

#### NOTES ON ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT:

1. The subsidiary companies considered in the consolidated financial statements are as under:

<b>Name of the company</b>	<b>Country of Incorporation</b>	<b>% shareholding &amp; Voting power</b>
Kalameshwar Textile Mills Ltd.	India	100%
Reward Real Estate Company Ltd.	India	100%
Actif Corporation Ltd India U/s 4(1)(a)		



## ANNUAL REPORT 2009-2010

### 2. EARNING PER SHARE:

Basic and Diluted Earnings per Share is calculated as under:

	31.03.2010	31.03.2009
a. Net Profit available for Equity shareholder (Rs.in lacs)	<b>527.46</b>	2521.31
b. Weighted average Number of Equity shares (nos.)	<b>100668325</b>	100668325
c. Basic and diluted Earning per share (Rs.) (Face value Rs.4 each)	<b>0.52</b>	2.50

### 3. Note on Security for Term Loan :

- a) Working Capital loan is secured by way of:
- i. 1<sup>st</sup> pari-pasu charge on the current assets both present and future of the company.
  - ii. 2<sup>nd</sup> pari-pasu charge on the entire fixed assets both present and future of the company. Personal guarantee of Mr Saurabh K. Tayal, Chairman of the company
- b) Term Loan is secured by way of :
- i. Term Loan of Rs.18553.74 Lacs is Secured by 1<sup>st</sup> Charge over the Fixed Assets both Movable and Immovable assets of Textile division of the company and 2<sup>nd</sup> Charge over the entire current Assets of the company and Personal guarantee of Mr Saurabh K. Tayal, Chairman of the Company and Corporate guarantee of M/s Kalameshwar Textile Mills Ltd.(repayment 8784.40Lacs previous year Rs.4572.40Lacs)
  - ii. Term Loan of Rs.26700 Lacs is Secured by 1<sup>st</sup> Mortgage Charge on the Shopping Mall at Empress city, Nagpur

4. The company has Two business segment namely "Textiles & Real Estate, and others hence segment reporting as required under AS-17 issued by ICAI and made mandatory w.e.f. 1/04/2001 for certain business enterprises is applicable in case of company. The Segment wise details are as under :

Sr. No.	Particulars	Year Ended <b>31st March,2010</b> Audited	Year Ended 31st March,2009 Audited
1	<b>Segment Revenue</b>		
	Real-Estate	1648.70	206.62
	Textile	143818.48	100926.17
	<b>Total</b>	<b>145467.18</b>	<b>101132.79</b>
2	<b>Segment Results</b>		
	Real-Estate	-2981.50	-1943.43
	Textile	3935.96	4673.91
	Profit Before Tax	954.46	2730.48
	Less :		
	Provision for taxation	194.87	415.74
	Deferred tax liabilities.	400.13	856.10
	<b>Total Profit After Tax</b>	<b>359.46</b>	<b>1458.64</b>
3	<b>Capital Employed</b>		
	Real-Estate	48393.88	46896.24
	Textile	184331.19	169163.24
	<b>Total</b>	<b>232725.07</b>	<b>216059.48</b>

5. Figures of previous year have been re-grouped/re-arranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**For A.F.KHASGIWALA & CO.**

**Chartered Accountants**

**Sd/-**  
**(A.F.KHASGIWALA)**  
**Partner**  
**Mem. No. 006491**

**Sd/-**  
**Managing Director**

**Sd/-**  
**Chairman**

**Place: Mumbai**  
**Date:20th May, 2010**

# KSL AND INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010.

Particulars	2009-10 (Rs. lacs)	2008-09 (Rs. lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES	954.48	2730.48
Adjustments for Non Cash Charges	0.00	0.00
Depreciation & amortisation	12597.19	9771.43
Loss on Discard/sale of Fixed Assets	0.00	0.00
Other Income	-1104.49	-131.55
<b>OPERATION PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>12447.18</b>	<b>12370.36</b>
Adjustment for:		
Trade and other receivables	-6669.37	-8201.20
Inventories	-10026.79	-15586.93
Trade Payables	-1537.02	4320.66
<b>CASH GENERATED FROM OPERATIONS</b>	<b>-5786.00</b>	<b>-7097.11</b>
Direct taxes paid	414.98	1720.40
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-6200.98</b>	<b>-8817.51</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-15570.65	-34390.06
Purchase /Sales of Investments	-45.00	0.00
Increase in Capital WIP	0.00	0.00
Increase / Decrease in Miscellaneous Expenditure	0.00	0.00
Dividend and Income received	1104.49	131.55
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-14511.16</b>	<b>-34258.51</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Shares Capital (including Share Premium)	0.00	3248.49
Total Proceedings From Borrowings (Net Of Repayment)	15766.72	46605.73
Share Application Money	0.00	-6000.00
Dividend paid (including tax on dividend)	-471.11	-467.41
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>15295.61</b>	<b>43386.81</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-5416.53</b>	<b>310.79</b>
CASH AND CASH EQUIVALENTS (Opening Balance)	6837.99	6527.20
CASH AND CASH EQUIVALENTS (Closing Balance)	1421.46	6837.99
	<b>-5416.53</b>	<b>310.79</b>

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-  
Managing Director

Sd/-  
Chairman

### Auditors Certificate

We have examined the attached Cash flow statement of **KSL AND INDUSTRIES LTD.** for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with various Stock Exchanges and is based on and in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

**For A.F. KHASGIWALA & CO.**  
Chartered Accountants

Sd/-  
(A.F. KHASGIWALA)  
Partner  
Mem. No. 006491

Place: Mumbai  
Date: 20<sup>th</sup> May, 2010

## ANNUAL REPORT 2009-2010

### ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT,1956.

Balance sheet Abstract and company's General Business Profile:

I. Registration Details

Registration No. : L17119DN19832PLC000074                      State Code : 54  
Balance sheet Date : **31.03.2010**

II. Capital Raised during the year

Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	0.00
Warrant Conversion	:	Nil			

III. Position of Mobilisation and Development of Funds ( Amount Rs. In Lacs)

Total Liabilities	:	233701.29	Total Assets	:	233701.29
<u>Sources of Funds</u>			<u>Application of Funds</u>		
Paid-up Capital	:	8026.73	Net Fixed Assets	:	154096.60
Secured Loans	:	90792.69	Net Current Assets	:	77708.09
Unsecured Loans	:	70959.80	Investments	:	256.95
Share Application Money	:	10000.00	Misc.Expenditure	:	976.22
Reserves & Surplus	:	48883.19	Goodwill	:	663.43
Deffered Tax Liab	:	3148.81			
Minority Interest	:	1890.07			

IV Performance of Company (Amount Rs. In lacs)

Turnover & Other Income	:	144548.17	Total Expenditure	:	143593.69
Profit Before Tax	:	954.48	Profit After Tax	:	527.46
Earning Per Share (Rs)	:	0.52	Dividend Rate	:%	0.00

V Generic Names of Principal Products/Services of Company (As per monetary terms)

Item Code No.(ITC Code)	:	60-02			
Product description	:		Yarn & Knitted fabrics		

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AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**For A.F.KHASGIWALA & CO.**  
**Chartered Accountants**

**Sd/-**  
**(A.F.KHASGIWALA)**  
**Partner**  
**Mem. No. 006491**

**Managing Director**

**Place: Mumbai**

**Date:20th May, 2010**

## KSL AND INDUSTRIES LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT.1956  
RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR FINANCIAL YEAR 2009-10.

Name of the Subsidiary Company	Kalmeshwar Textiles Mills Ltd.	Reward Real Estat Company Ltd.	ACTIF CORPN LTD (Formerly Known Deccan Mills Real estate & infrastruture Ltd
Financial Year of the Subsidiary Company	31st March,2010	31st March,2010	31st March,2010
Date from which they became Subsidiary Company the subsidiary company:	19th November, 2003	20th April, 2005	6th June, 2006
(a) Number of shares held by "KSL and Industries Ltd." with its nominees in the subsidiary at the end of the financial year of the Company	1641598 Eq.sh.of Rs.100/-each.	29997500 Eq.sh.of Rs.10/-each.	49994 Eq.sh.of Rs.10/-each.
(b) Extent of Interest of holding company at the end of the financial year of subsidiary Company	100%	100%	0.16%
<b>DETAILS OF SUBSIDIARY COMPANY</b>	<b>(Rs. In Lacs )</b>	<b>(Rs. In Lacs )</b>	<b>(Rs. In Lacs )</b>
Capital	1649.94	3000.00	7125.71
Reserve	3013.08	1272.81	1248.28
Total Assets	4665.01	17672.87	45242.47
Total Liabilities	4665.01	17672.87	45242.47
Details of Investment	0.00	0.00	0.00
Total Income	349.45	232.51	40243.67
Profit (Loss) Before Taxation	0.69	191.91	232.88
Provision for taxation	0.12	65.23	39.59
Profit (Loss) after Taxation	0.68	126.74	-168.24

**ATTENDANCE SLIP**  
**KSL AND INDUSTRIES LIMITED**

Registered Office: Plot No.69, Dhanu Udyog Industrial Area, Piperia, Silvassa (U.T.)  
(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL)

**TWENTY EIGHT ANNUAL GENERAL MEETING**

Member's Name (in capital letters) .....

Folio No. .... No. of Shares held .....

DP. ID*	
---------	--

Regd. Folio No.	
-----------------	--

Client ID*	
------------	--

I hereby record my presence at the Twenty Fifth Annual General Meeting of the company being held on Saturday, 10<sup>th</sup> July, 2010 at 2:00 p.m. at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory).

.....  
Signature of the Shareholder or Proxy

\* Applicable for investors holding shares in electronic form

----- CUT HERE -----

**PROXY FORM**  
**KSL AND INDUSTRIES LIMITED**

Registered Office: Plot No.69, Dhanu Udyog Industrial Area, Piperia, Silvassa (U.T.)

DP. ID*	
---------	--

Regd. Folio No.	
-----------------	--

Client ID*	
------------	--

I/We .....  
of ..... in the District of .....  
being a member/members of the Company, hereby appoint .....  
of ..... in the District of .....

or failing him ..... of ..... in the District of .....  
as my/our Proxy to vote for me/us on my/our behalf at the Twenty Eight Annual General Meeting of the Company to be held on Saturday, 10<sup>th</sup> July 2010 at 2:00 p.m. at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory).

Signed this ..... Day of ..... 2010

\* Applicable for investors holding shares in electronic form.

Affix Re. 1/- Revenue Stamp
--------------------------------------

**Note:** The Proxy form duly completed and signed must be deposited at the Registered Office of the Company, not less 48 hours before the meeting.

.....  
Signature of Member(s)

AS PER SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) MANDATE, THE SECURITIES OF YOUR COMPANY ARE TO BE TRADED ONLY IN DEMAT FORM W.E.F 8TH MAY 2000 FOR ALL THE INVESTORS. MEMBERS ARE, THEREOF, REQUESTED TO COMPLETE ALL FORMALITIES FOR CONVERSION OF THEIR SHARES FROM PHYSICAL TO ELECTRONIC FORM.
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