



SKNL

S. Kumars Nationwide Limited

Clothiers To The Nation Today...

...The World Tomorrow

The cover represents the world of S. Kumars Nationwide Limited (SKNL). At its center is the corporate vision to be 'Clothiers to the world'. With fashion and clothing that meet the aspirations and expectations of consumers across boundaries, SKNL operates in multiple geographies, nations, categories and customer segments. This makes SKNL a company uniquely poised on the springboard of global leadership in clothing and fashion.



BOARD OF DIRECTORS

Dr. A. C. Shah	– <i>Chairman</i>
Nitin S. Kasliwal	– <i>Vice Chairman & Managing Director</i>
Jyoti N. Kasliwal	– <i>Director</i>
Anil Channa	– <i>Deputy Managing Director</i>
K. P. Rau	– <i>Director (Nominee of IDBI Bank)</i>
Dr. Vinayshil Gautam	– <i>Director (Nominee of EXIM Bank)</i> <i>(w.e.f. 31st October, 2009)</i>
Anish Modi	– <i>Director (Nominee of IDM Pvt. Ltd.)</i>
Denys Firth	– <i>Director (Nominee of IDM Pvt. Ltd.)</i>
Martin Henry	– <i>Director</i>
Vijay Kalantri	– <i>Director</i>
Dara D. Avari	– <i>Director</i>
Col. S. K. Raje	– <i>Director</i>

COMPANY SECRETARY & COMPLIANCE OFFICER

Nimesh S. Shah

AUDITORS

M/s. Haribhakti & Co.

SOLICITORS

M/s. Little & Co.

REGISTRAR & TRANSFER AGENTS

Bigshare Services Pvt. Ltd.
E - 2, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (East), Mumbai 400 072.

REGISTERED OFFICE

“Avadh”, Shree Ram Mills Premises,
Ganpatrao Kadam Marg, Worli,
Mumbai 400 018.
website : www.sknl.co.in

BANKERS

Bank of India
IDBI Bank Ltd.
State Bank of Indore
Export Import Bank of India
The Jammu & Kashmir Bank Ltd.
The Federal Bank Ltd.
Indian Bank
Union Bank of India
Indian Overseas Bank
State Bank of India
Punjab National Bank
ICICI Bank Ltd.
Wachovia Capital Finance Corporation
Banca Intesa, Italy

MAJOR PLANTS**Menswear and Home Textiles Complex**

3B Industrial Area No. 2, Agra Bombay Road,
Dewas, (M.P.)

Worsted Fabrics Complex

Thandavapura, Nanjangud Taluka,
Mysore Dist., Karnataka.

Spinning and Weaving Complex

Chamunda Standard Mills,
Balgah, Dewas, (M.P.).

Total Wardrobe Solutions

No. 121/52, Hosahalli Gollarahatti,
Magadi Road, Bengaluru,
Karnataka.

High Value Fine Cotton (HVFC) & Home Textiles

Jhagadia Industrial Estate, GIDC,
Ankleshwar, Gujarat.

Hartmarx Corporation

1680, East Touhy Avenue
Desplanes, IL 60018

Hickey Freeman

1155 Clinton Avenue North
Rochester, Monroe County, NY 14621

Coppley Corporation

56, York Boulevard
Hamilton ON, L8N 3S6

Marling & Evans Limited

Vernon House, 40 New North Road
Huddersfield, West Yorkshire, HD1 5LS

Leggiuno SPA

Via Dante Alighieri, 1
21038 Leggiuno (VA) - Italy

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the members of **S. KUMARS NATIONWIDE LIMITED** will be held on Tuesday, the 28th September 2010, at 3.00 p.m. at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and the audited Profit and Loss Account for the year ended as on that date together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri Anish Modi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Denys Firth, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Martin Henry, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and subject to such permissions, consents and approvals from various authorities as may be required, and which the Board of Directors is hereby authorised to accept, the Board hereby accords its consent and approval to the reappointment of **Shri Anil Channa as a Deputy Managing Director** of the Company for a further period of 5 years on the terms and conditions as set out below:

(1) Tenure of Appointment:

For the period of 5 years commenced from 12th January, 2010 to 11th January, 2015.

(2) Nature of Duties:

The Deputy Managing Director shall devote his whole-time attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company.

(3) Remuneration:

(a) Salary (Basic):

Rs. 42,33,000/- per annum.

(b) Perquisites:

(i) Housing:

Rent free Company accommodation.

(ii) Medical Allowance:

Every year reimbursement of all types of medical expenses incurred in India and / or abroad including hospitalization, nursing home and surgical charges for himself and his family maximum upto one month basic salary.

(iii) Leave/Holiday Travel Expenses:

Every year reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and his family during the leave/holiday travel periods, whenever undertaken, whether in India or abroad, maximum upto one month basic salary.

(iv) Bonus:

Every year 8.33 % as per Company rules, maximum upto one month basic salary.

(v) Provident Fund & Gratuity:

Contribution to the Provident Fund & Gratuity shall be admissible as per rules of the Company.

(vi) Leave:

Entitled for leave with full pay or encashment thereof as per the rules of the Company.

(vii) Other Perquisites:

Subject to overall ceiling on remuneration mentioned hereinbelow, Shri Anil Channa, Deputy Managing Director, may be given any other allowances, benefits and perquisites as the Board of Directors which includes Remuneration Committee thereof may from time to time decide.

Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

(c) Amenities:

(i) Conveyance Facilities:

The Company shall provide suitable vehicle. All the repairs, maintenance and running expenses including driver's salary shall be reimbursed by the Company.

(ii) Telephone and other communication facilities:

The Company shall provide telephone and other communication facilities to the Deputy Managing Director as may be required. All the expenses incurred shall be reimbursed by the Company.

(4) Overall Remuneration:

The aggregate of salary, perquisites in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may be for the time being in force.

The annual increment may be decided by the Remuneration Committee and/or Board of Directors in its absolute discretion from time to time.

The nomenclature of allowance/reimbursement and corresponding amount thereof can be revised as per the rules of the Company.

The Company shall not pay to Mr. Anil Channa any sitting fees for attending the meetings of the Board or Committee thereof so long as he functions as a Deputy Managing Director.

(5) Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Deputy Managing Director, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be for the time being in force.

The above remuneration payable to Mr. Anil Channa is subject to the condition that the total remuneration including perquisites shall not exceed 5% of the net profit individually and 10% of the net profit collectively payable to all the Managing Directors / Deputy Managing Directors as calculated in accordance with sections 198 and 309 of the Act or any amendment thereto or any other provisions as applicable".

7. To consider and if thought fit, to pass the following Resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 258, 259 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to approval of the Central Government, the number of Directors of the Company for the time being in office be increased from twelve to fifteen.

RESOLVED FURTHER THAT pursuant to section 31 and all other applicable provisions, if any, of the Companies Act, 1956, existing Article 105(a) of the Articles of Association of the Company shall stand deleted and the following new Article 105(a) shall be substituted in its place with effect from the date of approval of the Central Government.

105(a): Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (excluding Corporation and Alternate Directors) shall not be less than three and more than fifteen.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

By order of the Board
For **S. Kumars Nationwide Limited**

Place : Mumbai
Date : 28th May, 2010.

NIMESH S. SHAH
Vice President & Company Secretary

NOTES:

1. **A member entitled to attend and vote is entitled to appoint proxy / proxies to attend and vote instead of himself / herself and a proxy need not be a member of the Company. Proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 22nd September 2010 to Tuesday, 28th September 2010 (Both Days Inclusive).
4. Pursuant to Section 205A of the Companies Act, 1956 the unclaimed dividend has been transferred to Investor Education and Protection Fund as and when it became due and now there is no such unclaimed dividend outstanding.
5. As per the SEBI Notification dated 16th February 2000, the equity shares of the Company have been compulsorily dematerialized and sale / purchase of the same is required to take place in dematerialized form only.
6. Members desiring any information as regards the Accounts are requested to write to the Company at least 5 days before the date of the meeting to enable the management to keep the information ready.
7. Re-appointment of Directors: At the ensuing Annual General Meeting, Shri Anish Modi, Shri Denys Firth, Shri Martin Henry retire by rotation and being eligible, offer themselves for re-appointment.

Details of Directors seeking reappointment at the ensuing Annual General Meeting

Particulars	Shri Anish Modi	Shri Denys Firth	Shri Martin Henry	Shri Anil Channa
Date of Birth	21.03.1966	26.05.1951	20.06.1933	01.09.1948
Date of Appointment	27.06.2007	09.10.2007	24.02.2005	30.12.2006
Qualification	Masters in Finance, London Business School	BA in Physics (Oxon)	MA (Oxon)	B. Tech, M.B.A.
Expertise in specific functional area	18 years	36 years	28 years-managerial positions in an international textile company	Expertise in Textile Industry
Directorships held in other public Companies (including foreign Companies)	1) Saurashtra Cement Ltd. 2) Shree Nirmal Commercial Ltd. 3) Kitply Industries Limited 4) Brandhouse Retails Limited	1) Saurashtra Cement Ltd. 2) Mauritius Debt Management Limited 3) Brandhouse Retails Limited	NIL	1) Reid & Taylor (India) Limited 2) N'Essence Holdings Limited
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Saurashtra Cement Ltd. 2) Brandhouse Retails Limited 3) Kitply Industries Limited	NIL	NIL	1) Reid & Taylor (India) Limited
Number of shares held in the company	NIL	NIL	NIL	NIL

By Order of the Board
For **S. Kumars Nationwide Limited**

Place : Mumbai
Date : 28th May, 2010.

NIMESH S. SHAH
Vice President & Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**Item No 6.**

The Board of Directors of S. Kumars Nationwide Limited ("the Company") at its meeting held on January 31, 2010, on the recommendation of the Remuneration Committee, has approved and reappointed Mr. Anil Channa as a Deputy Managing Director of the Company for a further period of 5 years on the above mentioned terms and conditions.

Mr. Anil Channa holds a B. Tech (Textile Technology) degree from IIT, Delhi and a Masters in Business Administration from Delhi University. He was appointed as a Deputy Managing Director of the Company for a period of 3 years with effect from 12th January 2007.

In compliance with the requirements of section 302 of the Companies Act, 1956, an abstract of the terms of re-appointment of Mr. Anil Channa and the remuneration payable to him together with the Memorandum of Concern or Interest was duly circulated to the Members/shareholders of the Company on 15th February 2010.

The Members are requested to consider the Resolution and approve the same.

None of the Directors is concerned or interested in the proposed Resolution except Shri Anil Channa himself.

Item No 7.

In order to meet the new challenges, it is imperative that the Company's Board is strengthened to enhance its effectiveness and also to maximize the shareholders value. The Company accordingly needs to have a set of directors with appropriate qualification, skills, experience and / or background in diverse or related fields. In view of the above, the Board considers it advisable to increase the total number of Directors for the time being in office, from twelve to fifteen.

Consequently, Article 105(a) of the Articles of Association of the Company is sought to be amended in the manner as set out in the Resolution.

Pursuant to the provisions of Section 259 of the Companies Act, 1956, the aforesaid amendment requires approval of the shareholders by passing a Special Resolution.

Your Directors recommend the Resolution for your approval.

None of the Directors is concerned or interested in the said Resolution.

By Order of the Board
For **S. Kumars Nationwide Limited**

Place : Mumbai
Date : 28th May, 2010.

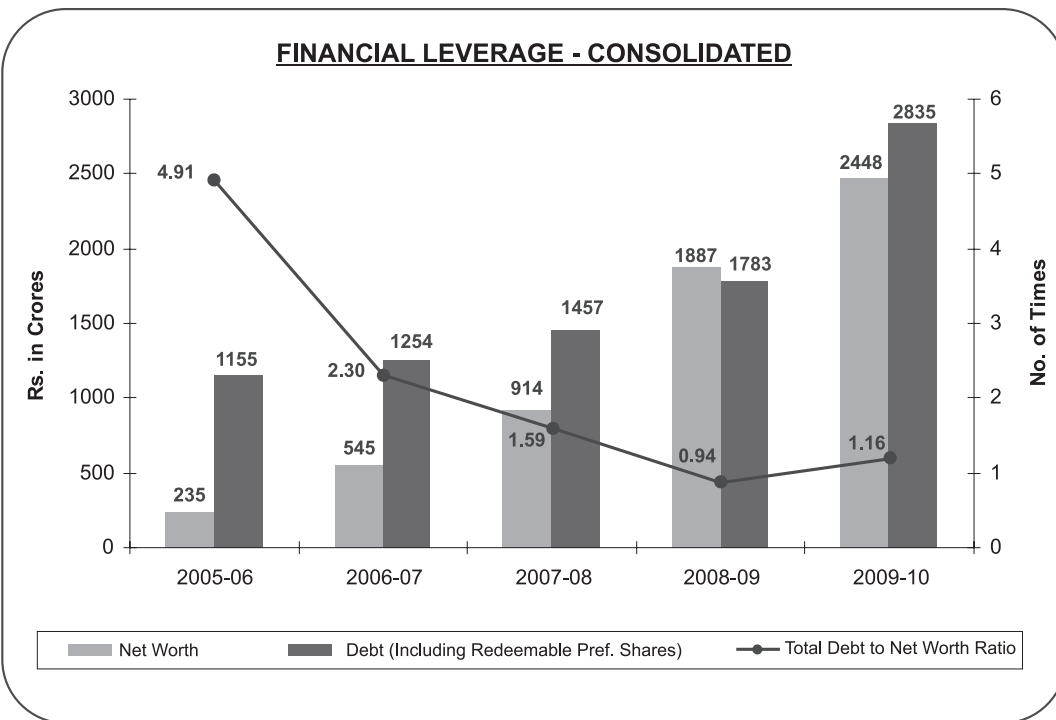
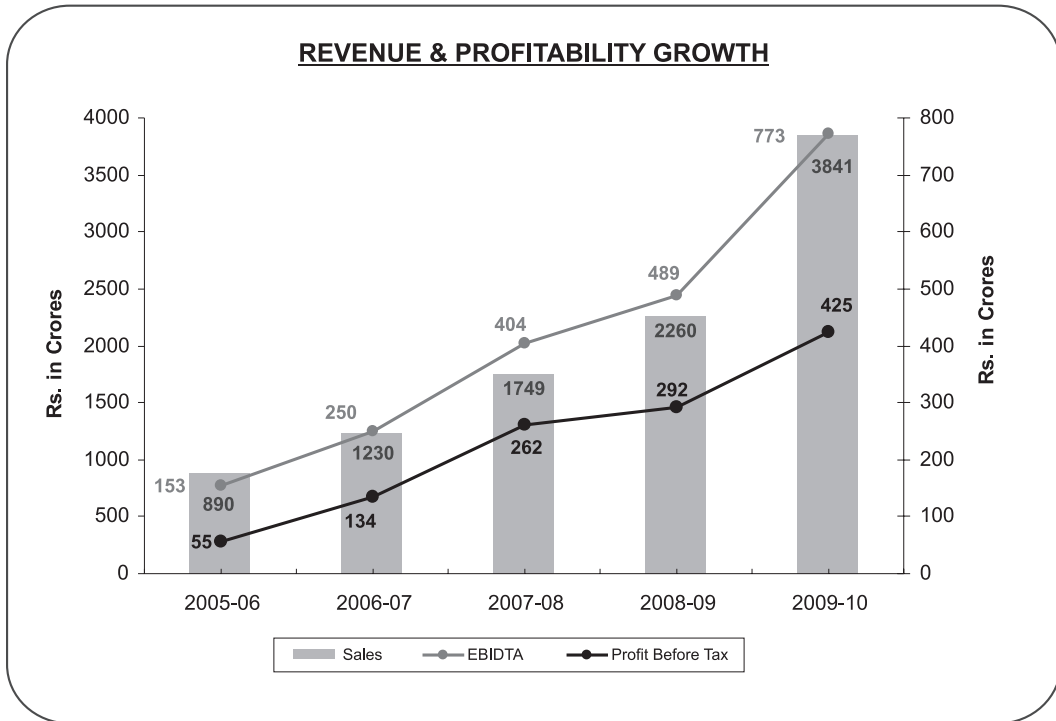
NIMESH S. SHAH
Vice President & Company Secretary

**KEY FINANCIALS AT A GLANCE
PROFIT AND LOSS ACCOUNT**

(Rs.in Crores)						
Particulars	2004-05 (Six months)	2005-06	2006-07	Consolidated		
				2007-08	2008-09	2009-10
INCOME						
Sales and Services charges	344.53	889.73	1,229.54	1,748.65	2,260.36	3,840.51
Other Income	4.30	6.08	9.90	10.51	15.85	20.43
Increase/(Decrease) in Stock	(8.75)	17.90	86.45	(16.33)	80.59	125.06
Total	340.08	913.71	1,325.89	1,742.83	2,356.80	3,986.00
EXPENDITURE						
Raw materials consumed/Fabric purchases	254.14	640.71	886.84	1,112.32	1,541.61	2,440.98
Manufacturing Expenses	20.02	43.84	49.10	51.54	77.51	124.80
Payment to & for Employees	8.23	22.22	30.16	42.05	73.06	313.01
Administrative Expenses	8.98	18.22	30.13	43.95	61.89	139.99
Selling & Distribution Expenses	14.81	36.17	79.85	88.71	113.88	193.91
Misc Expenditure and Restructured Financial Cost written off	1.87	11.36	10.53	10.21	13.71	18.16
Interest and Financial Charges	2.01	45.07	60.92	89.33	138.82	249.23
Depreciation/Amortisation	20.89	40.92	43.87	42.61	44.21	81.34
Total	330.95	858.51	1,191.40	1,480.72	2,064.69	3,561.42
PROFIT/ (LOSS) BEFORE TAX	9.13	55.20	134.49	262.11	292.11	424.58
Exceptional Expenses & Income on settlement of CDR dues	-	-	-	-	57.20	-
Prior Period Adjustment	0.02	0.06	0.37	(0.46)	(0.76)	0.09
Provision for Taxation (Net)	-	(10.51)	(11.34)	(51.94)	(88.42)	(139.53)
Deferred Tax Assets/(Liabilities)	(5.90)	-	-	(4.12)	(3.48)	(5.95)
Taxation for earlier years	-	-	-	-	(61.51)	(1.94)
Fixed Assets Capitalised in earlier years Written Off	(205.57)	-	-	-	-	-
Extraordinary Income/(Losses)	-	55.03	(16.05)	-	-	-
PROFIT BEFORE MINORITY INTEREST	(202.32)	99.78	107.47	205.59	195.14	277.25
Less: Minority Interest	-	-	-	-	18.56	48.25
PROFIT AVAILABLE FOR APPROPRIATION	(202.32)	99.78	107.47	205.59	176.58	229.00
APPROPRIATION:						
Less: Share of Minority Interest in Reserves	-	-	-	-	20.88	4.42
Less: Transfer to Capital Redemption Reserve	-	-	2.00	-	40.03	53.37
Less: Transfer to Debenture Redemption Reserve	-	-	-	-	-	2.25
BALANCE AFTER APPROPRIATION	(202.32)	99.78	105.47	205.59	115.67	168.96
BALANCE BROUGHT FROM PREVIOUS YEAR	(201.11)	(403.43)	(303.65)	(198.18)	7.41	123.08
BALANCE CARRIED OVER TO BALANCE SHEET	(403.43)	(303.65)	(198.18)	7.41	123.08	292.04

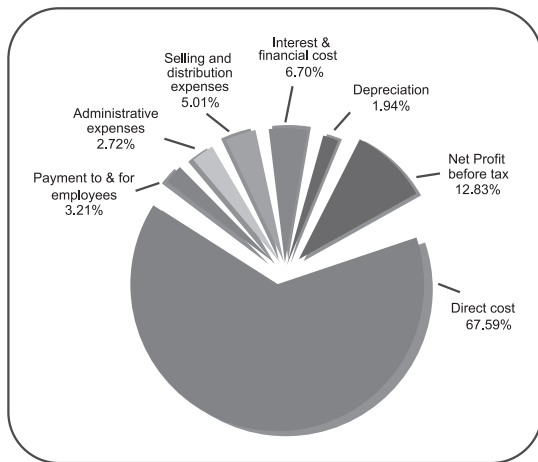
**KEY FINANCIALS AT A GLANCE
BALANCE SHEET**

Particulars	2004-05 (Six months)	2005-06	2006-07	Consolidated		
				2007-08	2008-09	2009-10
(Rs.in Crores)						
SOURCES OF FUNDS						
Shareholders' Funds						
Equity Capital	154.67	154.67	192.70	210.05	223.39	236.51
Preference Share Capital	35.73	85.25	169.01	169.79	86.94	76.39
Amount to be converted into Shares	115.52	66.01	-	65.59	-	-
Share Application Money (Equity)	20.00	122.84	20.00	20.00	-	13.40
Reserves & Surplus	197.54	195.48	421.92	510.02	1,325.31	1,861.72
Total Shareholders Funds	523.46	624.25	803.63	975.45	1,635.64	2,188.02
Minority Interest	-	-	-	-	230.39	336.77
Loan Funds						
Secured Loans	850.46	978.71	871.06	1,182.10	1,621.74	2,692.24
Unsecured Loans	309.14	90.56	321.90	212.92	182.49	66.58
Total Loan Funds	1,159.60	1,069.27	1,192.96	1,395.02	1,804.23	2,758.82
Defferred Tax Liabilities	-	-	-	4.12	11.03	150.32
TOTAL LIABILITIES	1,683.06	1,693.52	1,996.59	2,374.59	3,681.29	5,433.93
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	610.41	613.82	638.81	561.69	851.69	1,499.50
Less: Depreciation	268.05	310.89	355.58	180.19	217.44	292.68
Net Block	342.36	302.93	283.23	381.50	634.25	1,206.82
Add: Capital Work-in-Progress	69.45	79.84	295.86	540.38	665.76	782.73
Total Fixed Assets	411.81	382.77	579.09	921.88	1,300.01	1,989.55
Goodwill	-	-	-	-	101.14	124.76
Investments	6.88	7.88	1.38	1.37	3.75	1.44
Current Assets, Loans & Advances						
Inventories	340.69	379.91	503.65	579.45	807.95	1,307.34
Sundry Debtors	406.88	490.83	608.70	801.40	1,204.46	1,716.90
Cash & Bank Balances	8.00	17.71	14.52	11.23	109.03	132.14
Loans & Advances	207.17	231.82	256.98	289.05	634.48	845.66
Total Current Assets	962.74	1,120.27	1,383.85	1,681.13	2,755.92	4,002.04
Less: Current Liabilities & Provisions						
Current Liabilities	104.67	111.42	143.61	152.02	230.32	282.92
Provisions	1.43	11.83	23.24	77.77	249.21	400.93
Total Current Liabilities	106.10	123.25	166.85	229.79	479.53	683.85
Net Current Assets	856.64	997.02	1,217.00	1,451.34	2,276.39	3,318.18
Misc. Expenditure (not written off)	4.30	2.20	0.94	-	-	-
Profit & Loss Account	403.43	303.65	198.18	-	-	-
TOTAL ASSETS	1,683.06	1,693.52	1,996.59	2,374.59	3,681.29	5,433.93

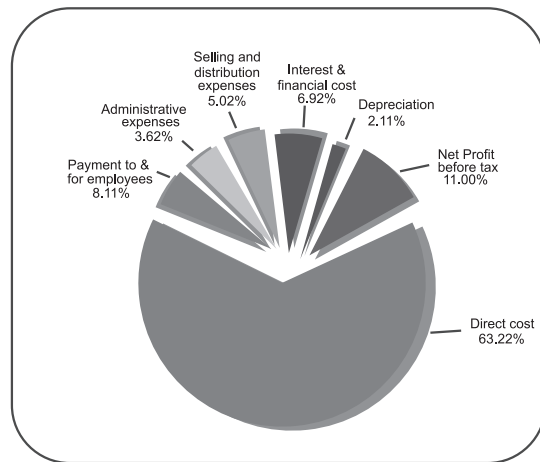


Note: Figures are based on Consolidated Financial Statements for a proper comparison of the trends.

COST AS A % OF TOTAL INCOME

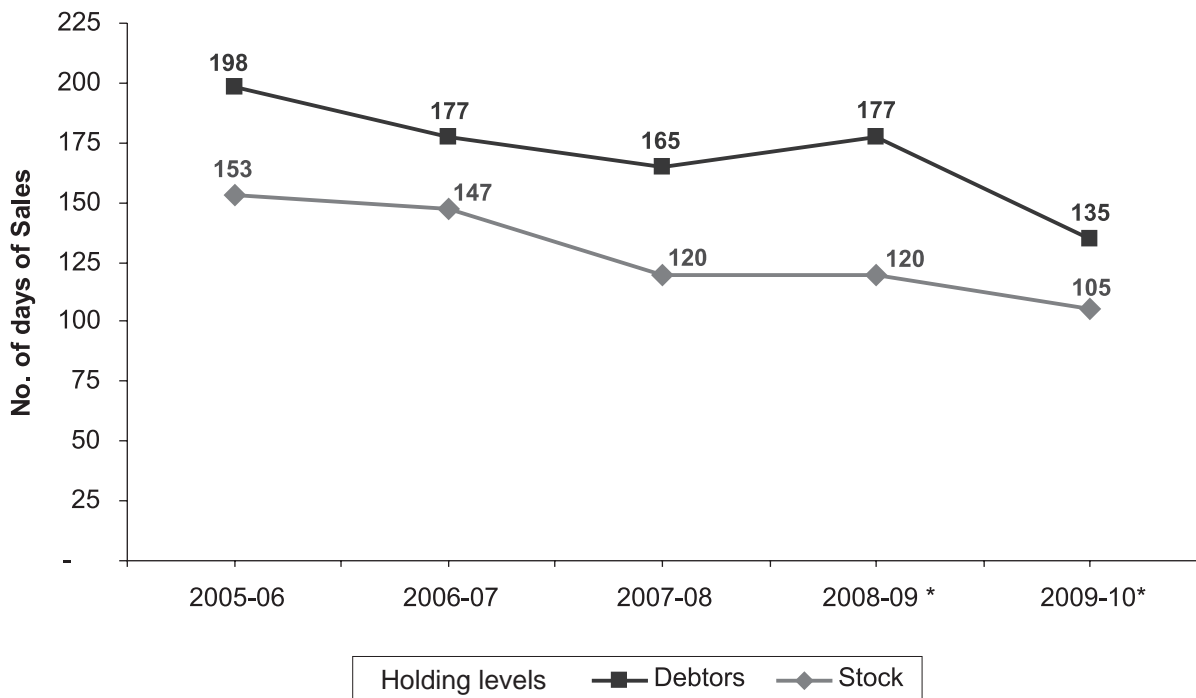


2008-2009



2009-2010

CURRENT ASSETS HOLDING LEVELS



* Holding levels based on annualised turnover for acquisitions during the year.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2010. Your company returned yet another year of positive performance in turnover and profitability.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	Particulars	2009-10 Consolidated	2008-09 Consolidated	2009-10 Stand Alone	2008-09 Stand Alone
1	Turnover	3,84,051	2,26,036	2,15,482	1,55,023
2	Other Income	2,043	1,585	475	338
3	Profit From Operations (PBIDT)	77,340	48,808	43,550	25,796
	Less: Interest	24,923	13,881	23,597	13,461
	Depreciation	8,134	4,421	4,171	2,654
	Misc. Exp.w/off	1,816	1,371	1,596	1,262
4	Profit Before Tax	42,467	29,135	14,186	8,419
5	Provision For Taxation	14,742	15,340	3,576	8,190
6	Profit After Tax	27,725	13,795	10,610	229
7	Exceptional Income on settlement of CDR debts	-	5,720	-	5,780
	Less: Minority Interest*	4,825	1,856	-	-
8	Amount Available For Appropriation	22,900	17,659	10,610	6,009
9	Appropriations:				
	Transfer to Capital Redemption Reserve	5,337	4,004	5,337	4,004
10	Transfer to Debenture Redemption Reserve	225	-	225	-
11	Share of Minority Interest in Reserves	442	2,088	-	-
12	Balance b/f from Previous Year	12,308	741	-	(2,005)
13	Surplus/(Deficit) carried to Balance Sheet	29,204	12,308	5,048	-

* The minority interest in 2009-10 pertains to investments in company's subsidiaries, namely Reid & Taylor (India) Ltd. upto 25.61%, HMX Corporation upto 5% and SKNL (UK) Ltd. upto 20%.

In 2008-09 the minority interest pertains to investment upto 23.03% in Reid & Taylor (India) Ltd. only.

DIVIDEND

With a view to conserve resources, your Directors are unable to recommend payment of dividend on equity share capital and preference share capital for the year ended 31st March, 2010.

YEAR IN RETROSPECT

The financial highlights reflect an encouraging performance for your company at all levels. Your company manufactures polyester blended suitings, worsted suitings and workwear fabric, home textiles and ready-to-wear garments. It has since entered into the overseas market through strategic international acquisitions. Your company's focus to cater to all socio economic segments along with capabilities of creating diversified brand portfolio has made it possible for it to achieve such buoyant results.

When the year 2009-10 began, the Indian economy was in a recession amidst the global slowdown that was still prevailing. Since then there has been a perceptible improvement in the outlook for the world economy. The Indian economy fared better than most developed economies, although its growth was a bit muted. The performance of the industrial sector has markedly improved. The country is now exhibiting signs of resurgence. The overall economic outlook is generally favourable, though mixed, with some concern of an escalating inflationary pressure.

All our established Strategic Business Units (SBU's) performed healthily, specifically Consumer Textiles, Luxury Textiles and Ready-to-wear Garments. Our HVFC (High Value Fine Cotton fabrics) facility which went on stream during the year will gradually achieve capacity build-up during the year and also strengthen the backend – frontend synergy with our Italian acquisition-Leggiuno.

The Consumer Textiles division and Ready-to-wear Garments division were driven by our mid-premium brand Belmonte which is increasingly gaining consumer endorsement and the share of this brand in the consumer textiles segment is rising.

In Consumer Textiles, SKNL operates the S.Kumars brand to cater to the economy segment and Belmonte and Uniformity by Belmonte to cater to the mid-price segment. This business is characterized by high volumes and has been achieving enhancement in margins. SKNL continues to garner a dominant 35% market share of the organized sector in the uniforms and workwear fabrics. Premium Uniforms under the Uniformity brand have become the choice of fabric in supplies to Defence and to industries requiring special purpose fabrics. To supplement the existing capacity of 15.2 m meters at Dewas, your company relies on outsourcing a major portion of its fabrics sales from domestic manufacturers. The outsourcing is limited to low-end fabrics which meet the required quality standards. Your company has undertaken expansion of its spinning, weaving and processing capacity for poly-viscose fabrics at its Dewas and Jhagadia units. This will provide improved logistical support and enable better customer servicing.

Luxury textiles SBU comprises of Reid & Taylor brand which consists of worsted, all wool, polywool and other blended fabrics. This SBU operates with a manufacturing capacity of 9.0 m meters at its Mysore plant. Over a span of just 12 years, Reid & Taylor brand has emerged as the No.2 player in the worsted fabric industry with a domestic market share of around 22%. In January 2008, SKNL subsidiarised the Luxury Textiles SBU into a separate company Reid & Taylor (India) Ltd. (RTIL) to increase its focus on the business. This brand continued to perform extremely well in the premium market.

Considering the huge potential in the Home Textiles market, your company launched its own brand Carmichael House in 2006 to cater to the premium-priced segment. The company mainly relies on outsourcing / contract manufacturing its home textiles requirement from domestic manufacturers. The new plant at Jhagadia will add finishing capacity upto 28m meters during the year.

The company ventured into the Ready-to-Wear segment by introducing the concept of Total Wardrobe Solutions (TWS). TWS caters to economy, mid-priced, premium and super-premium segments with brands like Belmonte, Reid & Taylor and Stephens Brothers.

To establish a beachhead in the EU and US markets, your company acquired Leggiuno S.p.A. and HMX Inc. These acquisitions would offer front end synergy for the company's recently commissioned HVFC facility and RTIL's Mysore unit respectively. As a result, SKNL has emerged as a much larger and stronger player in the textiles industry, with a global presence.

Your company recently announced about the SKNL – DKNY licence and relationship for menswear. The joint venture agreement and strategic licensing arrangement is between Donna Karan International (20%) and SKNL's wholly owned U.K. subsidiary SKNL (UK) Ltd. (80%). DKNY is one of the most recognized brands in the global apparel market place. This JV is consistent with SKNL's focus on aligning with the world's top apparel and accessories brand as part of the ongoing execution of its global growth strategy. SKNL (UK) Ltd. will source, design, produce and distribute a full range of DKNY menswear apparel.

Exports

In the international market, 2009-10 has been one of the most difficult years. Severe depression which started from the North American market affected most of the countries. Though your company is predominately a domestic player, we were able to achieve growth in exports on account of wider penetration into different markets and by introducing new qualities in Wool and Wool-rich blends, spreading business in the new areas and with an aggressive selling strategy. The company's subsidiary Reid & Taylor (India) Ltd. notched up exports of Rs.29.07 crores. against Rs.19.80 Crores last year. The rest of the divisions had exports of Rs.10.90 Crores. (Rs.88.37 lac previous year).

Markets have started stabilizing from the last quarter of 2009-10 resulting in larger volume of orders. Export business in 2010-11 would be much higher. Also, orders from group company - HMX - are flowing in regularly which would contribute substantially to export volume.

CURRENT BUSINESS OUTLOOK AND PLANS

Our domestic operating performance has significantly improved from the last year. Our international line of business is building a robust platform to expand our reach in the global market. We expect future business growth to be driven largely by volumes, across the various strategic business units of the company. SKNL has become a true multinational by making substantial investment overseas. The present phase is of consolidation so as to realize the fruits of our expertise and investment abroad.

Plans are afoot to launch new brands, either owned or through licensing arrangements, targeting different consumer segments. Towards this, the company has been actively pursuing a brand building strategy for developing a strong brand equity and recall. In the ready-to-wear segment, two new brands, one in casual premium and another in economy (World Player) are planned to be launched. Casual premium will be an out-of-office designer wear targeting the youth of the country, while World Player is aimed for the masses.

Your company is pleased to inform that commercial production at the High Value Fine Cotton plant at Jhagadia (Gujarat) has since commenced with annual capacity of 12.75m meters. Optimum utilization levels will be achieved from the fourth quarter of the year onwards. This division has been renamed as Baruche Superfine Cottons (BSFC). The global market size of HVFC fabric is expected at 550-600m meters annually, characterized with absence of any significant competition. Also, bulk of the manufacturing capacity is located in high cost manufacturing countries in the EU. This presents your company with a low-cost manufacturing base to capitalize on the attractive business opportunities. Although a few Indian manufacturers meet the quality norms, they have been unable to penetrate the market as they lack a proper distribution channel. Your company's acquisition of Leggiuno will help to establish itself in the European market and cater to leading fashion houses and brands earning much better realizations.

Your company is now the proud new owner of HMX entity, one of America's leading clothing companies catering to the luxury and premium end of the American market. Established in 1872, HMX is the largest manufacturer and marketer of men's suits and coats in the United States. It markets business, casual and golf apparel under its 34 owned and licensed brands. The leading brands are - Hart Schaffner Marx, Hickey Freeman, Misook, Copley, Austin Reed, Claiborne and Pierre Cardin etc. HMX's broad range of distribution channels includes fine speciality and leading department stores, value-oriented retailers and direct mail catalogues. Your company is fully prepared to meet the requirements of HMX group as a dedicated supplier.

SKNL has consecutively delivered healthy performance at all times, and has stood through growth in business earnings even in the challenging environment. Given that consumer sentiment is improving, our performance going forward looks encouraging. SKNL is well poised for growth on the back of strong brand presence across various socio-economic categories in the domestic branded textile and garments industry. The company's acquisitions in the overseas markets have provided us with a growing presence in global regions. With a dominant position in the domestic branded garment and textile industry, a strengthening position in the international geographies and an improving global market, your company is confident that it will continue to deliver improved and sustainable performances.

Your company is now a billion dollar multi-national textile conglomerate. Contribution of domestic business to total revenue in FY 10 was 82%.

CORPORATE SOCIAL RESPONSIBILITY

During the year, your company's subsidiary Anjaneya Foundation, which is set up in order to promote and support the activities in the fields like education in Medicine, Arts, Science, Commerce and cultural initiatives covering the deserving and needy people in India and other related activities, made donations of Rs.5,49,000/- towards such objectives.

SHARE CAPITAL

The paid up equity share capital of the company as at 31st March 2010 has gone up by Rs.13,12,24,000 from the previous year-end as a result of allotment of 1,31,22,400 nos. of equity shares of Rs. 10/- each to promoter group company, Anjani Finvest Private Ltd. on 1st April 2009 on conversion of 1,31,22,400 nos. of Fully Convertible Debentures (FCD's) into equivalent numbers of equity shares at a premium of Rs.72.50. The said FCD's were issued pursuant to the Special Resolution passed in the Extra Ordinary General Meeting of the company held on 26th March 2007. As per the terms of issue, the FCD's were to be converted on or before 2nd April 2009.

Pursuant to the Board resolution dated 25th July 2009 and subsequent special resolution passed by the members / shareholders through postal ballot notice dated 25th July 2009 and postal ballot result declared on 2nd September 2009, the company has allotted 1,24,25,000 nos. of Equity Share Warrants on 31st October, 2009, at a price of Rs.43.15 each to N'Essence Holdings Ltd., a promoter group company on preferential basis and received Rs.13,40,34,687 as 25% subscription money towards the Warrants.

During the year 2009-10, the company has redeemed and extinguished 1,60,000 nos of 6% Preference Shares of Rs.100/- each and 8,96,079 nos. of 0.01% Preference Shares of Rs. 100/- each issued to the lending institutions, on account of CDR exit payment.

Subsequent to the Balance Sheet date, for the information of the members, on 5th April 2010, the company has also redeemed and extinguished 200,000 nos. of 6% Preference Shares of Rs.100 each and 2,25,492 nos. of 0.01% Preference Shares of Rs.100 each issued to lending institutions on account of CDR exit payment.

EMPLOYEES STOCK OPTION SCHEME

As at 31st March 2010, there were 17,84,200 nos. of options in force to the senior Employees at a price of Rs.89.60 per option. No options were exercised nor cancelled / withdrawn during the year under report.

HUMAN RESOURCES

SKNL is blessed to have the best talent in the industry both domestic and international.

The company has a very strong Professional Management Team. Each SBU is headed by a segment specialist who is having relevant domain expertise. The SBU heads are assisted by professionals who are experts in their fields.

During the year, the management undertook several steps to strengthen Human Resource management. A major step was taken to link the compensation to actual performance of individuals. A structured Key Result Area-based Performance Pay system is implemented for the Leadership team. Simultaneously, a Performance Management and Development system has been implemented for middle and junior level executives. These two initiatives will positively impact the employee morale and motivation. The brands of the company has improved significantly and as a result, it could attract a number of senior professionals with proven track record to spearhead various business initiatives. The company has also stepped up investment in training for the front-line staff.

During the year the employee-employer relationship was very conducive and there was no work disruption.

CORPORATE GOVERNANCE

To comply with the conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Management Discussion and Analysis and Corporate Governance together with a certificate from the Company's Auditors confirming compliance is included in the Annual Report.

INFORMATION TECHNOLOGY

Measures to improve operational effectiveness in the organization are continuing. A work flow based leave management system has been implemented alongwith the swipe card system. Internet access has been further strengthened. ERP implementation is in progress.

DIRECTORATE

In accordance with the Companies Act 1956 and the company's Articles of Association, Mr. Martin Henry, Mr. Anish Modi and Mr. Denys Firth retire by rotation and being eligible offer themselves for reappointment.

Vide letter dated 23rd October 2009, Export Import Bank of India appointed Dr. Vinayshil Gautam, currently working with Indian Institute of Technology, Delhi, in the Managing Department as A Al_Sagar Chair Professor of Management, as a Nominee Director vice Shri R. W. Khanna. The Board placed on record the guidance, advice and support given by Shri R. W. Khanna during his tenure as Director. We look forward to the guidance and experience of Dr. Vinayshil Gautam to help the company in achieving its objectives.

DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956.

- 1) that in the preparation of the Annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

- 2) that such accounting policies have been selected and applied consistently, and judgements 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 31st March, 2010 and of the profit and loss account of the company for the year ended on that date;
- 3) that 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 fraud and other irregularities;
- 4) that the annual accounts have been prepared on a going concern basis.

DEPOSITS

Fixed deposits received from the shareholders and the public stood at Rs. Nil as on 31st March 2010 (previous year Rs. Nil). Further unclaimed deposits and interest amounting to Rs.127,631/- from 14 depositors were duly transferred to the Investor Education & Protection Fund u/s 205 (C) during the year.

There is no deposit or interest claimed but remained unpaid. All the claimed deposits with interest have been repaid in time. Members are aware that the fixed deposit schemes have since been discontinued with effect from 1st April 2001, as benefits were not commensurate with administrative costs.

STATUTORY INFORMATION :

FINANCE AND ACCOUNTS

The observations made by the Auditors in their report and included in the relevant notes forming part of the Accounts, are self explanatory.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by your company in accordance with the applicable Accounting Standards (AS 21, AS 23 and AS 27) issued by the Institute of Chartered Accountants of India and the same together with Auditors Report thereon form part of the Annual Report.

SUBSIDIARY COMPANIES

The statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the company's subsidiaries is attached. The company has applied on 20th May, 2010 to the Government of India, Ministry of Corporate Affairs, New Delhi u/s 212 (8) of the Companies Act, 1956 to exempt it from attaching the copies of the Balance Sheet, Profit & Loss Account, Reports of the Board and the Auditors of all the Subsidiary Companies to the Balance Sheet of the company as at 31st March 2010.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy and Technology Absorption is given in the prescribed forms which are given in Annexure '1' to the Directors' Report.

PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended forms part of this Report. However, as per the provisions of Section 219 (1) (iv) of the Companies Act, 1956 the Report and Accounts are being sent to all shareholders of the company excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the company.

GROUP FOR INTERSE TRANSFER OF SHARES

As required under Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons forming part of "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provision of Regulation 10 to 12 of the aforesaid Regulations, are given in the Annexure '2' attached herewith and which forms part of this Annual Report.

AUDITORS

The Board, on the recommendation of the Audit Committee, has proposed that M/s. Haribhakti & Co. Chartered Accountants, Mumbai, be re-appointed as the Statutory Auditors of the company and to hold office till the conclusion of the next Annual General Meeting of the company. M/s. Haribhakti & Co., have forwarded their certificate to the company, stating that their re-appointment, if made, will be within the limit specified in that behalf in sub-section (1B) of section 224 of the Companies Act, 1956.

In respect of observations made by the auditors, please refer to schedule 'P' note no. 3(b) and 6 which are self-explanatory and hence in the opinion of the Directors, does not require any further explanations.

ACKNOWLEDGEMENT

Your Directors are pleased to place on record their appreciation of the continued cooperation and support provided by financial institutions, banks, government authorities, business associates and shareholders. The Board also recognizes the contribution of the esteemed customers in the growth of the company and takes this opportunity to pledge the company's commitment to serve them. The Board would also particularly like to express great appreciation of the understanding and support expressed by the employees at all levels and the shareholders.

On behalf of the Board
For **S. Kumars Nationwide Limited**

Place: Mumbai
Date : 28th May 2010

Dr. A. C. Shah
CHAIRMAN

ANNEXURE '1' to the Directors Report**A. CONSERVATION OF ENERGY****a) Energy Conservation measures taken**

Energy Conservation is always on priority list of the company and continuous efforts are made to conserve them.

Some major energy conservation measures carried out during the year are as under:

1. High Value Fine Cotton (HVFC) Division, at Jhagadia, Gujarat:

Efforts have been made at the Company's HVFC Division, Jhagadia plant by installing Air compressor with Variable frequency drive. It helps to cater the variable air requirement of plant by varying the speed of compressor. This results in saving in power consumption of the plant by around 1320 KW per day.

HVFC Division has also installed heat recovery plant to recover waste heat of effluent generated from Yarn dyeing machine to preheat the inlet water to machine which saves approximately 30% of steam. This results in saving the power expenses be around Rs.7200/- per day. HVFC Division has also installed condensate recovery pumps which reflect in recovery of approximately 60% of steam consumption. This results in power saving of around Rs.10,000/- per day.

HVFC Division has developed arrangement to collect the rain water. Through the system, the HVFC Plant has collected 10,000 KI water and utilized to cater plant requirement.

2. Spinning & Weaving Division at Dewas, MP:

Replaced cu chock tube light by 45 watt CFL light in factory and colony compound light.

b) Additional investment / proposals, if any, being implemented for reduction of consumption of energy:**1. High Value Fine Cotton (HVFC) Division, at Jhagadia, Gujarat:**

It is proposed to install RO stage 2 and Evaporators which will be helpful in recovering water from 65% to 80%. Evaporators will be used for evaporation of RO rejected water.

2. Spinning & Weaving Division at Dewas, MP:

It is proposed to replace energy efficient motors on 48 ring frame of 15 KW motor.

c) Impact of Measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**1. High Value Fine Cotton (HVFC) Division, at Jhagadia, Gujarat:**

- By use of Variable frequency drive in compressor, there will be saving of approx Rs.20.79 Lacs p.a.
- By installation of condensate recovery pump, estimated saving Rs.35 Lacs per annum (Considering Steam Cost Rs.1.0 per Kg.)
- With Rain water harvesting the estimated saving will be around Rs.1.91 Lacs p.a.

2. Spinning & Weaving Division at Dewas, MP:

- The cost reduction achieved by replacing of cu chock tube light by 45 watt CFL in factory and colony compound light work out to Rs.1.25 lacs per annum.
- The proposal for replacement of the energy efficient motors work out to Rs.27 lacs per annum is expected in the next financial year.
- The proposal for replacement of cu chock tube light by electronic chock, conservation measures at Dewas factory will result in savings of revenue upto Rs.16 lacs per annum in the next financial year.
- Total Energy Consumption and Energy Consumption per Unit of Production as per Form "A" attached

B. TECHNOLOGY ABSORPTION

e) Efforts made in Technology Absorption – As per Form “B” given below:

RESEARCH & DEVELOPMENT (R & D)

FORM “B”

1. Specific areas in which R&D carried out by the Company:	Product research is carried out on an ongoing basis
2. Benefits derived as a result of the above R & D	Improved product quality
3. Future plan of action	Same as above
4. Expenditure on R & D	Not identified separately
	Rs. in Crs.
a. Capital	-
b. Recurring	-
c. Total	-
d. Total R & D Expenditure as a percentage of total turnover	-

Technology Absorption, Adoption and Innovation

The Company has absorbed the technology of manufacturing exclusive worsted suitings and high value super fine cotton shirtings fabrics.

1. Efforts, in brief, made towards technology absorption, adoption and innovation:

Additional Equipments for testing and new product developments have been installed for faster and accurate product manufacturing.

2. Benefits derived as a result of the above efforts

With continuous product developments, new product range is being offered with value addition.

3. Information regarding Imported Technology

All testing equipments have been imported and products tested on these equipments give consistency in quality.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to export, initiatives to increase exports, Developments of New export markets for Products and Services and Export Plan.

The Company has continued to maintain focus on and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth Rs.1090.39 lacs.

b) Total Foreign exchange earned and used

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a. Total Foreign Exchange earned	1090.39	88.37
b. Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
Sub Total (a + b)	1090.39	88.37
c. Total Foreign Exchange used	23211.35	27864.75

FORM A
FORMING PART OF ANNEXURE (1)
Form for Disclosure of particulars with respect to conservation of Energy
Part A - POWER AND FUEL CONSUMPTION

ELECTRICITY	Current year	Previous year
Purchase		
Units in lacs	141.79	128.72
Total Amount Rs. lacs	656.37	607.56
Rate / Units Rs	4.63	4.72
Own generation		
Through Diesel generator		
Units (D.G Units) in lacs	10.48	28.75
Unit / Ltr of Diesel Oil	4.65	4.52
Cost / Unit Rs.	5.10	4.90

Part B - CONSUMPTION PER UNIT OF PRODUCTION

ELECTRICITY	Current year	Previous year
Fabrics KWH / Metre	0.34	0.32
Others (Specify)	-	-

ANNEXURE '2' FORMING PART OF THE DIRECTORS' REPORT

Persons forming part of "Groups" (within the meaning as defined in the Monopolies & Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provision regulation 10 to 12 of Securities & Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 ("the said Regulations"), as required under Regulation 3 (1) (e) of the said Regulations include the following:

- | | |
|---|--------------------------------------|
| 1. Shri Nitin S. Kasliwal and Family | 23. SKNL Foundation |
| 2. Smt. Jyoti N. Kasliwal and Family | 24. SKNL Global Holdings B. V. |
| 3. Ms. Anjani N. Kasliwal and Family | 25. SKNL Europe B. V. |
| 4. Mr. Kartikeya N. Kasliwal and Family | 26. SKNL International B. V. |
| 5. Brandhouse Retails Limited | 27. SKNL North America B. V. |
| 6. Reid & Taylor (India) Limited | 28. SKNL (U. K.) Ltd. |
| 7. Reid & Taylor Ltd., U.K | 29. SKNL Italy S. p. A. |
| 8. Brandhouse Oviessa Limited | 30. Global Apparel (US) Ltd. |
| 9. S. Kumars Enterprises (Synfabs) Limited | 31. Global Apparel (France) Ltd. |
| 10. S. Kumars Textiles Limited | 32. 7172931 Canada Ltd. |
| 11. Belmonte Lifestyles Limited | 33. Global Apparel (Hong Kong) Ltd. |
| 12. N'Essence Holdings Limited | 34. Leggiuno S. p. A. |
| 13. Anjani Finvest Pvt. Limited | 35. Marling & Evans Ltd. |
| 14. Verve Properties & Investment Pvt. Limited | 36. Remala Trading B.V |
| 15. Ingenious Finance & Investment Pvt. Limited | 37. Copley Corp |
| 16. Natty Finance & Investment Pvt. Limited | 38. HMX Poland sp. Z.o.o |
| 17. S. K. Worsteds Pvt. Limited | 39. HMX Poland sp. Z.o.o, Luxembourg |
| 18. Tulja Enterprises Pvt. Limited | 40. HMX Acquisition Corp. |
| 19. Sansar Exim Pvt. Limited | 41. HMX Des Plaines LLC |
| 20. Chamundeshwari Mercantile Pvt Limited | 42. Quartet Real Estate LLC |
| 21. Maverick Mercantile Pvt Limited | 43. HMX LLC |
| 22. Anjaneya Foundation | 44. HMX, DTC Co. |

Any body corporate and / or entity formed / promoted by any of the above.

"Family" for this purpose includes spouse, children and parent.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The global as well as the Indian economy is fast catching up post the world economic slowdown. A lot of people know India as the 12th largest economy globally and second largest in South East Asia. India is also the second largest textile producer in the world. India exports about US \$ 22 billion worth of Textiles and Apparel to various countries in the world.

The Indian textile and apparel industry is one of the oldest and most significant industries in the country. Apart from China, no other country can match the size, spread, depth, and competitiveness of the Indian textile and apparel industry. Moreover, the global elimination of quotas at the end of 2004 has greatly enhanced the opportunities for India to showcase its inherent strength and become a top sourcing and investment destination. Today, the industry contributes around 14% to industrial production in the country, 4% to the GDP, is estimated to directly employ approximately 35 mn people apart from the indirect employment in allied sectors, thus making it the second largest employer after agriculture. It accounts for about 15% of the country's exports, and is, in sum, an important economic engine for the nation.

With huge growth potential and opportunities, textile industry brings lots of challenges and issues by the sheer nature of this industry. One of the biggest issues the textile industry faces today, and will face in near future, is investments. The current manufacturing capacities cannot meet the unprecedented growth in the demand. In the short term, up to 2011-12, the total investment requirements are estimated at US\$ 40 bn, and since 2006-07, only US\$15 bn worth of investments have been made. Other issues being faced by the industry are comparatively low level of technology, lower scale of operations and lower productivity levels, which are inherent to Indian industry because of its fragmented nature and an unorganized sector being prevalent in India.

We believe that the Textiles and Apparel Industry will evolve further. The government has laid emphasis on capacity building of raw material, machinery, infrastructure and manufacturing units of technical textiles, standardization, product development and common testing facilities with international accreditation, domestic and export market development and human resource development.

Opportunities / Threats / Challenges

SKNL caters to the entire socio-economic spectrum of the branded textiles segment from economy to the premium and luxury segment. However, the key growth driver for the company will be the contribution from the recently commissioned HVFC facility along with the planned expansion of worsted fabrics capacity from 9.0 m meters to 10.2 m meters. The Leggiuno acquisition will provide an opportunity for front end and back end synergy for HVFC. It will also help SKNL to expand its EU presence by servicing other brands. SKNL can also substitute the worsted fabric sourced by HMX from USA with that produced at its Mysore facility. This can generate synergies from the acquisition as SKNL will benefit from higher volumes whereas HMX will be able to substantially rationalise its raw material sourcing costs on worsted fabrics.

Brand Strength: SKNL's brands (owned as well as licensed), namely, S.Kumars, Belmonte, Reid & Taylor and Stephens Brothers are well-established and enjoy good brand recall. Post HMX & DKNY. SKNL has one of the largest brand portfolios globally with 45 brands operational.

Strong Distribution Network: A distribution network of over 30000 retailers and over 300 wholesalers has enabled SKNL to enjoy a 30% market share of the organized uniform and work-wear fabric market. Expansion of EBOs by the group's retail company Brandhouse Retails Ltd. further enhances its retail reach for selling mid-priced to luxury products.

Global Presence: SKNL, post acquisition of Leggiuno and HMX, has achieved a global footprint in the key markets for premium textiles like US and the EU. This will benefit the company when there is a revival in consumer spending on premium products.

Professional Management: The company has a professional team with proven execution track record coupled with impeccable industry experience and domain knowledge. Also, with a separate management team for looking after the affairs of the SBUs this strengthens the focus and also results in better accountability.

Inability to pass on higher raw material costs: Although the company's target segment in the luxury space affords enough room to pass on the rise in raw material costs, any inability to do the same could lower the margins thereby impacting profitability to a certain extent.

Competition from other countries: Indian manufacturers compete with players in countries like China, Bangladesh, Pakistan, Vietnam, etc. in the exports market. Any policy advantage available to these manufacturers could impact the competitiveness of Indian companies.

Aggressive expansion: SKNL is aggressively ramping up its capacities across its SBUs. Any continued slowdown in global as well as domestic economy can adversely impact profitability.

Scope for expanding presence in developed economies: With many manufacturing facilities abroad on the verge of shutdown, there is enough scope for companies like SKNL to establish a presence in these economies.

Increase domestic market share: With the impact of economic slowdown resulting in closure of many small inefficient mills, companies like SKNL can capitalize and increase their domestic market share.

A brief review of some of the SBU's is given hereunder:

Blended and Uniform fabrics

Uniformity, the workwear division of BELMONTE has increased its market share to 35%. It is one of the leading suppliers of fabrics to Ordnance Factories which cater to the needs of our defence forces. Uniformity has also developed specialty fabrics for catering to Hospitals and the Hospitality industry and introduced fabric with fire retardant property.

Total Home Expressions

With the continued growth of the domestic home market, thrust was given to expand the channels of distribution of the Carmichael House brand. The division also did bulk sales to the institutions for gifting. The brand has launched new collections and new bath towels range which has received good response from the market.

Baruche Superfine Cottons (BSFC)

This division, earlier named HVFC, achieved commercial production in end of March 2010 and during the course of the year will be able to stabilize the production. BSFC has developed a strong and committed team backed by state-of-the-art machineries and utilities to produce the high value cotton shirtings to match the best of their kind anywhere in the world. In a short spans of time, BSFC has already started doing business with all major branded garment makers and fabric traders in India alongwith a healthy export book especially to Leggiuno S.p.A., which is marketing the same to top customers in Europe.

Luxury Textiles

The Reid & Taylor (India) Ltd. subsidiary, achieved all-time high sales turnover inspite of low market sentiments worldwide throughout the year. The growth has been achieved because of innovation and excellent marketing and distribution network coupled with the very strong brand Reid & Taylor.

The company has introduced some innovative techniques like snow white bleaching of polywool suitings, chemical stretch and developed versatile fabrics like 100% cashmere suiting and jacketing cloth, wool / cotton double faced suiting, Escorial suitings and ceremonial jacquard fabric by using exotic fibres.

Growth Prospects

The company historically has followed a well-planned growth strategy as can be evidenced from its progressive performance. At its Dewas plant 72 Dornier looms will be installed increasing the weaving capacity for Belmonte suitings. Similarly 18 Dornier looms and Compact spinning for the existing spindles will be installed at Mysore for increase in capacity, additional product range and improved yarn quality. At Jhagadia, the company is implementing projects to incorporate Cotton spinning, PV spinning, PV weaving and PV Process House, all of which will provide a backward integration for BSFC division and the Consumer Textiles businesses, reducing their costs and improving their quality.

Financial Performance

Apart from TUF and loan funds, a portion of the growth plans is being financed through internal accruals and promoters' contribution. The incremental earnings arising out of the growth plans will further strengthen the financials of the Company.

Risks and Concerns

The domestic, regional and global economic environment directly influences the consumption of textile products. Any economic slowdown can adversely impact demand-supply dynamics and profitability of all industry players including our company. However, with some exception, the company's operations have historically shown significant resilience to the fluctuations of economic and industry cycles. The company's diverse product portfolio and broad product mix basket is an added asset, providing a buffer against market fluctuations.

The company is exposed to risks from market fluctuations of foreign exchange, interest rates, commodity prices, business risk and compliance risks. Business risk evaluation and management are an ongoing process within the company. The company adopts a prudent and conservative risk mitigating strategy to minimize any adverse impact. The company's strong reputation for quality product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price risk on finished goods.

Adequacy of Internal Control

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly.

The internal control systems are supplemented by an extensive programme of internal audits, reviews by management and documented guidelines and procedures. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Cautionary Statement

Statements made in this report in describing the company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized by the company. Actual results could differ materially from those expressed in the statement or implied due to the influence of external and internal factors, which are beyond the control of the company. The company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

AUDITORS' REPORT

To

The Members of S. Kumars Nationwide Limited

1. We have audited the attached Balance Sheet of S. Kumars Nationwide Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date 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.
2. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. 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;
 - iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards, *except that the accumulated interest and financial charges amounting to Rs.14955 lacs and future differential interest on Restructured debts on NPV basis amounting to Rs.951 lacs pertaining to earlier years (after amortising Rs.1596 lacs during the year) have been carried forward under the head 'Restructured Financial Cost' (RFC) grouped/presented under Schedule F of Financial Statement i.e. Loans and Advances, which is not in accordance with AS-5 "Net Profit or Loss for the period, Prior Period Items and change in Accounting Policies," and has resulted into overstatement of profit by Rs.15906 lacs and overstatement of loans & advances by same amount (Refer Note No. 3(b) of Schedule 'P'), referred to in sub-section (3C) of Section 211 of the Act;*
 - v. On the basis of the written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. 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, *subject to Note No.6 of schedule 'P' relating to pending confirmations and reconciliations of balances of sundry debtors, loans and advances including capital advances and sundry creditors and consequential adjustments, if any and paragraph 4(iv) above, give a true and fair view in conformity with the accounting principles generally accepted in India;*
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

RAKESH RATHI
Partner
Membership No.45228

Place :Mumbai
Date :28th May, 2010

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of S. Kumars Nationwide Limited on the financial statements for the year ended 31st March, 2010]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) As explained to us, inventory lying with the Company have been physically verified by the management at regular intervals during the year. In respect of inventories lying with third parties, certificates confirming substantial portion of the inventories have been received. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks were not material and the same have been properly dealt with in the books of accounts.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and clause (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable to the Company.
- (b) The Company has taken unsecured interest free loan or advances in the nature of loan of Rs. 10409 lacs from a Company listed in the Register maintained under Section 301 of the Act, besides secured loan of Rs.44000 lacs and unsecured interest free loan of Rs.4000 lacs from the same party taken in earlier year. The maximum amount involved during the year was Rs. 71276 lacs (including interest bearing loan of Rs. 44000 lacs) and the year- end balance of loans taken from such party was Rs. 52909 lacs.
- (c) In our opinion, the rate of interest and other terms and conditions for such loans are, prima facie, not prejudicial to the interest of the Company and the said loan is repayable within a period of four years, after moratorium of one year starting from the year 2009-10.
- (d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and has also been regular in payment of interest.
- (iv) *In our opinion and according to the information and explanations provided to us in respect of purchase of inventories, capital work in progress and sale of goods of the Company, the documentations and internal control system needs to be strengthened, to be commensurate with the size of the Company and nature of its business. During the course of our audit, we have not observed nor have been informed of any continuing failure to correct major weaknesses in internal control systems of the Company.*
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) *The prevailing internal audit system needs to be strengthened, to be commensurate with size of the Company and nature of its business.*
- (viii) We have broadly reviewed the books of account maintained with regard to fabrics by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess have generally been regularly deposited with the appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (b) *According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:*

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates
Income Tax Act, 1961	Income tax deducted at source	536.39 lacs	F.Y.2009-10
Property Tax Act	Property tax	43.38 lacs	Earlier years
Wealth Tax Act, 1957	Wealth Tax	15.96 lacs (excluding interest)	Earlier years
Service Tax Act	Service Tax	0.10 lacs	F.Y. 2009-10

- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year, *subject to paragraph 4(iv) and 4(vi) in the Auditors Report.*
- (xi) *The Company has delayed on some occasions in repayment of dues to banks, financial institutions and debenture holders.*
- (xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- (xiv) The Company has not dealt or traded in shares, securities or debentures. In respect of investments, the Company has maintained proper records and all the investments are held by the Company in its own name, except to the extent of exemption granted under section 49 of the Act.
- (xv) According to the information and explanations given to us and the representations made by the management, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms & condition whereof are, not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us and based on the records of the Company examined by us, the Company has applied the term loan for the purpose for which it was obtained.
- (xvii) 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 has been used for long-term investment.
- (xviii) During the year, the Company has made allotment of shares amounting to Rs.1312 lacs as a result of conversion of FCDs allotted on preferential basis and further the Company has received 25% share application money of Rs.1340 lacs towards convertible share warrants from the Company covered in the Register maintained under Section 301 of the Act, and rate at which those have been issued are, prima facie, not prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, the Company had issued debentures in earlier years for which security has been created.
- (xx) The Company has not raised any money by issue of any shares/securities to public during the year.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

RAKESH RATHI
Partner
Membership No.45228

Place : Mumbai
Date : 28th May, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	Current Year As at 31.03.2010	(Rs.in lacs) Previous Year As at 31.03.2009	
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	31,289.67	31,033.51	
Equity Share Warrant partly paid (Ref. Note No.9 of Sch. 'P')		1,340.35	-	
Employee Stock Option Outstanding (Ref. Note No.11 of Sch. 'P')		631.84	480.54	
Reserves & Surplus	B	<u>74,485.50</u>	<u>59,746.90</u>	91,260.95
LOAN FUNDS				
Secured Loans	C	226,313.46	171,514.79	
Unsecured loans		<u>10,267.16</u>	<u>22,249.19</u>	193,763.98
DEFERRED TAX LIABILITIES(NET)				
		<u>1,706.52</u>		786.10
Total		<u>346,034.50</u>		<u>285,811.03</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	D	88,127.13	68,174.64	
Less : Depreciation/Amortisation		<u>22,987.97</u>	<u>19,303.88</u>	
Net Block		65,139.16	48,870.76	
Add: Capital work-in-progress including capital advances		<u>56,406.51</u>	<u>60,712.93</u>	109,583.69
INVESTMENTS				
	E	42,568.81		20,632.09
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	F	72,593.87	57,772.68	
Sundry Debtors		102,963.35	83,666.94	
Cash and Bank Balances		4,625.82	4,297.87	
Loans and Advances		<u>42,675.38</u>	<u>38,093.69</u>	
Total (I)		222,858.42	183,831.18	
Less: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	G	24,418.00	14,312.68	
Provisions		<u>16,520.40</u>	<u>13,923.25</u>	
Total (II)		40,938.40	28,235.93	
NET CURRENT ASSETS	(I) - (II)	<u>181,920.02</u>		<u>155,595.25</u>
Total		<u>346,034.50</u>		<u>285,811.03</u>
Significant Accounting Policies				
Notes Forming Part of Accounts				
O				
P				

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

NITIN S. KASLIWAL *Vice-Chairman and Managing Director*

ANIL CHANNA *Deputy Managing Director*

RAKESH RATHI
Partner
Membership No. 45228

J. S. SHETTY *CFO and President - Finance*

NIMESH S. SHAH *Vice President & Company Secretary*

Place : Mumbai
Date : 28th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2010

	Schedule	Current Year ended on 31.03.2010	(Rs.in lacs) Previous Year ended on 31.03.2009
INCOME			
Sales and service charges		215,482.12	155,022.84
Other Income	H	474.68	338.40
Increase/(decrease) in stock	I	<u>9,368.48</u>	<u>6,954.25</u>
Total		<u>225,325.28</u>	<u>162,315.49</u>
EXPENDITURE			
Raw materials consumed/ Fabric purchases	J	164,102.56	123,471.86
Manufacturing expenses	K	2,989.55	2,324.18
Personnel expenses	L	4,104.44	2,903.78
Administrative expenses	M	5,027.96	3,965.81
Selling and distribution expenses	N	5,584.64	3,798.67
Restructured Financial Cost Amortised		1,596.27	1,261.49
Interest and Financial expenses	N1	23,596.46	13,461.26
Depreciation/Amortisation	D	<u>4,171.21</u>	<u>2,654.49</u>
Total		<u>211,173.09</u>	<u>153,841.54</u>
Profit/(Loss) before Tax		14,152.19	8,473.95
Exceptional (expenses) /income on settlement of CDR debts		-	5,779.75
Prior period (expenses)/income		34.02	(54.52)
Provision for Tax			
Current Tax		(2,523.49)	(1,692.31)
Deferred Tax		(920.42)	(312.06)
Wealth Tax		(5.87)	(4.18)
Fringe Benefit Tax		-	(68.74)
Taxation for earlier years		<u>(126.18)</u>	<u>(6,113.25)</u>
Profit available for Appropriation		10,610.25	6,008.64
Appropriation			
Balance Brought forward from previous year		-	(2,005.12)
Transfer to Capital Redemption Reserve		5,337.13	4,003.52
Transfer to Debenture Redemption Reserve		<u>225.15</u>	<u>-</u>
Balance carried over to Balance Sheet		<u>5,047.97</u>	<u>-</u>
Earnings Per Share			
- Basic		Rs.4.49	Rs.2.74
- Diluted		Rs.4.32	Rs.2.46
(Nominal Value of shares Rs.10/- each)			
Significant Accounting Policies	O		
Notes Forming Part of Accounts	P		

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**

NITIN S. KASLIWAL

Vice-Chairman and Managing Director

Chartered Accountants

FR No.103523W

ANIL CHANNA

Deputy Managing Director

RAKESH RATHI

J. S. SHETTY

CFO and President - Finance

Partner

Membership No. 45228

NIMESH S. SHAH

Vice President & Company Secretary

Place : Mumbai

Date : 28th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2010

(Rs. in lacs)

		Current Year ended on 31.03.2010	Previous Year ended on 31.03.2009
A	Cash Flow Statement from Operating Activities		
	<i>Net Profits Before Tax and Extraordinary Items</i>	14,152.19	14,253.70
	Adjustments for:		
	a Depreciation	4,171.21	2,654.49
	b Deferred revenue expenditure	1,596.27	1,261.49
	c Profit/Loss on sale of Fixed Assets (net)	463.51	(65.51)
	d Sundry balances written back	(27.55)	(12.46)
	e Sundry balances written off	7.91	5.75
	f ESOP Compensation debited to P&L account	151.30	308.75
	g Bad debts	-	10.02
	h Interest expenses	23,596.46	13,461.26
	i Interest income	(58.50)	(97.72)
	j Income on CDR Exit	-	(5,779.75)
	k Provision for doubtful debts	114.45	142.80
	l Exchange rate fluctuation	(282.67)	1,129.04
	Operating Profit before Working Capital Changes	43,884.58	27,271.86
	Adjustments for		
	a Trade & other receivables	(19,466.09)	(29,417.65)
	b Inventories	(14,821.19)	(9,521.08)
	c Trade payables	596.50	1,311.49
	Cash Generated from / (Used) in Operating Activities	10,193.80	(10,355.38)
	a Direct taxes	(6,130.63)	(8,877.15)
	Cash Inflow/(outflow) before Prior Period Items	4,063.17	(19,232.53)
	a Prior period adjustments (gross)	34.02	(54.52)
	Net cash Flow from / (Used) in Operating Activities Total (A)	4,097.19	(19,287.05)
B	Cash Flow arising from Investing Activities		
	a Acquisition of Fixed Assets (Including capital work-in-progress)	(16,528.57)	(28,707.63)
	b Sale of Fixed Assets	14.75	211.15
	c Investments	(21,936.72)	(16,490.29)
	d Interest income	58.50	97.72
	Net cash Flow from / (Used) in Investing Activities Total (B)	(38,392.04)	(44,889.05)
C	Cash Flow arising from Financing Activities		
	a Proceeds from secured loans (Net of repayment)	58,807.35	86,638.68
	b Proceeds from unsecured loans (Net of repayment)	(872.36)	(3,043.37)
	c Proceeds from equity shares/ shares to be allotted	1,340.35	-
	d Proceeds from preference shares (net of redemption)	(1,056.08)	(8,284.57)
	e Interest expenses	(23,596.46)	(13,461.26)
	f Income on CDR exit	-	5,779.76
	Net cash Flow from / (Used) in Financing Activities Total (C)	34,622.80	67,629.24
	Net Increase in Cash and Cash Equivalents Total (A+B+C)	327.95	3,453.14
	Cash & Cash Equivalent at the beginning of the year	4,297.87	844.73
	Cash & Cash Equivalent at the end of the year	4,625.82	4,297.87
	Net Change in Cash & Cash Equivalent	327.95	3,453.14

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3(AS-3) "Cash Flow Statement".
2. Cash and Cash equivalents include cash and bank balances in current accounts and in deposit accounts (Refer to Schedule "F" of the Balance Sheet).
3. Figures in brackets represents outflows.
4. Previous Year figures have been recast/restated wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

RAKESH RATHI
Partner
Membership No. 45228

J. S. SHETTY CFO and President - Finance

NIMESH S. SHAH Vice President & Company Secretary

Place : Mumbai
Date : 28th May, 2010

SCHEDULES FORMING PART OF ACCOUNTS

		<i>(Rs. in lacs)</i>	
		Current Year	Previous Year
		As at 31.03.2010	As at 31.03.2009
SCHEDULE "A"- SHARE CAPITAL			
Authorised Capital			
37,00,00,000	Equity shares of Rs.10 each (Previous Year 28,00,00,000)	37,000.00	28,000.00
90,00,000	Preference Shares of Rs 100 each (Previous Year 1,80,00,000)	9,000.00	18,000.00
		<u>46,000.00</u>	<u>46,000.00</u>
Issued, Subscribed And Paid-Up Capital			
23,65,13,838	Equity Shares of Rs.10 each fully paid up (Previous year 22,33,91,438) Add: Allotted during the year (Ref. note no.7 of Schedule 'P')	22,339.14	22,339.14
		<u>1,312.24</u>	<u>-</u>
19,82,500	6% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up (Previous year 21,42,500) (Redeemable by 2013) Less: Redeemed during the year	2,142.50 160.00	3,373.16 1,230.66
56,55,785	0.01% Redeemable Preference Shares of Rs.100 each fully paid-up (previous year 65,51,864) (Redeemable by 2017-2020) Less: Redeemed during the year	6,551.87 896.08	13,605.78 7,053.91
Total		<u>31,289.67</u>	<u>31,033.51</u>
SCHEDULE "B" - RESERVES AND SURPLUS			
Securities Premium			
	Balance as per last Balance Sheet	45,200.83	41,681.64
	Add: On account of allotment of Equity shares	9,513.74	5,038.22
	Less: On account of redemption premium payable on NCD's	<u>5,468.29</u>	<u>1,519.03</u>
		49,246.28	45,200.83
Debenture Redemption Reserve			
	Balance as per last Balance Sheet	3,375.00	3,375.00
	Add: Transfer during the year	<u>225.15</u>	<u>-</u>
		3,600.15	3,375.00
Capital Redemption Reserve			
	Balance as per last Balance Sheet	7,930.36	3,926.84
	Add: Transfer during the year	<u>5,337.13</u>	<u>4,003.52</u>
		13,267.49	7,930.36
Revaluation Reserve			
	Balance as per last Balance Sheet	1,034.46	1,085.78
	Less: Transfer to Profit & Loss account representing depreciation on revalued portion of the assets	17.73	17.68
	Less: Revalued portion of the assets sold	-	33.64
	Add: Excess debited in earlier years now reversed	<u>100.63</u>	<u>-</u>
		1,117.36	1,034.46
Capital Reserve			
	Balance as per last Balance Sheet	2,206.25	20.00
	Add: On account of forfeiture of share application money	<u>-</u>	<u>2,186.25</u>
		2,206.25	2,206.25
Profit and Loss Account		<u>5,047.97</u>	<u>-</u>
Total		<u>74,485.50</u>	<u>59,746.90</u>

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year	<i>(Rs. in lacs)</i>
	As at 31.03.2010	Previous Year As at 31.03.2009
SCHEDULE "C" – LOAN FUNDS		
A. Secured Loans		
Non-Convertible debentures issued to India Debt Management Pvt. Ltd (Ref note no.2)*	15,078.81	30,450.00
1,50,78,805 nos of Non Convertible Debentures of Rs.100 each (previous year 3,04,50,000)		
Balances of Debts repayable to CDR lenders (Ref note no.3)*	5,947.42	6,455.02
Term Loans under Technology Upgradation Fund Scheme (Ref note no.4)*	25,031.80	19,073.82
Term Loans under Overseas Investment Finance Programme (Ref note no.5)*	28,048.14	14,730.34
Rupee Term Loans from Banks (Ref note no.6)*	28,861.83	2,375.07
Equipment Finance (Ref note no.7)*	260.87	365.14
Loan from Reid & Taylor (India) Ltd. (Ref note no.8)*	38,500.00	44,000.00
Working Capital Advances from Banks (Ref note no.9)	84,584.59	54,065.40
Total	<u>226,313.46</u>	<u>171,514.79</u>

Notes:

1. (i) *Due within one year Rs.33,961.11 lacs (previous year Rs.19,378.32 lacs)
(ii) The balances include interest accrued and due Rs.2,394.08 lacs (previous year Rs.971.44 lacs)
2. Non Convertible Debentures issued to India Debt Management Pvt. Ltd are secured by way of an equitable mortgage on immovable properties both present and future and by a first charge by way of hypothecation of all the Company's movable Fixed Assets both present and future, ranking *pari passu* along with the lenders.
3. CDR Debts are secured by way of charge on fixed assets, present and future, pledge of promoters shares and personal guarantees of directors.
4. The Term Loans under Technology Upgradation Fund scheme are secured by first *pari passu* charge on specific project assets, second charge on all existing fixed assets and current assets of the company.
5. Term Loans for Overseas Investment are secured by way of first *pari passu* charges on fixed assets (excluding Jhagadia property), pledge of promoters shares held in SKNL and pledge of equity shares of acquired company/subsidiary company, second charge of fixed assets of Jhagadia and current assets of the Company.
6. Rupee Term Loans secured by first *pari passu* charge on fixed assets of the Company and guarantors, second *pari passu* charge on current assets of the company and guarantors, second charge on Jhagadia property and pledge of promoters shares.
7. Equipment Finance Loans are secured by hypothecation of specific equipment / assets.
8. Loan from Reid & Taylor (India) Ltd. are secured by way of a second charge on all the immovable properties of the company including plant and machinery, machinery spares, tools and accessories and other movable both present and future.
9. Working capital advances from Banks are secured by hypothecation of Company's stocks and book-debts, present and future and second charge on all the immovable properties of the company including plant and machinery, machinery spares, tools and accessories and other movable both present and future.

B. Unsecured Loans

i) <u>Loan from Subsidiaries</u>		
Reid & Taylor (India) Ltd.	4,000.00	4,000.00
ii) <u>Long Term Loans</u>		
a) From Banks *	1,591.39	2,590.13
b) Zero Coupon Bonds/Funded Interest Term Loans		
– CDR Lenders *	85.01	85.01
– Non CDR Lenders	508.11	702.45
c) From Others		
– 2% Foreign Currency Convertible Bonds due in 2011*	4,082.65	4,044.60
– Fully Convertible Debentures	-	10,827.00
Total	<u>10,267.16</u>	<u>22,249.19</u>

Notes:

1. *Due within one year Rs. 4,572.65 lacs (previous year Rs. 977.92 lacs)
2. The balances include interest accrued and due Rs.39.26 lacs (previous year Rs. 45.69 lacs)

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE "D" - FIXED ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At the beginning of the year 01.04.09	Addition during the year	Deductions during the year	Total as at 31.03.10	At the beginning of the year 01.04.09	Depreciation for the year	Deductions during the year	Total as at 31.03.10	Total as at 31.03.10	Total as at 31.03.09
Land										
Freehold Land	777.07	-	-	777.07	-	-	-	-	777.07	777.07
Leasehold Land	684.89	-	-	684.89	2.45	0.16	-	2.61	682.28	682.43
Building	9,845.31	3,291.61	-	13,136.92	614.92	367.36	-	982.28	12,154.64	9,230.39
Leasehold Improvements	126.14	-	-	126.14	45.48	78.30	-	123.78	2.36	80.66
Plant & Machinery	54,402.98	17,177.47	830.81	70,749.64	17,931.09	3,528.26	504.73	20,954.62	49,795.02	36,471.89
Office Equipments	148.85	13.04	-	161.89	46.21	9.63	-	55.84	106.05	102.65
Computers	318.77	72.87	-	391.64	190.65	40.99	-	231.64	160.00	128.11
Furniture & Fixtures	817.67	72.01	-	889.68	225.33	52.31	-	277.64	612.04	592.34
Vehicles	1,012.39	156.65	0.35	1,168.69	221.17	104.19	0.12	325.24	843.45	791.26
Intangible Assets										
System Development	40.57	-	-	40.57	26.58	7.74	-	34.32	6.25	13.96
Sub- Total	68,174.64	20,783.65	831.16	88,127.13	19,303.88	4,188.94	504.85	22,987.97	65,139.16	48,870.76
Capital work-in-Progress (including Capital advances)	60,712.93	14,138.46	18,444.88	56,406.51	-	-	-	-	56,406.51	60,712.93
Grand Total	128,887.57	34,922.11	19,276.04	144,533.64	19,303.88	4,188.94	504.85	22,987.97	121,545.67	109,583.69
Previous Period ended 31.03.2009	101,051.51	48,896.52	21,060.46	128,887.57	17,323.98	2,672.17	692.28	19,303.87	109,583.70	83,727.53

Notes :

1 Gross Block includes revalued fixed assets carried as on 30th September, 1997. The amounts are as under :-

	Current Year	Previous Period
a) Freehold Land	Rs. 695.58 lacs	Rs. 695.58 lacs
b) Building	Rs. 642.83 lacs	Rs. 642.83 lacs
c) Plant & Machinery	Rs. 2484.50 lacs	Rs. 2484.50 lacs

2 Depreciation charged for the period shown in the Profit & Loss Account is after deducting an amount of Rs.17.73 lacs withdrawn from Revaluation Reserve (Previous Period Rs. 17.68 lacs)

(Rs.in lacs)
Current Year
As at 31.03.2010
Previous Year
As at 31.03.2009

SCHEDULE "E" - INVESTMENTS

Long term at cost

i) Non-Trade

a) Unquoted

Reid & Taylor Ltd (UK) (50,000 Equity shares of GBP 1.00 each) (Previous year 50,000 Equity shares of GBP 1.00 each)	36.30	36.30
Anjaneya Foundation (49,500 Equity Shares of Rs.10 each) (Previous year 49,500 Equity shares of Rs.10 each)	4.95	4.95

b) Quoted

Brandhouse Retails Ltd (10,00,000 Equity shares of Rs.10 each) (Previous Year 10,00,000 Equity shares of Rs.10 each)	100.00	100.00
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Market value of quoted investments Rs.339.00 Lacs (previous year Rs.154.50 Lacs)

ii) In Subsidiary Companies

a) Unquoted

Reid & Taylor (India) Ltd (4,00,50,000 Equity shares of Rs.10 each) (Previous year 4,00,50,000 Equity shares of Rs.10 each)	4,005.00	4,005.00
SKNL Italy S.p.A (1,82,00,000 Equity shares of Euro 1 each) (Previous year 1,72,00,000 Equity shares of Euro 1 each)	12,147.64	11,480.14
SKNL International B.V. (49,649 Equity shares of Euro 100 each and Capital contribution) (Previous year 49,649 Equity shares of Euro 100 each)	24,473.61	3,355.70
SKNL Europe B.V. (25,736 Equity shares of Euro 100 each and Capital contribution) (Previous year 25,736 Equity shares of Euro 100 each)	1,801.31	1,650.00
Total	42,568.81	20,632.09

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year	<i>(Rs. in lacs)</i>
	As at 31.03.2010	Previous Year
		As at 31.03.2009
SCHEDULE "F" - CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
(at cost or net realisable value whichever is lower as taken, valued and certified by the Management)		
Raw materials	26,910.64	21,495.14
Semifinished fabrics	13,918.19	11,751.00
Finished fabrics, Garments and made ups	31,631.86	24,430.57
Stores, fuel and packing materials	133.18	95.97
Total	<u>72,593.87</u>	<u>57,772.68</u>
Sundry Debtors		
(Unsecured and considered good, unless otherwise stated)		
Over six months considered good	4,355.11	15,511.38
Considered Doubtful	114.45	142.80
Others Considered Good *	98,608.24	68,155.56
Sub Total	103,077.80	83,809.74
Less :Provision for Doubtful Debts	114.45	142.80
Total	<u>102,963.35</u>	<u>83,666.94</u>
* Debtors due from companies in which some of the Directors are interested Rs.5,761.41 lacs (Previous year Rs.9,365.52 lacs) (Refer Note no.15 (A) Schedule 'P')		
Cash And Bank Balances		
Cash on hand (As certified by the Management)	35.80	67.95
Balances with Scheduled Banks:		
– In Current accounts	1,386.66	225.89
– In Fixed Deposits (against Margin Money)	3,203.36	4,004.03
Total	<u>4,625.82</u>	<u>4,297.87</u>
Loans, Advances And Deposits		
(Unsecured & Considered good except otherwise specified)		
Advances recoverable in cash or kind for value to be received *	7,959.91	8,101.26
Considered doubtful	19.62	19.62
Restructured Financial Cost /Prepaid Interest on NPV Basis**	15,906.57	17,502.84
Advance tax and Tax deducted at source	18,110.19	11,979.56
Deposits	698.71	510.03
Sub Total	42,695.00	38,113.31
Less :Provision for Doubtful Advances	19.62	19.62
Total	<u>42,675.38</u>	<u>38,093.69</u>
* Advances due from companies in which some of the Directors are interested Rs.9.06 lacs (Previous year Rs.3.00 lacs) (Refer Note no.15 (B) Schedule 'P')		
** Please refer to Note No. 3 (b) of Schedule 'P'		
Total of Current Assets	<u>222,858.42</u>	<u>183,831.18</u>

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year		<i>(Rs.in lacs)</i>	
	As at 31.03.2010		Previous Year	
			As at 31.03.2009	
SCHEDULE "G" - CURRENT LIABILITIES & PROVISIONS				
(A) Current Liabilities:				
On trade account:				
Creditors for goods and expenses				
Total outstanding dues of Micro, Small and Medium Enterprises (Ref. note no.14 of Schedule 'P')	-		-	
Others	7,895.47		8,655.08	
Advances Received from Subsidiary Company	10,409.16		2,379.05	
Advances Received from Customers	470.57		256.33	
Investor Education and Protection Fund*				
Unclaimed Fixed Deposit not due for transferred	1.40		2.67	
Deposits received from dealers	11.32		18.09	
Other liabilities	5,135.58		2,327.19	
Interest accrued but not due on Loans	494.50	24,418.00	674.27	14,312.68
* There is no amount due to be transferred to Investor Education and Protection Fund as on 31 st March, 2010.				
(B) Provisions				
For Taxation	15,966.39		13,334.07	
For Fringe Benefit Tax	211.61		261.67	
For Gratuity	162.40		205.75	
For Leave Encashment	180.00	16,520.40	121.76	13,923.25
Total of Current Liabilities		40,938.40		28,235.93

	Current Year		<i>(Rs.in lacs)</i>	
	Ended on 31.03.2010		Previous Year	
			Ended on 31.03.2009	
SCHEDULE "H" - OTHER INCOME				
Balances written back	27.55		12.46	
Export benefits	1.15		13.25	
Exchange rate fluctuation (net)	282.67		-	
Interest (TDS C.Y. Rs.18.51 lacs, P.Y. Rs.28.10 lacs)	58.50		97.72	
Miscellaneous Income	103.66		143.35	
Profit on Sale of Fixed Assets	1.15		71.62	
Total		474.68		338.40

SCHEDULE "I" - INCREASE /(DECREASE) IN STOCK				
Closing stock of :				
Semi-finished fabrics	13,918.19		11,751.00	
Finished fabrics, garments and made ups	31,631.86	45,550.05	24,430.57	36,181.57
Opening stock of :				
Semi-finished fabrics	11,751.00		10,646.49	
Finished fabrics, garments and made ups	24,430.57	36,181.57	18,580.83	29,227.32
Increase/(decrease) in stock		9,368.48		6,954.25

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year	<i>(Rs. in lacs)</i>	
	Ended on 31.03.2010	Previous Year	Ended on 31.03.2009
SCHEDULE “J” - RAW MATERIALS CONSUMED/FABRIC PURCHASES			
Opening stock	21,495.14	18,910.11	
Add : Purchases	169,518.06	126,056.89	
Less: Closing stock	<u>26,910.64</u>	<u>21,495.14</u>	<u>123,471.86</u>
	<u>164,102.56</u>		<u>123,471.86</u>
SCHEDULE “K”- MANUFACTURING EXPENSES			
Conversion charges	1,425.70	1,216.73	
Freight and octroi	203.44	63.54	
Power & fuel	744.46	456.80	
Stores and Spares	122.71	114.20	
Entry tax	3.43	9.91	
Other materials/expenses	458.43	439.08	
Insurance	31.38	23.92	
Total	<u>2,989.55</u>	<u>2,324.18</u>	
SCHEDULE “L” - PERSONNEL EXPENSES			
Salaries, wages, bonus & allowances	3,468.34	2,127.42	
Employee stock option expenses	151.30	308.75	
Contributions to provident fund and other funds	361.41	391.61	
Staff welfare expenses	123.39	76.00	
Total	<u>4,104.44</u>	<u>2,903.78</u>	

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year	<i>(Rs.in lacs)</i>
	Ended on 31.03.2010	Previous Year
		Ended on 31.03.2009
SCHEDULE "M" - ADMINISTRATIVE EXPENSES		
Rent	493.45	297.41
Rates & Taxes	30.25	16.14
Repairs and maintenance		
– to buildings	25.99	21.33
– to machinery	13.68	3.67
– to others	33.43	16.42
Travelling expenses	288.18	261.20
Electricity Charges	53.57	40.27
Vehicles maintenance	95.15	79.53
Directors' remuneration	248.13	229.19
Remuneration to auditors		
– Audit fees (including service tax)	49.64	20.96
– In other capacity	21.94	11.38
Bank charges & upfront fee	772.45	461.58
Conveyance expenses	56.20	68.07
Legal & professional charges	305.66	830.71
Listing fees	7.44	5.45
Printing and stationery	81.69	60.42
Telephone expenses	71.49	74.09
Postage and telegrams	38.15	27.67
Sales tax	1.68	2.91
License and registration fees	81.73	62.96
Sundry balances written off	7.91	5.75
Loss on sale of assets	464.66	6.11
Service tax	4.03	3.69
Exchange rate fluctuation (net)	-	1,129.04
Other miscellaneous expenses	1,781.46	229.86
Total	5,027.96	3,965.81
SCHEDULE "N" - SELLING AND DISTRIBUTION EXPENSES		
Dealers incentives	420.88	246.25
Discounts, rebates and allowances	1,314.94	595.75
Commission and brokerage	328.48	198.44
Conference/Publicity and Business promotion expenses	3,215.72	2,481.87
Other Selling expenses	304.62	276.36
Total	5,584.64	3,798.67
SCHEDULE "N1" - INTEREST AND FINANCIAL EXPENSES		
Interest on Term Loans	11,285.98	3,880.19
Interest on Debentures	3,052.91	3,786.13
Interest Others	9,257.57	5,794.94
Total	23,596.46	13,461.26

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31st MARCH, 2010.**SCHEDULE “O” – SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

- a) The Financial Statements have been prepared under the historical cost convention, on the basis of a going concern, in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) The Company follows the mercantile system of accounting in general and recognizes income and expenditure on accrual basis except otherwise stated.

2. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the value of assets and liabilities as well as revenues and expenses as reported in the financial statements. The difference between the actual result and estimates are recognized during the period in which they are materialized / known.

3. Fixed Assets

- a) Fixed Assets are stated at their original cost net of cenvat/value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost includes interest, financial charges, freight, taxes and other incidental expenses incurred for acquisition and installation of the assets. Assets revalued are stated at values determined by the valuers.
- b) Assets include assets given on lease. In respect of assets taken on lease, rentals are charged to revenue on accrual basis.

4. Intangible Assets and amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprises and the cost of the asset can be measured reliably. Intangible assets are amortised as follows:

- a) Leasehold improvement : Over the period of lease.
- b) Computer software : Over a period of five years.

5. Depreciation

- a) Depreciation on fixed assets including revalued assets have been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. Depreciation on additions to Fixed Assets is provided for on pro-rata basis from the date of addition/acquisition till the end of the year and on assets sold/discarded/demolished to the date of disposal. The depreciation on revalued portion of assets is adjusted against the revaluation reserve.
- b) Depreciation on assets whose actual cost does not exceed Rs.5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.

6. Capital Work-In-Progress

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, interest and other financing costs payable on funds specifically borrowed to the extent they relate to the period till assets are ready for intended use.

7. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Schedule “O” (Contd.)

8. Inventories

- a) Raw materials (including stock in transit) are valued at cost on first-in-first-out basis.
- b) Work-in-process is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost and attributable overheads.
- d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first-in-first-out basis.

9. Recognition of income and expenditure

- a) Domestic sales are recognized on transfer of risk and reward which generally considers with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of dates of bill of lading.
- c) Sales are inclusive of dyeing charges, conversion charges, overdue charges and are net of shortage and trade discounts excluding value added tax.
- d) Interest income is recognized on time proportion basis taking in to account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognized on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being not material, are accounted on cash basis.
- f) The claims against the company are accounted on acceptance basis.

10. Foreign Exchange Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Any income or expense on account of exchange differences either on settlement or on translation of transactions is recognized in the Profit & Loss account.

11. Employee Benefits

- a) Employee benefits comprise both defined contribution and defined benefit plans.
- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.
- c) **Provident fund is a defined contribution plan**

Each eligible employee and the Company make an equal contribution at a percentage of the basic salary specified under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no further obligations under the plan beyond its periodic contributions.

- d) **Gratuity and Leave Encashment is a defined benefit plan**

The Company’s liability towards Gratuity & Leave encashment is accounted for on the basis of an actuarial valuation done at the year end and is charged to the Profit and Loss account.

12. Research & Development

Revenue expenditure, including overheads on Research and Development, is charged out as an expense in the year in which incurred. Expenditure which results in the creation of capital assets is taken as Fixed assets.

13. Investments

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Long-term Investments.

Schedule “O” (Contd.)**14. Borrowing costs**

Financing costs relating to construction of fixed assets are included in costs to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statement.

15. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognized as an expense, as applicable, over the lease period.

16. Segment

The Company is engaged in manufacturing (in house and outsourced) fabrics, ready-to-wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one segment i.e. Textiles and as such there are no separate reportable segments for the purpose of disclosures as required under Accounting Standard-17 “Segment Reporting”.

17. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

18. Income Tax

- a) Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- b) Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax bases of assets and liabilities, as measured by the enacted / substantively enacted tax rates. Deferred tax Expense / Income is the result of changes in the net deferred tax assets and liabilities.
- c) Deferred tax assets are recognized only if there is a virtual certainty backed by convincing evidence of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are appropriately adjusted to reflect the amount that is reasonably or virtually certain to be realised.

19. Employee Stock Option Schemes

The Company has granted Stock Options to its employees under Employee Stock Option Scheme, 2007 - Series ‘A’ (“ESOP, 2007”). In respect of Options granted under the Employees Stock Options Plan, in accordance with guidelines issued by the SEBI and in compliance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accounts of India in the year 2005 and applicable for the period on or after 1st April, 2005, the cost of stock options granted to employees are accounted by the Company using the intrinsic value method and the cost based on excess of market value over the exercise price is recognized in Profit & loss Account, over vesting period on time proportion basis and included in the ‘Salaries, wages, bonus etc.’ in Schedule ‘L’ of the Financial Statements. Should any employee leave in the subsequent year, before exercise of the Option, the value of Option accrued in their favour is written back to the General Reserve.

20. Provisions and Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required, and a reliable estimate can be made of the amount required to settle the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

SCHEDULE “P” – NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2010.

1. Contingent Liabilities:

a) Guarantees:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
i)	In respect of custom duty availed under EPCG Scheme (Covered by bank guarantee)	1,431.16	1,316.72
ii)	Guarantees extended by the banks based on the Company’s counter guarantees	2,488.77	469.63
iii)	Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Limited	27,218.00	27,328.31
iv)	Corporate Guarantees given to the lenders of Reid & Taylor (India) Ltd., Brandhouse Retails Ltd. and on behalf of subsidiary Companies.	65,936.42	31,958.49

b) Claims not acknowledged as debts:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
i)	Income Tax, Sales Tax, Service Tax and Entry Tax demand - disputed in appeal	2,779.08	34.36
ii)	Demand order of Central Excise Authorities disputed by the Company	137.87	Nil
iii)	Labour matters pending in court	52.46	82.47
iv)	Civil matters pending in court	29.47	2.56
v)	Writ petition filed before Hon’ble High Court, Indore against the order of Industrial Court	27.47	12.58
vi)	Matter in respect of Gratuity pending before controlling authorities	3.55	2.01

c) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance), as certified by the management is Rs. 4,212.20 lacs (Previous Year Rs. 3,578.36 lacs).

d) Arrears of Dividend on 6% Cumulative Redeemable Preference Shares are Rs. 509.11 lacs (Previous Year Rs. 424.75 lacs).

2) As per Accounting Standard - 19 “Leases”, the total of future minimum lease payment commitments under operating lease agreements for a period of 2 to 9 years to use offices, warehouses and guest house, are as under:

(Rs. in lacs)

	Period	As at 31.03.2010	As at 31.03.2009
i)	not later than one year	481.22	376.59
ii)	later than one year but not later than five years	786.38	442.91
iii)	later than five years	Nil	129.40

The above amounts are exclusive of taxes and duties. During the year, the Company has paid Rs.493.45 lacs (Previous Year Rs. 297.41 lacs) as rent in respect of the above leases.

3. (a) In terms of the approval of the CDR EG, as per their letter dated 12th September 2008, for the exit of the Company from the **Corporate Debt Restructuring**, the company has made full and final settlements with all the lenders except one as at the Balance Sheet date.

Schedule “P” (Contd.)

- (b) The financial costs incurred by the Company during the Restructuring period and the costs incurred in connection with the exit of the Company from the CDR are carried under the head “Restructured Financial Costs” and amortized over the repayment period till the year 2020. Such “Restructured Financial Costs” net of amortization, is Rs. 15,906.57 lacs (Previous Year Rs.17,503.84 lacs) are shown in Schedule ‘F’ under “Loans and Advances” and Rs.1,596.27 lacs charged to profit & loss account during the year.
- (c) Zero Coupon Redeemable Preference Shares amounting to Rs. 4,626.43 lacs (Previous Year Rs. 4,626.43 lacs) though fully settled by the Company as per the Corporate Debt Restructuring exit approval by keeping in Fixed Deposit with the lenders an amount equivalent to the Net Present Value of such Preference Shares continued to be shown as Preference Shares not redeemed and the amount of such Fixed Deposits which are Rs. 2,241.44 lacs (Previous Year Rs. 1,964.71 lacs), assigned to the lenders, continue on the assets side.
4. Investment held in the shares of companies under the same management being of long term nature is stated at cost of acquisition and no adjustment in respect of appreciation / depreciation of such investments has been made in the accounts.
 5. In the opinion of the management the current assets and loans and advances have a value on realisation in the ordinary course of business at least, equal to the amount at which they are stated.
 6. Sundry debtors, loans and advances including capital advances and sundry creditors amounting to Rs.14,068.85 lacs, Rs.10,805.40 lacs and Rs.7,601.91 lacs respectively, are subject to confirmations, reconciliation and consequential adjustment, if any.
 7. At the Extra Ordinary General Meeting dated 26th March, 2007, the Company has passed a resolution to issue on preferential basis upto 1,31,22,400 Fully Convertible Debentures (FCDs) of Rs.82.50 each aggregating Rs. 1,08,25,98,000/- to Anjani Finvest Private Limited, an entity belonging to the promoter group. Each FCD is compulsorily convertible into one equity share of Rs.10/- each at a price of Rs.82.50 per share (including premium of Rs.72.50 per equity share). The Company has received the full amount of the FCDs and the FCDs were allotted on 3rd October, 2007. The FCDs are converted to equity shares on 1st April, 2009.
 8. The Company has issued 2% Foreign Currency Convertible Bonds in April, 2006, amounting to US\$ 50 million (Rs. 22,335 lacs) due in April 2011. The bonds are convertible into fully paid equity shares at a conversion price of Rs. 57/- per share upto March 2011. Out of the above, US\$ 41 million have been converted into 3,23,25,259 equity shares of Rs. 10/- each at a price of Rs.57/- per share (including premium of Rs.47/- per equity share) upto March 31, 2010.
 9. The Board of Directors has issued and allotted, in its meeting held on 31st October, 2009, 1,24,25,000 nos. of warrants of Rs. 43.15 each aggregating Rs.5,361.39 lacs to a promoter group company, viz., N’Essence Holdings Ltd. on a preferential basis, with an option to convert into equal number of Equity shares of Rs.10/- each at a premium of Rs. 33.15 per share within 18 months from the date of allotment. The Company has received Rs.1,340.35 lacs being 25% of the subscription amount.
 10. During the year, the Company has redeemed preference shares aggregating to Rs. 1,056.08 lacs. The Company has transferred Rs. 5,337.13 lacs (including the amount required to be transferred in the previous year of Rs. 4,281.05 lacs) to Capital Redemption Reserve (CRR).
 11. The Company has issued stock options to the permanent employees exercisable into 19,11,000 numbers of equity shares of the Company under ‘Employees Stock Option Scheme 2007 – Series A’ (“ESOP 2007”). Each option when exercised would be convertible into one equity share of a face value of Rs.10 each fully paid-up. The important features of the ESOP scheme are as follows:

	Parameters/Terms	Explanation		
I	Vesting period	Minimum period of one year and a maximum period of five years from the date of grant i.e. 31.10.2007.		
II	Vesting schedule	The actual Vesting Schedule of Options will be as follows:		
		Year	Period and Date	% of Vesting
		1 st Year	31.10.2007 to 30.10.2008	30 %
		2 nd Year	31.10.2008 to 30.10.2009	30 %
		3 rd Year	31.10.2009 to 30.10.2010	40 %
III	Exercise price	30% discount on the prevailing market price of Rs.128/- of the shares as on the date prior to the date of the Compensation Committee resolution.		
IV	Exercise Period	Exercise period will be three years from the date of vesting.		
V	ESOP Price per share	Rs.89.60		

Schedule "P" (Contd.)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Number of Options outstanding beginning of the period	17,84,200	18,40,700
b)	Options exercised	Nil	Nil
c)	Total number of shares arising as a result of exercise of Options	Nil	Nil
d)	Options Lapsed/cancelled	Nil	56,500
e)	Money realised by exercise of options	Nil	Nil
f)	Total number of options in force	17,84,200	17,84,200

Effect of the employee share based payment plans on the profit and loss account and on its financial position:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Total Employee Compensation Cost pertaining to share based payment plans	151.30	308.75
b)	Compensation cost pertaining to equity settled/cancelled employee share based payment plan included above	-	21.70
c)	Liability for employee stock options outstanding as at year end	631.84	480.54
d)	Deferred Compensation Cost	53.29	204.59

12. The Company has issued 3,04,50,000 Non-Convertible Debentures (NCDs) of Rs.100/- each i.e. aggregating to Rs.3,04,50,00,000/- to India Debt Management Private Limited on 27th June, 2007. During the year the Company has redeemed 1,53,71,195 NCDs along with the redemption premium of Rs.4,008.63 lacs. During the year Rs. 225.15 lacs is transferred to Debenture Redemption reserve. The company has provided Rs. 2,978.70 lacs towards the redemption premium on the above NCDs from the Securities Premium Account. The amount of Debenture Redemption Reserve as on 31st March, 2010 is Rs.3,600.15 lacs towards the balance NCDs.
13. The Company has through its 100% subsidiary, SKNL North America B.V., acquired substantially all the assets of Hartmarx Corporation, in the U.S.A. and Canada along with its well established brands, pursuant to an order dated 25th June, 2009 of the U.S. Court. The acquisition was completed on 7th August, 2009.
14. Payment against supplies from Micro Small and Medium Enterprises (MSME) and ancillary undertakings are made in accordance with the agreed credit terms and to the extent ascertained from available information. The Company does not have any MSME creditors beyond the stipulated credit period.
15. Debtors and advances due from firms and companies in which some of the Directors are/were interested:

(Rs. in lacs)

Name of the Company	As at 31.03.2010	As at 31.03.2009
(A) Debtors:		
Brandhouse Retails Ltd.	5,736.99	9,338.14
Reid & Taylor (India) Ltd.	Nil	27.38
Leggiuno S.p.A.	24.42	Nil
Total	5,761.41	9,365.52
(B) Advances:		
Belmonte Lifestyles Ltd.	1.81	Nil
Anjaneya Foundation	7.25	3.00
Total	9.06	3.00
Grand Total	5,770.47	9368.52

Schedule "P" (Contd.)

16. Disclosure as per clause 32 of the Listing agreement:

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others :

Name of the Company	Relationship	Amount outstanding as at 31.3.2010 (Rs. in lacs)	Maximum balance outstanding during the year (Rs. in lacs)	Investment in Shares of the Company (No. of Shares)
Belmonte Lifestyles Ltd.	Enterprises over which Key Managerial Personnel are able to exercise significant influence	1.81	1.81	-
Anjaneya Foundation		7.25	7.25	49,500

17. Managerial remuneration:

a. Managing and whole time Directors' remuneration:

(Rs. in lacs)

Particulars	Managing Director		Other Directors	
	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
a) Salary	192.93	171.24	31.31	28.20
b) Contribution to Provident Fund	23.15	20.55	3.76	3.38
c) Other Perquisites	35.31	24.68	35.99	16.23
Total	251.39	216.47	71.06	47.81

Note: The above figures do not include provision for Leave Encashment and contribution to gratuity, since the same is provided on an actuarial basis for the company as a whole.

b. Computation of managerial remuneration:

(Rs. in lacs)

Particulars	Amount	
Profit before tax before extraordinary items as per Profit & Loss Account		14,152.19
Add: Managing and whole time directors' Remuneration	322.45	
Directors' fees	8.59	
Provision for doubtful debts and advances	134.07	
Loss on sale of fixed assets as per Profit & Loss account	464.66	
		929.77
Less: Profit on sale of fixed assets as per Profit & Loss account	1.15	
Premium of redemption of debentures charged to security premium account	5,468.29	
		5,469.44
Net Profit as per Section 198 of the Companies Act 1956		9,612.52
Maximum permissible remuneration to whole time directors under section 198 of the Companies Act 1956 @ 10% of the profit computed above		961.25
Restricted as per service agreements to		322.45

18. During the year the Company has computed its Deferred Tax Asset / Liability in accordance with Accounting Standard-22 "Accounting for Taxes on Income" and accordingly a Deferred Tax (Liability) of Rs. 1,706.52 lacs as on 31st March, 2010 has been provided for.

Schedule “P” (Contd.)

Deferred Tax Liability (Net)

(Rs. in lacs)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2009	Current Year Charge/Credit	Deferred Tax Assets/(Liability) as at 31.03.2010
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(833.40)	(989.50)	(1,822.90)
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	47.30	69.08	116.38
Deferred Tax Liability (Net)	(786.10)	(920.42)	(1,706.52)

19. The Company is engaged in manufacturing (in house and outsourced) fabrics, ready-to-wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one segment i.e. Textiles and as such there are no separate reportable segments for the purpose of disclosures as required under Accounting Standard-17 “Segment Reporting”.
20. Based on the internal estimates and assessments, the management is of the opinion that there is no impairment in relation to its assets and hence no provision is considered necessary.
21. Related parties Disclosures required under Accounting Standard 18 - “Related Party Transactions”

(a) Related parties

Sr. No.	Name of the Related Party	Relationship
1.	Reid & Taylor (India) Limited	Subsidiary
2.	Brandhouse Retails Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
3.	Brandhouse Oviessie Limited	
4.	S, Kumars Enterprises (Synfabs) Limited	
5.	S.Kumars Textiles Limited	
6.	Belmonte Lifestyles Limited	
7.	N’Essence Holdings Limited	
8.	Anjani Finvest Pvt. Limited	
9.	Verve Properties & Investment Pvt. Limited	
10.	Ingenious Finance & Investment Pvt. Limited	
11.	Natty Finance & Investment Pvt. Limited	
12.	S. K. Worsteds Pvt. Limited	
13.	Tulja Enterprises Pvt. Limited	
14.	Sansar Exim Pvt. Limited	
15.	Chamundeshwari Mercantile Pvt Limited	
16.	Maverick Mercantile Pvt Limited	
17.	Anjaneya Foundation	
18.	SKNL Foundation	
19.	Reid & Taylor Ltd., U.K.	
20.	SKNL International B.V.	Wholly Owned Subsidiary of the Company
21.	SKNL Europe B.V.	Wholly Owned Subsidiary of the Company
22.	SKNL Italy S.p.A.	Wholly Owned Subsidiary of the Company
23.	SKNL Global Holdings B.V.	Wholly Owned Subsidiary of SKNL International B.V.

Schedule “P” (Contd.)

Sr. No.	Name of the Related Party	Relationship
24.	SKNL North America B.V.	Wholly Owned Subsidiary of SKNL Global Holdings B.V.
25.	SKNL (U. K.) Ltd.	Subsidiary of SKNL Global Holdings B.V.
26.	Global Apparel (US) Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
27.	Global Apparel (France) Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
28.	7172931 Canada Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
29.	Global Apparel (Hong Kong) Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
30.	Leggiuno S.p.A.	Wholly Owned Subsidiary of SKNL Italy S.p.A.
31.	Marling & Evans Ltd.	Subsidiary of Leggiuno S.p.A.
32.	Remala Trading B.V	Subsidiary of SKNL North America B.V.
33.	Coppley Corp	Wholly Owned Subsidiary of Remala Trading B.V.
34.	HMX Poland sp. Z.o.o	Wholly Owned Subsidiary of Remala Trading B.V.
35.	HMX Poland sp S.o.o, Luxemburg	Wholly Owned Subsidiary of Remala Trading B.V.
36.	HMX Acquisition Corp.	Wholly Owned Subsidiary of HMX Poland sp Z.o.o
37.	HMX Des Plaines LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
38.	Quartet Real Estate LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
39.	HMX LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
40.	HMX, DTC Co.	Wholly Owned Subsidiary of HMX Acquisition Corp.

(b) Key Management Personnel

Shri Nitin S. Kasliwal – Vice Chairman & Managing Director

Shri Anil Channa – Deputy Managing Director

(c) Details of Transactions

Nature of Transactions	Year ended on 31.03.2010	Year ended on 31.03.2009
Purchases		
Goods		
Brandhouse Retails Ltd.	Nil	8.04
Leggiuno S.p.A.	36.80	25.66
Total	36.80	33.70
Services		
Reid & Taylor (India) Ltd. (Interest on TL of Rs. 440 crs)	5,243.31	2,748.49
Total	5,253.31	2,748.49
Sales		
Goods		
Leggiuno S.p.A.	33.69	Nil
Reid & Taylor (India) Ltd.	33.47	29.41
Brandhouse Retails Ltd.	22,934.69	22,289.56
Total	23,003.85	22,318.97
Services		
Reid & Taylor (India) Ltd.	10.80	25.44
Total	10.80	25.44

Schedule "P" (Contd.)

Nature of Transactions	As at 31.03.2010	As at 31.03.2009
Investment		
SKNL Italy, S.p.A.	667.50	11,480.14
SKNL International, B.V.	21,117.91	3,355.70
SKNL Europe, B.V.	151.31	1,650.00
Anjaneya Foundation	Nil	4.96
Total	21,936.72	16,490.80
Loans taken		
Reid & Taylor (India) Ltd.*	Nil	44,000.00
Total	Nil	44,000.00
Loans repaid		
Reid & Taylor (India) Ltd.*	5,500.00	Nil
Total	5,500.00	Nil
Outstanding at the year end		
Debtors – Refer Note No.15 (a)	5,761.41	9,365.52
Creditors – Leggiuno S.p.A.	38.11	25.66
Advances Receivable – Refer Note No. 15 (b)	9.06	3.00
Loan Taken – Reid & Taylor (India) Ltd.	42,500.00	48,000.00
Advances Payable – Reid & Taylor (India) Ltd.	10,409.16	2,379.05
Managerial Remuneration	322.45	264.28

* The loan is repayable in four years after moratorium of one year, by 16 quarterly instalments and is at an interest rate of 12% p.a. as per scheme of subsidiarisation.

(Related party relationships are as identified by the management and have been relied upon by the auditor).

There is no write off or write back of any balances due from/to related parties.

22. Quantitative Information for the year ended 31st March, 2010.

- a) Licensed capacity: Not applicable
- b) Installed capacity:
 - i) Spinning: 38,564 Spindles (Previous Year 38,564 Spindles)
 - ii) Weaving: 344.13 lacs mtrs p.a. (Previous Year 344.13 lacs mtrs. p.a.)
(As certified by the Management, being a technical matter)
 - iii) Apparels: 11.4 lacs pcs. p.a. (Ready-to-wear Garments)
(Previous Year-11.4 lacs pcs. p.a.)

Schedule "P" (Contd.)

(Figures in lacs)

Particulars	Unit	As at 31.03.2010		As at 31.03.2009	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
PRODUCTION FOR SALE					
Fabrics	Mtrs	2,231.06		1,598.41	
Yarn	Kgs	26.49		19.08	
Ready Made Garments	Pcs	29.74		23.14	
OPENING STOCK					
Semi-finished Fabrics	Mtrs	175.67	11,751.00	152.81	10,646.49
Finished-Fabrics	Mtrs	333.52	23,108.66	241.37	16,967.44
Readymade Garments	Pcs	4.55	1,321.91	5.79	1,613.39
Total			36,181.57		29,227.32
SALES					
Fabrics	Mtrs	2,122.51	1,94,811.90	1,506.26	1,39,934.37
Yarn	Kgs	26.49	2,575.07	19.08	1,848.49
Ready Made Garments	Pcs	30.46	17,782.33	24.39	12,952.25
Conversion charges			312.82		287.73
Total			2,15,482.12		1,55,022.84
CLOSING STOCK					
Semi-finished fabrics	Mtrs	188.07	13,918.19	175.67	11,751.00
Finished-Fabrics	Mtrs	442.06	30,143.08	333.52	23,108.66
Ready Made Garments	Pcs	3.83	1,488.78	4.55	1,321.91
Total			45,550.05		36,181.57
CONSUMPTION					
Fibre	Kgs	26.30	1,752.01	19.71	1,327.50
Yarn	Kgs	18.19	2,785.04	9.74	1,280.43
Grey / Fabrics / Garments	Mtrs/Pcs	2,375.40	1,59,565.51	1,710.08	1,20,863.93
Total			1,64,102.56		1,23,471.86

- Notes: 1. Consumption figures stated above are inclusive of fabric and garments purchases.
2. Production includes Fabrics produced by outside converters.

23. Value of Raw Materials, Spares and Components Consumed:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	%	Amount	%	Amount
Raw Material / Fabric Purchases				
Indigenous	99.92	1,63,978.66	99.82	1,23,247.09
Imported	0.08	123.90	0.18	224.77
Total	100.00	1,64,102.56	100.00	1,23,471.86

Schedule "P" (Contd.)

24. Value of Imports on CIF Basis:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
i) Raw material	Nil	22.64
ii) Stores & spares	Nil	32.52
iii) Finished fabrics	78.50	202.13
iv) Capital goods	714.83	10,167.72

25. Expenditure in foreign currency:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Foreign Travelling	414.62	484.32
Interest	155.27	187.67
Professional Fees	24.40	82.18

26. Earnings in foreign currency:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
F.O.B. Value of Exports	1,090.39	88.37

27. Computation of Earning Per Share:

Basic	As at 31.03.2010	As at 31.03.2009
Net Profit after tax (Rs. in lacs)	10,610.25	6,008.64
Weighted average number of Equity Shares of Rs.10 each outstanding during the period (Nos. in lacs)	2,365.14	2,191.63
Basic Earnings per Share	Rs. 4.49	Rs. 2.74

Diluted	As at 31.03.2010	As at 31.03.2009
Net Profit after tax (Rs. in lacs)	10,610.25	6,008.64
(Nos. in lacs)		
Number of shares outstanding on the beginning of the year	2,233.91	2,100.49
Add : Weighted average number of equity shares on issue against Share Application Money of Rs. 20 Crs	Nil	80.43
Add : Weighted average number of potential equity shares on conversion of FCDs	131.22	131.22
Add : Weighted average number of potential equity shares those could arise on conversion of FCCBs	70.96	70.96
Add : Weighted average number of potential equity shares those could arise on conversion of Equity Warrants	12.94	53.00
Add : Weighted average number of potential equity shares on account of employee stock options	5.35	5.52
Weighted average number of shares outstanding	2,454.38	2,441.62
Diluted Earnings per Share	Rs. 4.32	Rs.2.46

Schedule "P" (Contd.)

28. HVFC Shirtings facility.

The weaving facilities of HVFC factory at Jhagadia Industrial Estate, GIDC, Ankleshwar, Gujarat has commenced production w.e.f. 27th March, 2009.

- 29.** Capital work-in-progress includes expenditure incurred during the construction of High Value Fine Cotton and Home Textiles as under:

(Rs. in lacs)

Particulars	Amount	
Opening Balance as on 01.04.2009		Nil
Add: Incurred during the year:		
Employment Costs	379.28	
Travelling Expenses	8.18	
Legal & Professional Charges	11.05	
Miscellaneous Expenses	398.51	
Interest and Finance Charges	960.34	
Total incurred during the year		1757.36
Less: Capitalized during the year		1757.36
Amount Carried forward		Nil

- 30.** During the year the Company has capitalized interest of Rs. 960.43 lacs (Previous Year Rs. 2,760.44 lacs) which has been paid to TUFs lenders and FCCB holders. The borrowing was exclusively used for the HVFC/HT project at Jhagadia.

31. Particulars of Derivative Instruments.

- No derivative instruments are acquired for hedging purposes.
- No derivative instruments are acquired for speculation purposes.
- Foreign Currency exposures that are not hedged by derivative instruments or otherwise are:

(Rs. in lacs)

Particulars / Currency	As at 31.03.2010	As at 31.03.2009
Unsecured Foreign Currency Loan		
Euro	34.59	45.73
Equivalent to INR	2,104.20	3,112.18
Receivables		
Euro	0.35	Nil
Equivalent to INR	24.43	Nil
Payables		
Euro	0.54	Nil
Equivalent to INR	33.11	Nil

Schedule “P” (Contd.)

32. Company adopted the Accounting Standard -15 (Revised 2005) “Employee Benefits” effective from 1st April, 2007.

The Company has classified the various benefits provided to employees as under:

I. Defined Contribution Plans:

- a. Provident Fund & Employees Pension Scheme 1995
- b. Employers’ Contribution to Employees’ State Insurance

Company has recognised the following amounts in Profit and Loss Account:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Employer’s contribution to Provident Fund & Pension Scheme	251.16	199.07
Employer’s contribution to Employees State Insurance	43.25	36.85

II. Defined Benefit Plans:

- a. Contribution to Gratuity Fund (Funded Scheme)
- b. Leave Encashment (Non - Funded Scheme)

In accordance with the Accounting Standard -15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	As at 31.03.2010	As at 31.03.2009
Discount Rate (% per annum)	8	7.75
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8	8
Expected Average remaining working lives of the employees (years)	19	18

A. Change in the Present Value of Obligation:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the beginning of the period	475.80	121.76	330.85	90.49
Interest Cost	51.05	-	31.05	-
Current Service Cost	197.35	58.24*	74.04	31.27*
Benefits Paid	(28.98)	-	(33.67)	-
Actuarial (gain) / loss on Obligations	(165.57)	-	73.52	-
Present Value of Defined Benefit Obligation as at the end of the period	529.65	180.00	475.80	121.76

* Net of benefits paid during the year included under salary and allowances.

Schedule "P" (Contd.)

B. Changes in the Fair Value of Plan Assets (For Funded Scheme)

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of Plan Assets as at the beginning of the period	270.05	232.90
Expected Return on Plan Assets	29.10	21.33
Contributions	108.26	50.61
Benefits Paid	(28.98)	(33.67)
Actuarial gains / (losses)	(11.19)	(1.11)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	367.25	270.05

C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of Funded Obligation as at the end of the period	529.65	475.80
Fair Value of Plan Assets as at the end of the period	367.25	270.05
Funded Asset recognised in the Balance Sheet Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at the end of the period	162.40	205.75
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognised in the Balance Sheet Included in provision (Schedule)	162.40	205.75

D. Amount recognised in the Balance Sheet:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the end of the period	529.65	180.00	475.80	121.76
Fair Value of Plan Assets as at the end of the period	367.25	-	270.05	-
Liability/ (Net Asset) recognised in the Balance Sheet	162.40	180.00	205.75	121.76

Schedule "P" (Contd.)

E. Expenses recognized in Profit and Loss Account:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Current Service Cost	197.35	58.24*	74.04	31.27*
Past Service Cost	-	-	-	-
Interest Cost	51.05	-	31.04	-
Expected Return on Plan Assets	(29.11)	-	(21.33)	-
Curtailement Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	(154.38)	-	74.65	-
Total Expenses recognised in the Profit and Loss Account*	64.91	58.24	158.41	31.27

* Net of Benefits paid during the year included under Salary & Allowances.

Note: The above working is without giving effect to enhancement of limit of maximum gratuity from Rs. 3.5 lacs to Rs. 10 lacs. The effect of same is not quantifiable.

F. Actual Return on Plan Assets :

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Expected Return on Plan Assets	29.10	21.33
Actuarial gain / (losses) on Plan Assets	(11.19)	(1.11)
Actual Return on Plan Assets	17.91	20.22

The Company has own managed funds as well as insurer managed funds for certain divisions and hence it is not possible to give a break-up of investments in debt instruments and bank deposits.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long term government bonds is taken as reference for this purpose.

33. Previous year's figures have been regrouped / rearranged wherever considered necessary to make them comparable with current year's figure.

34. Information pursuant to the provision of the Part IV of Schedule to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration no	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="1"/>	State Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="1"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>		

II Capital raised during the year (Amount Rs. inThousands)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="5"/>

III Position of Mobilisation and Deployment of funds (Amount Rs. inThousands)

Total Liabilities	<input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="0"/>	Total Assets	<input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="0"/>
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Sources of Funds

Paid-Up Capital	<input type="text"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/>
Reserves and Surplus	<input type="text"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/>
Secured Loans	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="6"/>
Unsecured Loans	<input type="text"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="6"/>
Deferred Tax Liabilities	<input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="2"/>

Application of Funds

Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="7"/>
Investments	<input type="text"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="1"/>
Net Current Assets	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/>
Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Assets	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

IV Performance of the Company (Amount Rs. inThousands)

Turnover & Other Income	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/>	Total Expenditure	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="9"/>
Profit/Loss before Tax	<input type="text"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="1"/>	Profit/Loss after Tax	<input type="text"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="5"/>
Earning per Share in Rs.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="9"/>	Dividend Rate %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Product Description

1. Blended Fabrics
2. Blended Yarn
3. Worsted Yarn

ITC Code

<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="5"/>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/>

For and on behalf of the Board of Directors

NITIN S. KASLIWAL *Vice-Chairman and Managing Director*

ANIL CHANNA *Deputy Managing Director*

J. S. SHETTY *CFO and President - Finance*

NIMESH S. SHAH *Vice President & Company Secretary*

Place: Mumbai
Date : 28th May, 2010

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

S. Kumars Nationwide Limited (SKNL) believes that adopting the best corporate governance practice is not only non – negotiable, it is the foundation to good business. It not only helps in building trust with all stakeholders including customers, suppliers, creditors and diverse investors but also in creating value and loyalty to the Company.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

SKNL is committed to conducting its business affairs in a transparent, fair and ethical manner, which is to the benefit of all its stakeholders.

Thus, all major corporate decisions are taken by the Company's Professional Board with inputs from a competent management team and decisions are screened in the light of the Company's Corporate Governance philosophy of timely disclosures, transparent accounting policies, high levels of integrity and the best interest of all its stakeholders.

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

The Company has complied with the provisions of the amended Clause 49 of the Listing Agreements with the stock exchanges as stated below.

2. BOARD OF DIRECTORS:

Composition of the Board:

The Board of Directors of your Company represents an optimum mix of knowledge and experience of professionals drawn from diverse fields. It is the Company's belief that the Board members possess the requisite skills, experience and expertise to guide the Company. The day-to-day management of the Company is in the hands of the Vice Chairman and Managing Director and the Deputy Managing Director subject to the guidance, supervision and control of the Board of Directors.

As on 31st March 2010, the Company's Board consists of 12 members. Of these, Two (2) are Executive Directors including the Vice Chairman and Managing Director who is a Promoter Director, Seven (7) are Independent Directors, Two (2) are Non Executive Directors and One (1) is Non Executive Promoter Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

Number of Board Meetings:

The Board of Directors met 7 times during the year on 25th May 2009, 30th June 2009, 25th July 2009, 6th October 2009, 31st October 2009, 31st January 2010 and 3rd March 2010. The maximum time gap between any two consecutive meetings did not exceed four months.

Directorship held and Director's attendance Record:

The composition of the Board of Directors and also the number of other Boards of Directors or Board Committees of which they are members / chairman are as under:

Director	Category of Directorship	No of other Directorship in Public Ltd. Cos.	No. of other Board Committees # (Other than SKNL) in which he is Chairman / Member.	
			Chairman	Member
Dr. A. C. Shah Chairman	Independent, Non Promoter, Non Executive	7	-	11
Shri. Nitin S. Kasliwal Vice Chairman & Managing Director	Promoter & Executive	4	-	-
Smt. Jyoti N. Kasliwal	Promoter & Non Executive	3	-	-
Shri K. P. Rau (Nominee Director of IDBI)	Independent, Non Executive	1	-	-
Dr. Vinayshil Gautam (Nominee Director of EXIM)*	Independent, Non Executive	4	3	-
Shri Anish Modi (Nominee Director of IDM)	Independent, Non Executive	4	-	5
Shri Denys Firth (Nominee Director of IDM)	Independent, Non Executive	2	-	1
Shri. Martin Henry	Independent, Non Executive	-	-	-
Shri. Vijay G. Kalantri	Independent, Non Executive	14	-	5
Shri. Dara D. Avari	Non Executive	3	-	4
Col. S. K. Raje	Non Executive	2	-	-
Shri. Anil Channa Deputy Managing Director	Non Promoter Executive	2	-	1

*Appointed as Nominee Director of EXIM Bank w.e.f 31st October 2009.

- # Relates to Audit Committee, Shareholders Grievance Committee & Remuneration Committee only.
- # Excludes Directorship in Indian Private Limited companies and foreign companies.

Board Procedure

The Board meets at least once a quarter to review the quarterly performance and the financial results, to formulate the strategy and consider other items on the agenda. Board meetings are held at the Registered Office of the Company.

The attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) is as under:

Name of the Director	No. of Board Meetings attended during the year	Attendance at the 19 th Annual General meeting held on 24 th September 2009
Dr. A. C. Shah	7	Yes
Shri. Nitin S. Kasliwal	7	No
Smt. Jyoti N. Kasliwal	4	No
Shri K. P. Rau	6	No
Dr. Vinayshil Gautam	2	N.A.
Shri. Anish Modi	6	No
Mr. Denys Firth	-	No
Mr. Martin Henry	1	No
Shri. Vijay G. Kalantri	7	Yes
Shri. Dara D. Avari	7	Yes
Col. S. K. Raje	-	No
Shri. Anil Channa	5	Yes
Shri. R. W. Khanna*	3	No
Mr. Alexander Shaik (Alternate to Denys Firth)	4	N.A.

*Represented EXIM Bank from 25.05.2009 to 31.10.2009

As mandated by the revised Clause No 49, the independent directors on the Company's Board:

- ❖ Apart from receiving Directors' remuneration, do not have material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect the independence of the Director.
- ❖ Are not related to the promoters or persons occupying the management positions at the Board level or at one level below the Board;
- ❖ Have not been executives of the company in the immediately preceding three financial years.
- ❖ Are not partners or executives or were not partners or executives during the preceding three years of the:
 - Statutory Audit Firm or the Internal Audit Firm that is associated with the company,
 - Legal Firm(s) and consulting firm(s) that have a material association with the company.
- ❖ Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect their independence.
- ❖ Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.
- ❖ Are not less than 21 years of age.

The Company does not have any pecuniary relationship with any non-executive or independent director except for payment of sitting fees and reimbursement of travelling expenses for attending the Board Meetings.

Shareholding of Directors as at 31st March 2010

Name of the Director	No. of Shares
Dr. A. C. Shah	NIL
Shri. Nitin S. Kasliwal, Vice Chairman & Managing Director	14,82,453
Smt. Jyoti N. Kasliwal	14,64,660
Shri K. P. Rau (IDBI) Nominee	NIL
Dr. Vinayshil Gautam (EXIM) Nominee	NIL
Shri Anish Modi, (IDM) Nominee	NIL
Shri Denys Firth, (IDM) Nominee	NIL
Shri. Martin Henry	NIL
Shri. Vijay G. Kalantri	8,000
Shri. Dara D. Avari	NIL
Col. S. K. Raje	NIL
Shri. Anil Channa, Deputy Managing Director	NIL

3. BOARD COMMITTEES:

A. Audit Committee:

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements / other management information, adequacy of provisions for liabilities and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statutes and other facets of company's operation that are of vital concern to the Company.

The Committee oversees the work carried out by the management, internal auditors on the financial reporting process and the safeguards employed by them.

The Terms of Reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956.

The Audit Committee of the Company comprises of five Directors, out of whom four (4) are Independent Directors and one (1) is Non Executive Director. All the Directors of the Committee are financial literate and are experienced in finance and accounts / legal matters and general business practices. The composition of Audit Committee is as under:

Name	Position	Category
Dr. A. C. Shah	Chairman	Independent
Shri K. P Rau	Member	Independent
Shri Anish Modi	Member	Independent
Shri. Vijay G. Kalantri	Member	Independent
Shri. Dara D. Avari	Member	Non – Executive

The Company Secretary acts as Secretary to the Committee. The Statutory Auditors and Internal Auditors of the company, CEO/Managing Director, Deputy Managing Director, CFO & President Finance and Head of Internal Audit Department of the Company are invitees to the meeting as and when required.

Meetings and Attendance details

During the financial year ended 31st March 2010 five Audit Committee Meetings were held on 25th May 2009, 30th June 2009, 25th July 2009, 31st October 2009 & 31st January 2010.

The Audit Committee also met prior to the finalization of accounts for the year ended March 31, 2010.

The attendance at the Audit Committee Meetings is as under:

Name of the Member	No. of meetings attended
Dr. A. C. Shah	5
Shri. K. P. Rau (Nominee of IDBI)	5
Shri Anish Modi (Nominee of IDM)	4
Shri. Vijay G. Kalantri	5
Shri. Dara D. Avari	5

The Company Secretary was present at all the above meetings.

The minutes of the Audit Committee are reviewed and noted by the Board.

B. Remuneration Committee:

Brief description of terms of reference

- ❖ The Committee is responsible for recommending the fixation and periodic revision of remuneration of the Directors, subject to the overall ceiling fixed by the shareholders.
- ❖ Payment of remuneration to the Managing Director and Executive Director is governed by Remuneration Committee, Board and shareholder's resolution. The remuneration structure comprises of salary, performance based incentive, perquisites and allowances.

Composition

The Remuneration Committee comprises of three Directors, one (1) of whom is Independent and two (2) are Non Executive Directors. The Chairman of the Committee is an independent, non-executive director nominated by the Board.

The composition of the Remuneration Committee is as follows:

Name of the Director	Position	Category
Dr. A. C. Shah	Chairman	Independent
Shri. Dara D. Avari	Member	Non – Executive
Col. S. K. Raje	Member	Non – Executive

Meetings and Attendance

During the financial year ended 31st March 2010, two Remuneration Committee Meetings were held on 31st January 2010 & 30th March 2010. In those meetings, Dr. A. C. Shah and Shri Dara D. Avari were present. Col. S. K. Raje was granted leave of absence.

Remuneration Policy

a. Remuneration to Non – Executive Directors:

The non-executive Directors of the Company do not draw any remuneration from the company except sitting fees. The sitting fee for each meeting of the Board, Audit Committee, Committee of Directors, Remuneration Committee and Shareholders Grievance Committee is Rs. 10,000/-.

None of the Non – Executive Directors has any material pecuniary relationship or transactions with the Company.

The details of sitting fees paid to Non – Executive Directors during the financial year 2009 – 10 is as follows:

Name	Sitting fees paid during FY 2009 – 10 (In Rs.)					Total (In Rs.)
	Board Meeting	Audit Committee Meeting	Committee of Directors Meeting	Remuneration Committee Meeting	Shareholders Grievance Committee Meeting	
Dr. A. C. Shah	70,000	50,000	N. A.	20,000	N. A.	1,40,000
Smt. Jyoti N. Kasliwal	40,000	N. A.	N. A.	N. A.	N. A.	40,000
Shri K. P. Rau	60,000	50,000	N. A.	N. A.	N. A.	1,10,000
Dr. Vinayshil Gautam	20,000	N. A.	N. A.	N. A.	N. A.	20,000
Shri. Anish Modi	60,000	40,000	N. A.	N. A.	20,000	1,20,000
Mr. Denys Firth	-	-	-	-	-	-
Mr. Martin Henry	10,000	N. A.	N. A.	N. A.	N. A.	10,000
Shri. Vijay G. Kalantri	70,000	50,000	30,000	N. A.	N. A.	1,50,000
Shri. Dara D. Avari	70,000	50,000	50,000	20,000	40,000	2,30,000
Col. S. K. Raje	-	-	-	-	-	-
Mr. Alexander Shaik (alternate to Mr. Denys Firth)	40,000	N. A.	N. A.	N. A.	N. A.	40,000

b. Remuneration paid to Vice Chairman & Managing Director and Deputy Managing Director.

The appointment of Managing Director and Deputy Managing Director is governed by resolution passed by the Board of Directors and shareholders of the Company. Remuneration paid to Managing Director and Deputy Managing Director are recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at the Annual General Meeting. The remuneration package of Managing Director and Deputy Managing Director comprises of salary, perquisites and allowances, and contributions to Provident Fund and Gratuity as per rules as approved by the shareholders at the Annual General Meeting.

The details of the remuneration paid to Managing Director and Deputy Managing Director during the financial year 2009 - 10 are as under:

Name and Designation	Shri. Nitin S. Kasliwal, Vice Chairman & Managing Director	Shri. Anil Channa, Deputy Managing Director
Tenure of Appointment	Five Years (From 1 st April 2007 to 31 st March 2012)	Five Years (From 12 th January 2010 to 11 th January 2015)
Salary (2009 – 10) (Rs. in Lacs)	192.93	31.31
Other perquisites (including contribution to Provident Fund) (Rs. in Lacs)	58.46	39.75
Incentive Remuneration	NIL	NIL
Stock Options	NIL	NIL

During the year 2009 - 10 the company did not advance any loans to any of its Directors. No Stock Options have been issued to any of the Directors on the Board.

Managing Director and Deputy Managing Director so long as they function as such, shall not be paid any sitting fees for attending the meetings of Board or any Committee thereof.

Company Secretary acts as a Secretary to the Remuneration Committee.

Code of Conduct:

The Board of Directors of the company has adopted the code of conduct for Directors and Senior Management Personnel. The code is applicable to both executive and non-executive directors as well as senior management personnel. A copy of the code is available on company's website i.e. www.sknl.co.in

C. Shareholders' / Investors' Grievances Committee:

Terms of Reference

The Shareholders'/Investors' Grievances Committee of the company deals with various matters relating to:

1. Review of shares dematerialized and all other related matters.
2. Monitoring expeditious redressal of investor grievances.
3. Transfer / transmission of shares.
4. Issue of duplicate share certificates.
5. Non-receipt of Annual Reports and dividend if any.
6. All the matters related to Shares / Debentures investors relations.

The Terms of Reference of the Committee cover the matters specified under Clause 49 of the Listing Agreements with the Stock Exchanges.

The Share Transfer Committee meetings are held generally once in a month. All valid transfer / transmission and other requests received during the year were approved and attended to by the Committee. There were no pending requests for transfer of Equity Shares as on March 31, 2010.

The Committee also oversees the performance of Registrar and Transfer Agents of the company M/s. Bigshare Services Pvt. Ltd. and looks into the investor complaints, if any and tries to resolve them immediately.

The main object of the Shareholders'/Investors' Grievance Committee is to strengthen investor relations.

Composition

The Committee comprises of the following three Directors:

Name of Director	Position	Category
Shri. Dara D. Avari	Chairman	Non – Executive
Shri Anish Modi	Member	Independent
Shri. Anil Channa	Member	Executive

The Board has designated Mr. Nimesh S. Shah, Company Secretary of the company as the Compliance Officer under the provisions of listing agreements entered into with the Stock Exchanges.

Meetings and Attendance

During the financial year 2009 – 10, the Committee met nine times.

Name of the Member	No. of meetings attended
Shri. Dara D. Avari	9
Shri Anil Channa	8
Shri Anish Modi	3

Details of Shareholders Complaints.

During the year under review, a total of 14 complaints were received by the company from the Shareholders / Investors. All the complaints were resolved by the company to the satisfaction of the investors and as on 31st March 2010, there were no pending letters or complaints.

Name and address of the Compliance Officer is as follows:

Shri. Nimesh S. Shah
Company Secretary & Compliance Officer
S. Kumars Nationwide Limited
Corporate Division
Inga Complex, 2nd Floor, Next to Onida House,
Mahakali Caves Road, Andheri (East), Mumbai 400 093
Tel No. 2825 0797 Fax No. 2820 7578
e-mail id: nimesh.shah@sknl.co.in

D. Committee of Directors:

The Committee comprises of the following members.

Name of the Director	Position	Category
Shri. Nitin S. Kasliwal	Chairman	Executive
Shri Vijay G. Kalantri	Member	Independent
Shri. Dara D. Avari	Member	Non – Executive
Shri. Anil Channa	Member	Executive

There were 16 meetings of the Committee of Directors during the financial year 1st April 2009 to 31st March 2010.

Name of the Member	No. of meetings attended
Shri. Nitin S. Kasliwal	9
Shri Vijay G. Kalantri	8
Shri. Dara D. Avari	16
Shri. Anil Channa	12

The minutes of the Committee of Directors are submitted to the Board for ratification and taking on record.

E. Compensation Committee:

The Compensation Committee comprises of the following members:

Name of the Director	Position	Category
Dr. A. C. Shah	Chairman	Independent
Shri Vijay G. Kalantri	Member	Independent
Shri. Dara D. Avari	Member	Non – Executive

During the financial year 2009 – 10, no Compensation Committee Meeting was held.

The Employees Stock Option Scheme:

No options were exercised or cancelled / withdrawn during the financial year 2009 - 10. There were 17,84,200 nos of options in force as at 31st March, 2010.

4. GENERAL BODY MEETINGS:

The details of the day, date, time and venue of the last three Annual General Meetings held are as under:

Financial Year	AGM	Day & Date	Time	Venue	No. of Special Resolutions passed
2006 – 07	17 th AGM	Tuesday, 17/07/2007	4.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	4
2007 - 08	18 th AGM	Friday, 26/09/2008	4.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	NIL
2008 – 09	19 th AGM	Thursday 24/09/2009	3.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	1

Details of Postal Ballots conducted during the year:

During the year 2009 - 10, the Company has conducted the postal ballot process twice. The following resolutions were passed thereat:

1. Postal Ballot Process Held on 12th August, 2009:

- Reclassification of Authorised Share Capital of the Company and consequential alterations to Memorandum and Articles of Association.
- Pursuant to Section 81 (1A) of the Companies Act, 1956, a Special Resolution was passed to authorise the Board of Directors to issue Equity Shares to the Qualified Institutional Buyers by way of Qualified Institutional Placement for amount upto Rs. 500 Crores.
- Pursuant to Section 372A of the Companies Act, 1956, a Special Resolution was passed to authorise the Board of Directors to make investment upto Rs. 500 Crores in subsidiaries and provide corporate guarantee upto Rs. 600 Crores to subsidiaries and step down subsidiary companies.
- Pursuant to Section 293 (1)(a) of the Companies Act, 1956, an Ordinary Resolution was passed to authorise the Board of Directors for creation of mortgage / charges in favour of various Banks / Institutions for securing the borrowings availed / to be availed by the Company by way of loan(s) / borrowing(s) from time to time.

2. Postal Ballot Process Held on 2nd September, 2009:

Pursuant to Section 81 (1A) of the Companies Act, 1956, a Special Resolution was passed to issue, offer and allot, 1,24,25,000 (One Crores Twenty Four Lakhs Twenty Five Thousand) nos. of equity share warrants to M/s. N'Essence Holdings Ltd. a promoter group company on a preferential basis.

The Company had appointed Mr. Pramod S. Shah, Proprietor of "Pramod S. Shah & Associates", Practicing Company Secretaries, Mumbai, as a Scrutinizer for conducting both the above Postal Ballot processes in a fair and transparent manner.

5. SUBSIDIARY COMPANIES :

As on date the company has 19 subsidiaries, out of which 1 company is Indian subsidiary company, 3 companies are foreign subsidiary companies, 1 subsidiary company is incorporated under Section 25 of the Companies Act, 1956 and 14 companies are foreign stepdown subsidiary companies which are as follows:

Sr. No.	Name of the Subsidiary & Stepdown Subsidiary Company	Date of incorporation	Date on which the company became subsidiary/ stepdown subsidiary of SKNL
SUBSIDIARY COMPANIES			
1.	Reid & Taylor (India) Limited	19/04/2000	10/12/2007
2.	SKNL International B.V.	03/11/2008	03/11/2008
3.	SKNL Europe B.V.	30/01/2007	07/01/2009
4.	SKNL Italy S.p.A	21/01/2009	21/01/2009
5.	Anjaneya Foundation (Sec. 25 Company)	15/09/2008	01/10/2008
STEPDOWN SUBSIDIARIES			
6.	Leggiuno S.p.A (Subsidiary of SKNL Italy S. p. A.)	09/03/2005	01/10/2008
7.	Marling & Evans Ltd. (Subsidiary of Leggiuno S. p. A.)		01/10/2008
8.	SKNL Global Holdings B. V. (Subsidiary of SKNL International B.V.)	30/01/2007	05/11/2008
9.	SKNL North America B. V. (Subsidiary of SKNL Global Holdings B. V.)	30/01/2007	05/11/2008
10.	SKNL (UK) Ltd. (Subsidiary of SKNL Global Holdings B. V.)	16/12/2008	16/12/2008
11.	Remala Trading BV (Subsidiary of SKNL North America BV)	02/01/2008	07/08/2009
12.	HMX Poland sp. Z.o.o (Subsidiary of Remala Trading BV)	16/12/2008	07/08/2009
13.	HMX Poland (Subsidiary of HMX Poland sp. Z o. o)	10/07/2009	07/08/2009
14.	HMX Acquisition Corp. (Subsidiary of HMX Poland sp. Z.o.o)	16/06/2009	07/08/2009
15.	HMX Des Plaines LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
16.	Quartet Real Estate LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
17.	HMX LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
18.	Copley Corp. (Subsidiary of Remala Trading BV)	25/06/2009	07/08/2009
19.	HMX DTC Co. (Subsidiary of HMX Acquisition Corp.)	17/12/2009	17/12/2009

All the subsidiary and step down subsidiary companies are managed with their Boards in the best interest of their stakeholders. As a majority shareholder, the Company nominates its representatives on the Board of subsidiary companies and monitors the performance of such companies.

6. DISCLOSURES:

The Company has not entered into any transaction of a material nature with the Directors or the management or the relatives during the year that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in note no. 21 of Schedule P to the accounts in the Annual Report.

There was no instance of non-compliance of any matters related to the capital markets during the year.

a) Disclosure of accounting treatment in preparation of financial statements:

The company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements, except the qualifications included in the audit report of the Statutory Auditors. The explanations for the Auditors qualifications are given in the Directors Report.

b) Details of non-compliance by the Company:

The company has complied with all the requirements of regulatory authorities. No penalties / strictures were imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matter related to the capital market during the last three years.

c) CEO /CFO certification:

As required under Clause 49 V of the listing agreement with the Stock Exchanges, the Vice Chairman and Managing Director who is also the CEO and the President Finance who is also the CFO have certified to the Board about the financial statements for the year ended 31st March 2010.

d) Distribution of Agenda and Board Notes:

Agenda and Notes on Agenda are generally circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda.

In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance.

e) Recording Minutes of proceedings at Board and Committee meetings:

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The finalized minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that meeting.

f) Post Meeting Follow-up Mechanism:

The Guidelines for Board and Committee meetings facilitate an effective post-meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. Action taken report on the decisions/minutes of the previous meeting(s), where required, is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee.

g) Risk Management:

Business risk evaluation and management are an ongoing process within the Company.

7. MEANS OF COMMUNICATIONS :

Half yearly report sent to each household of shareholders	Since the unaudited quarterly / half – yearly results are published in the newspapers and displayed on the Company’s website, the same were not sent to each household of shareholders.
Quarterly results – which Newspapers normally published in?	Free Press Journal (English), Navshakti (Marathi)
Websites where quarterly results are displayed.	www.sknl.co.in
Whether it also displays official news releases and presentation made to institutional investors or to the analysts?	Press releases have been displayed on the Company’s website.
Whether Management Discussion & Analysis is part	Yes

8. GENERAL SHAREHOLDERS INFORMATION :

1) Reappointment of Directors:

Shri Anish Modi, Shri Denys Firth and Shri Martin Henry retire by rotation and are proposed to be re-appointed in the ensuing Annual General Meeting to be held on 28th September, 2010.

The brief particulars as per Clause 49 are given in the Notice of AGM.

2) General Information:

(1) **Nature of Industry :** Textile Manufacturing, Trading and Ready to Wear Garments of various Brands.

(2) **Date of commencement of commercial production :** 28th September 1990

(3) **Financial performance :** Given in the Audited Balance Sheet.

(4) **Export performance for the period :** 1st April 2009 to 31st March 2010: Rs.10.9 Crores.

(5) **Foreign investments or collaboration, if any :**

(i) **Collaboration:** Joint Venture with Reid & Taylor Ltd., U.K.

(ii) **Foreign Investments as on 31st March, 2010 :**

1. Investment made in SKNL International B.V., Euro 49,64,900 in equity share capital, is a 100% subsidiary of the Company.
2. Investment made in SKNL Europe B.V., Euro 25,73,600 in equity share capital, is a 100% subsidiary of the Company.
3. Investment made in SKNL Italy S.p.A., Euro 1,82,00,000 in equity share capital, is a 100% subsidiary of the Company.

3) Registered Office : Avadh, Shree Ram Mills Premises, Ganpatrao Kadam Marg, Worli, Mumbai 400 018, (India)
Tel No. 2493 0180 / 2493 3181/ 2496 5701 - Fax No. 24931685

Company’s Corporate Website : www.sknl.co.in

The Company’s website has a comprehensive reference on SKNL’s management, vision, mission, policies, processes, social responsibility initiatives, investor relations, updates and news.

4) Plant Locations:-

1	2	3	4
Menswear and Home Textiles	Spinning and Weaving	HVFC (High Value Fine Cotton) & Home Textiles Division	Readymade Garment (TWS Division)
3B Industrial Area, No. 2 Agra Bombay Road, Dewas (M.P.)	Chamunda Standard Mills, Balgarh, Dewas (M.P.)	Jhagadia Industrial Estate, GIDC, Ankleshwar, Gujarat.	121 / 52, Magadi Main Road, Hosahalli, Gollarahatti, Bangalore

- 5) **Registrar and Share Transfer Agents** : Bigshare Services Private Limited
Unit: S.Kumars Nationwide Limited
E/2, Ansa Industrial Estate, Sakivihar Road, Saki Naka,
Andheri (East), Mumbai 400 072
Tel. No. 2847 0652 / 2847 3747 - Fax No. 2847 5207
E-mail Id: srinivas@bigshareonline.com

- 6) **The Equity Shares of the Company are listed on following Stock Exchanges:**

Shares Listed at:	Stock Code	ISIN No.
Bombay Stock Exchange Ltd. Mumbai	514304	INE 772A01016
National Stock Exchange of India Ltd. – Mumbai	SKUMARSYNF	-do-

- 7) **Foreign Currency Convertible Bonds (FCCBs):**

Aggregating USD 50 million issued in January 2007 are listed at Singapore Exchange Ltd.

Singapore Exchange Ltd.

2 Shenton way # 19 – 00 SGX Centre 1, Singapore 068804

- 8) **Listing Fees of Bombay Stock Exchange & National Stock Exchange:**

Annual Listing Fees for the year 2010 – 11 have been duly paid to the above Stock Exchanges. Annual Custodial fees for the year 2010 – 11 have been duly paid to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

- 9) **Market Price Data: High, Low during each month in financial year 2009-10**

Monthly share price movement during the year 2009 – 10 at BSE & NSE:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April	31.4	21.6	55933161	31.45	21.6	127053421
May	46.9	24.4	50178898	44	24.7	120412323
June	55.25	39.8	67556704	55.2	39.8	154429321
July	48.4	33.05	18677007	48.25	33	45470094
August	52.5	39.3	22568292	52.5	42.25	37310473
September	54.2	45.2	24016479	56	45.4	49363663
October	50.05	40	12893552	50.2	41	28812356
November	46	37.5	14833896	46	37.65	26086873
December	45.2	38.3	16000404	45.45	38.75	28653439
January	50.4	42	31115210	55	42.85	62731824
February	50	41.5	8735108	49.7	41.75	18467769
March	66.7	44.5	55891051	66.55	44.5	121502651

There are no outstanding GDRs / ADRs. However, FCCB's of US \$ 9 million, and 1,24,25,000 equity warrants issued to N'Essence Holdings Ltd. are outstanding as at 31st March 2010.

- 10) **Share Transfer System:**

Applications for transfer of shares held in the physical form are received at the company's Investors Services Division (Registrar and Transfer Agent). All valid transfers are processed and effected normally within 15 days from the date of receipt provided they are in order in every respect.

Shares held in the dematerialised form are electronically transferred by the Depository Participant and the Registrar and Transfer Agent is informed periodically by the Depository about the beneficiary holdings to enable the company to send all corporate communications and dividend etc.

All valid share transfers during the year ended 31st March, 2010 have been acted upon.

Pursuant to Clause 47 (c) of the Listing Agreement with the stock exchanges, certificates on half yearly basis, have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the company and for conducting secretarial audit on a quarterly basis for reconciliation of the share capital of the company.

11) Dematerialisation of Shares and Liquidity:

The company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31st March 2010, 23,28,18,507 Equity Shares of the company representing 98.44% of the company's share capital have been dematerialized.

The company's shares are regularly traded on the Stock Exchange (BSE), Mumbai and the National Stock Exchange (NSE), Mumbai, as is seen from the volume of shares indicated in the Table containing market information.

Under the Depository System, the International Securities identification Number (ISIN) allotted to the Company's shares is INE 772A01016

12) Distribution of Shareholding as on 31st March 2010 :

Of 23,65,13,838 Equity Shares of Rs.10/- each fully paid up.

[Held both in physical and demat form (NSDL+CDSL)]

Range in Rs.		Total Holders	% of Total Holders	Total Holding in Rs.	% of Total Capital
From	To				
10	5000	29,032	86.96642	43286930.00	1.83020
5001	10000	2,087	6.25168	18017060.00	0.76178
10001	20000	900	2.69598	14391740.00	0.60849
20001	30000	296	0.88668	7660790.00	0.32390
30001	40000	157	0.47030	5698450.00	0.24094
40001	50000	194	0.58113	9419560.00	0.39827
50001	100000	262	0.78483	20428570.00	0.86374
100001	99999999	455	1.36298	2246235280.00	94.97268
TOTAL		33,383	100.00000	2365138380.00	100.00000

13) Distribution of Equity Shareholding as on 31st March 2010:

Description	No. of Shares	Voting Strength
Directors – Individuals	2955113	1.24
Promoters – Companies	114629168	48.47
Relatives / Friends of Directors	205000	0.09
Public – Individuals	20179898	8.53
Public Bodies Corporate	29136731	12.31
Mutual Funds & UTI	1203217	0.50
Nationalized Bank	79000	0.03
Financial Institution	113130	0.04
NRIs / OCBs	2573484	1.10
NRI Companies	260842	0.11
FII	62386441	26.38
Clearing Members	2791814	1.20
Total	236513838	100.00

14) Schedule of Listed Securities of the Company:

Kind of Security (Shares)	Number Listed as on 31 st March 2010	Nominal Value Per Share Rs.	Paid-up Value Per Share Rs.	Total Nominal Value Rs.	Total Paid up Value Rs.
Equity Shares of Rs. 10/- each	23,65,13,838	10/-	10/-	236,51,38,380	236,51,38,380
6% Cumulative Redeemable Preference Shares of Rs. 100/- each	19,82,500	100/-	100/-	19,82,50,000	19,82,50,000

15) Financial Calendar: (Tentative and subject to change)

Board Meeting for consideration of Audited Accounts for the year ended 31 st March 2010	28 th May 2010
Posting of Annual Reports	On or before 4 th September, 2010
Book Closure Dates	From 22 nd September 2010 To 28 th September 2010 (Both days inclusive)
Last date for receipt of proxy forms	26 th September, 2010
Date, Time and Venue of 20 th Annual General Meeting	Date: 28 th September 2010 Time: 3.00 p.m. Venue: Walchand Hirachand Hall, Indian Merchant Chamber, Indian Merchant Chamber Marg, Churchgate, Mumbai 400 020
Board Meeting for consideration of unaudited results for the first three quarters of the current financial year viz. 1 st April 2010 to 31 st December 2010	Within one month from the end of each quarter as stipulated under the Listing Agreement with the Stock Exchange
Audited Results for the last quarter ending 31 st March 2010	Within 60 days from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchange

16) Address for Correspondence:

The shareholders may address their communications / suggestions / grievances / queries to:

Shri. Nimesh S. Shah
Company Secretary & Compliance Officer
S. Kumars Nationwide Limited
Corporate Division
Inga Complex, 2nd Floor, Next to Onida House,
Mahakali Caves Road, Andheri (East), Mumbai 400 093
Tel No. 2825 0797 Fax No. 2820 7578
E – mail id : nimesh.shah@sknl.co.in
nihar.avasare@sknl.co.in

**Auditors' Certificate on Compliance with the conditions of
Corporate Governance under Clause 49 of the Listing Agreement**

To the Members,

S. KUMARS NATIONWIDE LIMITED

We have examined the compliance of conditions of corporate governance by S. Kumars Nationwide Limited for the year ended 31st March, 2010, as stipulated in clause 49 of the Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

RAKESH RATHI
Partner

Place : Mumbai
Date : 28th May, 2010

Membership No.45228

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATED TO SUBSIDIARY COMPANIES AS AT 31ST MARCH, 2010

(Rs. in Lacs unless otherwise stated)

Sr. No.	Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	SKNL International B.V.	SKNL Europe B.V.	SKNL Italy S.p.A.	Leggiuno S.p.A. @	Marlings & Evans Ltd. @@	SKNL Global Holdings B.V. *	SKNL(UK) Limited **	SKNL North America B.V. **	Remala Trading B.V. ***
1	Financial year of the Subsidiary Companies ended on	31/03/2010	31/03/2010	31/03/2010	31/03/2010	31/12/2009	31/12/2009	31/12/2009	31/03/2010	31/03/2010	31/03/2010	31/12/2009
2	Shares of the Subsidiary held by SKNL on the above date											
	(a) Number of Shares Fully Paid	40,050,000	49,500	49,649	25,736	18,200,000						
	Face Value	Equity Shares of Rs.10/- each	Equity Shares of Rs.10/- each	Equity Shares of Euro 100 each	Equity Shares of Euro 100 each	Equity Shares of Euro 1 each						
	(b) % shares held by SKNL and its subsidiaries	74.39%	99%	100%	100%	100%	100%	65%	100%	80%	100%	95%
3	Net aggregate amount of the Profits / (Losses) of the Subsidiary Company so far as it concerns the members of the SKNL											
I	For the Financial Year of Subsidiary ended on March 31, 2010 and December 31, 2009											
	(a) Dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-
	(b) Not dealt with Accounts of SKNL amounted to	20,293.84	#	(29.00)	(3.00)	(146.00)	(1,488.00)	(57.00)	40.00	(1,933.00)	(227.00)	664.00
II	For the previous financial year of the Subsidiary since it became subsidiary of SKNL											
	(a) Dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-
	(b) Not dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-

4	Changes in the interest of the SKNL between the end of the Subsidiary's financial year and 31st March, 2010 Number of shares acquired Material changes between the end of the Subsidiary's financial year and 31st March, 2010	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	(a) Fixed Assets (net additions)											
	(b) Investments (net)											
	(c) Money's lent by the Subsidiary											
	(d) Moneys borrowed by the Subsidiary Company other than for the meeting current liabilities											

Notes:

1. The Ministry of Company Affairs, Government of India, New Delhi, vide its order no.47/35/2010-CL-III dated 15.06.2010, issued under Section 212(8) of the Companies Act, 1956, has exempted the Company from attaching the accounts of subsidiaries of the Company. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company and the subsidiaries of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Registered Office of the Company and of the concerned subsidiary of the Company.

* Subsidiary Company of SKNL International B.V.

** Subsidiary Company of SKNL Global Holdings B.V.

*** Subsidiary Company of SKNL North America B.V. consolidated with HMX Group Companies.

@ Subsidiary Company of SKNL Italy S.p.A.

@@ Subsidiary Company of Leggiuno S.p.A.

Anjaneya Foundation is Company u/s 25 of the Companies Act, 1956 and its financials are not consolidated with the Company's financial statements.

For and on behalf of the Board of Directors

NITIN S. KASLIWAL

Vice Chairman & Managing Director

ANIL CHANNA

Deputy Managing Director

J. S. SHETTY

CFO & President - Finance

NIMESH S. SHAH

Vice President & Company Secretary

Place: Mumbai

Date: 28th May, 2010

Particulars of Subsidiary Companies as required by order no.47/35/2010-CL-III dated 15.06.2010, of Ministry of Corporate Affairs, Government of India issued under Section 212(8) of the Companies Act, 1956 for the financial year 2009-10 are as follows:

(Rs. in Lacs unless otherwise stated)

Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	SKNL Interna tional B.V.	SKNL Europe B.V.	SKNL Italy S.p.A.	Leggiano S.p.A. @	Marlings & Evans Ltd. @	SKNL Global Holdings B.V. *	SKNL(UK) Limited **	SKNL North America B.V. **	Remala Trading B.V. ***
Financial year of the Subsidiary Companies ended on	31/03/2010	31/03/2010	31/03/2010	31/03/2010	31/12/2009	31/12/2009	31/12/2009	31/03/2010	31/03/2010	31/03/2010	31/12/2009
Exchange rate as on 31st March 2010	N.A.	N.A.	1 Euro = Rs.60,8087	1 Euro = Rs.60,8087	1 Euro = Rs.66,5318	1 Euro = Rs.66,5318	1 Euro = Rs.66,5318	1 Euro = Rs.60,8087	1 GBP = Rs.68,2552	1 Euro = Rs.60,8087	1 USD = Rs.46,8936
(a) Share Capital (including share application money pending allotment)	5,383.89	5.00	22,089.00	1,702.00	12,109.00	1,966.00	150.00	3,951.00	7.00	1,093.00	10,563.00
(b) Share Capital Suspense	-	-	-	-	-	-	-	-	-	-	-
(c) Reserves and Surplus (net of debit balance of Profit and Loss Account)	125,940.12	(11.97)	(97.00)	(714.00)	(144.00)	794.00	(133.00)	15,932.00	(145.00)	10,782.00	23,521.00
(d) Total Assets (Fixed Assets + Current Assets)	193,907.92	1.93	2,142.00	2,052.00	136.00	16,919.00	489.00	6,116.00	4,438.00	1,115.00	90,972.00
(e) Total Liabilities (Debts + Current Liabilities and Provisions)	62,584.01	8.90	12.00	3,004.00	2,296.00	14,389.00	472.00	159.00	4,576.00	649.00	56,888.00
(f) Details of Investments (excluding investments in the subsidiary companies)											
- Equity / Preference Shares	-	-	19,862.00	1,940.00	14,125.00	230.00	-	13,926.00	-	11,409.00	-
- Government Securities	0.10	-	-	-	-	-	-	-	-	-	-
- Bonds / Mutual Fund Units	-	-	-	-	-	-	-	-	-	-	-
(g) Turnover	98,493.78	-	-	-	-	14,720.00	437.00	-	3518.00	-	51,505.00
(h) Profit / (Loss) before Taxation	31,841.69	(11.97)	(29.00)	(3.00)	(201.00)	(1,837.00)	(57.00)	62.00	(1,933.00)	(227.00)	664.00
(i) Provision for Taxation	11,547.85	-	-	-	(55.00)	(349.00)	-	22.00	-	-	-
(j) Profit / (Loss) after Taxation	20,293.84	(11.97)	(29.00)	(3.00)	(146.00)	(1,488.00)	(57.00)	40.00	(1,933.00)	(227.00)	664.00
(k) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	-	-



Reid & Taylor (India) Limited

Annual Report 2009-10

BOARD OF DIRECTORS

Nitin S. Kasliwal	– <i>Chairman & Managing Director</i>
Jyoti N. Kasliwal	– <i>Director</i>
Kunnasagaran Chinniah	– <i>Director</i>
Dara P. Mehta	– <i>Director</i> (w.e.f. 14th December, 2009)
Anil Channa	– <i>Director</i>
Dara D. Avari	– <i>Director</i>

COMPANY SECRETARY

Nihar R. Avasare

BANKERS

Bank of India
IDBI Bank Ltd.
State Bank of Indore
Export Import Bank of India
The Jammu & Kashmir Bank Ltd.
State Bank of India

AUDITORS

M/s. Haribhakti & Co.

SOLICITORS

M/s. Little & Co.

REGISTERED OFFICE

“Avadh”, Shree Ram Mills Premises,
Ganpatrao Kadam Marg, Worli,
Mumbai - 400 018.
website : www.sknl.co.in

PLANT LOCATION

Worsted Fabrics Complex
Thandavapura,
Nanjangud Taluka,
Mysore District,
Karnataka.

DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report and Audited Statements of Accounts for the year ended 31st March, 2010.

Financial Highlights:

(Rs. in lacs)

Particulars	2009-2010	2008-2009
Sales	98,494	65,260
Other Income	5,628	3,886
Profit before tax	31,842	21,420
Provision for taxation	11,548	7,043
Profit after tax	20,294	14,377
Balance b/f from Previous Year	17,124	2,747
Surplus carried to B/Sheet	37,418	17,124

Dividend:

In order to augment the resources, your Directors do not recommend any dividend for the year under review.

Year in retrospect:

For the year ended 31st March, 2010, the Company has achieved a sales turnover of Rs. 984.94 Crores thereby achieving a growth of more than 50% over the sales of the previous year. This growth has been achieved in the backdrop of subdued sentiments which are still prevalent in the economy. This growth was possible due to the strong brand image of 'Reid & Taylor' and extensive marketing and distribution network.

Current Business Outlook and Plans:

Your Company manufactures "Reid & Taylor" Worsted Suiting and Premium natural fiber suiting. The Company also markets premium Ready-to-Wear Garments under the brand "Reid & Taylor" and "Stephens Brothers". The Company has planned further growth in Ready-to-Wear Garments business by introduction of a "Super Premium" Brand and also a new casual premium brand.

Share Capital:

During the year, Company has allotted 18,04,322 Equity Shares of Rs.10/- each to Indinvest Pte Ltd at a premium of Rs. 599.65 per Equity Share on 29th January, 2010. As on 31st March, 2010, the paid up Equity Share Capital of the Company is Rs.53,83,89,810/- divided into 5,38,38,981 Equity Shares of Rs.10/- each.

Directorate:

During the year, Shri Dara P. Mehta was inducted on the Board of the Company as an Additional Directors w. e. f. 14th December 2009. Shri Dara P. Mehta is a well known legal luminary with vast experience and also a partner in reputed legal firm. 'Little & Co.'

Director's Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956:

1. that in the preparation of the Annual Accounts the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
2. that such accounting policies have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the Profit and loss account of the Company for the year ended on that date;

3. that 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;
4. that the Annual Accounts have been prepared on a going concern basis.

Deposits:

The Company has not accepted / renewed any deposits during the year under review.

Particulars of Employees:

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended forms part of this Report. However, as per the provisions of Section 219 (1) (iv) of the Companies Act, 1956 the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

Additional information required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, in respect of Conservation of Energy and Technology Absorption is given in the prescribed forms which are given in Annexure '1' to the Directors' Report.

Auditors:

M/s. Haribhakti & Company, Chartered Accountants have furnished the required certificate under Section 224(1B) of the Companies Act, 1956 and are eligible for re-appointment.

In respect of observations made by the Auditors, please refer to Schedule 'P' note no. 4 & 7 which are self explanatory and hence in the opinion of the directors, do not require any further explanations.

Acknowledgement:

Your Directors wish to place on record their appreciation for the continued support and co-operation from banks, financial institutions and other stakeholders. Your Directors acknowledge particularly the efforts put in by the Company's employees at all levels for their dedicated service.

By order of the Board**For Reid & Taylor (India) Limited****(Nitin S. Kasliwal)****Chairman & Managing Director**

Place: Mumbai

Dated: 28th May, 2010

ANNEXURE (1) to the Directors Report

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken

Energy Conservation is always on priority list of the company and continuous efforts are made to conserve them.

B. TECHNOLOGY ABSORPTION

a) Efforts made in Technology Absorption – As per Form “B” given below:

RESEARCH & DEVELOPMENT (R & D)

FORM “B”

(See Rule 2)

1. Specific areas in which R&D carried out by the Company	Product research is carried out on an ongoing basis
2. Benefits derived as a result of the above R & D	Improved product quality
3. Future plan of action	Same as above
4. Expenditure on R & D	Not identified separately
	Rs. in Crs.
a. Capital	-
b. Recurring	-
c. Total	-
d) Total R & D Expenditure as a percentage of total turnover	-

Technology Absorption, Adoption and Innovation

The Company has absorbed the technology of manufacturing exclusive worsted suitings

1. Efforts, in brief, made towards technology absorption, adoption and innovation:

NIL

2. Benefits derived as a result of the above efforts:

NIL

3. Information regarding Imported Technology:

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to export, initiatives to increase exports, Developments of New export markets for Products and Services and Export Plan.

The Company has continued to maintain focus on and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth Rs. 2907.60 lacs.

b) Total Foreign exchange earned and used	Current Year 2009-10 (Rs. in Lacs)	Previous Year 2008-09 (Rs. in Lacs)
a. Total Foreign Exchange earned	2907.60	1979.64
b. Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
Sub Total (a + b)	2907.60	1979.64
c. Total Foreign Exchange used	4348.94	3002.00

**ANNEXURE 'A' TO THE DIRECTORS' REPORT
FORM A**

FORMING PART OF ANNEXURE (1)

Form for Disclosure of particulars with respect to conservation of Energy

Part A - POWER AND FUEL CONSUMPTION

ELECTRICITY	Current year	Previous year
Purchase		
Units in lacs	-	-
Total Amount Rs. lacs	-	-
Rate / Units Rs	-	-
Own generation		
Through Diesel generator		
Units (D.G Units) in lacs	244.26	235.68
Unit / Ltr of Diesel Oil	4.07	4.04
Cost / Unit Rs.	6.26	6.57

Part B - CONSUMPTION PER UNIT OF PRODUCTION

ELECTRICITY	Current year	Previous year
Fabrics KWH / Metre	3.07	2.98
Others (Specify)	-	-

AUDITORS' REPORT

To

The Members of Reid & Taylor (India) Limited.

1. We have audited the attached Balance Sheet of REID & TAYLOR (INDIA) LIMITED ('the Company') as at March 31, 2010 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date 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.
2. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. 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;
 - iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards, *except the share of recompense expense borne by the Company as part of Corporate Debt Restructuring of parent company S Kumars Nationwide Limited (SKNL) amounting to Rs.2198 lacs pertaining to earlier years (after amortising Rs.219 lacs during the year) have been carried forward under the head "Restructured Financial Cost" grouped/presented under Schedule F of Financial Statements i.e. "Loans and Advances" which is not in accordance with AS-5 'Net Profit or Loss for the period, Prior Period Items and change in Accounting Policies,' and has resulted into overstatement of profit for the year by Rs.2198 lacs and overstatement of loans & advances by same amount (Refer Note No. 7 of Schedule 'P'), referred to in Section 211 (3C) of the Act;*
 - v. On the basis of the written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. 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, *subject to Note No. 4 of Schedule 'P' relating to pending confirmations and reconciliations of balances of sundry debtors, loans and advances including capital advances and sundry creditors and consequential adjustments, if any and paragraph 4(iv) above*, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co**
Chartered Accountants
FR No.103523W

RAKESH RATHI
Partner

Membership No. 45228

Place : Mumbai

Date : 28th May, 2010

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Reid & Taylor (India) Limited on the financial statements for the year ended 31st March, 2010]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) As explained to us, inventory lying with the Company have been physically verified by the management at regular intervals during the year. In respect of inventory lying with third parties, certificates confirming substantial portion of the inventories have been received. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company had granted a loan of Rs.48,000 lacs in the financial year 2008-09 to a Company covered in the register maintained under section 301 of the Companies Act, 1956. Further, unsecured interest free loan or advances in the nature of loan of Rs.10409 Lacs are granted to the company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.71,276 lacs (including interest bearing loan of Rs.44,000 lacs) and the year- end balance of loans granted to such party was Rs.52,909 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) The party has repaid the principal amounts as stipulated and has also been regular in the payment of interest to the company, wherever applicable.
- (d) There is no overdue amount in excess of Rs.1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) *In our opinion and according to the information and explanations provided to us in respect of purchase of inventories, capital work in progress and sale of goods by the company, the documentation and internal control system needs to be strengthened, to be commensurate with the size of the company and nature of its business.* During the course of our audit, we have not observed nor have been informed of any continuing failure to correct major weaknesses in internal control systems of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) *The prevailing internal audit system needs to be strengthened, to be commensurate with size of the Company and nature of its business.*
- (viii) We have broadly reviewed the books of account maintained with regard to fabrics by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's product to which the said rules are made applicable, and are of the opinion that, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Due date
Income Tax Act, 1961	Advance tax	3,231 lacs	F.Y. 2009-10	15-9-2009

(c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, *except as follows*.

Name of Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service tax)	Service tax	0.94 lacs	F.Y. 2005-06	CESTAT
Central Excise Act, 1944	Excise duty on Tow To Tops	68.51 lacs	F.Y. 2008-09	CESTAT
Customs Act, 1962	Customs CVD Duty	21.16 lacs	F.Y. 2006-07	Commissioner of customs

- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year, *subject to paragraph 4(iv) and 4(vi) in the Auditors Report*.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are, not prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised. However, a sum of Rs.4,200 lacs has yet to be applied for the purpose for which it was obtained.
- (xvii) 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 has been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by issue of any shares/securities to public during the year.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co**
Chartered Accountants
FR No.103523W

RAKESH RATHI
Partner
Membership No. 45228

Place : Mumbai
Date : 28th May, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

(Rs. in lacs)

	Schedule	Current Year As at 31.03.2010		Previous Year As at 31.03.2009
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	5,383.89		5,203.47
Reserves & Surplus	B	<u>125,940.12</u>	<u>131,324.01</u>	<u>94,826.65</u> 100,030.12
LOAN FUNDS				
Secured Loans	C		<u>42,392.81</u>	22,212.34
DEFERRED TAX LIABILITIES (NET)				
			<u>152.51</u>	-
Total			<u><u>173,869.33</u></u>	<u><u>122,242.46</u></u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	D	11,594.31		11,346.26
Less : Depreciation / Amortisation		<u>3,094.75</u>		<u>2,258.68</u>
Net Block		8,499.56		9,087.58
Add : Capital work-in-progress (including Capital advances)		<u>21,866.48</u>	<u>30,366.04</u>	<u>5,863.14</u> 14,950.72
DEFERRED TAX ASSETS (NET)				
			-	10.99
INVESTMENTS				
	E		0.10	0.10
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	F	28,480.30		15,848.53
Sundry Debtors		48,646.18		29,279.69
Cash and Bank Balances		7,013.03		6,006.19
Loans and Advances		<u>79,402.37</u>		<u>68,338.15</u>
Total (I)		163,541.88		119,472.56
Less: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	G	6,216.20		5,951.46
Provisions		<u>13,822.49</u>		<u>6,240.45</u>
Total (II)		20,038.69		12,191.91
NET CURRENT ASSETS		(I) - (II)	<u><u>143,503.19</u></u>	<u>107,280.65</u>
Total			<u><u>173,869.33</u></u>	<u><u>122,242.46</u></u>
Significant Accounting Policies				
Notes Forming Part of Accounts				
	O			
	P			

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

NITIN S. KASLIWAL Chairman and Managing Director

RAKESH RATHI
Partner
Membership No. 45228

DARA D. AVARI Director

Place : Mumbai
Date : 28th May, 2010

NIHAR R. AVASARE Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2010

	Schedule	Current Year ended on 31.03.2010	(Rs.in lacs) Previous Year ended on 31.03.2009
INCOME			
Sales and service charges		98,493.78	65,260.34
Other Income	H	5,628.49	3,885.68
Increase/(decrease) in stock	I	<u>10,898.36</u>	<u>2,192.15</u>
Total		<u>115,020.63</u>	<u>71,338.17</u>
EXPENDITURE			
Raw materials consumed/purchased	J	60,593.47	29,961.73
Manufacturing expenses	K	4,707.30	4,294.13
Personnel expenses	L	3,212.67	2,817.89
Administrative expenses	M	1,333.42	1,242.70
Selling and distribution expenses	N	7,112.05	7,171.98
Restructured Financial Costs Amortised		219.76	109.88
Interest and Financial expenses	N1	5,144.25	2,712.02
Depreciation/Amortisation	D	<u>856.02</u>	<u>1,585.40</u>
Total		<u>83,178.94</u>	<u>49,895.73</u>
Profit/(Loss) Before Tax		31,841.69	21,442.44
Prior period (expenses)/ income		-	(21.98)
Provision for Taxation			
Current Tax		(11,315.81)	(6,887.87)
Fringe Benefit Tax		-	(65.35)
Wealth Tax		(1.11)	(1.05)
Deferred Tax Assets/(Liabilities)		(163.50)	(51.29)
Taxation for earlier years		<u>(67.43)</u>	<u>(37.70)</u>
Profit available for appropriation		20,293.84	14,377.20
Appropriations			
Balance Brought forward from previous year		<u>17,123.64</u>	<u>2,746.44</u>
Balance Carried over to Balance sheet		<u>37,417.48</u>	<u>17,123.64</u>
Earning Per Share			
- Basic		Rs.38.77	Rs.31.04
- Diluted		Rs.38.77	Rs.30.84
(Nominal Value of Shares Rs.10/- each)			
Significant Accounting Policies	O		
Notes Forming Part of Accounts	P		

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

NITIN S. KASLIWAL *Chairman and Managing Director*

RAKESH RATHI
Partner
Membership No. 45228

DARA D. AVARI *Director*

NIHAR R. AVASARE *Company Secretary*

Place : Mumbai
Date : 28th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2010

(Rs. in lacs)

	PARTICULARS	Current Year ended 31.03.2010	Previous Year ended 31.03.2009
A	Cash Flow Statement from Operating Activities		
	<i>Net Profits Before Tax and Extraordinary Items</i>	31,841.69	21,442.44
	Adjustments for:		
	a) Depreciation	856.02	1,585.40
	b) Deferred Revenue Expenditure	219.76	109.88
	c) Profit/Loss on sale of fixed assets (net)	5.42	0.86
	d) Interest Expenses	5,144.25	2,712.02
	e) Interest Income	(5,251.00)	(3,635.16)
	Operating Profit before Working Capital Changes	32,816.14	22,215.44
	Adjustments for		
	a) Trade & Other Receivables	(30,650.48)	(69,072.04)
	b) Inventories	(12,631.77)	(6,154.81)
	c) Trade payables	259.98	(119.98)
	Cash Generated from / (Used) in Operating Activities	(10,206.13)	(53,131.39)
	a) Direct Taxes	(3,797.55)	(1,744.66)
	Cash Inflow/(outflow) before Prior Period Items	(14,003.68)	(54,876.05)
	a) Prior Period Adjustments (gross)	-	(21.98)
	Net Cash Flow from / (Used) in Operating Activities Total (A)	(14,003.68)	(54,898.03)
B	Cash Flow arising from Investing Activities		
	a) Acquisition of Fixed assets (Including Capital work-in-progress)	(16,307.28)	(8,457.94)
	b) Sale of Fixed Assets	30.53	381.21
	c) Investments	-	(0.10)
	d) Interest Income	5,251.00	3,635.16
	Net Cash Flow from / (Used) in Investing Activities Total (B)	(11,025.75)	(4,441.67)
C	Cash Flow arising from Financing activities		
	a) Proceeds from Secured Loans (Net of repayment)	20,180.47	(11,121.67)
	b) Proceeds from Equity Shares/ Shares to be allotted	11,000.05	78,901.48
	c) Interest Expenses	(5,144.25)	(2,712.02)
	Net Cash Flow from / (Used) in Financing Activities Total (C)	26,036.27	65,067.79
	Net Increase in Cash and Cash Equivalents Total (A+B+C)	1,006.84	5,728.09
	Cash & Cash Equivalent at the beginning of the year	6,006.19	278.10
	Cash & Cash Equivalent at the end of the year	7,013.03	6,006.19
	Net Change in Cash & Cash Equivalents	1,006.84	5,728.09

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3(AS-3) "Cash Flow Statement".
2. Cash and Cash equivalents include cash and bank balances in current accounts and in deposit accounts (Refer to Schedule "F" of the Balance Sheet).
3. Figures in brackets represents outflows.
4. Previous Year figures have been recast/restated wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

NITIN S. KASLIWAL *Chairman and Managing Director*

RAKESH RATHI
Partner
Membership No. 45228

DARA D. AVARI *Director*

Place : Mumbai
Date : 28th May, 2010

NIHAR R. AVASARE *Company Secretary*

SCHEDULES FORMING PART OF ACCOUNTS

		Current Year As at 31.03.2010	(Rs. in lacs)	Previous Year As at 31.03.2009
SCHEDULE "A" - SHARE CAPITAL				
Authorised Capital				
5,50,00,000	Equity Shares of Rs. 10 each (Previous Year 5,50,00,000)	5,500.00		5,500.00
15,50,000	Preference Shares of Rs.20 each (Previous Year 15,50,000)	310.00		310.00
	Total	5,810.00		5,810.00
Issued, Subscribed and Paid up Capital				
5,38,38,981	Equity Shares of Rs 10 each fully paid up, (Previous Year 5,20,34,659) (4,00,50,000 share are held by the holding company S. Kumars Nationwide Limited)	5,383.89		5,203.47
	Total	5,383.89		5,203.47
SCHEDULE "B" - RESERVES AND SURPLUS				
Securities Premium				
	Balance as per last Balance Sheet	77,703.01	-	
	Add: On account of Allotment of Equity Shares	10,819.63	77,802.01	
	Less: Shares issue Expenses	-	99.00	77,703.01
	Profit and Loss Account	37,417.48		17,123.64
	Total	125,940.12		94,826.65
SCHEDULE "C" - LOAN FUNDS				
Secured Loans				
	Rupee Term Loans (Ref. note no.1)	7,573.80		-
	Equipment Finance (Ref. note no.2)	43.27		98.85
	Working Capital Advances from Banks (Ref. note no.3)	34,775.74		22,113.49
	Total	42,392.81		22,212.34

Notes:

- Rupee Term loans from banks are secured by way of *pari passu* first charge on the Fixed assets and second *pari passu* charge on the Current assets of the company.
- Equipment Finance Loans are secured by hypothecation of specific equipment / assets.
- Working capital advances from Banks are secured by hypothecation of Company's stocks and book-debts, present and future and by a second *pari passu* charge on all the immovable properties of the company including plant and machinery, machinery spares, tools and accessories and other movables both present and future.
- Balance include interest accrued & due Rs.386.80 lacs (Previous year Rs. Nil)

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE "D" - FIXED ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Additions during the year	Deductions during the year	Total as at 31.03.10	As at 01.04.09	Depreciation for the year	Deductions during the year	Total as at 31.03.10	Total as at 31.03.10	Total as at 31.03.09
Land										
Freehold Land	374.99	-	-	374.99	-	-	-	-	374.99	374.99
Leasehold Land	30.26	2.70	-	32.96	-	-	-	-	32.96	30.26
Building	2,278.22	15.65	-	2,293.87	129.56	79.83	-	209.39	2,084.48	2,148.66
Plant & Machinery	8,116.31	206.76	-	8,323.07	2,055.92	705.94	-	2,761.86	5,561.21	6,060.39
Office Equipments	46.70	3.26	-	49.96	7.04	5.07	-	12.11	37.85	39.66
Computers	50.10	23.45	0.29	73.26	10.75	10.56	0.09	21.22	52.04	39.35
Furniture & Fixtures	157.19	30.37	0.85	186.71	23.01	18.34	0.49	40.86	145.85	134.18
Vehicles	274.30	6.02	20.83	259.49	23.57	33.74	8.00	49.31	210.18	250.73
Intangible Assets										
System Development	18.19	15.73	33.92	-	8.83	2.54	11.37	-	-	9.36
Sub - Total	11,346.26	303.94	55.89	11,594.31	2,258.68	856.02	19.95	3,094.75	8,499.56	9,087.58
Capital Work- in- Progress (including Capital Advances)	5,863.14	16,229.14	225.80	21,866.48	-	-	-	-	21,866.48	5,863.14
Grand Total	17,209.40	16,533.08	281.69	33,460.79	2,258.68	856.02	19.95	3,094.75	30,366.04	14,950.72
<i>Previous Period ended 31.03.2009</i>	9,154.94	9,956.84	1,902.38	17,209.40	694.68	1,585.40	21.40	2,258.68	14,950.72	-

Notes:-

- Freehold Land represents land originally leased out for 21 years (35.16 acres) by KIADB which has been converted to Freehold Land by virtue of an absolute sale deed executed on 28th September 2008 between KIADB & RTIL.
- Leasehold Land represents land meant for housing colony for staff and employees (17.26 acres) for which Lease Deed has been executed on 23rd April 2009 by KIADB for a period of 10 years in favour of Reid & Taylor (India) Ltd. Management expects the said Leasehold Land to be converted into Freehold based upon fulfilment of certain conditions. Hence cost of Leasehold Land is not amortised over the lease period.

(Rs. in lacs)

Current Year
As at
31.03.2010

Previous Year
As at
31.03.2009

SCHEDULE "E"- INVESTMENTS

Long term at cost

(a) Unquoted

National Savings Certificates and Indira Vikas Patra / Others

0.10

0.10

Total

0.10

0.10

SCHEDULES FORMING PART OF ACCOUNTS

(Rs. in lacs)

	Current Year As at 31.03.2010	Previous Year As at 31.03.2009
SCHEDULE "F" - CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
(at cost, valued and certified by the Management)		
Raw materials	10,058.70	8,432.77
Semifinished fabrics & garments	5,068.97	1,633.63
Finished fabrics & garments	12,808.63	5,345.61
Stores, fuel and packing materials	214.65	176.13
Colours and chemicals	47.36	130.02
Goods in transit	281.99	130.37
Total	28,480.30	15,848.53
Sundry Debtors		
(Unsecured & considered good, unless otherwise stated)		
Over six months considered good	9,505.96	4,956.62
Considered doubtful	91.32	77.21
Others considered good*	39,140.22	24,323.07
Sub Total	48,737.50	29,356.90
Less Provision for doubtful debts	91.32	77.21
Total	48,646.18	29,279.69
* Debtors due from companies in which some of the Directors are interested Rs.14,103.91 lacs (Previous year Rs. 119,31.28 lacs) (Ref. Note No.8 of Schedule 'P')		
Cash And Bank Balances		
Cash on hand (As certified by the Management)	2.70	1.67
Balances with Scheduled Banks:		
In Current accounts	4,654.63	267.14
In Fixed Deposits (against Margin Money)	2,355.70	5,737.38
Total	7,013.03	6,006.19
Loans, Advances And Deposits		
(Unsecured & considered good unless otherwise specified)		
Advances recoverable in cash or kind for value to be received	22,575.34	14,139.24
Custom Deposit/ Modvat/VAT Receivable	1,491.15	1,295.91
Loans to Holding Company (Ref. Note.11 of Schedule 'P')*	42,500.00	48,000.00
Advances to Holding Company (Ref. Note.11 of Schedule 'P')*	10,409.16	2,379.05
Deposits	229.10	106.57
Restructured Financial Cost **	2,197.62	2,417.38
Total	79,402.37	68,338.15
*Advance due from companies in which some of the Directors interested Rs. 52,909.16 lacs (Previous year Rs. 50,379.05 lacs) (Refer Note no.8 of Schedule 'P')		
**Refer Note 7 of Schedule 'P'		
Total of Current Assets	163,541.88	119,472.56

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year As at 31.03.2010		(Rs. in lacs)
		Previous Year As at 31.03.2009	
SCHEDULE "G" - CURRENT LIABILITIES & PROVISIONS			
(A) Current Liabilities			
Creditors for goods and expenses			
Total Outstanding dues of Micro, Small and Medium Enterprise (Ref note no. 13 of Schedule 'P')	64.67	96.85	
Others	5,665.25	5,427.43	
Advances received from customers	32.15	41.53	
Deposits received from dealers	63.54	66.36	
Other liabilities	<u>390.59</u>	<u>319.29</u>	5,951.46
(B) Provisions			
For taxations (net of payment)	13,577.69	6,005.29	
For Fringe Benefit Tax (net of payment)	-	45.12	
For Gratuity	110.45	113.20	
For Leave Encashment	<u>134.35</u>	<u>76.84</u>	6,240.45
Total of Current Liabilities	<u><u>20,038.69</u></u>	<u><u>12,191.91</u></u>	
SCHEDULE "H" - OTHER INCOME			
Interest (TDS -C.Y. Rs. 859.47 lacs, P.Y. - Rs. 821.87 lacs)	5,251.00	3,635.16	
Export Benefits	167.27	100.32	
Balances written back	20.66	80.21	
Miscellaneous receipts/Duty Draw back & DEPB	189.56	66.83	
Exchange Rate fluctuation (net)	-	3.16	
Total	<u><u>5,628.49</u></u>	<u><u>3,885.68</u></u>	
SCHEDULE "I" - INCREASE /(DECREASE) IN STOCK			
Closing stock of :			
- Semi-finished Fabrics	5,068.97	1,633.63	
- Finished Fabrics	11,740.76	4,843.64	
- Finished Garments	<u>1,067.87</u>	<u>501.97</u>	6,979.24
Opening stock of :			
- Semi-finished Fabrics	1,633.63	1,499.61	
- Finished Fabrics	4,843.64	2,911.66	
- Finished Garments	<u>501.97</u>	<u>375.82</u>	4,787.09
Increase/(decrease) in stock	<u><u>10,898.36</u></u>	<u><u>2,192.15</u></u>	

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year ended on 31.03.2010	(Rs. in lacs) Previous Year ended on 31.03.2009
SCHEDULE "J" - RAW MATERIALS CONSUMED/ PURCHASED		
Opening stock	8,645.79	4,651.04
Add : Purchases	62,288.37	33,956.48
Less: Closing stock	<u>10,340.69</u>	<u>8,645.79</u>
	<u>60,593.47</u>	<u>29,961.73</u>
	<u>60,593.47</u>	<u>29,961.73</u>
SCHEDULE "K" - MANUFACTURING EXPENSES		
Conversion charges	1,663.98	1,339.51
Excise duty on scrap & waste sales	2.56	4.24
Freight and octroi	113.36	120.25
Power & fuel	1,922.65	1,893.29
Stores and Spares	524.14	429.14
Other materials/expenses	450.67	471.51
Insurance	29.94	36.19
Total	<u>4,707.30</u>	<u>4,294.13</u>
SCHEDULE "L" - PERSONNEL EXPENSES		
Salaries, Wages, Bonus & Allowances	2,881.18	2,456.80
Contributions to Provident Fund and other Funds	308.18	340.64
Staff welfare expenses	<u>23.31</u>	<u>20.45</u>
Total	<u>3,212.67</u>	<u>2,817.89</u>
SCHEDULE "M" - ADMINISTRATIVE EXPENSES		
Rent	42.78	39.51
Rates & Taxes	20.72	32.78
Repairs and maintenance		
- to buildings	29.55	64.74
- to machinery	-	27.92
- to others	<u>57.40</u>	<u>47.54</u>
Travelling expenses	284.70	207.41
Vehicles maintenance	96.47	96.67
Remuneration to Auditors		
- Audit fees (including service tax)	25.37	22.06
- In other capacity	<u>1.91</u>	<u>2.41</u>
Bank charges & Upfront fee	239.63	137.41
Conveyance expenses	5.73	8.31

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year ended on 31.03.2010	(Rs. in lacs) Previous Year ended on 31.03.2009
Legal & Professional charges	151.56	219.95
Printing and stationery	49.30	54.28
Telephone expenses	40.31	37.74
Postage and telegrams	37.88	42.87
Sales tax	1.94	1.14
Sundry Balances written off	24.98	-
Loss on sale of fixed assets	5.42	0.86
Service Tax	4.64	5.04
Exchange Rate Fluctuation (net)	66.19	-
Other misc. Expenses	146.94	194.06
Total	<u>1,333.42</u>	<u>1,242.70</u>
 SCHEDULE "N" - SELLING AND DISTRIBUTION EXPENSES		
Dealers incentives	1,864.27	1,344.04
Discounts, rebates and allowances	46.76	128.52
Publicity, Market survey & research	2,637.16	4,449.63
Commission and brokerage	822.09	565.67
Lease rentals	26.78	30.34
Other Selling expenses	1,714.99	653.78
Total	<u>7,112.05</u>	<u>7,171.98</u>
 SCHEDULE "N1" - INTEREST AND FINANCIAL EXPENSES		
Interest on Term Loan	233.61	987.62
Interest on Debentures	-	292.57
Interest Others	4,910.64	1,431.83
Total	<u>5,144.25</u>	<u>2,712.02</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2010.

SCHEDULE “O” SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

- a) The Financial Statements have been prepared under the historical cost convention, on the basis of a going concern, in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) The Company follows the mercantile system of accounting in general and recognizes income and expenditure on accrual basis except otherwise stated.

2. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the value of assets and liabilities as well as revenues and expenses as reported in the financial statements. The difference between the actual result and estimates are recognized during the period in which they are materialized / known.

3. Fixed Assets

- a) Fixed Assets are stated at their original cost net of cenvat/value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost includes interest, financial charges, freight, taxes and other incidental expenses incurred for acquisition and installation of the assets. Assets revalued are stated at values determined by the valuers.
- b) Assets include assets given on lease. In respect of assets taken on lease, rentals are charged to revenue on accrual basis.

4. Intangible Assets and amortization

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprises and the cost of the asset can be measured reliably. Intangible assets are amortised as follows:

- a) Leasehold Improvement : Over the period of lease.
- b) Computer Software/System Development : Over a period of five years.

5. Depreciation

- a) Depreciation on fixed assets including revalued assets have been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. Depreciation on additions to Fixed Assets is provided for on pro-rata basis from the date of addition/acquisition till the end of the year and on Assets sold/discarded/demolished to the date of disposal. The depreciation on revalued portion of assets is adjusted against the revaluation reserve.
- b) Depreciation on assets whose actual cost does not exceed Rs.5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.

6. Capital Work-In-Progress

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, interest and other financing costs payable on funds specifically borrowed to the extent they relate to the period till assets are ready for intended use.

7. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

8. Inventories

- a) Raw materials (including stock in transit) are valued at cost on first-in-first-out basis.
- b) Work-in-process is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost and attributable overheads.

Schedule “O” (Contd.)

- d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first-in-first-out basis.

9. Recognition of income and expenditure

- a) Domestic sales are recognized on transfer of risk and reward which generally considers with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of dates of bill of lading.
- c) Sales are inclusive of dyeing charges, conversion charges, overdue charges and are net of shortage and trade discounts excluding value added tax.
- d) Interest income is recognized on time proportion basis taking in to account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognized on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being not material, are accounted on cash basis.
- f) The claims against the company are accounted on acceptance basis.

10. Foreign Exchange Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Any income or expense on account of exchange differences either on settlement or on translation of transactions is recognized in the Profit & Loss account.

11. Employee Benefits

- a) Employee benefits comprise both defined contribution and defined benefit plans.
- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.
- c) **Provident fund is a defined contribution plan**
Each eligible employee and the Company make an equal contribution at a percentage of the basic salary specified under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no further obligations under the plan beyond its periodic contributions.
- d) **Gratuity and Leave Encashment is a defined benefit plan**
The Company’s liability towards gratuity & Leave encashment is accounted for on the basis of an actuarial valuation done at the year end and is charged to the Profit and Loss account.

12. Research & Development

Revenue expenditure, including overheads on Research and Development, is charged out as an expense in the year in which incurred. Expenditure which results in the creation of capital assets is taken as Fixed assets.

13. Investments

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Long-term Investments.

14. Borrowing costs

Financing costs relating to construction of fixed assets are included in costs to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statement.

15. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognized as an expense, as applicable, over the lease period.

Schedule “O” (Contd.)

16. Segment

The Company is engaged in manufacturing (in house and outsourced) fabrics and ready to wear garments. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one segment i.e. Textiles and as such there are no separate reportable segments for the purpose of disclosures as required under Accounting Standard-17 “Segment Reporting”.

17. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

18. Income Tax

- a) Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- b) Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax bases of assets and liabilities, as measured by the enacted / substantively enacted tax rates. Deferred tax Expense / Income is the result of changes in the net deferred tax assets and liabilities.
- c) Deferred tax assets are recognized only if there is a virtual certainty backed by convincing evidence of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and are appropriately adjusted to reflect the amount that is reasonably or virtually certain to be realised.

19. Provisions and Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required, and a reliable estimate can be made of the amount required to settle the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

SCHEDULE “P” – NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010.

1. CONTINGENT LIABILITIES:

a. Guarantees:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Corporate Guarantees given to the Lenders of S. Kumars Nationwide Limited	27,500	Nil

b. Claims not acknowledged as debts:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Entry Tax Liability – disputed	Nil	545.74
b)	Disputed matters in respect of ESIC	Nil	0.41
c)	Service tax on export agency commission – disputed	0.94	0.94
d)	Excise duty on Tow to Top conversion – disputed	68.51	68.51
e)	Customs CVD duty – disputed	21.16	21.16

2. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance), as certified by the management is Rs.1,094.28 lacs.(Previous Year Rs.9.11 lacs)

(b) As per Accounting Standard –19 “Leases”, the total of future minimum lease payment commitments under operating lease agreements for a period of 2 to 9 years to use offices, warehouses and guest house, are as under:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	not later than one year	224.93	22.42
b)	later than one year but not later than five years	725.18	161.19
c)	later than five years	136.67	182.83

The above amounts are exclusive of taxes and duties. During the year, the Company has paid Rs.186.44 lacs (Previous year Rs.22.24 lacs) as rent in respect of the above leases.

3. In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
4. Sundry debtors, loans and advances including capital advances and sundry creditors amounting to Rs.4,737.13 lacs, Rs.6,947.32 lacs and Rs.5,337.99 lacs respectively, are subject to confirmations, reconciliation and consequential adjustment, if any.
5. During the year, the Company, has issued 18,04,322 nos of equity shares of Rs.10 each at a premium of Rs.599.65 per share to Indivest Pte Ltd aggregating to Rs. 11,000.05 lacs. Consequent to the issue, the holding of S Kumars Nationwide Limited in the Company stands at 74.39%.
6. a) During the year the Company has computed its Deferred Tax Asset / (Liability) in accordance with Accounting Standards – 22 “Accounting for Taxes on Income” and accordingly Deferred Tax liability of Rs.152.51 lacs as has been provided.

SCHEDULE "P" (Contd.)

Deferred Tax Liability (Net)

(Rs. in lacs)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2009	Current Year Charge/Credit	Deferred Tax Asset/(Liability) as at 31.03.2010
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(39.35)	(280.55)	(319.90)
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	50.34	117.05	167.39
Deferred Tax Liability (Net)	10.99	(163.50)	(152.51)

b) Based on expert opinion, excess income tax provision amounting to Rs.4,128 lacs in respect of Assesment Year 2009-10 is not written back, pending assesment.

7. In the previous year the Company has accounted for Rs.2,527.26 lacs being the restructuring expenses and recompense amount paid to the CDR lenders for the debts transferred by S. Kumars Nationwide Limited while subsidarisation under the head "Restructured Finance Costs". The same is being written off in equal installments starting from 1st October 2008 till 31st March 2020 to be in conformity with the accounting treatment given in Holding Company's financial statements. Accordingly, the Company has amortized Rs.219.76 lacs, during the year and the balance amount of Rs.2,197.62 lacs as on 31.03.2010 has been carried forward.
8. Debtors and advances due from firms and companies in which some of the Directors are interested.

(Rs. in lacs)

Name of the Company	As at 31.03.2010	As at 31.03.2009
Debtors :		
Reid & Taylor Ltd., U.K.	84.98	271.78
Brandhouse Retails Limited	14,003.76	11,659.50
Coppley Corp	5.86	Nil
HMX LLC	9.31	Nil
Total	14,103.91	11,931.28
Loans and Advances :		
Loan to S. Kumars Nationwide Limited	42,500.00	48,000.00
Advance to S. Kumars Nationwide Limited	10,409.16	2,379.05
Total	52,909.16	50,379.05
Grand Total	67,013.07	62,310.23

9. Disclosure as per clause 32 of the Listing agreement:

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others :

Name of the Company	Relationship	Amount outstanding as at 31.3.2010 (Rs. in lacs)	Maximum balance outstanding during the year (Rs. in lacs)	Investment in Shares of the Company (No. of Shares in lacs)
S. Kumars Nationwide Limited	Holding	42,500.00	48,000.00	400.50
S. Kumars Nationwide Limited	Holding	10,409.16	23,276.16	400.50

10. The Company is engaged in only one Segment, namely Textiles. As such, there is no separate Segment Reporting required under Accounting Standard 17 – "Segment Reporting."

SCHEDULE “P” (Contd.)

11. Related parties Disclosures required under Accounting Standard 18 – “ Related Party Transactions.”

(a) Related parties:

Sr. No.	Name of the Related Party	Relationship
1.	S. Kumars Nationwide Limited	Parent Company
2.	Brandhouse Retails Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
3.	Brandhouse Oviessse Limited	
4.	S, Kumars Enterprises (Synfabs) Limited	
5.	S.Kumars Textiles Limited	
6.	Belmonte Lifestyles Limited	
7.	N’Essence Holdings Limited	
8.	Anjani Finvest Pvt. Limited	
9.	Verve Properties & Investment Pvt. Limited	
10.	Ingenious Finance & Investment Pvt. Limited	
11.	Natty Finance & Investment Pvt. Limited	
12.	S. K. Worsteds Pvt. Limited	
13.	Tulja Enterprises Pvt. Limited	
14.	Sansar Exim Pvt. Limited	
15.	Chamundeshwari Mercantile Pvt. Limited	
16.	Maverick Mercantile Pvt. Limited	
17.	Anjaneya Foundation	
18.	SKNL Foundation	
19.	Reid & Taylor Ltd., U.K.	
20.	SKNL International B.V.	
21.	SKNL Europe B.V.	Wholly Owned Subsidiary of Parent Company
22.	SKNL Italy S.p.A.	Wholly Owned Subsidiary of Parent Company
23.	SKNL Global Holdings B.V.	Wholly Owned Subsidiary of SKNL International B.V.
24.	SKNL North America B.V.	Wholly Owned Subsidiary of SKNL Global Holdings B.V.
25.	SKNL (U. K.) Ltd.	Subsidiary of SKNL Global Holdings B.V.
26.	Leggiuno S.p.A.	Wholly Owned Subsidiary of SKNL Italy S.p.A.
27.	Global Apparel (US) Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
28.	Global Apparel (France) Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
29.	7172931 Canada Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
30.	Global Apparel (Hong Kong) Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
31.	Marling & Evans Ltd.	Subsidiary of Leggiuno S.p.A.
32.	Remala Trading B.V.	Subsidiary of SKNL North America B.V.
33.	Coppley Corp	Wholly Owned Subsidiary of Remala Trading B.V.
34.	HMX Poland sp. Z.o.o	Wholly Owned Subsidiary of Remala Trading B.V.
35.	HMX Poland sp S.o.o, Luxemburg	Wholly Owned Subsidiary of Remala Trading B.V.
36.	HMX Acquisition Corp.	Wholly Owned Subsidiary of HMX Poland sp Z.o.o
37.	HMX Des Plaines LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
38.	Quartet Real Estate LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
39.	HMX LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
40.	HMX, DTC Co.	Wholly Owned Subsidiary of HMX Acquisition Corp.

SCHEDULE “P” (Contd.)

(b) Details of Transaction:

(Rs. in lacs)

Nature of Transactions	As at 31.03.2010	As at 31.03.2009
Purchases		
Goods		
Reid & Taylor Ltd., U.K.	199.40	356.02
S. Kumars Nationwide Limited	33.47	29.41
Total	232.87	385.43
Services		
S. Kumars Nationwide Limited	10.80	25.44
Total	10.80	25.44
Capital Expenditure		
HMX LLC	37.90	Nil
Total	37.90	Nil
Loans & Advances		
Loans to S. Kumars Nationwide Limited	Nil	44,000.00
Advances to S. Kumars Nationwide Limited	10,409.16	2,379.05
Total	10,409.16	46,379.05
Loans recovered from S. Kumars Nationwide Limited	5,500.00	Nil
Total	5,500.00	Nil
Sales		
Goods		
Reid & Taylor Ltd., U.K.	113.77	20.68
Brandhouse Retails Limited	36,660.63	25,967.20
Copley Corp	6.05	-
HMX LLC	42.18	-
Total	37,199.21	25,987.88
Services		
S. Kumars Nationwide Limited (Interest on Term Loan)	5,243.31	2,748.49
Total	5,243.31	2,748.49
Outstanding as on 31st March 2010:		
Debtors (Ref. Note 8)	14,103.91	11,931.28
Creditors (Reid & Taylor U.K. Ltd.)	Nil	13.06
Loans Given (S. Kumars Nationwide Ltd.) (Ref. Note 8)	42,500.00	48,000.00
Advances (S. Kumars Nationwide Ltd.) (Ref Note 8)	10,409.16	2,379.05

12. Quantitative Information for the year ended 31st March, 2010

- (a) Licensed capacity : Not applicable
- (b) Installed capacity#
- i) Spinning : 12960 Spindles
- ii) Weaving : 90 lac mtrs p.a

(As certified by the Management, being a technical matter)

SCHEDULE "P" (Contd.)

(Figures in lacs)

Particulars	Unit	As at 31.03.2010		As at 31.03.2009	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
PRODUCTION FOR SALE					
Fabrics	Mtrs	302.13		165.05	
Readymade Garments	Pcs	32.65		19.98	
OPENING STOCK					
Semi-finished Fabrics	Mtrs	6.16	1,633.63	5.01	1,499.61
Finished-Fabrics	Mtrs	18.71	4,843.64	11.42	2,911.66
Readymade Garments	Pcs	1.27	501.97	0.86	375.82
Total			6,979.24		4,787.09
SALES					
Fabrics	Mtrs	234.93	76,114.67	157.76	52,968.60
Readymade Garments / Accessories	Pcs	31.61	22,358.19	19.57	12,291.74
Conversion charges			20.92		-
Total			98,493.78		65,260.34
CLOSING STOCK					
Semi-finished Fabrics	Mtrs	33.85	5,068.97	6.16	1,633.63
Finished-Fabrics	Mtrs	85.91	11,740.76	18.71	4,843.64
Readymade Garments	Pcs	2.31	1,067.87	1.27	501.97
Total			17,877.60		6,979.24
CONSUMPTION					
Fibre	Kgs	13.72	3,875.17	14.64	4,060.90
Yarn	Kgs	5.54	1,069.26	4.75	994.11
Grey/ Fabrics/ Garments	Mtrs/Pcs	260.26	55,649.04	165.02	24,906.72
Total			60,593.47		29,961.73

Notes: (a) Consumption figures stated above are exclusive of in house manufactured items and cost of materials sold and inclusive of purchases.

(b) Production includes Fabrics produced by outside converters and purchases.

13. Micro, Small and Medium Enterprise Development Act, 2006:

The Information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. The amount of principal & interest outstanding during 2009-10 is given below:

(Rs. in lacs)

			As at 31.03.2010	As at 31.03.2009
i)	Amounts unpaid as at 31.03.2010	Principal	46.11	87.52
ii)	Amount of interest accrued and unpaid			
	Opening Balance as on 01 st April, 2009		9.33	Nil
	Add: Accrued Interest		9.23	9.33
	Less: Paid during the year		Nil	Nil
	Closing Balance at at 31 st March, 2010	Interest	18.56	9.33
iii)	Total Amount outstanding as on 31.03.10		64.67	96.85

SCHEDULE "P" (Contd.)

14. Particulars of Derivative Instruments

- a. No derivative instruments are acquired for hedging purposes.
b. No derivative instruments are acquired for speculation purposes.
c. Foreign Currency exposures that are not hedged by derivative instruments or otherwise are:

(Rs. in lacs)

Currency	As at 31.03.2010	As at 31.03.2009
Receivables		
– Euro	0.24	0.96
– USD	18.51	5.06
– GBP	1.05	2.86
Payables		
– Euro	0.86	Nil
– USD	0.97	Nil
– AUD	1.48	Nil

15. Value of Raw Materials, Spares and Components consumed:

(Rs. in lacs)

Raw Material	%	As at 31.03.2010	%	As at 31.03.2009
Indigenous	95.85	58,080.24	96.78	28,997.08
Imported	4.15	2,513.23	3.22	964.65
Total	100.00	60,593.47	100.00	29,961.73

16. Value of Imports on CIF Basis :

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Raw Material	2,067.22	942.04
b)	Finished Goods	659.41	925.54
c)	Stores & Spares	122.29	124.37
d)	Capital Goods	194.90	325.42

17. (a) Expenditure in Foreign Currency:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Foreign Travelling	63.48	53.63
b)	Salary	33.86	-
c)	Commission / Discount / Fair Expenses	91.48	135.30
d)	Professional fees	47.07	61.98
e)	Royalty	1,264.14	759.22

(b) Earning in foreign currency:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Exports (FOB Value)	2,907.16	1,979.64

SCHEDULE “P” (Contd.)

18. Earnings per share:

Basic	As at 31.03.2010	As at 31.03.2009
Net Profit after tax before extraordinary items and tax thereon (Rs. in lacs)	20,293.83	14,377.20
Weighted average number of Equity Shares of Rs.10 each outstanding during the period (Nos. in lacs)	523.41	463.21
Basic Earnings per Share	Rs.38.77	Rs.31.04

Diluted	As at 31.03.2010	As at 31.03.2009
Net Profit after tax before extraordinary items and tax thereon (Rs. in lacs)	20,293.83	14,377.20
Weighted average number of Equity Shares of Rs.10 each outstanding during the period (Nos. in lacs)	523.41	466.12
Diluted Earnings per Share	Rs.38.77	Rs.30.84

19. The Company has adopted the Accounting Standard - 15 (Revised 2005) “Employee Benefits” effective from April 01, 2007. The Company has classified the various benefits provided to employees as under:

I Defined Contribution Plans:

- a. Provident Fund & Employees Pension Scheme 1995
- b. Employers’ Contribution to Employees’ State Insurance

The Company has recognised the following amounts in Profit and Loss Account:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Employer’s contribution to Provident Fund & Pension Scheme	171.18	136.41
Employer’s contribution to Employees State Insurance	39.89	33.94

II Defined Benefit Plans:

- a. Contribution to Gratuity Fund (Funded Scheme)
- b. Leave Encashment (Non-Funded Scheme)

In accordance with the Accounting Standard -15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	As at 31.03.2010	As at 31.03.2009
Discount Rate (% per annum)	8	7.75
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8	8
Expected Average remaining working lives of the employees (years)	19	21

SCHEDULE "P" (Contd.)

A. Change in the Present Value of Obligation:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the beginning of the period	170.29	76.84	156.39	64.59
Interest Cost	15.77	-	13.92	-
Current Service Cost	35.69	57.51*	19.69	12.25*
Benefits Paid	(4.91)	-	(4.25)	-
Actuarial (gain) / loss on Obligations	8.59	-	(15.46)	-
Present Value of Defined Benefit Obligation as at the end of the period	225.42	134.35	170.29	76.84

* Net of benefits paid during the year included under salary and allowances.

**B. Changes in the Fair Value of Plan Assets:
(For Funded Scheme)**

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of Plan Assets as at the beginning of the period	57.09	52.55
Expected Return on Plan Assets	8.58	5.85
Contributions	52.60	22.74
Benefits Paid	(4.91)	(4.25)
Actuarial gains / (losses)	1.61	(19.80)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	114.97	57.09

C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of Funded Obligation as at the end of the period	225.42	170.29
Fair Value of Plan Assets as at the end of the period	114.97	57.09
Funded Asset recognised in the Balance Sheet Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at the end of the period	110.45	113.20
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet Included in provision (Schedule)	110.45	113.20

SCHEDULE "P" (Contd.)

D. Amount recognised in the Balance Sheet:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the end of the period	225.42	134.35	170.29	76.84
Fair Value of Plan Assets as at the end of the period	114.97	-	57.09	-
Liability/ (Net Asset) recognised in the Balance Sheet	110.45	134.35	113.20	76.84

E. Expenses Recognized in Profit and Loss Account:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Current Service Cost	35.69	57.51*	19.69	12.25*
Past Service Cost	-	-	-	-
Interest Cost	15.77	-	13.92	-
Expected Return on Plan Assets	(8.58)	-	(5.85)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	6.98	-	4.34	-
Total Expenses recognised in the Profit and Loss Account*	49.86	57.51	32.09	12.25

* Net of Benefits paid during the year included under Salary & Allowances.

F. Actual Return on Plan Assets:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Expected Return on Plan Assets	8.58	5.85
Actuarial gain / (losses) on Plan Assets	1.61	(19.80)
Actual Return on Plan Assets	10.19	(13.95)

The funds of the scheme are managed by insurer and hence it is not possible to give a breakup of investments in debt instruments and bank deposits.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long-term government bonds is taken as reference for this purpose.

Note: The above working is without giving effect to enhancement of limit of maximum gratuity from Rs. 3.5 lacs to Rs. 10 lacs. The effect of same is not quantifiable.

20. Previous period figures have been regrouped and/ rearranged wherever considered necessary.

21. Information pursuant to the provision of the Part IV of Schedule to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration no	<input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="8"/>	State Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="1"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>		

II Capital raised during the year (Amount Rs. inThousands)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="2"/>

III Position of Mobilisation and Deployment of funds (Amount Rs. inThousands)

Total Liabilities	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="3"/>	Total Assets	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="3"/>
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Sources of Funds

Paid-Up Capital	<input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="9"/>
Reserves and Surplus	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="2"/>
Secured Loans	<input type="text"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="1"/>
Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="1"/>

Application of Funds

Net Fixed Assets	<input type="text"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="4"/>
Investments	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="0"/>
Net Current Assets	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/>
Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Assets	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

IV Performance of the Company (Amount Rs. inThousands)

Turnover & Other Income	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/>	Total Expenditure	<input type="text"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="8"/>
Profit/Loss before Tax	<input type="text"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/>	Profit/Loss after Tax	<input type="text"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="4"/>
Earning per Share in Rs.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="7"/>	Dividend Rate %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Product Description	ITC Code
1. Blended Fabrics	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="5"/>
2. Blended Yarn	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/>
3. Worsted Yarn	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/>

For and on behalf of the Board of Directors

NITIN S. KASLIWAL *Chairman & Managing Director*

DARA D. AVARI *Director*

NIHAR R. AVASARE *Company Secretary*

Place : Mumbai
Date : 28th May, 2010

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

Effective Corporate Governance is necessary to maintain public trust and to achieve business success. Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. It includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. As shareholders across the globe evince keen interest in the practices and performance of Companies, Corporate Governance has emerged on the center stage of the way the corporate world functions. Corporate Governance is vital to enable Companies to compete globally in a sustained manner and let them flourish and grow.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

We are proud that we believe in Corporate Governance not only in law but in spirit too. Our endeavor is to maximize the wealth of stakeholders by managing the affairs of the Company with pre-eminent level of accountability, transparency and integrity. Your Company believes that adhering to global standards of Corporate Governance is essential to enhance shareholders' value and achieve long-term corporate goals.

Your Company's philosophy on Corporate Governance stresses upon the importance of transparency, accountability and protection of shareholders' interest.

2. BOARD OF DIRECTORS:

Composition of the Board:

The Board of Directors of your company represents an optimum mix of knowledge and experience of professionals drawn from diverse fields. The Board members possess the requisite skills, experience and expertise to guide the Company. The day-to-day management of the Company is in the hands of Managing Director subject to the guidance, supervision and control of the Board of Directors.

As on 31st March, 2010, the Company's Board consists of 6 members. Of these, One (1) is Managing Director who is a Promoter Director, One (1) is independent Director, One (1) is non executive promoter Director, and Three (3) are non executive Directors.

Number of Board Meetings:

The Board of Directors met 6 times during the year on 29th June, 2009, 24th July, 2009, 12th August, 2009, 30th October, 2009, 14th December, 2009 and 29th January, 2010.

Directorship held and Director's Attendance Record:

The composition of the Board of Directors and also the number of other Boards of Directors or Board Committees of which they are members / chairmen are as under:

Director	Category of Directorship	No of other Directorship in Public Ltd. Cos.	No. of other Board Committees # (Other than RTIL) in which Chairman / Member.	
			Chairman	Member
Shri. Nitin S. Kasliwal, Vice Chairman & Managing Director	Promoter & Executive	3	-	-
Smt. Jyoti N. Kasliwal	Promoter & Non Executive	3	-	-
Shri Kunnasagaran Chinniah	Non Executive	9	-	3
Shri Dara P. Mehta*	Independent	5	-	-
Shri. Anil Channa	Non Executive	2	-	1
Shri. Dara D. Avari	Non Executive	3	-	6

1. # Relates to Audit Committee, Shareholders Grievance Committee & Remuneration Committee only.

2. # Excludes Directorship in Indian Private Limited Companies and Foreign Companies.

3. * Appointed w.e.f. 14th December, 2009.

Board Procedure

The Board meets at least once a quarter to review the quarterly performance and the financial results, to formulate the strategy and consider other items on the agenda. Board meetings are held at the Registered Office of the Company.

The attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) is as under:

Name of the Director	No. of Board Meetings attended during the year	Attendance at last Annual General Meeting
Shri. Nitin S. Kasliwal	5	Yes
Smt. Jyoti N. Kasliwal	3	Yes
Shri Kunnasagar Chinniah	5	Yes
Shri Dara P. Mehta	1	N.A
Shri. Anil Channa	5	Yes
Shri. Dara D. Avari	6	Yes

3. BOARD COMMITTEES:

A. Audit Committee:

The Company has formed Audit Committee pursuant to the provisions of Section 292A of the Companies Act, 1956 at the Board Meeting of the Company held on 25th August, 2008.

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements / other management information, adequacy of provisions for liabilities and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statutes and other facets of Company's operation that are of vital concern to the Company.

The Committee oversees the work carried out by the management and the internal auditors on the financial reporting process and the safeguards employed by them.

The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under Section 292A of the Companies Act, 1956.

The Audit Committee of the Company comprises of three Directors, all of them are Non Executive Directors. All the Directors of the Committee are financial literate and are well versed with finance and accounts / legal matters and general business practices. The composition of Audit Committee is as under:

Name of the Director	Position	Category
Shri Kunnasagar Chinniah	Chairman	Non – Executive
Shri Anil Channa	Member	Non – Executive
Shri Dara D. Avari	Member	Non – Executive

The Company Secretary acts as Secretary to the Committee. The Statutory Auditors and Internal Auditors of the Company, Managing Director of the Company and CFO and Head of Internal Audit Department of the holding company are invitees to the meetings.

Meetings and Attendance details

During the financial year ended 31st March, 2010, four Audit Committee Meetings were held on 29th June, 2009, 24th July, 2009, 30th October, 2009 and 29th January, 2010.

The attendance at the Audit Committee Meetings was as under:

Name of the Member	No. of meetings attended
Shri Kunnasagar Chinniah	3
Shri Anil Channa	4
Shri Dara D. Avari	4

The Company Secretary was present at all the above meetings.

B. Committee of Directors:

The Committee was constituted on 24th October 2008. The committee comprises of the following members.

Name of the Director	Position	Category
Shri. Nitin S. Kasliwal	Chairman	Executive
Shri. Anil Channa	Member	Non - Executive
Shri. Dara D. Avari	Member	Non – Executive

During the financial year ended 31st March 2010, 7 (Seven) meetings of the Committee of Directors were held.

Name of the Member	No. of meetings attended
Shri. Nitin S. Kasliwal	6
Shri. Anil Channa	7
Shri. Dara D. Avari	7

The minutes of the Committee of Directors' meeting are submitted to the Board for ratification and taking on record.

C. Remuneration Committee:

The Remuneration Committee was constituted at the Board Meeting of the Company held on 25th August, 2008.

The Remuneration Committee currently consists of:

Name of the Director	Position	Category
Shri Anil Channa	Chairman	Non – Executive
Shri Kunnasagaran Chinniah	Member	Non – Executive
Shri Dara D. Avari	Member	Non – Executive

The scope and terms of reference of the Remuneration Committee, inter alia, include:

- Reviewing the overall compensation policy, service agreements and other employment conditions of the Executive Chairman, the Managing Director and Wholtime Directors.
- To recommend to the Board the remuneration payable to the Managing Director and the Wholtime Directors as well as salary revisions to be paid from the succeeding financial year.

The terms of reference of the Committee are as per the provisions of the Companies Act and Clause 49 of the Listing Agreement with Stock Exchanges.

No Remuneration Committee was held, since its inception till financial year ended 31st March, 2010 and none of the Directors are entitled to any remuneration presently.

Remuneration Policy:

A. Remuneration to Non – Executive Directors:

The non-executive Directors of the Company do not draw any remuneration from the company except sitting fees. The sitting fee for each meeting of the Board, Audit Committee is Rs. 20,000/-.

None of the Non – Executive Directors has any material pecuniary relationship or transactions with the Company.

The details of sitting fees paid to Non – Executive Directors during the financial year 2009 – 10 are as follows:

Sr. No.	Name of the Director	Sitting fees paid during FY 2009 – 10 (In Rs.)
1.	Smt. Jyoti N. Kasliwal	60,000
2.	Shri Anil Channa	1,40,000
3.	Shri Dara D. Avari	2,00,000
4.	Shri Kunnasagaran Chinniah	60,000
5.	Shri Dara P. Mehta	20,000

B. Remuneration paid to Chairman & Managing Director.

Shri Nitin S. Kasliwal as Managing Director of the Company does not draw any remuneration from the company.

Managing Director so long as he functions as such, shall not be paid any sitting fees for attending the meetings of Board or any Committee thereof.

During the year 2009 - 10, the Company did not advance any loans to any of its Directors. No Stock Options have been issued to any of the Directors on the Board.

4. GENERAL BODY MEETINGS:

The details of the day, date, and venue of the last three Annual General Meetings held are as under:

Financial Year	Day & Date	Venue	No. of Special Resolutions passed
2006 – 07	29 th September 2007	Avadh, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018	None
2007 – 08	17 th June 2008	Avadh, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018	None
2008 - 09	11 th September 2009	Avadh, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018	One

5. EXTRA ORDINARY GENERAL MEETINGS:

The following Special Resolutions were taken up in the EOGMs and were passed with the requisite majority:

A. EOGM held on 12th August 2009

- * Creation of equitable mortgage/ charge in favour of ICICI Bank Limited.
- * To provide Corporate Guarantee to ICICI Bank Limited.
- * Alteration of Articles of Association of the Company.

B. EOGM held on 30th October 2009

- * To issue, offer and allot 18,04,322 Equity Shares to M/s. Indinvest Pte Ltd.

C. EOGM held on 29th January 2010

- * Creation of equitable mortgage/ charge in favour of Banks/ financial Institution.

6. DISCLOSURES

The Company has not entered into any transaction of a material nature with the Directors or the management or the relatives during the year that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in note no. 11 of Schedule P to the accounts in the Annual Report.

There was no instance of non-compliance of any matters related to the capital markets during the year.

a) Disclosure of accounting treatment in preparation of financial statements

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements, except the qualifications included in the audit report of the Statutory Auditors. The explanations for the Auditors qualification are given in the Directors' Report.

b) Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties / strictures were imposed on the Company by the Registrar of Companies, Maharashtra, Mumbai or any statutory authority in any matter.

c) Distribution of Agenda and Board Notes

Agenda and Notes on Agenda are generally circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda.

In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance.

d) Recording Minutes of proceedings at Board and Committee meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The finalized minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that meeting.

e) Post Meeting Follow-up Mechanism

The Guidelines for Board and Committee meetings facilitate an effective post-meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. Action taken report on the decisions/ minutes of the previous meeting(s), where required, is placed at the immediately succeeding meeting of the Board/ Committee for noting by the Board/Committee.

7. GENERAL SHAREHOLDERS INFORMATION

a) **Reappointment of Directors**

Shri Anil Channa and Shri Dara D. Avari retire by rotation and are proposed to be re-appointed in the ensuing Annual General Meeting to be held on 20th September, 2010.

b) **General Information**

(1) **Nature of Industry:** Textile Manufacturing, Trading and Readymade Garments of various Brands.

(2) **Date of acquiring business from holding company** – 1st January 2008

(3) **Financial performance:** Given in the Audited Balance Sheet.

(4) **Export performance for the year:** 1st April, 2009 to 31st March, 2010: Rs. 29.07 Crores.

(5) **Foreign investments or collaboration, if any:** Technical know how agreement with Reid & Taylor (Holdings) Ltd.

c) **Registered Office**

: “Avadh”, Shree Ram Mills Premises,
Ganpatrao Kadam Marg,
Worli, Mumbai 400 018, (India)
Tel No. 2493 0180 / 2493 3181/ 2496 5701
Fax No. 24931685
Website : www.sknl.co.in

d) **Plant Locations**

: Thandavapura,
Hobli Chikkaianachatra,
Nanjangud Taluka,
Mysore, Karnataka.

e) **Registrar and Transfer Agents**

: Bigshare Services Private Limited
Unit: Reid & Taylor (India) Limited
E/2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai 400 072
Tel. No. 2847 0652 / 2847 3747
Fax No. 2847 5207
e-mail id: srinivas@bigshareonline.com

f) **ISIN**

: INE069K01016

g) **Distribution of Equity Shareholding as on 31st March 2010:**

Description	No. of Shares	Voting Strength
PROMOTER Promoter Group Company i.e. S. Kumars Nationwide Limited	4,00,50,000	74.39
NON PROMOTER Other Body Corporate i.e. Indinvest Pte Ltd	1,37,88,981	25.61
Total	5,38,38,981	100.00

h) **Address for Correspondence:**

The shareholders may address their communications / suggestions / grievances queries to:

Shri. Nihar R. Avasare
Company Secretary
Reid & Taylor (India) Limited
Corporate Division
Inga Complex, 2nd Floor, Next to Onida House,
Mahakali Caves Road, Andheri (East), Mumbai 400 093
Tel No. 2825 0797 Fax No. 2820 7578
e-mail id: nihar.avasare@sknl.co.in

SKNL
S. Kumars Nationwide Limited

Consolidated Financial Statements

AUDITORS' REPORT

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF S. KUMARS NATIONWIDE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of S. Kumars Nationwide Limited ("the Company") and its Subsidiaries (collectively referred to as "the SKNL group") as at 31st March, 2010 and the Consolidated Profit and Loss Account for the year ended on that date and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (together comprising the "Consolidated Financial Statements"). These Consolidated Financial Statements are the responsibility of the SKNL Group's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audited the financial statements of Reid & Taylor (India) Limited, a Indian subsidiary, whose financial statements for the year ended 31 March 2010 reflect total net assets of Rs. 173869 lacs, total net revenue of Rs. 104122 lacs and net cash inflows of Rs. 1007 lacs respectively.
4. We did not audit the financial statements of 5 (Five) foreign subsidiaries whose financial statements reflect total net assets of Rs. 91529 lacs as at 31st March, 2010, total net revenue of Rs. 67374 lacs and net cash inflows of Rs. 1090 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.
5. (i) The financial statement of 7 (seven) foreign subsidiaries are not audited and considered in the Consolidated Financial Statements as certified by the management and relied upon by us. These financial statements reflect total net assets of Rs. 13105 lacs, total net revenue of Rs. 3939 lacs and total net cash outflows of Rs.33 lacs.
(ii) In respect of other 4 (four) foreign subsidiaries, as per written confirmation received from their auditors, though the audit was completed, the accounts have not been signed by them for certain procedural compliances. The financials of these subsidiaries comprising of total net assets of Rs. 3728 lacs and total net revenue of Rs. 126 lacs and total net cash outflows of Rs.80 lacs have been considered in the Consolidated Financial Statement as certified by the management and relied upon by us.
We are unable to comment upon the resultant financial impact of 5(i) & 5(ii) above on the relevant assets, liabilities and profit for the year.
6. The Company has not complied with the disclosure requirements as prescribed under Accounting Standard -17 'Segment Reporting' with regard to its geographical segments.
7. (i) In case of S. Kumars Nationwide Limited (SKNL), the accumulated interest and financial charges amounting to Rs.14955 lacs and future differential interest on Restructured debts on NPV basis amounting to Rs.951 lacs pertaining to earlier years (after amortising Rs.1596 lacs during the year) have been carried forward under the head "Restructured Financial Cost" (RFC) grouped/presented under Schedule F of Financial Statement - Loans and Advances, which is not in accordance with AS-5 "Net Profit or Loss for the period, Prior Period Items and change in Accounting Policies".
(ii) In case of Reid and Taylor (India) Limited (RTIL), the share of recompense expense borne by RTIL as part of Corporate Debt Restructuring of parent company SKNL amounting to Rs.2198 lacs pertaining to earlier years (after amortising Rs.219 lacs during the year) have been carried forward under the head 'Restructured Financial Cost' grouped/presented under Schedule F of Financial Statements i.e. 'Loans and Advances' which is not in accordance with AS-5 'Net Profit or Loss for the period, Prior Period Items and change in Accounting Policies'.
Consequently, profit for the year is understated by Rs.18104 lacs and loans & advances are overstated by a similar amount (Refer Note No. 7(b) of Schedule 'P').

- (iii) In case of SKNL as well as RTIL, balances of sundry debtors, loans and advances including capital advances and sundry creditors are subject to confirmations, reconciliations and consequential adjustments, if any (Refer Note no. 10 of Schedule 'P' of the Financial Statements).
8. The Company has not complied with Accounting Standard – 26 'Intangible Assets' with respect to non-amortization of goodwill amounting to Rs. 12476 lacs arising out of acquisition of three foreign subsidiaries. We are unable to ascertain the consequential financial impact of the same on the goodwill and profit for the year. (Refer Note No. 4 of Schedule 'P').
9. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of S. Kumars Nationwide Limited and its subsidiaries.
- 10 Based on our audit and on consideration of reports of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, subject to paragraph 5, 6, 7 and 8 above, 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 the SKNL Group as at 31st March 2010;
- (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

Place : Mumbai
Date : 28th May, 2010

RAKESH RATHI
Partner
Membership No.45228

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	Current Year As at 31.03.2010		(Rs.in lacs) Previous Year As at 31.03.2009	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	A	31,289.67		31,033.51	
Equity Share Warrant partly paid (Ref Note No.12 of Shchedule 'P')		1,340.35		-	
Employee Stock Option Outstanding (Ref Note No.13 of Shchedule 'P')		631.84		480.54	
Reserves & Surplus	B	<u>185,539.90</u>	<u>218,801.76</u>	<u>132,050.37</u>	163,564.42
MINORITY INTEREST			33,677.08		23,039.00
LOAN FUNDS	C				
Secured Loans		269,224.27		162,174.05	
Unsecured loans		<u>6,658.16</u>	<u>275,882.43</u>	<u>18,249.19</u>	180,423.24
DEFERRED TAX LIABILITIES (NET)			<u>15,032.03</u>		<u>1,102.97</u>
Total			<u>543,393.30</u>		<u>368,129.63</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	D	148,906.44		85,169.26	
Less : Depreciation/Amortisation		<u>29,267.72</u>		<u>21,744.14</u>	
Net Block		119,638.72		63,425.12	
Add: Capital work-in-progress (including capital advances)		78,272.99		66,576.07	
Add: Assets held for Sale		<u>1,043.01</u>	<u>198,954.72</u>	-	130,001.19
GOODWILL			12,476.00		10,113.94
INVESTMENTS	E		144.35		375.28
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	F	130,734.17		80,795.17	
Sundry Debtors		171,690.00		120,445.89	
Cash and Bank Balances		13,213.85		10,902.70	
Loans and Advances		<u>84,565.60</u>		<u>63,448.37</u>	
Total (I)		400,203.62		275,592.13	
Less: CURRENT LIABILITIES & PROVISIONS	G				
Current Liabilities		28,292.50		23,031.76	
Provisions		<u>40,092.89</u>		<u>24,921.15</u>	
Total (II)		68,385.39		47,952.91	
NET CURRENT ASSETS		(I) - (II)	<u>331,818.23</u>		<u>227,639.22</u>
Total			<u>543,393.30</u>		<u>368,129.63</u>
Significant Accounting Policies					
Notes Forming Part of Accounts					
O					
P					

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

RAKESH RATHI
Partner
Membership No. 45228

J. S. SHETTY CFO and President - Finance

NIMESH S. SHAH Vice President & Company Secretary

Place : Mumbai
Date : 28th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2010

	Schedule	Current Year ended on 31.03.2010	(Rs.in lacs) Previous Year ended on 31.03.2009
INCOME			
Sales and service charges		384,050.94	226,036.28
Other Income	H	2,042.87	1,585.08
Increase/(decrease) in stock	I	<u>12,505.84</u>	<u>8,059.20</u>
Total		<u>398,599.65</u>	<u>235,680.56</u>
EXPENDITURE			
Raw materials consumed/ Fabric purchases	J	244,098.07	154,161.15
Manufacturing expenses	K	12,480.05	7,750.80
Personnel expenses	L	31,301.11	7,306.13
Administrative expenses	M	13,999.20	6,189.23
Selling and distribution expenses	N	19,390.69	11,388.07
Restructured Financial Cost Amortised		1,816.03	1,371.37
Interest and Financial expenses	N1	24,922.40	13,881.44
Depreciation/Amortisation	D	<u>8,134.23</u>	<u>4,421.48</u>
Total		<u>356,141.78</u>	<u>206,469.67</u>
Profit/(Loss) before Tax		42,457.87	29,210.89
Exceptional (expenses) & income on settlement of CDR dues		-	5,720.46
Prior period (expenses)/income		9.02	(76.50)
Provision for Tax			
Current Tax		(13,946.29)	(8,702.67)
Deferred Tax		(594.92)	(347.62)
Wealth Tax		(6.98)	(5.23)
Fringe Benefit Tax		-	(134.07)
Taxation for earlier years		(193.61)	(6,150.94)
Total Tax expenses		<u>(14,741.80)</u>	<u>(15,340.53)</u>
Profit Before Minority Interest		27,725.09	19,514.32
Less: Minority Interest		4,825.56	1,855.70
Profit available for Appropriation		<u>22,899.53</u>	<u>17,658.62</u>
Appropriation			
Balance Brought forward from previous year		12,308.18	741.32
Transfer to Capital Redemption Reserve		5,337.13	4,003.52
Share of Minority Interest in Reserves		441.69	2,088.24
Transfer to Debenture Redemption Reserve		<u>225.15</u>	<u>-</u>
Balance carried over to Balance Sheet		<u>29,203.74</u>	<u>12,308.18</u>
Earnings Per Share			
- Basic		Rs. 9.68	Rs. 8.06
- Diluted		Rs. 9.33	Rs. 7.23
Significant Accounting Policies	O		
Notes Forming Part of Accounts	P		

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

RAKESH RATHI
Partner
Membership No. 45228

J. S. SHETTY CFO and President - Finance

NIMESH S. SHAH Vice President & Company Secretary

Place : Mumbai
Date : 28th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2010

(Rs. in lacs)

		Current Year ended on 31.03.2010	Previous Year ended on 31.03.2009
A	Cash Flow Statement from Operating Activities		
	<i>Net Profits Before Tax and Extraordinary Items</i>	42,457.87	34,931.38
	Adjustments for:		
	a) Depreciation	8,134.23	4,421.48
	b) Deferred revenue expenditure	1,816.03	1,371.37
	c) Profit/Loss on sale of fixed assets (net)	461.93	(64.65)
	d) Sundry balances written back	(48.21)	(92.67)
	e) Sundry balances written off	334.89	100.29
	f) ESOP Compensation debited to P&L a/c	151.30	308.75
	g) Bad debts	-	10.02
	h) Interest expenses	24,922.40	13,881.44
	i) Interest income	(128.19)	(984.39)
	j) Income on CDR exit	-	(5,779.75)
	k) Provision for doubtful debts	114.45	-
	l) Foreign Currency Translation	(282.67)	-
	Operating Profit before Working Capital Changes	77,934.03	48,103.27
	Adjustments for:		
	a) Trade & other receivables	(54,473.98)	(58,090.85)
	b) Inventories	(22,102.94)	(14,601.21)
	c) Trade payables	(2,944.51)	(1,593.87)
	Cash Generated from /(Used)in Operating Activities	(1,587.40)	(26,182.66)
	a) Direct taxes	(9,928.18)	(11,090.52)
	Cash Inflow/(outflow) before Prior Period Items	(11,515.58)	(37,273.18)
	a) Prior period adjustments (gross)	9.02	(76.50)
	Net cash Flow from /(Used)in Operating Activities	(11,506.56)	(37,349.68)
B	Cash Flow arising from Investing Activities		
	a) Acquisition of fixed assets (Including capital work-in-progress)	(42,025.21)	(37,264.08)
	b) Sale of fixed assets	53.28	592.36
	c) Investments	(5,151.68)	(10,242.35)
	d) Interest income	128.19	984.39
	Net cash Flow from /(Used)in Investing Activities	(46,995.42)	(45,929.68)
C	Cash Flow arising from financing activity		
	a) Proceeds from secured loans (Net of repayment)	75,211.57	31,039.10
	b) Proceeds from unsecured loans (Net of repayment)	(760.36)	(1,226.19)
	c) Proceeds from equity shares/ shares to be allotted	12,340.40	78,901.48
	d) Proceeds from preference shares (Net of Redemption)	(1,056.08)	(8,284.57)
	e) Interest expenses	(24,922.40)	(13,881.44)
	f) Income on CDR exit	-	5,779.75
	Net cash Flow from /(Used)in Financing Activities	60,813.13	92,328.13
	Net Increase in Cash and Cash Equivalents	2,311.15	9,048.77
	Cash & Cash Equivalent at the beginning of the year	10,902.70	1,853.93
	Cash & Cash Equivalent at the end of the year	13,213.85	10,902.70
	Net Change in Cash & Cash Equivalent	2,311.15	9,048.77

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3(AS-3) "Cash Flow Statement".
2. Cash and Cash equivalents include cash and bank balances in current accounts and in deposit accounts (Refer to Schedule "F" of the Balance Sheet).
3. Figures in brackets represents outflows.
4. Previous Year figures have been recast/restated wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**
Chartered Accountants
FR No.103523W

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

RAKESH RATHI
Partner
Membership No. 45228

J. S. SHETTY CFO and President - Finance

NIMESH S. SHAH Vice President & Company Secretary

Place : Mumbai
Date : 28th May, 2010

SCHEDULES FORMING PART OF ACCOUNTS

		Current Year As at 31.03.2010		(Rs.in lacs) Previous Year As at 31.03.2009	
SCHEDULE "A" – SHARE CAPITAL					
Authorised Capital					
37,00,00,000	Equity shares of Rs.10 each (Previous Year 28,00,00,000)	37,000.00		28,000.00	
90,00,000	Preference Shares of Rs 100 each (Previous Year 1,80,00,000)	9,000.00		18,000.00	
		<u>46,000.00</u>		<u>46,000.00</u>	
Issued, Subscribed And Paid-Up Capital					
23,65,13,838	Equity Shares of Rs.10 each fully paid up (Previous year 22,33,91,438) Add: Allotted during the year (Ref. note no.11 of Schedule 'P')	22,339.14		22,339.14	
		<u>1,312.24</u>	23,651.38	-	22,339.14
19,82,500	6% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up (Previous year 21,42,500) (Redeemable by 2013) Less: Redeemed at par during the year	2,142.50		3,373.16	
		<u>160.00</u>	1,982.50	<u>1,230.66</u>	2,142.50
56,55,785	0.01% Redeemable Preference Shares of Rs.100 each fully paid-up (Previous year 65,51,864) (Redeemable during 2017-2020) Less: Redeemed at par during the year	6,551.87		13,605.78	
		<u>896.08</u>	<u>5,655.79</u>	<u>7,053.91</u>	<u>6,551.87</u>
	Total Issued, Subscribed and Paid-Up Capital		<u>31,289.67</u>		<u>31,033.51</u>
SCHEDULE "B" – RESERVES AND SURPLUS					
Securities Premium:					
	Balance as per last Balance Sheet	105,007.22		41,681.64	
	Add: On account of Allotment of Equity shares	15,558.03		64,844.61	
	Less: On account of Redemption premium payable on NCD's	<u>5,468.29</u>	115,096.96	<u>1,519.03</u>	105,007.22
Debenture Redemption Reserve					
	Balance as per last Balance Sheet	3,375.00		3,375.00	
	Add: Transfer during the year	<u>225.15</u>	3,600.15	-	3,375.00
Capital Redemption Reserve					
	Balance as per last Balance Sheet	7,930.36		3,926.84	
	Add: Transfer during the year	<u>5,337.13</u>	13,267.49	<u>4,003.52</u>	7,930.36
Revaluation Reserve					
	Balance as per last Balance Sheet	1,034.46		1,085.78	
	Less: Transfer to Profit & Loss account representing depreciation on revalued portion of the assets	17.73		17.68	
	Less: Revalued Portion of the Assets Sold	-		33.64	
	Add: Excess debited in earlier years now reversed	<u>100.63</u>	1,117.36	-	1,034.46
Capital Reserve					
	Balance as per last Balance Sheet	2,206.25		20.00	
	Add: On account of acquisition of business	22,905.00		-	
	Add: On account of forfeiture of Share Application money	-	25,111.25	<u>2,186.25</u>	2,206.25
Foreign Currency Translation Reserve					
			(1,857.05)		188.90
Balance in Profit & Loss account					
			<u>29,203.74</u>		<u>12,308.18</u>
	Total		<u>185,539.90</u>		<u>132,050.37</u>

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year	<i>(Rs.in lacs)</i>
	As at 31.03.2010	Previous Year As at 31.03.2009
SCHEDULE “C” – LOAN FUNDS		
A. Secured Loans		
Non-Convertible debentures issued to India Debt Management Pvt. Ltd. 1,50,78,805 nos. of non convertible Debentures of Rs.100 each (previous year 3,04,50,000)	15,078.81	30,450.00
Balances of Debts repayable to CDR lenders (Ref note no.2)	5,947.42	6,455.02
Term Loans Under Technology Upgradation Fund Scheme (Ref note no.3)	25,031.80	19,073.82
Term Loans Under Overseas Investment Finance Programme (Ref note no.4)	28,048.14	14,730.34
Rupee Term Loans from Banks (Ref note no.5)	51,114.63	13,004.11
Equipment Finance (Ref note no.6)	304.14	463.98
Working Capital Advances from Banks (Ref note no.7)	143,699.33	76,178.90
Loans from Others	-	1,817.88
Total	<u>269,224.27</u>	<u>162,174.05</u>

- Notes:**
- The balances include interest accrued and due.
 - CDR Debts are secured by way of charge on fixed assets, present and future, pledge of promoters shares and personal guarantees of directors.
 - The Term Loans under Technology Upgradation Fund Scheme are secured by first *pari passu* charge on specific project assets, second *pari passu* charge on other fixed assets and current assets of the company.
 - Term Loans for Overseas Investment are secured by way of first *pari passu* charges on fixed assets (excluding Jhagadia property), pledge of promoters shares held in SKNL and pledge of equity shares of acquired company/subsidiary company, second *pari passu* charge of fixed assets of Jhagadia and current assets of the Company.
 - Rupee Term Loans are secured by first *pari passu* charge on fixed assets of the company and guarantors, second charge on current assets of the company and guarantors, second *pari passu* charge on Jhagadia property and pledge of promoters shares.
 - Finance Loans are secured by hypothecation of specific equipment / assets.
 - Working capital advances from Banks are secured by hypothecation of Company's stocks and book-debts, present and future and by a second charge on all the immovable properties of the company including plant and machinery, machinery spares, tools and accessories and other movable both present and future.

B. Unsecured Loans		
i) <u>Long Term Loans</u>		
a) From Banks	1,982.39	2,590.13
b) Zero Coupon Bonds/Funded Interest term loans		
– CDR Lenders	85.01	85.01
– Non CDR Lenders	508.11	702.45
c) From Others		
– 2% Foreign Currency Convertible Bonds due in 2011	4,082.65	4,044.60
– Fully Convertible Debentures	-	10,827.00
Total	<u>6,658.16</u>	<u>18,249.19</u>

The balances include interest accrued and due.

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE "D" - FIXED ASSETS

(Rs in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At the beginning of the year 01.04.09	Addition during the year	Deductions during the year	Total as at 31.03.10	At the beginning of the year 01.04.09	During the year	Deductions during the year	Total as at 31.03.10	Total as at 31.03.10	Total previous year 31.03.09
Land										
Freehold Land	1,174.83	6,320.95	-	7,495.78	-	-	-	-	7,495.78	1,174.83
Leasehold Land	715.15	2.70	-	717.85	2.45	0.16	-	2.61	715.24	712.69
Building	15,317.40	11,163.31	0.41	26,480.30	774.99	744.30	-	1,519.29	24,961.01	14,542.39
Leasehold Improvements	126.14	1,091.68	-	1,217.82	45.48	160.36	-	205.84	1,011.98	80.66
Plant & Machinery	64,304.62	21,661.07	896.58	85,069.11	20,085.08	5,315.13	570.85	24,829.36	60,239.75	44,219.54
Office Equipments	195.54	16.30	-	211.84	53.26	14.70	-	67.96	143.88	142.28
Computers	368.87	96.32	0.30	464.89	201.38	51.54	0.08	252.84	212.05	167.49
Furniture & Fixtures	1,129.01	313.10	0.85	1,441.26	264.32	164.98	0.49	428.81	1,012.45	864.70
Vehicles	1,327.16	162.67	21.75	1,468.08	252.20	137.84	8.12	381.92	1,086.16	1,074.96
Intangible Assets										
System Development	510.56	23,863.82	34.87	24,339.51	64.98	1,523.47	9.36	1,579.09	22,760.42	445.58
Sub- Total	85,169.28	64,691.92	954.76	148,906.44	21,744.14	8,112.48	588.90	29,267.72	119,638.72	63,425.12
Capital work- in-Progress (including Capital advances)	66,576.07	30,367.62	18,670.69	78,273.00	-	-	-	-	78,272.99	66,576.07
GRAND TOTAL	151,745.35	95,059.54	19,625.45	227,179.44	21,744.14	8,112.48	588.90	29,267.72	197,911.71	130,001.19
<i>Previous Period Ended on 31.03.09</i>	110,206.44	64,501.73	22,962.84	151,745.33	18,018.66	4,439.16	713.68	21,744.14	130,001.19	92,187.78

Notes :-

- Gross Block includes revalued fixed assets carried as on 30th September, 1997. The amounts are as under :-

	Current Year	Previous Year
a) Freehold Land	Rs. 695.58 lacs	Rs. 695.58 lacs
b) Building	Rs. 642.83 lacs	Rs. 642.83 lacs
c) Plant & Machinery	Rs. 2,484.50 lacs	Rs. 2,484.50 lacs
- Depreciation charged for the period shown in the Profit & Loss Account is after deducting an amount of Rs.17.73 lacs withdrawn from Revaluation Reserve (Previous Period Rs. 17.68 lacs).
- Land at Mysore has been taken by the Company from the Karnataka Industrial Area Development Board (lessor) for a period of 21 years with a right to acquire the said land on the expiry of lease period provided the terms and conditions stipulated in the agreement are complied with. In that event the lessor shall fix the price. Under these circumstances premium paid has not been amortized.

(Rs.in lacs)

Current Year
As at 31.03.2010

Previous Year
As at 31.03.2009

SCHEDULE "E" – INVESTMENTS

Long Term at Cost

i) Non Trade

(a) Unquoted

National Savings Certificates and Indira Vikas Patra/ Others	0.10	0.10
Reid & Taylor Ltd (UK) (50,000 Equity shares of GBP 1.00 each) (Previous Year 50,000 Equity shares of GBP 1.00 each)	36.30	36.30
Anjaneya Foundation (49,500 equity shares of Rs.10 each) (Previous Year 49,500 equity shares of Rs.10 each)	4.95	4.95
Investment by Subsidiaries	3.00	233.93

(b) Quoted

Brandhouse Retails Ltd (10,00,000 Equity Shares of Rs.10 each) (Previous Year 10,00,000 Equity Shares of Rs.10 each)	100.00	100.00
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Market value of quoted investments Rs. 339.00 Lacs
(previous year Rs.154.50 Lacs)

Total	144.35	375.28
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SCHEDULES FORMING PART OF ACCOUNTS

	Current Year As at 31.03.2010	<i>(Rs.in lacs)</i> Previous Year As at 31.03.2009
SCHEDULE "F" – CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
(at cost or net realisable value whichever is lower as taken, valued and certified by the Management)		
Raw materials	45,873.34	31,977.59
Semifinished fabrics	21,384.16	14,748.44
Finished fabrics, Garments and made ups	62,799.49	33,619.31
Stores, fuel and packing materials	395.19	319.46
Stock in transit	281.99	130.37
Total	130,734.17	80,795.17
Sundry Debtors		
(Unsecured and considered good, unless otherwise stated)		
Over six months considered good	14,732.07	20,580.16
Considered Doubtful	2,847.77	220.01
Others Considered Good*	161,452.93	99,865.73
Sub Total	179,032.77	120,665.90
Less :Provision for Doubtful Debts	2,847.77	220.01
Less: Other Reserves	4,495.00	-
Total	171,690.00	120,445.89
* Debtors due from companies in which some of the Directors are interested Rs. 19,825.73 lacs (Previous year Rs.21,269.42 lacs) (Refer Note no.14 (A) of Schedule 'P')		
Cash And Bank Balances		
Cash on hand (as certified by the management)	51.50	74.02
Balances with Scheduled Banks:		
– In Current accounts	7,603.29	1,087.26
– In Fixed Deposits	2,355.70	5,737.39
– In Fixed Deposits (against Margin Money)	3,203.36	4,004.03
Total	13,213.85	10,902.70
Loans, Advances And Deposits		
(Unsecured & Considered good except otherwise specified)		
Advances recoverable in cash or kind for value to be received *		
Considered good	47,011.42	27,814.45
Considered doubtful	19.62	19.62
Restructured Financial Cost /Prepaid Interest on NPV Basis**	18,104.19	19,920.22
Advance tax and Tax deducted at source	18,110.18	15,097.10
Deposits	1,339.81	616.60
Sub Total	84,585.22	63,467.99
Less :Provision for Doubtful Advances	19.62	19.62
Total	84,565.60	63,448.37
* Advances due from companies in which some of the Directors are interested Rs.9.06 lacs (Previous year Rs.3.00 lacs) (Refer Note no.14 (B) Schedule 'P')		
** Please refer to Note No. 7 (b) of Schedule 'P'		
Total of Current Assets	400,203.62	275,592.13

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year		<i>(Rs.in lacs)</i>	
	As at 31.03.2010		Previous Year	
			As at 31.03.2009	
SCHEDULE “G” – CURRENT LIABILITIES & PROVISIONS				
(A) Current Liabilities:				
On trade account:				
Creditors for goods and expenses				
Total outstanding dues of Micro, Small and Medium Enterprises	64.67		96.85	
Others	18,101.07		18,980.03	
Advances Received from others	558.83		337.47	
Investor Education and Protection Fund				
Unclaimed Fixed Deposit not due to be transferred	1.40		2.67	
Deposits received from dealers	74.86		84.45	
Other liabilities	8,997.17		2,856.02	
Interest Accrued but not due on Loans	494.50	28,292.50	674.27	23,031.76
(B) Provisions				
For Taxation	30,322.08		21,909.21	
For Fringe Benefit Tax	211.61		338.68	
For Retirement and other employee benefit scheme	9,559.20	40,092.89	2,673.26	24,921.15
Total of Current Liabilities		68,385.39		47,952.91

	Current Year		<i>(Rs.in lacs)</i>	
	ended on 31.03.2010		Previous Year	
			ended on 31.03.2009	
SCHEDULE “H” – OTHER INCOME				
Balances written back	48.21		92.67	
Export benefits	1,078.42		113.58	
Exchange rate fluctuation (net)	291.47		3.16	
Interest	128.19		984.39	
Miscellaneous income	488.43		319.66	
Profit on Sale of Fixed Assets	8.15		71.62	
Total		2,042.87		1,585.08

	Current Year		<i>(Rs.in lacs)</i>	
	ended on 31.03.2010		Previous Year	
			ended on 31.03.2009	
SCHEDULE “I” – INCREASE /(DECREASE) IN STOCK				
Closing stock of :				
Semi-finished fabrics	21,384.16		14,731.05	
Finished fabrics, garments and made ups	62,799.49	84,183.65	33,570.30	48,301.35
Stock taken over on acquisition of:				
Semi-finished fabrics	2,456.00		-	
Finished fabrics, garments and made ups	20,854.00	23,310.00	-	-
Opening stock of :				
Semi-finished fabrics	14,748.63		13,983.03	
Finished fabrics, garments and made ups	33,619.18	48,367.81	26,259.12	40,242.15
Increase/(decrease) in stock		12,505.84		8,059.20

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year ended on 31.03.2010	<i>(Rs.in lacs)</i> Previous Year ended on 31.03.2009
SCHEDULE “J” – RAW MATERIALS CONSUMED/FABRIC PURCHASES		
Opening stock	32,107.93	23,561.15
Add : Stock taken over on acquisition	5,535.00	-
Add : Purchases	252,610.47	160,740.93
Less: Closing stock	<u>46,155.33</u>	<u>30,140.93</u>
	<u>244,098.07</u>	<u>154,161.15</u>
	<u>244,098.07</u>	<u>154,161.15</u>
 SCHEDULE “K” – MANUFACTURING EXPENSES		
Conversion charges	4,938.88	3,673.79
Freight and octroi	732.80	183.80
Power & Fuel	3,584.10	2,384.49
Stores and Spares	1,419.85	543.33
Entry tax	625.43	32.85
Other materials/expenses	1,016.67	853.25
Insurance	<u>162.32</u>	<u>79.29</u>
Total	<u>12,480.05</u>	<u>7,750.80</u>
 SCHEDULE “L” – PERSONNEL EXPENSES		
Salaries, wages, bonus & allowances	27,104.52	5,755.82
Employee stock option expenses	151.30	308.75
Contributions to provident fund and other funds	980.59	985.85
Staff welfare expenses	<u>3,064.70</u>	<u>255.71</u>
Total	<u>31,301.11</u>	<u>7,306.13</u>

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year ended on 31.03.2010	<i>(Rs.in lacs)</i> Previous Year ended on 31.03.2009
SCHEDULE “M” – ADMINISTRATIVE EXPENSES		
Rent	1,529.23	336.93
Rates & Taxes	705.96	108.00
Repairs and maintenance		
– to buildings	175.55	86.07
– to machinery	164.68	31.58
– to others	293.83	63.97
Travelling expenses	1,222.88	468.62
Electricity charges	61.57	40.27
Vehicles maintenance	219.62	179.28
Directors’ remuneration	414.13	229.19
Remuneration to auditors		
– Audit fees (including service tax)	480.01	46.39
– In other capacity	55.85	13.78
Bank charges & upfront fee	1,469.08	610.24
Conveyance expenses	237.93	76.38
Legal & professional charges	3,198.22	1,359.57
Listing fees	7.44	5.45
Printing and stationery	190.99	127.36
Telephone expenses	181.80	111.83
Postage and telegrams	86.03	82.73
Sales tax	3.62	4.06
License and registration fees	83.73	62.96
Sundry balances written off	334.89	100.29
Loss on sale of assets	470.08	6.96
Service tax	8.67	8.73
Exchange rate fluctuation (net)	-	1,564.93
Other misc. expenses	2,403.41	463.66
Total	13,999.20	6,189.23
SCHEDULE “N” – SELLING AND DISTRIBUTION EXPENSES		
Dealers incentives	2,285.15	1,590.29
Discounts, rebates and allowances	1,918.70	724.28
Commission and brokerage	1,690.57	988.06
Conference/Business promotion expenses	7,073.88	7,009.16
Lease Rentals	26.78	30.34
Other Selling expenses	6,395.61	1,045.94
Total	19,390.69	11,388.07
SCHEDULE “N1” – INTEREST AND FINANCIAL EXPENSES		
Interest on Term Loan	11,836.59	4,867.81
Interest on Debentures	3,052.91	4,078.70
Interest Others	10,032.90	4,934.93
Total	24,922.40	13,881.44

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31st MARCH, 2010.**SCHEDULE “O” – SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

- a) The Financial Statements have been prepared under the historical cost convention, on the basis of a going concern, in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) The Company follows the mercantile system of accounting in general and recognizes income and expenditure on accrual basis except otherwise stated.

2. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the value of assets and liabilities as well as revenues and expenses as reported in the financial statements. The difference between the actual result and estimates are recognized during the period in which they are materialized / known.

3. Fixed Assets

- a) Fixed Assets are stated at their original cost net of cenvat/value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost includes interest, financial charges, freight, taxes and other incidental expenses incurred for acquisition and installation of the assets. Assets revalued are stated at values determined by the valuers.
- b) Assets include assets given on lease. In respect of assets taken on lease, rentals are charged to revenue on accrual basis.

4. Intangible Assets and amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprises and the cost of the asset can be measured reliably. Intangible assets are amortised as follows:

- a) Leasehold improvement: Over the period of lease.
- b) Computer software/ System development: Over a period of five years.

5. Depreciation

- a) Depreciation on fixed assets including revalued assets have been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. Depreciation on additions to Fixed Assets is provided for on pro-rata basis from the date of addition/acquisition till the end of the year and on Assets sold/discarded/demolished to the date of disposal. The depreciation on revalued portion of assets is adjusted against the revaluation reserve.
- b) Depreciation on assets whose actual cost does not exceed Rs.5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.

6. Capital Work-In-Progress

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, interest and other financing costs payable on funds specifically borrowed to the extent they relate to the period till assets are ready for intended use.

7. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Schedule "O" (Contd.)**8. Inventories**

- a) Raw materials (including stock in transit) are valued at cost on first-in-first-out basis.
- b) Work-in-process is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost and attributable overheads.
- d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first-in-first-out basis.

9. Recognition of income and expenditure

- a) Domestic sales are recognized on transfer of risk and reward which generally considers with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of dates of bill of lading.
- c) Sales are inclusive of dyeing charges, conversion charges, overdue charges and are net of shortage and trade discounts excluding value added tax.
- d) Interest income is recognized on time proportion basis taking in to account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognized on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being not material, are accounted on cash basis
- f) The claims against the company are accounted on acceptance basis.

10. Foreign Exchange Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Any income or expense on account of exchange differences either on settlement or on translation of transactions is recognized in the Profit & Loss account.

11. Employee Benefits

- a) Employee benefits comprise both defined contribution and defined benefit plans.
- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.
- c) **Provident fund is a defined contribution plan**
Each eligible employee and the Company make an equal contribution at a percentage of the basic salary specified under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no further obligations under the plan beyond its periodic contributions.
- d) **Gratuity and Leave Encashment is a defined benefit plan**
The Company's liability towards gratuity & Leave encashment is accounted for on the basis of an actuarial valuation done at the year end and is charged to the Profit and Loss account.

12. Research & Development

Revenue expenditure, including overheads on Research and Development, is charged out as an expense in the year in which incurred. Expenditure which results in the creation of capital assets is taken as Fixed assets.

13. Investments

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Long-term Investments.

Schedule "O" (Contd.)**14. Borrowing costs**

Financing costs relating to construction of fixed assets are included in costs to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statement.

15. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognized as an expense, as applicable, over the lease period.

16. Segment

The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one segment i.e. Textiles and as such there are no separate reportable segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

17. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

18. Income Tax

- a) Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- b) Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax bases of assets and liabilities, as measured by the enacted / substantively enacted tax rates. Deferred tax Expense / Income is the result of changes in the net deferred tax assets and liabilities.
- c) Deferred tax assets are recognized only if there is a virtual certainty backed by convincing evidence of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are appropriately adjusted to reflect the amount that is reasonably or virtually certain to be realised.

19. Employee Stock Option Schemes

The Company has granted Stock Options to its employees under Employee stock option Scheme, 2007- Series 'A' ("ESOP, 2007"). In respect Options granted under the Employees Stock Options Plan, in accordance with guidelines issued by the SEBI and in compliance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accounts of India in the year 2005 and applicable for the period on or after 1st April 2005, the cost of stock options granted to employees are accounted by the Company using the intrinsic value method and the cost based on excess of market value over the exercise price is recognized in Profit & loss Account, over vesting period on time proportion basis and included in the 'Salaries, wages, bonus etc.' in Schedule P of the Financial Statements. Should any employee leave in the subsequent year, before exercise of the Option, the value of Option accrued in their favour is written back to the General Reserve.

20. Provisions and Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required, and a reliable estimate can be made of the amount required to settle the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

SCHEDULE “P” – NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2010.

1. Principles of Consolidation :

The Consolidated Financial Statements relate to S. Kumars Nationwide Limited (“the Company”) and its subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standards 21- “Consolidated Financial Statements” notified by Companies (Accounting Standards) Rules, 2006.
- In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- The difference between the cost of investment in the subsidiaries and the Company’s share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve.
- Minority interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and the equity of the company’s shareholders.

Minority interest in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to the minorities at the date on which investment in subsidiaries is made; and
- (b) The minorities’ share of movements in the equity since the date the parent subsidiary relationship comes into existence.
 - Minority interest in the net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
 - The financial statements of the subsidiaries used into the consolidation are drawn up to the same reporting date as that of the company i.e. 31st March, 2010, except for certain subsidiaries (indicated as #) for which financial statements as on reporting dates are not available. These have been consolidated based on last available financial statements.

List of subsidiary companies which are included in the consolidation and the Company’s holdings therein are as under:

Sr. No.	Name of Subsidiary Companies	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2009-10	2008-09	
1	Reid & Taylor (India) Limited	74.39	76.97	India
2	SKNL International B.V.	100.00	100.00	Netherlands
3	SKNL Europe B.V.	100.00	100.00	Netherlands
4	SKNL Italy S.p.A [#]	100.00	100.00	Italy
5	Leggiuno S.p.A [#]	100.00	100.00	Italy
6	SKNL North America B.V.	100.00	100.00	Netherlands
7	SKNL Global Holdings B.V.	100.00	100.00	Netherlands
8	SKNL UK Ltd.	80.00	—	UK
9	Global Apparel (US) Ltd.	100.00	—	USA

Schedule "P" (Contd.)

Sr. No.	Name of Subsidiary Companies	Ownership in % either directly or through Subsidiaries		Country of Incorporation
10	Global Apparel (France) Ltd.	100.00	—	France
11	7172931 Canada Ltd.	100.00	—	Canada
12	Global Apparel (Hong Kong) Ltd.	100.00	—	Hong Kong
13	Marling & Evans Ltd, UK#	65.00	—	Netherlands
14	REMALA Trading B.V.#	95.00	—	Netherlands
15	Embu Investments sp.z.o.o.#	95.00	—	Poland
16	HMX Canada Acquisition Corp.#	95.00	—	Canada
17	HMX Acquisition Corp.#	95.00	—	USA

2. The Company has, through a structure of holding companies, acquired substantially all the assets of Hartmarx Corporation, in the U.S.A. and Canada, along with its well established brands, pursuant to an order dated 25th June, 2009 of the U.S. Court. The acquisition was completed on 7th August, 2009 and accordingly the financial results of the companies viz. HMX LLC., U.S.A. and Copley Inc., Canada, for the period from 7th August, 2009 to 31st December, 2009, i.e. for their year ended 31.12.2009 have been consolidated.

The financial results of HMX Copley for the period 01.01.2010 to 31.03.2010 is not consolidated.

3. During the year, one of the subsidiaries incorporated in USA acquired assets and liabilities from HMX Corporation. The assets and liabilities have been recorded at fair value as further adjusted for probable losses towards inventories to the extent ascertained on the date of acquisition by the management. The net difference between assets and liabilities acquired has been accounted as capital reserve as required under the generally accepted accounting principles in India.
4. The Goodwill of Rs. 12,476.00 Lacs (Previous Year Rs.10,113.94 Lacs) arising out of the acquisition of Leggiuno S.p.A, Rs. 11,929.00 Lacs, Marling & Evans Ltd Rs. 81.00 Lacs and SKNL UK Ltd Rs. 466.00 Lacs has not been written off since there has been no erosion or impairment in the value of the business.

5. **Contingent Liabilities:**

a. **Guarantees:**

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	In respect of custom duty availed under EPCG Scheme (Covered by bank guarantee)	1,431.16	1,316.72
b)	Guarantees extended by the banks based on the Company's counter guarantees	2,488.77	469.63
c)	Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Limited	27,218.00	27,328.72
d)	Corporate Guarantees given to the Lenders of Brandhouse Retails Ltd., and to and on behalf of subsidiary Companies.	18,868.42	9,845.00

Schedule "P" (Contd.)

b. Claims not acknowledged as debts:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Income Tax, Sales Tax, Service Tax and Entry Tax demand – disputed in appeal	2780.02	581.04
b)	Demand Order of Central Excise Authorities disputed by the Company	227.54	89.67
c)	Labour matter pending in court	52.46	82.88
d)	Civil matter pending in court	29.47	2.56
e)	Writ petition filed before Hon'ble High Court, Indore against the order of Industrial Court	27.47	12.58
f)	Matter in respect of Gratuity pending before controlling authorities	3.55	2.01

c. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance), as certified by the management is Rs.5,306.48 lacs (Previous Year Rs.3,578.36 lacs)

d. Arrears of Dividend on 6% Cumulative Redeemable Preference Shares are Rs.509.11 lacs (Previous Year Rs. 424.75 lacs).

6. As per Accounting Standard - 19 "Leases", the total of future minimum lease payment commitments under operating lease agreements for a period of 2 to 9 years to use offices, warehouses and guest house, are as under:

(Rs. in lacs)

	Period	As at 31.03.2010	As at 31.03.2009
i)	not later than one year	706.15	399.01
ii)	later than one year but not later than five years	1,511.56	604.10
iii)	later than five years	136.67	312.23

The above amounts are exclusive of taxes and duties. During the year, the Company has paid Rs.1,529.23 lacs (Previous Year Rs.336.93 lacs) as rent in respect of the above leases.

7. (a) The Company has, in terms of the approval of the Corporate Debt Restructuring EG, as per their letter dated 12th September 2008, for the exit of the Company from the Corporate Debt restructuring, made full and final settlements with all the lenders except one and has paid recompense amount to all the lenders to exit from the Corporate Debt Restructuring as on the date of the Balance Sheet.

(b) The financial costs incurred by the Company during the restructuring period and the costs incurred in connection with the exit of the Company from the Corporate Debt Restructuring are carried under the head "Restructured Financial Costs" and amortized over the repayment period till the year 2020. Such "Restructured Financial Costs" net of amortization, is Rs. 18,104.19 lacs (Previous Year Rs.19,920.22 lacs) are shown in Schedule 'F' under Loans and Advances and Rs.1,816.03 lacs (Previous year Rs.1,371.37 lacs) charged to the Profit & Loss account during the year.

(c) Zero Coupon Redeemable Preference Shares amounting to Rs. 4,626.43 lacs (Previous Year Rs. 4,626.43 lacs) though fully settled by the Company as per the Corporate Debt Restructuring exit approval by keeping in Fixed Deposit with the lenders an amount equivalent to the Net Present Value of such Preference Shares, continue to be shown as Preference Shares not redeemed and the amount of such Fixed Deposits which are Rs. 2,241.44 lacs (Previous Year Rs. 1,964.71 lacs), assigned to the lenders, continue on the assets side.

8. Investment held in the shares of companies under the same management being of long term nature is stated at cost of acquisition and no adjustment in respect of appreciation/ depreciation of such investments has been made in the accounts.

9. In the opinion of the management the current assets and loans and advances have a value on realisation in the ordinary course of business at least, equal to the amount at which they are stated.

10. Sundry debtors, loans and advances including capital advances and sundry creditors amounting to Rs.18,805.98 lacs, Rs.17,752.72 lacs and Rs.12,939.91 lacs respectively, are subject to confirmations, reconciliation and consequential adjustment, if any.

Schedule “P” (Contd.)

11. At the Extra Ordinary General Meeting dated 26th March, 2007, the Company has passed a resolution to issue on preferential basis upto 1,31,22,400 Fully Convertible Debentures (FCDs) of Rs.82.50 each aggregating Rs. 1,08,25,98,000/- to Anjani Finvest Private Limited, an entity belonging to the promoter group. Each FCD is compulsorily convertible into one equity share of Rs.10/- each at a price of Rs.82.50 per share (including premium of Rs.72.50 per equity share). The Company has received the full amount of the FCDs and the FCDs were allotted on 3rd October, 2007. The FCDs are converted to equity shares on 1st April, 2009.
12. The Board of Directors has issued and allotted, in its meeting held on 31st October, 2009, 1,24,25,000 nos. of warrants of Rs. 43.15 each aggregating Rs.53.61 crs to a promoter group company, viz., N’Essence Holdings Ltd. on a preferential basis, with an option to convert into equal number of Equity shares of Rs.10/- each at a premium of Rs. 33.15 per share within 18 months from the date of allotment. The Company has received Rs.13.40 crs being 25% of the subscription amount.
13. The Company has issued stock options to the permanent employees exercisable into 19,11,000 numbers of equity shares of the Company under ‘Employees Stock Option Scheme 2007 – Series A’ (“ESOP 2007”). Each option when exercised would be convertible into one equity share of a face value of Rs.10 each fully paid-up. The important features of the ESOP scheme are as follows:

	Parameters/Terms	Explanation		
I	Vesting period	Minimum period of one year and a maximum period of five years from the date of grant i.e. 31.10.2007.		
II	Vesting schedule	The actual Vesting Schedule of Options will be as follows:		
		Year	Period and Date	% of Vesting
		1 st Year	31.10.2007 to 30.10.2008	30 %
		2 nd Year	31.10.2008 to 30.10.2009	30 %
		3 rd Year	31.10.2009 to 30.10.2010	40 %
III	Exercise price	30% discount on the prevailing market price of Rs.128/- of the shares as on the date prior to the date of the Compensation Committee resolution.		
IV	Exercise Period	Exercise period will be three years from the date of vesting.		
V	ESOP Price per share	Rs.89.60		

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Number of Options outstanding at the beginning of the period	17,84,200	18,40,700
b)	Options exercised	Nil	Nil
c)	Total number of shares arising as a result of exercise of Options	Nil	Nil
d)	Options Lapsed/cancelled	Nil	56,500
e)	Money realised by exercise of options	Nil	Nil
f)	Total number of options in force	17,84,200	17,84,200

Effect of the employee share based payment plans on the Profit and Loss account and on its financial position:

(Rs. in lacs)

	Particulars	As at 31.03.2010	As at 31.03.2009
a)	Total Employee Compensation Cost pertaining to share based payment plans	151.30	308.75
b)	Compensation cost pertaining to equity settled/cancelled employee share based payment plan included above	-	21.70
c)	Liability for employee stock options outstanding as at year end	631.84	480.54
d)	Deferred Compensation Cost	53.29	204.59

Schedule "P" (Contd.)

14. Debtors and advances due from firms and companies in which some of the Directors are/were interested:

(Rs. in lacs)

	Name of the Company	As at 31.03.2010	As at 31.03.2009
A) Debtors:			
	Brandhouse Retails Ltd.	19,740.75	20,997.64
	Reid & Taylor Ltd., U.K.	84.98	271.78
	Total	19,825.73	21,269.42
B) Advances:			
	Belmonte Lifestyles Ltd.	1.81	Nil
	Anjaneya Foundation	7.25	3.00
	Total	9.06	3.00
	Grand Total	19,834.79	21,272.42

15. Disclosure as per clause 32 of the Listing agreement:

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others :

(Rs. in lacs)

Name of the Company	As at 31.03.2010	As at 31.03.2009
Belmonte Lifestyles Ltd.	1.81	Nil
Anjaneya Foundation	7.25	3.00
Total	9.06	3.00

16. The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one segment i.e. Textiles and as such there are no separate reportable segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

17. Deferred Taxation:

a. In respect of Holding Company:

During the year the Company has computed its Deferred Tax Asset / Liability in accordance with Accounting Standard-22 "Accounting for Taxes on Income" and accordingly a Deferred Tax (Liability) of **Rs. 1,706.52 lacs** as on 31st March, 2010 has been provided for.

Deferred Tax Liability (Net)

(Rs. in lacs)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2009	Current Year Charge/Credit	Deferred Tax Assets/(Liability) as at 31.03.2010
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(833.40)	(989.50)	(1,822.90)
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	47.30	69.08	116.38
Deferred Tax Liability (Net)	(786.10)	(920.42)	(1,706.52)

Schedule “P” (Contd.)

b. In respect of Indian Subsidiary – Reid & Taylor (India) Ltd:

During the year the Company has computed its Deferred Tax Asset / (Liability) in accordance with Accounting Standards – 22 “Accounting for Taxes on Income” and accordingly Deferred Tax liability of Rs.152.51 Lacs has been provided.

Deferred Tax Liability (Net)

(Rs. in lacs)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2009	Current Year Charge/Credit	Deferred Tax Asset/(Liability) as at 31.03.2010
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(39.35)	(280.56)	(319.91)
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	50.34	117.05	167.39
Deferred Tax Liability (Net)	10.99	(163.50)	(152.51)

c. In respect of Overseas Subsidiaries:

The Deferred Tax Asset of Leggiuno S.p.A. is Euro 1,62,716 equivalent to Rs. 108 Lacs, SKNL Italy is Euro 82,148 equivalent to Rs. 55 Lacs and Deferred Tax Liability of HMX LLC is USD 2,84,39,000 equivalent to Rs.13,336 lacs as on 31.12.2009.

18. Related parties Disclosures required under Accounting Standard -18 “Related Party Transactions”.

(a) Related parties

Sr. No.	Name of the Related Party	Relationship
1.	Brandhouse Retails Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
2.	Brandhouse Oviessa Limited	
3.	S. Kumars Enterprises (Synfabs) Limited	
4.	S. Kumars Textiles Limited	
5.	Belmonte Lifestyle Limited	
6.	N’Essence Holdings Limited	
7.	Anjani Finvest Pvt. Limited	
8.	Verve Properties & Investment Pvt. Limited	
9.	Ingenious Finance & Investment Pvt. Limited	
10.	Natty Finance & Investment Pvt. Limited	
11.	S. K. Worsteds Pvt. Limited	
12.	Tulja Enterprises Pvt. Limited	
13.	Sansar Exim Pvt. Limited	
14.	Chamundeshwari Mercantile Pvt. Limited	
15.	Maverick Mercantile Pvt. Limited	
16.	Anjaneya Foundation	
17.	SKNL Foundation	
18.	Reid & Taylor Ltd., U.K.	

(b) Key Management Personnel

Shri Nitin S. Kasliwal – Vice Chairman & Managing Director

Shri Anil Channa – Deputy Managing Director

Schedule "P" (Contd.)

(c) Details of Transactions:-

(Rs. in lacs)

Nature of Transactions	As at 31.03.2010	As at 31.03.2009
Purchases		
Goods		
Brandhouse Retails Ltd.	Nil	8.04
Reid & Taylor Ltd., U.K.	199.40	356.02
Total	199.40	364.06
Sales		
Goods		
Reid & Taylor Ltd., U.K.	113.77	20.68
Brandhouse Retails Ltd.	60,291.25	48,256.76
Total	60,405.02	48,277.44
Investment		
Anjaneya Foundation	Nil	4.96
Total	Nil	4.96
Outstanding as on 31st March, 2010		
Debtors (Ref. Note No. 14)	19,825.73	21,269.42
Creditors (Reid & Taylor Ltd., U.K.)	Nil	13.06
Advances Receivable (Ref. Note No. 14)	9.06	3.00
Managerial Remuneration	322.47	264.28

(Related party relationships are as identified by the management and have been relied upon by the auditor). There is no write off or write back of any balances due from/to related parties.

19. Earnings Per Share:

Basic	As at 31.03.2010	As at 31.03.2009
Net Profit after tax and Minority Interest (Rs. In lacs)	22,899.53	17,658.62
Weighted average number of Equity Shares of Rs.10 each outstanding during the period (Nos. in lacs)	2365.14	2,191.63
Basic Earnings per Share	Rs. 9.68	Rs.8.06
Diluted	As at 31.03.2010	As at 31.03.2009
Net Profit after tax and Minority Interest (Rs. In lacs)	22,899.53	17,658.62
		(Nos. in lacs)
Number of shares outstanding on the beginning of the year	2,233.91	2,100.49
Add: Weighted average number of equity shares on issue of shares against Share Application Money of Rs.20 Cores	-	80.43
Add: Weighted average number of potential equity shares on conversion of FCDs	131.22	131.22
Add: Weighted average number of potential equity shares those could arise on conversion of FCCBs	70.96	70.96
Add: Weighted average number of equity shares arise on conversion of Equity Warrants	12.94	53.00
Add: Weighted average number of potential equity shares on account of employee stock options	5.35	5.52
Weighted average number of shares outstanding	2,454.38	2,441.62
Diluted Earnings per Share	Rs. 9.33	Rs. 7.23

Schedule "P" (Contd.)

20. Company adopted the Accounting Standard -15 (Revised 2005) "Employee Benefits" effective from 1st April, 2007.

The Company has classified the various benefits provided to employees as under:

I. Defined Contribution Plans:

- a. Provident Fund & Employees Pension Scheme 1995
- b. Employers' Contribution to Employees' State Insurance

The Company has recognised the following amounts in Profit and Loss Account:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Employer's contribution to Provident Fund & Pension Scheme	422.34	335.48
Employer's contribution to Employees State Insurance	83.14	70.79

II. Defined Benefit Plans:

- a. Contribution to Gratuity Fund (Funded Scheme)
- b. Leave Encashment (Non - Funded Scheme)

In accordance with the Accounting Standard - 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	As at 31.03.2010	As at 31.03.2009
Discount Rate (% per annum)	8	7.75
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8	8
Expected Average remaining working lives of the employees (years)	19	18

A. Change in the Present Value of Obligation:

(Rs. in Lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the beginning of the period	646.09	198.60	487.24	155.08
Interest Cost	66.82	-	44.97	-
Current Service Cost	233.04	115.75*	93.73	43.52*
Benefits Paid	(33.89)	-	(37.92)	-
Actuarial (gain) / loss on Obligations	(156.98)	-	58.06	-
Present Value of Defined Benefit Obligation as at the end of the period	755.07	314.35	646.09	198.60

* Net of benefits paid during the year included under salary and allowances.

Schedule "P" (Contd.)

**B. Changes in the Fair Value of Plan Assets:
(For Funded Scheme)**

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of Plan Assets as at the beginning of the period	327.14	285.45
Expected Return on Plan Assets	37.68	27.18
Contributions	160.86	73.35
Benefits Paid	(33.89)	(37.92)
Actuarial gains / (losses)	(9.58)	(20.91)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	482.22	327.14

C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:

(Rs. in lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of Funded Obligation as at the end of the period	755.07	646.09
Fair Value of Plan Assets as at the end of the period	482.22	327.14
Funded Asset recognised in the Balance Sheet Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at the end of the period	272.85	318.95
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet Included in provision (Schedule)	272.85	318.95

D. Amount recognised in the Balance Sheet:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the end of the period	755.07	314.35	646.09	198.60
Fair Value of Plan Assets as at the end of the period	482.22	-	327.14	-
Liability/ (Net Asset) recognised in the Balance Sheet	272.85	314.35	318.95	198.60

Schedule "P" (Contd.)

E. Expenses recognized in Profit and Loss Account:

(Rs. in lacs)

Particulars	As at 31.03.2010		As at 31.03.2009	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave encashment)
Current Service Cost	233.04	115.75*	93.73	43.52*
Past Service Cost	-	-	-	-
Interest Cost	66.82	-	44.96	-
Expected Return on Plan Assets	(37.69)	-	(27.18)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	(147.40)	-	78.99	-
Total Expenses recognised in the Profit and Loss Account*	114.77	115.75	190.50	43.52

* Net of Benefits paid during the year included under Salary & Allowances.

F. Actual Return on Plan Assets:

(Rs. in Lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Expected Return on Plan Assets	37.68	27.18
Actuarial gain / (losses) on Plan Assets	(9.58)	(20.91)
Actual Return on Plan Assets	28.10	(6.27)

The Company has own managed funds as well as insurer managed funds for certain divisions and hence it is not possible to give a breakup of investments in debt instruments and bank deposits.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long-term government bonds is taken as reference for this purpose.

21. Previous year's figures have been regrouped / rearranged wherever considered necessary to make them comparable with current year's figure.

For and on behalf of the Board of Directors

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

J. S. SHETTY CFO and President - Finance

NIMESH S. SHAH Vice President & Company Secretary

Place: Mumbai
Date : 28th May, 2010

S. KUMARS NATIONWIDE LIMITED

Avadh, Shree Ram Mills Premises, G.K. Marg, Worli, Mumbai - 400 018 (INDIA)

20th ANNUAL GENERAL MEETING - 28th SEPTEMBER 2010 AT 3.00 P.M.**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

Regd. Folio No. or ID No.:

No. of Shares :

I certify that I am a Registered Shareholder/ Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 20th Annual General Meeting being held at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020 on Tuesday, 28th September 2010 at 3.00 p.m.

Name of the Member / Proxy in Block Letters

Member 's/ Proxy's Signature

Notes :

1. A member / proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. If you intend to appoint a proxy. please complete the proxy form below and deposit it at the Company's Registered Office at least 48 hours before the meeting.

S. KUMARS NATIONWIDE LIMITED

Avadh, Shree Ram Mills Premises, G.K. Marg, Worli, Mumbai - 400 018 (INDIA)

20th ANNUAL GENERAL MEETING - 28th SEPTEMBER 2010 AT 3.00 P.M.**PROXY FORM**

Regd. Folio No. or ID No.:

No. of Shares :

I/We
of
being Member(s) of S. Kumars Nationwide Limited hereby appoint
ofor failing him/ her
of.....as proxy to attend and vote for me/ us on my/ our behalf at the
20th Annual General Meeting being held on Tuesday, 28th September 2010 at 3.00 p.m. or at any adjournment thereof

Place : Mumbai

Signature.....

Affix
Re. 1/-
Revenue
Stamp

Date :

The Proxy Form duly completed, must be received at the Company's Registered Office at least 48 hours before the meeting.

Revenues of ₹ 38609 Mn

70% YOY growth over last 4 years

Employing over 4600 people

11 state-of-the-art manufacturing plants

Across India, USA, Canada, Italy, UK.

Over 45 Brands

Present in over 30,000 outlets across India.

Enlarging global presence

Forerunner in textiles multifiber, multi product range.

Legacy of over 65 years



LEGGIUNO

Jag jeans



MONARCHY

Robby Jones®

Hart Schaffner Marx

Copley
COLLECTION

Carmichael house

SKNL

S. Kumars Nationwide Limited

Avadh, Shree Ram Mills Premises,
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