

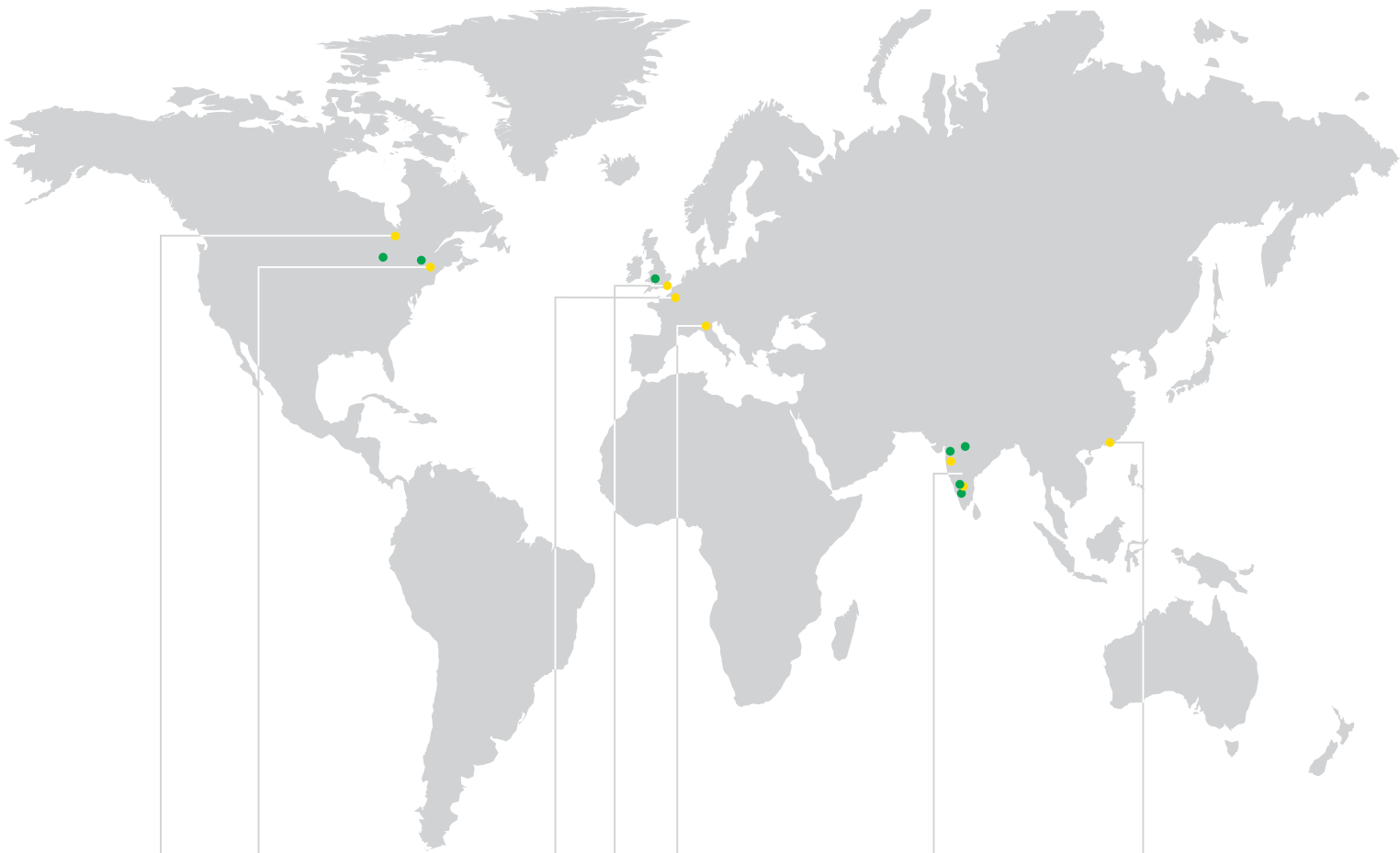


GLOBAL FASHION STATEMENTS

**SKNL**

*S. Kumars Nationwide Limited*

21<sup>ST</sup> ANNUAL REPORT 2010-11



COPPLEY

HICKEY FREEMAN  
 HART SCHAFFNER MARX  
 BOBBY JONES  
 EXCLUSIVELY MISOOK  
 MONARCHY  
 CHRISTOPHER BLUE  
 BLUE HOUSE DRIVE  
 JAG JEANS  
 SANSABELT  
 WORN  
 PALM BEACH  
 PUSSEY'S

GLOBAL APPAREL  
 FRANCE LIMITED

DKNY

LEGGIUNO

REID & TAYLOR  
 BELMONTE  
 WORLD PLAYER  
 BARUCHE  
 S. KUMARS  
 CARMICHAEL HOUSE  
 UNIFORMITY  
 KRUGER  
 STEPHENS BROTHERS

GLOBAL APPAREL  
 HONG KONG LIMITED

● FACTORIES ● OFFICES

**BOARD OF DIRECTORS**

<b>Dr. A. C. Shah</b>	– <i>Chairman</i>
<b>Nitin S. Kasliwal</b>	– <i>Vice Chairman &amp; Managing Director</i>
<b>Jyoti N. Kasliwal</b>	– <i>Director</i>
<b>Anil Channa</b>	– <i>Deputy Managing Director</i>
<b>K. P. Rau</b>	– <i>Director (Nominee of IDBI Bank) (up to 29.10.2010)</i>
<b>Amita Narain</b>	– <i>Director (Nominee of IDBI Bank) (w.e.f 29.10.2010)</i>
<b>Dr. Vinayshil Gautam</b>	– <i>Director (Nominee of EXIM Bank)</i>
<b>Anish Modi</b>	– <i>Director (Nominee of IDM Pvt. Ltd.)</i>
<b>Denys Firth</b>	– <i>Director (Nominee of IDM Pvt. Ltd.)</i>
<b>Alexander Shaik</b>	– <i>Director (Alternate to Denys Firth)</i>
<b>Jitender Balakrishnan</b>	– <i>Director (w.e.f. 30.07.2010)</i>
<b>M. Damodaran</b>	– <i>Additional Director (w.e.f. 28.03.2011)</i>
<b>S. N. Talwar</b>	– <i>Additional Director (w.e.f. 01.04.2011)</i>
<b>Martin Henry</b>	– <i>Director</i>
<b>Vijay Kalantri</b>	– <i>Director</i>
<b>Dara D. Avari</b>	– <i>Director</i>
<b>Late Col. S.K. Raje</b>	– <i>Director (up to 30.07.2010)</i>

**SR. VICE PRESIDENT & COMPANY SECRETARY**

Nimesh S. Shah

**AUDITORS**

M/s. Haribhakti & Co.

**SOLICITORS**

M/s. Little & Co.

**REGISTRAR & TRANSFER AGENTS**

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

**REGISTERED OFFICE**

B2, 5<sup>th</sup> Floor,  
Marathon Next Gen,  
Off Ganpatrao Kadam Marg,  
Lower Parel (West), Mumbai 400 013

**BANKERS**

Bank of India  
IDBI Bank Ltd.  
Export Import Bank of India  
The Jammu & Kashmir Bank Ltd.  
Indian Bank  
Union Bank of India  
Indian Overseas Bank  
State Bank of India  
Punjab National Bank  
Central Bank of India  
Corporation 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,  
Balgargh, Dewas, (M.P.).

**Total Wardrobe Solutions**

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

**Baruche Superfine Cottons (BSFC) & Home Textiles**

Jhagadia Industrial Estate, GIDC,  
Ankleshwar, Gujarat.

**Suit Factory**

Plot # 28C, Opp. Asian Paints Godown,  
Peenya, 2<sup>nd</sup> Phase, (Near NTT Circle),  
Bengaluru - 560 058.

**HMX LLC**

1680, East Touhy Avenue  
Des Plaines, IL 60018, USA

**Hickey Freeman**

1155 Clinton Avenue North, Rochester,  
Monroe County, NY 14621, USA

**Copley Corp**

56, York Boulevard  
Hamilton ON, L8N 3S6, Canada

**Marling & Evans Limited**

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

**Leggiuno S.p.A.**

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

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## NOTICE

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the members of **S. KUMARS NATIONWIDE LIMITED** will be held on Wednesday, the 28<sup>th</sup> September 2011, at 3.00 p.m. at Walchand Hirachand Hall, 4<sup>th</sup> 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 31<sup>st</sup> March 2011 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 declare dividend on Equity Shares of the Company.
3. To appoint a Director in place of Dr A. C. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vijay G. Kalantri, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Dara D. Avari, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri M. Damodaran be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri Suresh N. Talwar be and is hereby appointed as a Director of the Company, liable to retire by rotation."
9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Section 198 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Shri Nitin S. Kasliwal, Vice Chairman & Managing Director be and is hereby increased with retrospective effect from 1<sup>st</sup> January 2011 as follows:

### REMUNERATION:

- A. **SALARY (BASIC):** ₹ 3,85,32,000/- per annum.

The Managing Director shall be paid basic salary of ₹ 32,11,000/- per month. (Being revised from the present salary of ₹ 21,50,000/- per month)

B. **PERQUISITES:**

In addition to the salary, the Managing Director shall be entitled to the following perquisites which shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

(i) **Medical Allowance:**

Reimbursement of actual medical expenses for self and family.

(ii) **Leave / Holiday Travel Expenses:**

Once in a year for self and family subject to a ceiling of one month's basic salary.

(iii) **Provident Fund & Gratuity:**

Contribution to the Provident Fund & Gratuity as per applicable laws and rules of the Company.

(iv) **Leave Encashment:**

His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.

(v) **Club Fees:**

Reimbursement of club membership fees and annual charges.

**C. AMENITIES:**

**(i) Conveyance Facilities:**

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

**(ii) Telephone and other Communication Facilities:**

The Company shall provide telephone and other communication facilities as may be required. All the expenses shall be borne by the Company.

**D. OVERALL REMUNERATION:**

The aggregate of salary, perquisites and other amenities 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 Board of Directors in their 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 any sitting fees to Shri Nitin S. Kasliwal for attending the meeting of the Board or any Committee thereof so long as he functions as a Vice Chairman & Managing Director of the Company.

**E. MINIMUM REMUNERATION:**

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Shri Nitin S. Kasliwal, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section I 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 Shri Nitin S. Kasliwal is subject to the condition that the total remuneration including perquisites shall not exceed 5% of the net profits individually and 10% of the net profits collectively payable to all the Managing Directors / Deputy Managing Directors as calculated in accordance with Section 198 and 309 of the Act or any amendment thereto or any other provisions as applicable.”

**10. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 198 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Shri Anil Channa, Deputy Managing Director, be and is hereby increased with retrospective effect from 1<sup>st</sup> January 2011 as follows:

**REMUNERATION:**

**(A) SALARY (BASIC):** ₹ 84,62,400/- per annum.

The Deputy Managing Director shall be paid basic salary of ₹ 7,05,200/- per month.

(Being revised from the present salary of ₹ 3,52,750/- per month)

**(B) PERQUISITES:**

**(i) Housing:**

Rent free Company accommodation.

**(ii) Medical Allowance:**

Every year reimbursement of medical expenses incurred for himself and his family, maximum upto one month basic salary.

**(iii) Leave / Holiday Travel Expenses:**

Once in a year for himself and family, maximum upto one month basic salary.

**(iv) Bonus:**

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

**(v) Provident Fund & Gratuity:**

Contribution to the Provident Fund & Gratuity as per applicable laws and rules of the Company.

**(vi) Leave Encashment :**

His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.

**(vii) Other Perquisites:**

Subject to overall ceiling on remuneration mentioned hereinbelow, he may be given any other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

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/s. All the repairs, maintenance and running expenses including driver's salary shall be borne by the Company.

**(ii) Telephone and other communication facilities:**

The Company shall provide telephone and other communication facilities as may be required. All the expenses incurred shall be borne by the Company.

**(D) OVERALL REMUNERATION:**

The aggregate of salary, bonus and 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 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 any sitting fees to Shri Anil Channa for attending the meeting of the Board or Committee thereof so long as he functions as a Deputy Managing Director of the Company.

**(E) 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, bonus, perquisites and other allowances shall be governed by the limits prescribed under Section I 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 Shri 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 Section 198 and 309 of the Act or any amendment thereto or any other provisions as applicable."

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

**"RESOLVED FURTHER THAT** pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting new clause 112 A as follows immediately after the present Clause No.112:

*Proposed Clause 112 A: In addition to the payment of remuneration to the Managing Director and Whole time Director, the Company may pay commission to all the Non Executive Directors of the Company not exceeding in the aggregate of 1% of the net earned annual profits of the Company, computed in the manner as prescribed under the Companies Act, 1956.*

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things to give effect to the aforesaid resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 309 (4) and all other applicable provisions, if any, of the Companies Act, 1956 and as permitted by proposed Clause 112A of the Articles of Association of the Company, the Company do hereby approve the payment of commission to all the Non Executive Directors of the Company, not exceeding in the aggregate of 1% of the net earned annual profits of the Company, computed in the manner as prescribed under the Companies Act, 1956 for a period of five years commencing from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2016.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things to give effect to the aforesaid resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 309 (3) and all other applicable provisions, if any, of the Companies Act, 1956 and as permitted by Clause 132 (a) of the Articles of Association of the Company, the Company do hereby approve the payment of commission to all the Executive Directors of the Company, not exceeding in the aggregate of 1% of the net earned annual profits of the Company, computed in the manner as prescribed under the Companies

Act, 1956 for a period of five years commencing from 1st April 2011 to 31<sup>st</sup> March 2016, in such manner and upto such extent as the Board of Directors of the Company recommends and the Board of Directors determine from time to time. **RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things to give effect to the aforesaid resolution.”

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

**NIMESH S. SHAH**  
Sr. Vice President & Company Secretary

Place : Mumbai

Date : 11<sup>th</sup> August, 2011

**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 Thursday, the 22<sup>nd</sup> September, 2011 to Wednesday, 28<sup>th</sup> September, 2011 (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 as on date there is no such unclaimed dividend outstanding in the Company.
5. As per the SEBI Notification dated 16<sup>th</sup> 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 10 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, Dr. A. C. Shah, Shri Vijay G. Kalantri and Shri Dara D. Avari retire by rotation and being eligible, offer themselves for re-appointment.
8. The dividend on Equity shares, if declared at the meeting, will be credited/dispatched between 29<sup>th</sup> September, 2011 and 5<sup>th</sup> October, 2011 to those members whose names shall appear on the Company's Register of Members on 22<sup>nd</sup> September, 2011. In respect of the shares held in dematerialised form, the dividend will be paid to those members whose names are furnished by NSDL and CDSL as beneficial owners on that date.
9. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or the Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised to the Depository participant of the members.
10. Members holding shares in electronic form are requested to intimate immediately any change in their address of bank mandates to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrars & Transfer Agents M/s Bigshare Services Pvt. Ltd, E 2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai 400 072.
11. Members holding shares in physical form are requested to submit their PAN details to the Company/Registrars & Transfer Agents, M/s. Bigshare Services Pvt. Ltd.
12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding. The nomination form can be downloaded from the Company's website, [www.sknl.co.in](http://www.sknl.co.in)
13. Members who hold shares in physical form in multiple folios, in identical names or joint holding in the same order of names, are requested to send the share certificates to M/s Bigshare Services Pvt. Ltd. for consolidation into a single folio.
14. Non Resident Indian members are requested to inform Bigshare Services Pvt. Ltd. immediately of :
  - i. change in their residential status on return to India for permanent settlement;
  - ii. particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier



**Details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting:****i) Dr. A. C. Shah**

Date of Birth	16.10.1932
Date of Appointment	14.11.1994
Qualification	MA, PhD in Economics
Expertise in specific functional area	54 years in Banking & Financial Services
Directorships held in other public Companies (including foreign Companies)	1) Reid & Taylor (India) Ltd. 2) Elecon Engineering Ltd. 3) Adani Enterprises Ltd. 4) Gujarat Petro Synthesis Ltd. 5) Goldcrest Finance (India) Ltd. 6) Brandhouse Retails Limited 7) Goenka Diamonds & Jewels Limited
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Reid & Taylor (India) Limited Audit Committee – Chairman Investors Grievance Committee - Chairman 2) Adani Enterprises Ltd. Audit Committee – Member Investors Grievance Committee - Member 3) Elecon Engineering Ltd. Audit Committee – Member 4) Brandhouse Retails Limited Audit Committee – Chairman Investors Grievance Committee - Chairman
Number of shares held in the Company	NIL

**ii) Shri Vijay G. Kalantri**

Date of Birth	05.01.1949
Date of Appointment	03.02.2007
Qualification	G. C. D. Textile Diploma
Expertise in specific functional area	Textiles
Directorships held in other public Companies (including foreign Companies)	1) Balaji Infra Projects Ltd. 2) Dighi Port Limited 3) Dighi Project Dev. Co. Ltd. 4) Dighi Rail Infrastructure Ltd. 5) Hindustan Housing Finance & Dev Corp. Ltd. 6) VIP Industries Ltd. 7) Vindhyachal Hydro Power Ltd. 8) Gannon Dunkerley & Co. Ltd. 9) Shree Ram Urban Infrastructure Ltd. 10) SAB Industries Ltd. 11) Zicom Electronic Security Systems Ltd. 12) Goenka Diamond & Jewels Ltd.
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) VIP Industries Ltd. Audit Committee – Member Investors Grievance Committee - Member 2) Zicom Electronic Security System Ltd. Audit Committee – Member
Number of shares held in the Company	8,000

**iii) Shri Dara D. Avari**

Date of Birth	21.10.1934
Date of Appointment	27.03.1997
Qualification	B.Sc., LLB
Expertise in specific functional area	52 years – Banking & Finance
Directorships held in other public Companies (including foreign Companies)	1) Brandhouse Retails Limited 2) Anjaneya Foundation 3) N'Essence Holdings Limited 4) SKNL International BV, Netherlands 5) SKNL Europe BV 6) SKNL North America BV 7) SKNL Global Holdings BV 8) SKNL Italy S.p.A., Italy
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Brandhouse Retails Limited Audit Committee – Member Investors Grievance Committee - Member
Number of shares held in the Company	NIL

**iv) Shri M. Damodaran**

Date of Birth	04.05.1947
Date of Appointment	28.03.2011
Qualification	B.A. (Hons), LLB
Expertise in specific functional area	40 years of Administration / Management
Directorships held in other public Companies (including foreign Companies)	1) Hero Honda Motors Ltd. 2) Sobha Developers Ltd. 3) ING Vysya Bank Ltd. 4) Satyam Computer Services Ltd. 5) Tech Mahindra Ltd. 6) AVN Arogya Health Care Ltd.
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Hero Honda Motors Ltd. Audit Committee – Member Investors Grievance Committee - Member 2) Tech Mahindra Ltd. Audit Committee – Member 3) Satyam Computer Services Ltd. Audit Committee – Member
Number of shares held in the Company	NIL

**v) Shri Suresh N. Talwar**

Date of Birth	21.11.1938
Date of Appointment	01.04.2011
Qualification	B. Com, LLB – Bombay University
Expertise in specific functional area	45 years – Corporate Legal, Litigation & Laws

Directorships held in other public Companies (including foreign Companies)	<ol style="list-style-type: none"> <li>1) FCI OEN Connectors Ltd. – Chairman &amp; Alternate Director</li> <li>2) Transwarranty Finance Ltd. – Chairman &amp; Alternate Director</li> <li>3) Merck Ltd.</li> <li>4) Biocon Ltd.</li> <li>5) Birla Sun Life Insurance Co. Ltd.</li> <li>6) Blue Star Ltd.</li> <li>7) Blue Star Infotech Ltd.</li> <li>8) Johnson &amp; Johnson Ltd. – Alternate Director</li> <li>9) Elantas Beck India Ltd.</li> <li>10) Esab India Ltd.</li> <li>11) Greaves Cotton Ltd.</li> <li>12) IVF (Mauritius) PCC</li> <li>13) IVF (Mauritius) Ltd.</li> <li>14) Indium III (Mauritius) Holding Ltd.</li> <li>15) Indium III (Mauritius) Ltd.</li> <li>16) Indium IV (Mauritius) Holding Ltd.</li> <li>17) Indium IV (Mauritius) Ltd.</li> <li>18) Larsen &amp; Toubro Ltd.</li> <li>19) Rakeen Development PJSc</li> <li>20) Shrenuj &amp; Co. Ltd.</li> <li>21) Samson Maritime Ltd.</li> <li>22) Solvay Pharma India Ltd.</li> <li>23) Sonata Software Ltd.</li> <li>24) Albright &amp; Wilson Chemicals India Ltd. – Alternate Director</li> <li>25) Garware Wall Ropes Ltd. – Alternate Director</li> <li>26) Hindustan Gum &amp; Chemicals Ltd. – Alternate Director</li> </ol>
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	<ol style="list-style-type: none"> <li>1) Biocon Ltd. - Audit Committee – Member</li> <li>2) Birla Sun Life Trustee Co. Pvt. Ltd. Audit Committee – Member</li> <li>3) Blue Star Ltd. - Audit Committee – Chairman</li> <li>4) Blue Star Infotech Ltd. -Audit Committee – Member</li> <li>5) Elantas Beck India Ltd. - Audit Committee – Member</li> <li>6) FCI OEN Connectors Ltd. Audit Committee – Chairman</li> <li>7) Greaves Cotton Ltd. - Audit Committee – Member</li> <li>8) Morgan Stanley India Capital Pvt. Ltd. Audit Committee – Member</li> <li>9) Merck Ltd. - Audit Committee – Chairman</li> <li>10) Sandvik Asia Ltd. - Audit Committee – Chairman</li> <li>11) Solvay Pharma India Ltd.-Audit Committee –Member</li> </ol>
Number of shares held in the Company	NIL

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

**NIMESH S. SHAH**  
Sr. Vice President & Company Secretary

Place : Mumbai

Date : 11<sup>th</sup> August, 2011

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

**Item No. 7**

The Board has appointed Shri M. Damodaran as an additional director of the Company vide resolution passed by circular dated 28<sup>th</sup> March 2011. Shri M. Damodaran will hold office upto the date of Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act, 1956 with the requisite deposit proposing the appointment of Shri M. Damodaran as a Director.

Shri M. Damodaran aged 64 is LL.B and also IAS from Manipur – Tripura Cadre 1971 batch and now retired.

1. He was Chairman of Securities and Exchange Board of India (SEBI).
2. He was also Chairman and Managing Director of Industrial Development Bank of India (IDBI).
3. He was also Chairman of UTI Asset Management Company (P) Ltd till 2004.

He is having around 40 years of experience in Banking, Finance, Securities Market, Administration and Management.

The members are requested to consider the resolution and approve the same.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution except Shri M. Damodaran himself.

**Item No. 8**

The Board has appointed Shri Suresh N. Talwar as an additional director of the Company in their meeting held on 27<sup>th</sup> January 2011 effective from 1<sup>st</sup> April 2011. Shri Suresh N. Talwar will hold office upto the date of Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act, 1956 with the requisite deposit proposing the appointment of Shri Suresh N. Talwar as a Director.

Shri Suresh N. Talwar aged 72 is a solicitor and advocate and presently senior partner of a leading solicitor firm, Talwar, Thakore & Associates. He was also senior partner of leading solicitor firm, Crawford Bayley & Co. in Mumbai. He is qualified LL.B. from Bombay University. He is having around 47 years of experience.

The members are requested to consider the resolution and approve the same.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution except Shri Suresh N. Talwar himself.

**Item No. 9**

The management of the Company has taken various initiatives under the leadership of Shri Nitin S. Kasliwal, Vice Chairman & Managing Director to strengthen the existing business of the Company. As a result, the total sales and profitability of the Company has grown significantly in financial year 2010/11 compared with previous year 2009/10 and are expected to grow in 2011/12.

The Remuneration Committee at their meeting held on 1<sup>st</sup> April 2011, recommended to revise the remuneration of Shri Nitin S. Kasliwal. The Board of Directors, vide circular resolution dated 5<sup>th</sup> April 2011 increased the remuneration of Shri Nitin S. Kasliwal, from ₹ 3 Crores to ₹ 4.5 Crores per annum including perquisites and allowances as particularly stated in the Ordinary Resolution No. 9 with retrospective effect from 1<sup>st</sup> January 2011.

The abstract of said revision in the remuneration of Shri Nitin S. Kasliwal is already sent to all the shareholders of the Company.

The members are requested to consider the resolution and approve the same.

None of the Directors of the Company are deemed to be concerned or interested in the proposed resolution except Shri Nitin S. Kasliwal and Smt. Jyoti N. Kasliwal.

**Item No. 10**

The management of the Company has taken various initiatives under the leadership of Shri Anil Channa, Deputy Managing Director to strengthen the existing business of the Company. As a result, the total sales and profitability of the Company has grown significantly in financial year 2010/11 compared with previous year 2009/10 and are expected to grow in 2011/12.

The Remuneration Committee at their meeting held on 1<sup>st</sup> April 2011, recommended to revise the remuneration of Shri Anil Channa. The Board of Directors, vide circular resolution dated 5<sup>th</sup> April 2011 increased the remuneration of Shri Anil Channa, from ₹ 60 Lacs to ₹ 1.2 Crores per annum including perquisites and allowances as more particularly stated in the Ordinary Resolution No. 10 with retrospective effect from 1<sup>st</sup> January 2011.

The abstract of said revision in the remuneration of Shri Anil Channa is already sent to all the shareholders of the Company.

The members are requested to consider the resolution and approve the same.

None of the Directors of the Company are deemed to be concerned or interested in the proposed resolution except Shri Anil Channa himself.

**Item No. 11**

The Company has managed to achieve growth oriented business performance during last several financial years.

The valuable contributions, advice and guidance given by the Non Executive Directors of the Company are instrumental in the growth of the Business performance of the Company.

Hence, there is a need to compensate the Non Executive Directors of the Company by way of payment of commission upto 1% of the net earned annual profits of the Company during the particular year for a period of 5 years with effect from April, 2011 to March, 2016.

For the purpose of payment of the aforesaid commission, the Articles of Association of the Company need to be altered suitably so as to authorise the Board to pay such commission.

The members are requested to consider the resolution and approve the same.

None of the Directors of the Company are deemed to be concerned or interested in the proposed resolution except all the Non Executive Directors of the Company who will be in receipt of such commission.

**Item No. 12**

The Company has undertaken many initiatives towards achieving the growth in the business of the Company. The non-Executive Directors of the Company with rich and varied background, contibuted in every significant way for this growth process. The Company therefore recognises the need to suitably remunerate the Director(s) of the Company who are not in the whole time employment of the Company.

The Board or Directors of the Company shall subject to such approvals as may be required, determine the commission for each Non-Executive Director for each Financial year.

All the Non-Executive Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent of commission that may be paid to them from time to time.

The resolution as set-out in Item No. 12 of the notice is recommended for the approval the members.

**Item No. 13**

Due to various initiatives taken by Executive Directors of the Company namely Shri Nitin S. Kasliwal, Vice Chairman and Managing Director and Shri Anil Channa, Deputy Managing Director to strengthen the existing business of the Company, the total sales and profitability of the Company have shown significant growth and the same was reflected in the financial results of the Company.

Hence, there is a need to compensate the Executive Directors of the Company by way of payment of commission upto 1% of the net earned annual profits of the Company, computed in the manner as prescribed under the Companies Act, 1956 during the particular year for a period of 5 years with effect from April, 2011 to March, 2016.

The members are requested to consider the resolution and approve the same.

None of the Directors of the Company are deemed to be concerned or interested in the proposed resolution except all the Executive Directors of the Company who will be in receipt of such Commission.

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

**NIMESH S. SHAH**  
Sr. Vice President & Company Secretary

Place: Mumbai

Date: 11<sup>th</sup> August, 2011

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

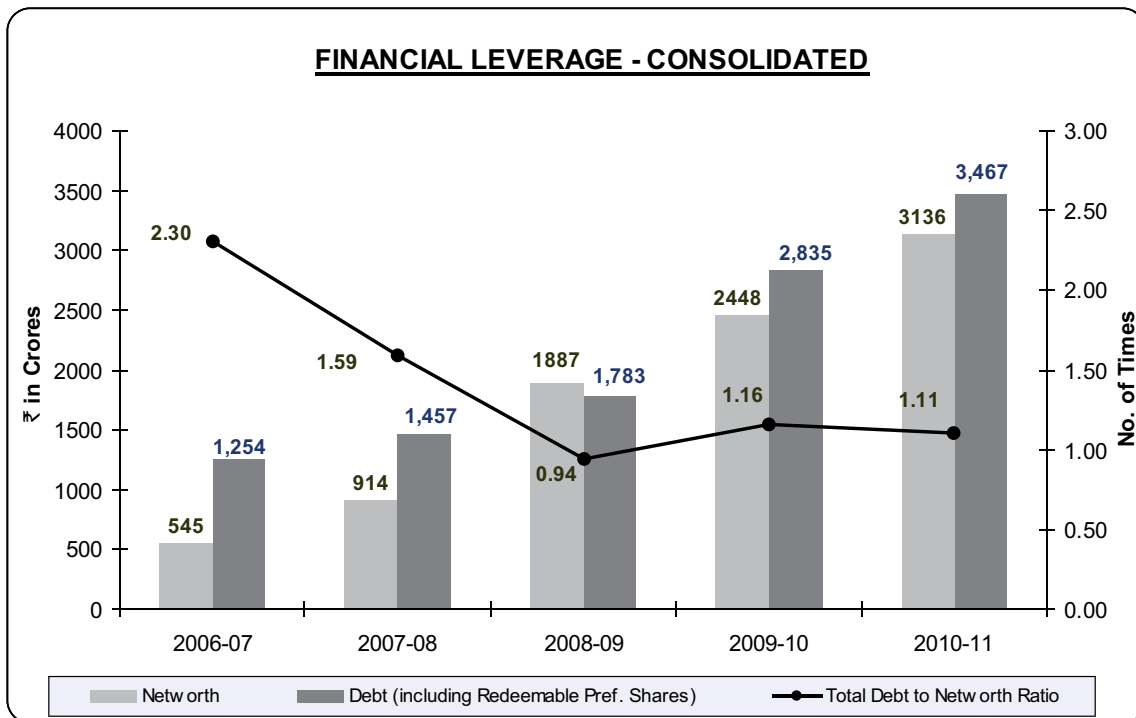
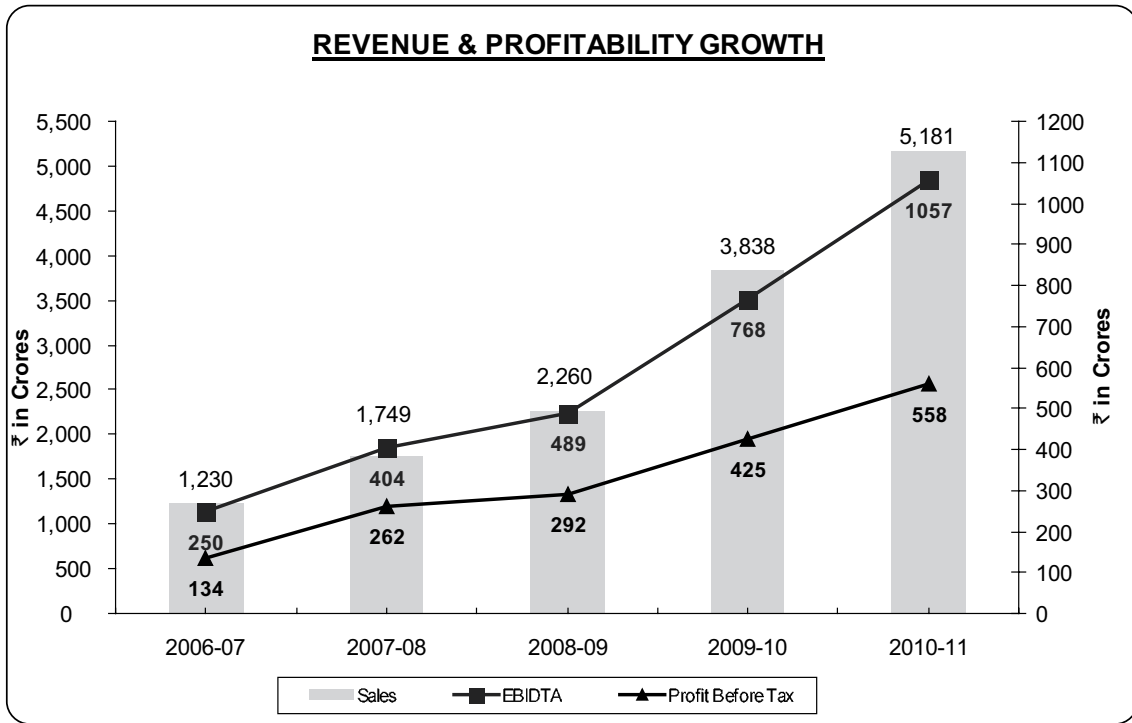
(₹ in Crores)

Particulars	2005-06	2006-07	Consolidated			
			2007-08	2008-09	2009-10	2010-11
<b>INCOME</b>						
Sales and Service Charges	889.73	1,229.54	1,748.65	2,260.36	3,837.78	<b>5,180.55</b>
Other Income	6.08	9.90	10.51	15.85	23.16	<b>42.34</b>
Increase/(Decrease) in Inventories	17.90	86.45	(16.33)	80.59	125.06	<b>195.35</b>
<b>Total</b>	<b>913.71</b>	<b>1,325.89</b>	<b>1,742.83</b>	<b>2,356.80</b>	<b>3,986.00</b>	<b>5,418.24</b>
<b>EXPENDITURE</b>						
Raw materials consumed/Fabric purchases	640.71	886.84	1,112.32	1,541.61	2,440.98	<b>3,166.62</b>
Manufacturing Expenses	43.84	49.10	51.54	77.51	124.80	<b>188.64</b>
Personnel expenses	22.22	30.16	42.05	73.06	313.01	<b>505.55</b>
Administrative Expenses	18.22	30.13	43.95	61.89	139.99	<b>223.78</b>
Selling & Distribution Expenses	36.17	79.85	88.71	113.88	193.91	<b>277.47</b>
Restructured Financial Cost amortised	11.36	10.53	10.21	13.71	18.16	<b>18.16</b>
Interest Expenses	45.07	60.92	89.33	138.82	249.23	<b>355.69</b>
Depreciation/Amortisation	40.92	43.87	42.61	44.21	81.34	<b>124.68</b>
<b>Total</b>	<b>858.51</b>	<b>1,191.40</b>	<b>1,480.72</b>	<b>2,064.69</b>	<b>3,561.42</b>	<b>4,860.59</b>
<b>PROFIT/ (LOSS) BEFORE TAX</b>	<b>55.20</b>	<b>134.49</b>	<b>262.11</b>	<b>292.11</b>	<b>424.58</b>	<b>557.65</b>
Exceptional (Expenses) & Income on settlement of CDR dues	-	-	-	57.20	-	-
Prior Period (Expenses) / Income	0.06	0.37	(0.46)	(0.76)	0.09	<b>0.31</b>
Provision for Taxation (Net)	(10.51)	(11.34)	(51.94)	(88.42)	(139.53)	<b>(154.61)</b>
Deferred Tax Assets/(Liabilities)	-	-	(4.12)	(3.48)	(5.95)	<b>(9.46)</b>
Taxation for earlier years	-	-	-	(61.51)	(1.94)	<b>(1.40)</b>
Extraordinary Income/(Losses)	55.03	(16.05)	-	-	-	-
<b>PROFIT AFTER TAX BUT BEFORE MINORITY INTEREST</b>	<b>99.78</b>	<b>107.47</b>	<b>205.59</b>	<b>195.14</b>	<b>277.25</b>	<b>392.49</b>
Less: Minority Interest	-	-	-	18.56	48.25	<b>61.55</b>
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>99.78</b>	<b>107.47</b>	<b>205.59</b>	<b>176.58</b>	<b>229.00</b>	<b>330.94</b>
<b>APPROPRIATION:</b>						
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	<b>9.50</b>
Less: Provision for Preference Dividend	-	-	-	-	-	<b>5.35</b>
Less: Tax on Preference Dividend	-	-	-	-	-	<b>0.89</b>
Less: Proposed Equity Dividend	-	-	-	-	-	<b>28.50</b>
Less: Tax on Proposed Equity Dividend	-	-	-	-	-	<b>4.73</b>
<b>BALANCE AFTER APPROPRIATION</b>	<b>99.78</b>	<b>105.47</b>	<b>205.59</b>	<b>115.67</b>	<b>168.96</b>	<b>281.97</b>
BALANCE BROUGHT FROM PREVIOUS YEAR	(403.43)	(303.65)	(198.18)	7.41	123.08	<b>292.04</b>
<b>BALANCE CARRIED OVER TO BALANCE SHEET</b>	<b>(303.65)</b>	<b>(198.18)</b>	<b>7.41</b>	<b>123.08</b>	<b>292.04</b>	<b>574.01</b>

**KEY FINANCIALS AT A GLANCE  
 BALANCE SHEET**

(₹ in Crores)

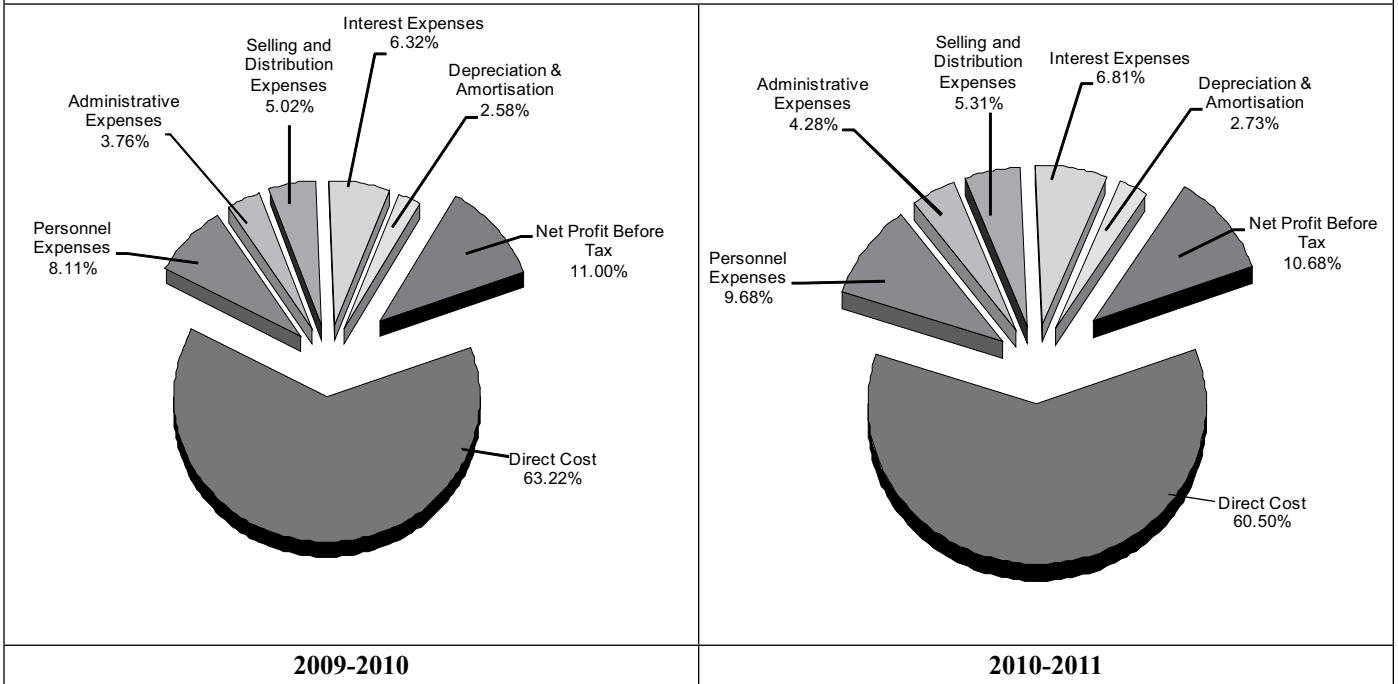
Particulars	2005-06	2006-07	Consolidated			
			2007-08	2008-09	2009-10	2010-11
<b>SOURCES OF FUNDS</b>						
<b>Shareholders' Funds</b>						
Equity Capital	154.67	192.70	210.05	223.39	236.51	<b>284.98</b>
Preference Share Capital	85.25	169.01	169.79	86.94	76.39	<b>52.33</b>
Amount to be converted into Shares	66.01	-	65.59	-	-	-
Share Application Money (Equity)	122.84	20.00	20.00	-	13.40	<b>32.54</b>
Reserves & Surplus	195.48	421.92	510.02	1,325.31	1,861.72	<b>2,407.19</b>
<b>Total Shareholders Funds</b>	<b>624.25</b>	<b>803.63</b>	<b>975.45</b>	<b>1,635.64</b>	<b>2,188.02</b>	<b>2,777.04</b>
<b>Minority Interest</b>	-	-	-	230.39	336.77	<b>411.01</b>
<b>Loan Funds</b>						
Secured Loans	978.71	871.06	1,182.10	1,621.74	2,692.24	<b>3,390.65</b>
Unsecured Loans	90.56	321.90	212.92	182.49	66.58	<b>23.79</b>
<b>Total Loan Funds</b>	<b>1,069.27</b>	<b>1,192.96</b>	<b>1,395.02</b>	<b>1,804.23</b>	<b>2,758.82</b>	<b>3,414.44</b>
<b>Deferred Tax Liabilities</b>	-	-	4.12	11.03	151.95	<b>76.69</b>
<b>TOTAL LIABILITIES</b>	<b>1,693.52</b>	<b>1,996.59</b>	<b>2,374.59</b>	<b>3,681.29</b>	<b>5,435.56</b>	<b>6,679.18</b>
<b>APPLICATION OF FUNDS</b>						
<b>Fixed Assets</b>						
Gross Block	613.82	638.81	561.69	952.83	1,697.36	<b>1,963.62</b>
Less: Depreciation	310.89	355.58	180.19	217.44	376.21	<b>490.19</b>
Net Block	302.93	283.23	381.50	735.39	1,321.15	<b>1,473.43</b>
Add: Capital Work-in-Progress	79.84	295.86	540.38	665.76	782.73	<b>802.25</b>
<b>Total Fixed Assets</b>	<b>382.77</b>	<b>579.09</b>	<b>921.88</b>	<b>1,401.15</b>	<b>2,103.88</b>	<b>2,275.68</b>
<b>Investments</b>	7.88	1.38	1.37	3.75	1.44	<b>1.08</b>
<b>Deferred Tax Assets</b>	-	-	-	-	1.63	<b>2.01</b>
<b>Current Assets, Loans &amp; Advances</b>						
Inventories	379.91	503.65	579.45	807.95	1,307.34	<b>1,585.53</b>
Sundry Debtors	490.83	608.70	801.40	1,204.46	1,716.90	<b>1,968.08</b>
Cash & Bank Balances	17.71	14.52	11.23	109.03	132.14	<b>109.63</b>
Other Current Assets	-	-	-	-	10.43	<b>6.41</b>
Loans & Advances	231.82	256.98	289.05	634.48	910.19	<b>1,737.45</b>
<b>Total Current Assets</b>	<b>1,120.27</b>	<b>1,383.85</b>	<b>1,681.13</b>	<b>2,755.92</b>	<b>4,077.00</b>	<b>5,407.10</b>
<b>Less: Current Liabilities &amp; Provisions</b>						
Current Liabilities	111.42	143.61	152.02	230.32	282.92	<b>475.27</b>
Provisions	11.83	23.24	77.77	249.21	465.47	<b>531.44</b>
<b>Total Current Liabilities</b>	<b>123.25</b>	<b>166.85</b>	<b>229.79</b>	<b>479.53</b>	<b>748.39</b>	<b>1,006.71</b>
<b>Net Current Assets</b>	<b>997.02</b>	<b>1,217.00</b>	<b>1,451.34</b>	<b>2,276.39</b>	<b>3,328.61</b>	<b>4,400.39</b>
<b>Misc. Expenditure (not written off)</b>	2.20	0.94	-	-	-	<b>0.02</b>
<b>Profit &amp; Loss Account</b>	303.65	198.18	-	-	-	-
<b>TOTAL ASSETS</b>	<b>1,693.52</b>	<b>1,996.59</b>	<b>2,374.59</b>	<b>3,681.29</b>	<b>5,435.56</b>	<b>6,679.18</b>



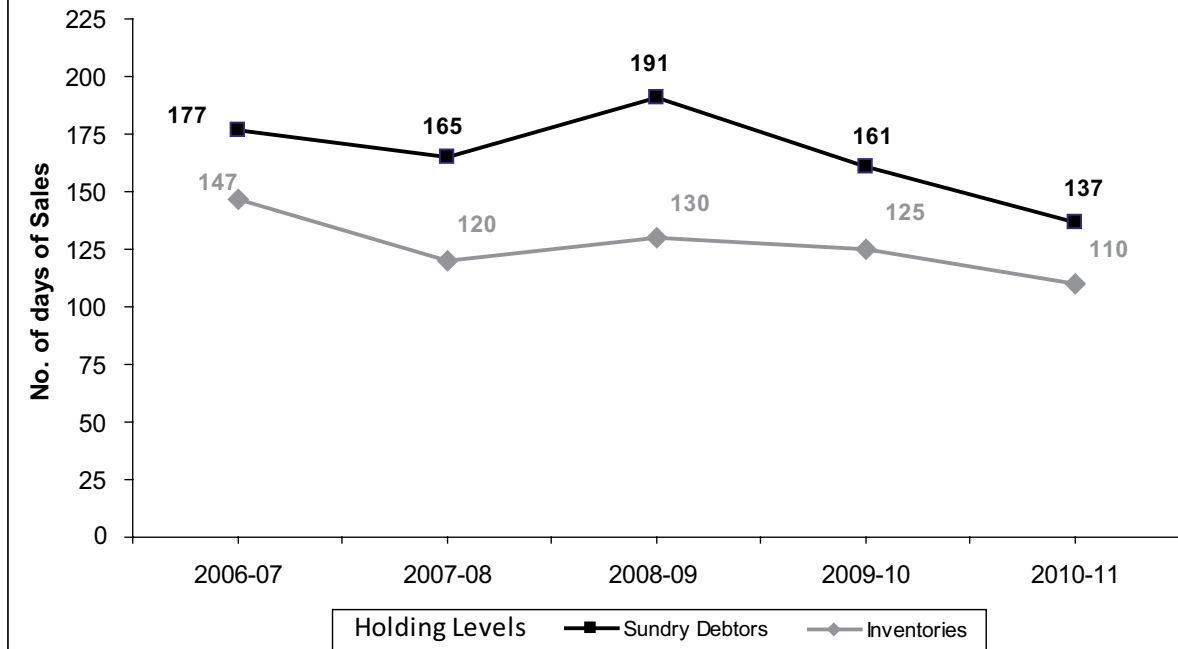
Note : Figures are based on Consolidated Financial Statements for a proper comparison of the trends.



## COST AS A % OF TOTAL INCOME



## CURRENT ASSETS HOLDING LEVELS



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty First Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011. Your Company returned yet another year of robust performance in turnover and profitability.

### FINANCIAL HIGHLIGHTS

( ₹ in Lacs)

Particulars	2010-11 Consolidated	2009-10 Consolidated	2010-11 Standalone	2009-10 Standalone
1 <b>Turnover</b>	<b>5,18,055</b>	3,83,778	<b>2,75,736</b>	2,15,482
2 Other Income	<b>4,234</b>	2,316	<b>382</b>	475
3 Profit From Operations (PBIDT)	<b>1,05,649</b>	76,820	<b>58,712</b>	43,030
Less: Interest	<b>35,569</b>	24,403	<b>29,514</b>	23,077
Depreciation	<b>12,468</b>	8,134	<b>7,400</b>	4,171
Misc. Exp.w/off	<b>1,816</b>	1,816	<b>1,596</b>	1,596
4 Profit Before Tax	<b>55,796</b>	42,467	<b>20,202</b>	14,186
5 Provision For Taxation	<b>16,547</b>	14,742	<b>2,932</b>	3,576
6 Profit After Tax	<b>39,249</b>	27,725	<b>17,270</b>	10,610
Less: Minority Interest *	<b>6,155</b>	4,825	-	-
7 Amount Available For Appropriation	<b>33,094</b>	22,900	<b>17,270</b>	10,610
<b>Appropriations:</b>				
8 Transfer to Capital Redemption Reserve	-	5,337	-	5,337
9 Transfer to Debenture Redemption Reserve	<b>950</b>	225	<b>950</b>	225
10 Share of Minority Interest in Reserves	-	442	-	-
11 Provision for Preference Dividend	<b>535</b>	-	<b>535</b>	-
12 Tax on Preference Dividend	<b>89</b>	-	<b>89</b>	-
13 Proposed Equity Dividend	<b>2,850</b>	-	<b>2,850</b>	-
14 Tax on proposed Equity Dividend	<b>473</b>	-	<b>473</b>	-
15 Balance b/f from Previous Year	<b>29,204</b>	12,308	<b>5,048</b>	-
16 <b>Surplus/(Deficit) carried to Balance Sheet</b>	<b>57,401</b>	29,204	<b>17,421</b>	5,048

\*The minority interest in 2009-10 and 2010-11 pertains to investment in Company's subsidiaries, namely Reid & Taylor (India) Ltd. upto 25.61%, HMX LLC upto 5%, SKNL (UK) Ltd. upto 20% and Marling & Evans Ltd., U.K. up to 35%.

### DIVIDEND

The Directors are pleased to recommend dividend on equity shares of ₹ 1 for each share of ₹ 10 each i.e. 10% aggregating ₹ 2,849.78 lacs excluding Dividend Tax which will be paid after obtaining approval of members in general meeting and other necessary permissions. The Directors are also recommending the payment of preference dividend with arrears on the preference shares which will be aggregating ₹ 534.74 lacs excluding Dividend Tax.

### YEAR IN RETROSPECT

The financial highlights reflect yet another strong 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. Both domestic as well as international businesses reported substantial improvement in overall performance, driven by strong volumes and higher price realization. A customer-led design-centric and distinct approach for each business division has enabled the Company to register positive growth. A comprehensive and well-diversified portfolio of brands catering to all price-categories from economy to the luxury segment has de-risked the business and yielded results.

The distinct strategic approach adopted by each of the Company's Strategic Business Units (SBUs), supported by a proficient operating model has proven effective in driving growth. A clear focus on creating a diversified brand portfolio catering to all the socio-economic segments and expanding its global footprint, with the strategic acquisition of international brands has begun to yield results for the Company. Vertically integrated operations, an expanding distribution network and successful brand positioning have driven growth during the year. A strong brand portfolio of 45 owned and licensed brands which includes international names such as Hart Schaffner Marx, Hickey Freeman, Exclusively Misook, Austin Reed, Jag Jeans, Bobby Jones

and DKNY further leverages SKNL's leadership position as a branded player in the apparel business.

In particular, Belmonte and Reid & Taylor brands performed well, while Ready-to-Wear and Luxury Cotton witnessed strong volume growth. Post commencement of operations, the Baruche Super Fine Cottons (BSFC) facility is performing satisfactorily. Our economy brand World Player launched during the year has been well received and the Company is optimistic that it will deliver healthy volume as it expands its market reach and penetration.

The Company is a market leader in Uniforms with 30% market share and is the second largest player in Worsted Suitings. It is one of the largest institutional suppliers of textiles to defence and police forces in India.

The Consumer Textiles Division reported consistent growth over a period of time, mainly attributed to Belmonte which has increased its market penetration.

The growth in Luxury Textiles was on account of higher realizations from both polyester-wool and polyester-viscose fabrics. During the year, the Company expanded weaving capacities which helped improve overall operations and profitability. The increased capacities also enabled to capture the strong demand witnessed in this segment.

The Ready-to-Wear Division comprising apparel and garments under the brands Reid & Taylor, Belmonte, Stephens Brothers and World Player has witnessed remarkable progress. Ready-to-Wear is the fastest growing segment and has reported volumes expansion in all product categories.

The Luxury Cotton Division is represented by the 12.75 million meters per annum state-of-the-art BSFC facility at Jhagadia, Gujarat. It commenced operations and gradually scaled up capacity utilization as the year ended. Going forward, as the facility reaches optimum capacity utilization, it is expected to register higher margins in line with expanding volumes.

The Total Home Expressions Division reported a growth of around 10.5%. Growth in this category has been stable, with the improving demand scenario.

Celebrity endorsements helped to strengthen the Company's diversified portfolio of well-recognised brands.

Your Company has since extended its presence overseas to the Europe and North American markets expanding its brand portfolio and catering to various price points, socio economic segments and age groups. The Company has manufacturing units located in India, Italy, UK, USA and Canada with cost-effective outsourcing.

Your management is pleased with the progress of our international subsidiaries post their acquisitions. International revenues grew remarkably by 86.6% to ₹ 1,333 Crores in FY2011. EBITDA amounted to ₹ 47 Crores as compared to ₹ 9.7 Crores for FY2010 and EBITDA margins improved by 221 bps to 3.6%. During the year, we have revamped HMX's business model by streamlining operations, following a brand-oriented approach and initiated synergies with domestic businesses. HMX boasts of an impressive line-up of brands providing for tremendous growth potential. The Company is also a leader in formal wear in North America with Copley, Hart Schaffner Marx and Hickey Freeman. Through global acquisitions, the Company gained 37 brands across the premium and super-premium segments of the apparel market with a distribution network of large departmental and specialty stores. These acquisitions also facilitate transfer of technical know-how for high value shirting and garmenting. Our Italian subsidiary Leggiuno, has benefitted from the implementation of backward-forward integration with the BSFC facility. The joint venture with DKNY for its global menswear license has unfolded a tremendous opportunity, which is expected to drive growth through geographic expansion. Globally, there are visible signs of improvement, and recovery of retail segment in the North American markets will provide necessary stimulus to the sector. The management is confident that the overseas businesses would register improved volumes and profitability over the years to come.

On the sectorial front, the industry witnessed an unprecedented increase in the raw material prices, which elevated margin pressure across product categories. SKNL being a branded player was successful in passing the additional cost to the consumer and maintained profitability levels. During the year, the Company realized higher prices by about 8%-10% and bookings enhanced by 20%, thereby mitigating the risk associated with increased input prices. In the Union Budget 2011-2012, a mandatory excise duty of 10% was imposed on branded readymade garments (to be paid on 45% of the retail sales price). The Company expects to pass on this price hike to consumers as well.

## EXPORTS

There is very strong demand from both domestic and overseas markets and to that extent the textile industry in India can really be a force to reckon with globally. Though your Company is predominantly a domestic player, it was able to achieve good growth in exports to ₹ 68.50 Crores (previous year ₹ 10.90 Crores.). Additionally, exports from the company's subsidiary Reid & Taylor (India) Ltd. rose to ₹ 42.47 Crores (previous year ₹ 29.07 Crores). These figures include exports of fabrics worth approx ₹ 6.85 Crores to our subsidiaries HMX (USA) and Leggiuno (Italy). Our products comprising mainly cotton fabrics, wool and wool-rich blends were exported to countries around the world including Europe, Far East, Middle East, South-East Asia, USA, South and Central America. The outlook for the current year is encouraging.

## CURRENT BUSINESS OUTLOOK AND PLANS

The Indian textile industry is expected to grow significantly due to rise in income levels. Going forward, the management is confident about SKNL's prospects. Strong synergies between domestic and international business through 'back-end front-end' model, enhanced distribution network, a comprehensive portfolio of 45 brands addressing all demographic segments, vertically and laterally integrated businesses, seamless supply chain and presence across the value chain have provided for a strong foundation to deliver healthy growth over the years to come.

In March 2010, the Company launched 'Baruche' under the premium category of the Luxury Cotton segment. In April 2010, the Company launched the 'World Player' ready-to-wear brand catering to the economy segment. World Player is expected to be rolled out across an additional 560 districts and its nationwide rollout is expected to be completed over the next few quarters. World Player and Baruche brands are expected to make higher contributions in the coming month.

The Company plans to introduce a new casual premium brand for the fashionably inclined: 'Kruger' (clothing for 'out of office' wear/weekend wear) to capture market share in the segment.

The Company plans to leverage its strong brand portfolio and expand its retail network in India through exclusive brand outlets largely in the tier 1 & 2 cities. With positive consumer sentiment towards all its brands, the Company is expecting increased market penetration. We anticipate healthy demand for the textiles and apparel industry in India driven by growth in organized retailing, increasing consumerism, expanding middle class and heightened brand consciousness among the youth. SKNL is well-positioned to capitalize on these industry developments through its market leadership position. The Company has taken several strategic initiatives over the past including synergies with international subsidiaries, presence in high margin businesses, vertical integration of operations and effective brand positioning which will help it deliver an enhanced overall performance in FY2012.

Future revenue growth drivers include rollout of 160 additional exclusive brand outlets to expand its distribution network, and expansion of franchisee networks, setting up of a suits factory, and a shirts factory to improve margins by offering readymade products, scaling up capacity utilization at BSFC and capacity expansion in luxury and mid-premium textiles.

On account of the various initiatives detailed above, the Company expects

1. to capture more value from direct retailing
2. backward and forward integration in Luxury Cottons and Belmonte divisions
3. increased share of ready-to-wear in revenue composition (target 40% in coming two years)
4. scaling up the value chain in all brands.

## REID & TAYLOR (INDIA) LTD. (RTIL) IPO

As approved by the shareholders of Reid & Taylor (India) Ltd. in an EOGM on 27<sup>th</sup> September 2010, the Initial Public Offering of the Company's subsidiary Reid & Taylor (India) Ltd. is being proceeded with. The Draft Red Herring Prospectus (DRHP) was filed with SEBI on December 9, 2010 and after necessary clarifications over the past months, the market regulator SEBI's approval is expected in early June. Approvals from other Statutory Authorities such as BSE, NSE and RBI have already been received. As members are aware, SKNL holds 74.39% and GIC Singapore holds 25.61% of the shares of RTIL. The issue size will be approx ₹ 1000 Crores which includes primary issue of ₹ 500 Crores (by fresh issue of equity shares) and secondary issue of ₹ 500 Crores (offer for sale of equity shares by existing shareholders). The Book Running Lead Managers (BRLMs) advise that the issue will be hitting the market some time in October, 2011. Of the total proceeds, primary proceeds will be used for the growth of Reid & Taylor business and the secondary proceeds raised by SKNL will be used for paying off SKNL debts.

RTIL has evolved into a sizable business entity and, we believe, the listing will unlock substantial value for stakeholders.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to support CSR initiatives and contribute towards the welfare and social upliftment of the community.

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 donated a sum of ₹ 22,50,000/- to an education foundation and ₹ 10,00,000/- to the Wildlife Conservation Trust for their 'Save Our Tigers' programme.

## SHARE CAPITAL

The equity share capital of the Company as at 31<sup>st</sup> March 2011 has gone up by ₹ 48,46,45,390/- from the previous year-end. This is as a result of allotment of:

- (1) 2,89,43,750 equity shares of ₹ 10/- each at a premium of ₹ 70/- per share to the Qualified Institutional Buyers (QIBs)

on 20<sup>th</sup> September 2010 through Qualified Institutional Placement (QIP), pursuant to the special resolution passed by the shareholders through postal ballot notice dated 14<sup>th</sup> June 2010 and postal ballot result declared on 28<sup>th</sup> July 2010.

- (2) 1,24,25,000 equity shares of ₹ 10/- each to N'Essence Holdings Ltd., a promoter group company on 3<sup>rd</sup> March 2011 on conversion of 1,24,25,000 nos. of Equity Share Warrants into equivalent numbers of equity shares of ₹ 10/- each at a premium of ₹ 33.15. The said Equity Share Warrants were issued pursuant to the special resolution passed by the shareholders through postal ballot notice dated 25<sup>th</sup> July 2009 and postal ballot result declared on 2<sup>nd</sup> September 2009.
- (3) 70,95,789 Equity Shares of ₹ 10/- each at a premium of ₹ 47/- per Share to Daiwa Capital Markets Singapore Ltd. on 11<sup>th</sup> March 2011 on conversion of US \$ 9 Million FCCBs which were subscribed in June 2006.

Pursuant to the resolution dated 19<sup>th</sup> April 2010 passed by circulation, by the Board of Directors and subsequent special resolution passed by the members / shareholders through postal ballot notice dated 19<sup>th</sup> April 2010 and postal ballot result declared on 31<sup>st</sup> May 2010, the Company has allotted 1,24,25,000 nos. of Equity Share Warrants on 15<sup>th</sup> June 2010 at a price of ₹ 64.53 each to M/s Sansar Exim Private Limited, a promoter group company on a preferential basis and received ₹ 32,54,46,313/- towards the Warrants. The warrant holders can exercise their options to convert warrants into equity shares on or before 14<sup>th</sup> December 2011.

During the year 2010-11, the company has redeemed and extinguished 14,55,000 nos. of 6% Preference Shares of ₹ 100/- each issued to the lending institutions, on account of CDR exit payment. Further, the Company has also redeemed and extinguished 9,49,838 nos. of 0.01% Preference Shares of ₹ 100/- each issued to the lending institutions.

### **EMPLOYEES STOCK OPTION SCHEME**

As at 31<sup>st</sup> March 2011, there were 14,86,900 nos. of options in force to the senior employees at a price of ₹ 89.60 per option. No options were exercised during the year under report.

The Company cancelled / withdrew 2,97,300 Nos. of ESOPs granted under Employees Stock Option Scheme to the ex-employees of the Company who did not subscribe shares under ESOP Scheme.

### **HUMAN RESOURCES**

At SKNL, people are central to our continuous strive for excellent performance. Your Company has implemented a comprehensive HR Strategy to attract, retain and develop talent. A major step was taken to strengthen the Learning & Development Initiative across the company. The Performance Management System was further strengthened through customized training and robust implementation thereof. In the Compensation Management Area, several new improvements were brought in, to link it closely with the Individual Performance. The Performance Linked Variable Pay Scheme for the Senior Management Staff was completely stabilized during the year and it has now become part of the Management Process. The Functional Training for the Front Line Employees was further strengthened.

Your Company has launched a specific initiative to develop Leadership Talent in the Company. The Leadership Competencies were identified and individual assessments are being carried out.

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**

Enterprise Resource Planning (ERP) implementation was started in the organization, across all business divisions, to bring in homogeneity & transparency in operations, better planning & managing in the supply chain and to provide real-time information to the management to make correct business decisions. As the organization is multi-locational and multi-divisional, there are many challenges in ERP implementation, which are being met and resolved and it is expected to be fully operational by the 4<sup>th</sup> quarter of this Financial Year 2011-12. This will be supported by state-of-the-art Servers, Video Conferencing facility and high-speed data transfer connection between all business divisions apart from user training to all employees to use the ERP to full extent.

### **DIRECTORATE**

In accordance with the Companies Act, 1956 and the Company's Articles of Association, Dr A. C. Shah, Mr. Vijay Kalantri and Mr. Dara D. Avari retire by rotation and being eligible offer themselves for re-appointment.

Vide letter dated 20<sup>th</sup> September, 2010, IDBI Bank appointed Smt. Amita Narain as Nominee Director vice Mr. Keshav Prasad Rau. The Board placed on record the guidance, advice and support given by Mr. Keshav Prasad Rau during his tenure as Director. We look forward to the guidance and experience of Smt. Amita Narain to help the Company in achieving its objectives.

The Company appointed Mr. M. Damodaran as an Additional Director w.e.f 28<sup>th</sup> March 2011 on the Board of the Company. Mr. M. Damodaran is a retired IAS Officer from Manipur-Tripura cadre. He was the Chairman of the Securities and Exchange Board of India (SEBI) and Industrial Development Bank of India (IDBI). He was also Chairman of India's largest mutual fund, 'Unit Trust of India'. He was Joint Secretary (Banking Division), Ministry of Finance for five years.

Mr. Suresh N. Talwar joined the Board of the Company as an Additional Director w.e.f. 1<sup>st</sup> April 2011. Mr. Suresh Talwar is a Solicitor and a Senior Partner of M/s Talwar, Thakore & Associates, Mumbai. Before setting up this firm in April 2007, he was a Senior Partner of M/s. Crawford Bayley & Company, a leading Solicitors firm in India.

The Company is very fortunate to have on board Mr. Damodaran and Mr. Talwar as Directors and will surely be benefited from their extensive experience, keen insight and business acumen.

Mr. M. Damodaran and Mr. Suresh N. Talwar being eligible offer themselves for re-appointment as Directors of the Company in the Annual General Meeting.

Because of his prolonged ill-health, Col S. K. Raje resigned from the Board as Director on 30<sup>th</sup> July 2010. Col. Raje's services and contribution during his tenure were duly appreciated by the Board. The management is sad to inform that Col. Raje subsequently passed away on 12<sup>th</sup> February 2011.

#### **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 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 31<sup>st</sup> March, 2011 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 ₹ Nil as on 31<sup>st</sup> March 2011 (previous year ₹ Nil). Further unclaimed deposits and interest amounting to ₹ 1,39,608/- from 11 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 1<sup>st</sup> April 2001, as benefits were not commensurate with administrative costs.

#### **SHIFTING OF REGISTERED OFFICE OF THE COMPANY**

The Registered Office of the Company have been shifted from 'Avadh', Shree Ram Mills Premised, G.K. Marg, Worli, Mumbai 400 018 to B2, 5<sup>th</sup> Floor, Marathon NextGen, Off G.K. Marg, Lower Parel (West), Mumbai 400 013 with effect from 29<sup>th</sup> October, 2010.

#### **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. Pursuant to direction under section 212(8) of the Companies Act, 1956 by Government of India, Ministry of Corporate Affairs, New Delhi vide General Circular N – 2/2011 Notification no. 5/12/2007-CL-III dated 8<sup>th</sup> February 2011, the Board of Directors by passing resolution on 30<sup>th</sup> May 2011 gave consent for not publishing / attaching copies of the Balance Sheets, Profit & Loss Accounts, Reports of the Board and the Auditors of all the Subsidiary Companies with the audited financial statements of the Company as at 31<sup>st</sup> March 2011. The annual accounts of the subsidiary companies are kept for inspection by any shareholder in the registered office of the Company and shall be made available to shareholders seeking such information at any point of time.

**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-II' note no. 3(b) which is self-explanatory and hence in the opinion of the Directors, does not require any further explanation.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their gratitude for the assistance, guidance and support provided by the financial institutions and banks, customers, suppliers and other business associates. Thanks are also due to your Company's employees for their high degree of commitment and dedication displayed at all levels. Your Directors especially appreciate the continued understanding and confidence of the Members.

By Order of the Board  
For **S. KUMARS NATIONWIDE LIMITED**

Place: Mumbai  
Date: 30<sup>th</sup> May, 2011

**Dr. A. C. SHAH**  
Chairman

**ANNEXURE '1' TO THE DIRECTORS' REPORT****A. CONSERVATION OF ENERGY****a) Energy Conservation measures taken**

Energy resource is a vital requirement of any industrial activity and its availability is also not infinite. Overuse of energy resources could result in a depletion of those resources in a shorter period of time.

Hence we are committed for Energy Conservation measures and practices and continuous efforts are made to conserve energy.

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

**1. Baruche Superfine Cotton (BSFC) Division, at Jhagadia, Gujarat:****i) Installation of VFD in ETP and RO Plant**

Variable frequency drive has been installed at four locations in ETP and RO Plant pumps, to run plant with required flow.

Total Power consumption are

Without VFD 600 Kwh per day

With VFD 420 Kwh per day

Saving in power consumption 180 units per day i.e. 65700 units per annum

**ii) Rain Water Harvesting**

We have developed arrangement to collect the rain water.

Through the system we had collected 11,000 Kl water and utilized to cater plant requirement.

**iii) Recycle of Sanforising rubber blanket and cooling cylinder water**

We are collecting process water of Sanforising and after filtration it is being used again as soft water for Processing.

Total Water recovered per day will be around 60 m<sup>3</sup> /day.

Total water recycled per year will be 21900 m<sup>3</sup>/day.

Considering cost of Soft water as ₹ 22/Kl ,there will be saving of ₹ 4,81,800 per annum.

**iv) Recovery of heat from CRP and Yarn dyeing Hot water**

We have installed heat exchanger to recover heat of CRP and Yarn dyeing hot water to preheat RO rejects water before evaporation.

This will help in enhancement of evaporation of RO reject water by 3 Kl per day, considering cost of evaporation as ₹150/Kl. Hence total saving will be approximately ₹ 1,65,000/- per annum.

**v) Installation of Caustic recovery plant**

Caustic recovery plant has been installed to recycle weak caustic lye generated from mercerizing machine.

This recovered lye will be again reused for mercerizing process which in turn saves expenses for procurement of fresh caustic lye.

Net saving is around 50% of the fresh caustic. Fresh Caustic requirement will be 100 Ton for 403600 kg fabric production.

So annual saving will be approximately ₹ 10 Lac per annum.

**vi) Installation of LED Streets lights**

35 Watt LED Street lights have been installed in place of 70 Watt Sodium light. Initially we have installed 14 nos of fixtures. Hence total saving will be approximately 2146 units per year.

**2. Spinning & Weaving Division at Chamunda Standard Mills, MP:****i) During the year 2010-11 nine existing motors of Ring frame have replaced with Lakshmi make energy efficient 20 HP Motors thus saved 10% of energy.**



- ii) Around 50 Nos. of compound lighting with normal fittings (2 rods) have been replaced with 45 W CFL.
- iii) For about 40 Nos. of normal light fitting in different offices have been replaced with 18 W CFL.
- iv) 10 Nos. of Normal Ceiling Fans have been replaced with Energy Efficient Ceiling Fan.

**3. SKNL Weaving Division at Dewas, MP:**

We have installed Electronic Ballast Tube Light fittings 250 Nos. on our new looms in Unit – 1 & 2 instead of conventional copper ballast fittings, resulting in saving (reduction) of electricity consumption by 30%.

**b) Additional investment / proposals, if any, being implemented for reduction of consumption of energy:**

**1. Baruche Superfine Cotton (BSFC) Division, at Jhagadia, Gujarat:**

We propose to install RO stage II and Ultra filtration with two stage RO and Ultra filtration. Our total water recovery will increase from 65% to 85% per annum.

**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. Baruche Superfine Cotton (BSFC) Division, at Jhagadia, Gujarat:**

- i) With use of Variable frequency drive in ETP and RO Plant, there will be saving of approx ₹ 3.48 lacs per annum.
- ii) With Rain water harvesting, we will save around ₹ 2.20 lacs per annum.
- iii) By recycle of Sanforising water, we will save around ₹ 4.8 Lacs per annum.
- iv) By heating RO reject water for Evaporation, we will be saving around ₹ 1.64 Lacs per annum.
- v) Using Caustic recovery plant, we will be saving around ₹ 10 lacs per annum.
- vi) With installation of LED Street lights we will save around 2416 Power units per annum i.e. around ₹ 0.11 lacs per annum.

Total cost of saving in electricity consumption will be approximately ₹ 22.23 lacs per annum.

**B. TECHNOLOGY ABSORPTION**

**e) Efforts made in technology absorption – as per form “B” given below:**

**Research & Development (R & D)**

**FORM “B”**

- |     |  |   |
|-----|--|---|
| i   | Specific areas in which R&D carried out by the Company | Focus is given on Continual Product development   |
| ii  | Benefits derived as a result of the above R & D        | Improved product quality and able to cater high end market with good customer satisfaction. |
| iii | Future plan of action                                  | Same as above   |
| iv  | Expenditure R & D                                      | Not identified separately.  |

**Technology Absorption, Adoption and Innovation:**

The Company has absorbed the technology of manufacturing exclusive high value super fine cotton shirting fabric, Cotton and Cotton Blended products.

**i) Efforts, in brief, made towards technology absorption, adoption and innovation:**

Latest sophisticated manufacturing and testing equipments have been imported from Europe and Japan, which gives consistant high value product and being tested and maintained regularly for consistant quality.

Dornier Machines with higher speed and having electronic controls were added which gave the flexibility to style change etc. at faster speed and greater ease.

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

**ii) Benefits derived as a result of the above efforts**

With continuous product and design developments, two new complete product range of High value added Shirting is being offered to high end market.

**iii) Information regarding Imported Technology**

All testing and manufacturing equipments have been imported from Europe and Japan. Latest technology machinery with automation has been adopted.

**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 consideration. During the year the Company has exports (FOB value) worth ₹ 6850.46 Lacs.

**b) Total Foreign exchange earned and used**

		₹ in lacs	
		<b>Current Year 2010-11</b>	Previous Year 2009-10
a.	Total Foreign Exchange earned	<b>6,850.46</b>	1,090.39
b.	Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
c.	Sub Total (a + b)	<b>6,850.46</b>	1,090.39
d.	Total Foreign Exchange used	<b>11,774.09</b>	23,324.34

**FORM A**

**FORMING PART OF ANNEXURE (1)**

**Form for Disclosure of particulars with respect to conservation of Energy**

**Part A - POWER AND FUEL CONSUMPTION**

<b>1. ELECTRICITY</b>	<b>Current Year 2010-11</b>	Previous Year 2009-10
<b>Purchase</b>		
Units in lacs	<b>244.64</b>	141.79
Total Amount ₹ lacs	<b>1,130.32</b>	656.37
<b>Rate / units ₹</b>	<b>4.62</b>	4.63
<b>Own generation</b>		
Through Diesel generator		
Units (D. G. Units) in lacs	<b>6.02</b>	10.48
Unit / Ltd of Diesel Oil	<b>4.71</b>	4.65
Cost / Unit ₹	<b>5.89</b>	5.10

**Part B - CONSUMPTION PER UNIT OF PRODUCTION**

<b>ELECTRICITY</b>	<b>Current Year 2010-11</b>	Previous Year 2009-10
Fabrics KWH / Metre	<b>0.33</b>	0.34
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, Managing Director
2. Smt. Jyoti N. Kasliwal
3. Ms. Anjani N. Kasliwal
4. Mr. Kartikeya N. Kasliwal
5. Reid & Taylor (India) Ltd.
6. Belmonte Retails Limited (nee-Belmonte Lifestyles Ltd.)
7. Anjaneya Holdings Pvt. Limited (nee-Anjani Finvest Pvt. Ltd)
8. Brandhouse Retails Limited
9. Brandhouse Oviessa Limited
10. S. Kumars Enterprises (Synfabs) Limited
11. S. Kumars Textiles Limited
12. N'Essence Holdings Limited
13. Rosewood Holdings Pvt. Limited
14. Verve Properties & Investment Pvt. Limited
15. Ingenious Finance & Investment Pvt. Limited
16. Natty Finance & Investment Pvt. Limited
17. S. K. Worsteds Pvt. Limited
18. Tulja Enterprises Pvt. Limited
19. Sansar Exim Pvt. Limited
20. Chamundeshwari Mercantile Pvt. Limited
21. Maverick Mercantile Pvt. Limited
22. SKNL Foundation (Sec. 25 Company)
23. Anjaneya Foundation (Sec. 25 Company)
24. SKNL International B. V.
25. SKNL Europe B. V.
26. SKNL Italy S. p. A.
27. SKNL Global Holdings B. V.
28. SKNL North America B. V.
29. SKNL (UK) Ltd.
30. Leggiuno S. p. A.
31. Global Apparel (US) Ltd
32. Global Apparel (France) Ltd
33. Global Apparel (Hong Kong) Ltd
34. 7172931 Canada Ltd
35. Marling & Evans Ltd.
36. Remala Trading B.V
37. Copley Corp
38. HMX Poland sp. Z.o.o
39. HMX Acquisition Corp.
40. HMX Des Plaines LLC
41. Quartet Real Estate LLC
42. HMX LLC
43. 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.

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## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2010 witnessed a growth rebound for the world economy to 5% from a negative 0.8% in 2009. Growth returned to pre-crisis levels in both advanced and emerging countries in 2010. The high growth was backed by not only domestic demand but also equally strong external demand. Global growth for 2011 is projected to be lower than 2010 at 4.4% with the pace of growth to slow down both in advanced and emerging group of nations. The political situation in the Middle East remains in flux and oil prices could spike higher if an important producer were taken offline due to social unrest. Further, the sovereign debt crisis continues to fester in Europe. It is expected that the global economic outlook will remain positive and growth will slow down a bit in 2011 but will remain steady and close to potential growth rates in both advanced and emerging economies.

India's contribution in a growth-starved world economy is more than just commendable. Strong rural consumption over the next 12 months is expected due to favourable monsoons that would drive growth in agriculture and have a positive impact on rural disposable incomes. This would also lead to urban consumption remaining robust on the back of rising disposable incomes, positive demographics and lifestyle changes. A gradual pick-up in the investment cycle in select sectors would drive sector-specific performance. Continued strength in earnings growth leading to sustained above-average valuations, and last but not the least sustained capital flows are helpful signs for economic advancement. Though ingredients are in place for another high growth year, there are definite concerns with respect to inflation. Even so, India will continue to be one of the most compelling investment destinations in the world with its rising economic strength and underlying potential.

The Indian textile industry is one of the leading textile industries in the world. The textiles and apparels sector accounts for approximately 4% of India's GDP (\$51.4 billion). India earns about 17% of its total foreign exchange through textile exports. The Indian textile industry contributes 14% of the total industrial production of the country. This sector provides employment to over 35 million people and it is expected that the textile industry will generate a significant portion of new jobs during the coming years. The industry is expected to grow from the present US\$52 billion to US\$89 billion by 2015.

There has been a surge in textile sourcing from India, which is estimated to grow to \$37 billion by 2011. India's abundant supply of raw material such as cotton, silk and jute is a major driver for sourcing by international retail players from India. According to the Ministry of Textiles, investment under the Technology Upgradation Fund schemes (TUFs) has been increasing steadily. The Ministry of Textiles has sanctioned a total of ₹ 292 Crores under TUFs in 2010-11. There is a phenomenal potential for Indian exports to grow in the world market as well as to grow domestically.

#### **Opportunities / Threats / Challenges**

SKNL's strengths are that it is present in all product categories, its brands cater to different socio-economic segments and it is not dependent on any one single raw material, as inputs include wool, polyester and cotton. SKNL has its key own manufacturing units with cost-effective outsourcing. SKNL has demonstrated an ability to deliver substantial performances through variable and often challenging environments reflecting upon the strength and diversity of its business model. To capture wholesale and retail margins, the Company focused on value addition: Sheep to Shop, Cotton to Ready Shirts.

#### **SKNL's pillars of strength are:**

1. Strong portfolio of domestic and international brands
2. Diversified business with product offering across the market segments
3. Multi-format distribution network
4. Fully-integrated production facilities
5. Experienced management team
6. Strong financial growth trajectory

**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. However, SKNL being a branded player is able to pass additional costs to the consumer.

**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.

**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 30%. It is one of the largest suppliers of fabrics to Ordnance Factories which cater to the needs of our defense forces. Uniformity has also developed speciality 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, Carmichael House 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 was 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 span 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 luxury segment 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 speciality fibres.

#### **Growth Prospects**

The Company historically has followed a well-planned growth strategy. It has undertaken backward and forward integration in Luxury Cottons and Belmonte divisions. The Company plans to capture more value from direct retailing and increasing the share of ready-to-wear in revenue composition from 34% presently.

Installation of 72 Shuttleless looms at Dewas for increasing the weaving capacity for Belmonte suiting is going on, with 49 looms already in place. Belmonte division will have a Finishing House in Jhagadia. Suit factory is under commissioning at Bangalore. Capacity at the Mysore plant is being increased from 8.4 metric meters to 10.2 metric meters p.a.

#### **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 which are

managed by regular monitoring and corrective actions. 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.

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## 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 31<sup>st</sup> March, 2011 and the Profit and Loss Account and also 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 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 (AS) referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable, *except that the accumulated interest and financial charges amounting to ₹ 13,454 lacs and future differential interest on restructured debts on Net Present Value (NPV) basis amounting to ₹ 856 lacs pertaining to earlier years (after amortising ₹ 1,596 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 compliance 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 ₹ 14,310 lacs and overstatement of loans & advances by same amount (Refer Note No. 3(b) of Schedule 'P-II');*
  - v. On the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 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 and *subject to 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 31<sup>st</sup> March, 2011;
    - 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  
FRN 103523W

**Rakesh Rathi**  
Partner

Membership No.45228

Place: Mumbai  
Date: 30<sup>th</sup> May, 2011

## 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, 2011]

- (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 granted interest free loan to a company covered in the register maintained under section 301 of the Companies Act, 1956 amounting to ₹ 5 crores.
- (b) In our opinion and according to the information and explanations given to us, terms and conditions of above said interest free loan are not, prima facie, prejudicial to the interest of the Company.
- (c) The above said company has repaid the principal amount as stipulated and there is no overdue amount with regard to said loan.
- (d) The Company has taken loan or advances in the nature of loan of ₹ 11,861 lacs from two Companies listed in the register maintained under Section 301 of the Act, besides interest bearing secured loan of ₹ 44,000 lacs and unsecured interest free loan of ₹ 4,000 lacs from one of the above said company taken in earlier year. The maximum amount involved during the year was ₹ 69,669 lacs (including interest bearing loan of ₹ 38,500 lacs) and the year-end balance of all loans and advances in the nature of such loans taken from the said party was ₹ 40,050 lacs.
- (e) 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 and advances in the nature of loans are, prima facie, not prejudicial to the interest of the Company.
- (f) In respect of the aforesaid loans and advances in the nature of loans, the Company is regular in repaying the principal amounts as stipulated and in payment of interest, wherever applicable.
- (iv) In our opinion and according to the information and explanations provided to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories, fixed assets and sale of goods and services. 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) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained with regard to fabrics by the Company 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, *except at a unit where there have been delays in depositing certain statutory dues*. 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 ( ₹ )	Period to which the amount relates
Property Tax Act	Property tax	48.38 lacs	Earlier years
Wealth Tax Act, 1957	Wealth Tax	32.26 lacs	Earlier years

- (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 dispute, except the following:

Name of the statute	Nature of the dues	Amount ( ₹ )	Period to which the amount relates	Forum at which appeal is pending
Income Tax Act, 1961	TDS	513.83 lacs	F.Y.2007-08, 08-09 and 09-10	Commissioner of Income Tax, Appeals (TDS), Mumbai

- (x) The Company has neither accumulated losses as at March 31, 2011 nor has it incurred cash losses during the financial year covered by our audit. However, considering the effect of our audit qualification as stated in para 4(iv) in the Auditors' Report, the Company has incurred cash losses in the immediately preceding financial year.
- (xi) *The Company has delayed on some occasions, the details of which are being compiled, 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 made by it, the Company has maintained proper records and all the investments are held by the Company in its own name.
- (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 prima facie, not prejudicial to the interest of the Company.
- (xvi) According to the information and explanation 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) According to the information and explanation given to us, the Company has made preferential allotment of shares to a Company covered in the register maintained under Section 301 of the Act. In our opinion, the prices at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, the Company had issued debentures in the 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  
FRN 103523W

**Rakesh Rathi**  
Partner  
Membership No.45228

Place: Mumbai  
Date: 30<sup>th</sup> May, 2011

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2011**

(₹ in lacs)

	Schedule	Current Year As At 31.03.2011		Previous Year As At 31.03.2010	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	A	33,731.29		31,289.67	
Equity Share Warrants (Ref. Note No.9 & 10 of Schedule 'P-II')		3,254.46		1,340.35	
Employee Stock Option outstanding (Ref. Note No.12 of Schedule 'P-II')		570.97		631.84	
Reserves & Surplus	B	<u>113,687.89</u>	151,244.61	<u>74,485.50</u>	107,747.36
<b>LOAN FUNDS</b>					
Secured Loans	C	264,049.48		226,313.46	
Unsecured Loans		<u>5,967.94</u>	270,017.42	<u>10,267.16</u>	236,580.62
<b>DEFERRED TAX LIABILITIES (NET)</b> (Ref. Note No.18 (a) of Schedule 'P-II')			2,692.35		1,706.52
<b>Total</b>			<u>423,954.38</u>		<u>346,034.50</u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	D	106,793.30		88,127.13	
Less : Depreciation/Amortisation		<u>30,374.35</u>		<u>22,987.97</u>	
Net Block		76,418.95		65,139.16	
Add: Capital work-in-progress (including capital advances)		<u>51,759.90</u>	128,178.85	<u>56,406.51</u>	121,545.67
<b>INVESTMENTS</b>	E		50,417.58		42,568.81
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	F	94,069.81		72,593.87	
Sundry Debtors		118,872.53		102,963.35	
Cash and Bank Balances		4,775.05		4,625.82	
Loans and Advances		<u>70,691.21</u>		<u>42,675.38</u>	
<b>Total (I)</b>		<u>288,408.60</u>		<u>222,858.42</u>	
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>	G				
Current Liabilities		28,767.24		24,418.00	
Provisions		<u>14,283.41</u>		<u>16,520.40</u>	
<b>Total (II)</b>		<u>43,050.65</u>		<u>40,938.40</u>	
<b>NET CURRENT ASSETS (I) - (II)</b>			245,357.95		181,920.02
<b>Total</b>			<u>423,954.38</u>		<u>346,034.50</u>

**Significant Accounting Policies and Notes to Accounts**

The Schedules referred to above and notes to accounts form an integral part of Balance Sheet.

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

**RAKESH RATHI**  
Partner  
Membership No. 45228

**ANIL CHANNA** Deputy Managing Director

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

Place : Mumbai  
Date : 30<sup>th</sup> May, 2011

**NIMESH S. SHAH** Sr. Vice President & Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2011**

( ₹ in lacs)

	Schedule	Current Year Ended on 31.03.2011	Previous Year Ended on 31.03.2010
<b>INCOME</b>			
Sales and Service charges		275,735.68	215,482.12
Other Income	H	382.37	474.68
Increase/(decrease) in Inventories	I	11,809.23	9,368.48
	<b>Total</b>	<u>287,927.28</u>	<u>225,325.28</u>
<b>EXPENDITURE</b>			
Raw materials consumed/ Fabric purchases	J	204,774.66	164,102.56
Manufacturing expenses	K	5,675.31	2,989.55
Personnel Expenses	L	5,367.30	4,104.44
Administrative expenses	M	5,303.90	5,547.04
Selling & Distribution expenses	N	8,093.45	5,584.64
Restructured Financial Cost Amortised (Ref. Note No. 3 (b) of Schedule 'P-II')		1,596.27	1,596.27
Interest expenses	O	29,513.76	23,077.38
Depreciation/Amortisation	D	7,400.26	4,171.21
	<b>Total</b>	<u>267,724.91</u>	<u>211,173.09</u>
<b>Profit/(Loss) before Tax</b>		<b>20,202.37</b>	14,152.19
Prior period (expenses)/income		(0.86)	34.02
<b>Provision for Tax</b>			
Current Tax		(5,363.20)	
Less : MAT Credit entitlement		<u>3,564.55</u>	
Deferred Tax Assets / (Liabilities)		(985.83)	(920.42)
Wealth Tax		(7.15)	(5.87)
Taxation for earlier years		(139.53)	(126.18)
<b>Total Tax Expenses</b>		<u>(2,931.16)</u>	<u>(3,575.96)</u>
<b>Profit available for Appropriation</b>		<b>17,270.35</b>	10,610.25
Balance Brought forward from previous year		5,047.97	-
<b>Appropriation</b>			
Transfer to Debenture Redemption Reserve		950.45	225.15
Transfer to Capital Redemption Reserve		-	5,337.13
Provision for Preference Dividend		534.74	-
Tax on Preference Dividend		88.81	-
Proposed Equity Dividend		2,849.78	-
Tax on Proposed Equity Dividend		473.31	-
<b>Balance carried over to Balance Sheet</b>		<u>17,421.23</u>	<u>5,047.97</u>
<b>Earnings Per Share</b>			
- Basic		₹ 6.57	₹ 4.49
- Diluted		₹ 6.25	₹ 4.32

(Nominal Value of Share ₹ 10/- each)

**Significant Accounting Policies and Notes to Accounts P**

The Schedules referred to above and notes to accounts form an integral part of Profit and Loss account.

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*
**RAKESH RATHI**  
*Partner*  
 Membership No. 45228

**ANIL CHANNA** *Deputy Managing Director*
**J. S. SHETTY** *CFO and President - Finance*

 Place : Mumbai  
 Date : 30<sup>th</sup> May, 2011

**NIMESH S. SHAH** *Sr. Vice President & Company Secretary*

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2011**

( ₹ in lacs)

		<b>Current Year ended on 31.03.2011</b>	<b>Previous Year ended on 31.03.2010</b>
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	<i>Net Profits Before Tax and Extraordinary Items</i>	<b>20,202.37</b>	14,152.19
	Adjustments for:		
	a) Depreciation	<b>7,400.26</b>	4,171.21
	b) Deferred revenue expenditure	<b>1,596.27</b>	1,596.27
	c) Profit/Loss on sale of fixed assets(net)	<b>23.44</b>	463.51
	d) Sundry balances written back	<b>(148.64)</b>	(27.55)
	e) Sundry balances written off	<b>3.87</b>	7.91
	f) ESOP Compensation (credited)/debited to P&L a/c	<b>(60.88)</b>	151.30
	g) Provision for doubtful debts	<b>50.75</b>	114.45
	h) Interest expenses	<b>29,513.76</b>	23,077.38
	i) Interest income	<b>(54.83)</b>	(58.50)
	j) Exchange rate fluctuation	<b>66.91</b>	(282.67)
	<b>Operating Profit before Working Capital Changes</b>	<b>58,593.28</b>	43,365.50
	Adjustments for:		
	a) Trade & other receivables	<b>(50,921.52)</b>	(19,466.09)
	b) Inventories	<b>(21,475.94)</b>	(14,821.19)
	c) Trade payables	<b>3,797.97</b>	596.50
	<b>Cash Generated from / (used in) Operating Activities</b>	<b>(10,006.21)</b>	9,674.72
	a) Direct taxes	<b>(2,869.80)</b>	(6,130.63)
	<b>Cash Inflow/(outflow) before Prior Period Items</b>	<b>(12,876.01)</b>	3,544.09
	a) Prior period adjustments (gross)	<b>(0.86)</b>	34.02
	<b>Net Cash Flow from / (used in) Operating Activities</b> <b>Total (A)</b>	<b>(12,876.87)</b>	3,578.11
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	a) Acquisition of fixed assets (Including capital work-in-progress)	<b>(14,099.97)</b>	(16,528.57)
	b) Sale of fixed assets	<b>25.41</b>	14.75
	c) Investments	<b>(7,848.77)</b>	(21,936.72)
	d) Interest income	<b>54.83</b>	58.50
	<b>Net Cash Flow from / (used in) Investing Activities</b> <b>Total (B)</b>	<b>(21,868.50)</b>	(38,392.04)
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	a) Proceeds from secured loans (Net of repayment)	<b>37,736.02</b>	58,807.35
	b) Proceeds from unsecured loans (Net of repayment)	<b>(321.53)</b>	(872.36)
	c) Proceeds from equity shares/ shares to be allotted	<b>29,398.71</b>	1,340.35
	d) Redemption of preference shares	<b>(2,404.84)</b>	(1,056.08)
	e) Interest expenses	<b>(29,513.76)</b>	(23,077.38)
	<b>Net Cash Flow from / (used in) Financing Activities</b> <b>Total (C)</b>	<b>34,894.60</b>	35,141.88
	<b>Net Increase in Cash and Cash Equivalents</b> <b>Total (A+B+C)</b>	<b>149.23</b>	327.95
	Cash & Cash Equivalent (Opening Balance)	<b>4,625.82</b>	4,297.87
	Cash & Cash Equivalent (Closing Balance)	<b>4,775.05</b>	4,625.82
	<b>Net Change in Cash &amp; Cash Equivalent</b>	<b>149.23</b>	327.95

**Notes :**

- 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".
- Cash and Cash equivalents include cash and bank balances in current accounts and in deposit accounts (Refer to Schedule "F" of the Balance Sheet).
- Figures in brackets represent outflows.
- 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*

**RAKESH RATHI**  
Partner  
Membership No. 45228

**ANIL CHANNA** *Deputy Managing Director*

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

Place : Mumbai  
Date : 30<sup>th</sup> May, 2011

**NIMESH S. SHAH** *Sr. Vice President & Company Secretary*

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

		Current Year As at 31.03.2011	Previous Year As at 31.03.2010
<b>SCHEDULE "A" – SHARE CAPITAL</b>			
<b>Authorised Capital</b>			
37,00,00,000	Equity Shares of ₹ 10 each (Previous Year 37,00,00,000)	37,000.00	37,000.00
90,00,000	Preference Shares of ₹ 100 each (Previous Year 90,00,000)	9,000.00	9,000.00
		<u>46,000.00</u>	<u>46,000.00</u>
<b>Issued, Subscribed and Paid-Up Capital</b>			
28,49,78,377	Equity Shares of ₹ 10 each, fully paid up (Previous year 23,65,13,838)		
	As per last Balance Sheet	23,651.38	22,339.14
	Add : Allotted during the year (Ref. Note No. 7, 8(a) & 9 of Schedule 'P-II')	4,846.46	1,312.24
		<u>28,497.84</u>	<u>23,651.38</u>
5,27,500	6% Cumulative Redeemable Preference Shares of ₹ 100 each, fully paid-up (Redeemable by 2013) (Previous year 19,82,500)		
	As per last Balance Sheet	1,982.50	2,142.50
	Less: Redeemed during the year	1,455.00	160.00
		<u>527.50</u>	<u>1,982.50</u>
47,05,947	0.01% Redeemable Preference Shares of ₹ 100 each, fully paid-up (Redeemable by 2017-2020) (Previous year 56,55,785)		
	As per last Balance Sheet	5,655.79	6,551.87
	Less: Redeemed during the year	949.84	896.08
		<u>4,705.95</u>	<u>5,655.79</u>
	<b>Total</b>	<u>33,731.29</u>	<u>31,289.67</u>
<b>SCHEDULE "B" – RESERVES AND SURPLUS</b>			
	<b>Capital Reserve</b>	2,206.25	2,206.25
	<b>Capital Redemption Reserve</b>		
	As per last Balance Sheet	13,267.49	7,930.36
	Add: Transfer during the year (Ref. Note No.11 of Schedule 'P-II')	-	5,337.13
		<u>13,267.49</u>	<u>13,267.49</u>
	<b>Securities Premium</b>		
	As per last Balance Sheet	49,246.28	45,200.83
	Add: On account Allotment of Equity shares	27,714.54	9,513.74
	Less: On account of Share issue expenses (Ref. Note No.8(b)of Schedule 'P-II')	1,031.80	-
	Less: On account of Redemption premium payable on NCDs	786.38	5,468.29
		<u>75,142.64</u>	<u>49,246.28</u>
	<b>Revaluation Reserve</b>		
	As per last Balance Sheet	1,117.36	1,034.46
	Less: Depreciation on revalued portion of the fixed assets	17.68	17.73
	Add: Excess depreciation claimed in earlier years reversed	-	100.63
		<u>1,099.68</u>	<u>1,117.36</u>
	<b>Debenture Redemption Reserve</b>		
	As per last Balance Sheet	3,600.15	3,375.00
	Add: Transfer during the year	950.45	225.15
		<u>4,550.60</u>	<u>3,600.15</u>
	<b>Profit and Loss Account</b>	17,421.23	5,047.97
	<b>Total</b>	<u>113,687.89</u>	<u>74,485.50</u>

**SCHEDULES FORMING PART OF ACCOUNTS**

( ₹ in lacs)

	Current Year As at 31.03.2011	Previous Year As at 31.03.2010
<b>SCHEDULE "C" – LOAN FUNDS</b>		
<b>A. Secured loans</b>		
Non-Convertible Debentures (NCDs) (Ref. note no.2)* 1,50,78,805 nos. of Non-Convertible Debentures of ₹ 100 each (Previous year 1,50,78,805)	16,099.41	15,078.81
Balance of Debts repayable to CDR lenders	-	5,861.75
Term Loans under Technology Upgradation Fund Scheme (TUFs) (Ref. note no.3)*	42,010.22	25,031.80
Term Loans under Overseas Investment Finance Programme (OIFP) (Ref. note no.4)*	26,773.14	28,048.14
Rupee Term Loans from Banks (Ref. note no.5)*	44,728.50	28,947.50
Equipment Finance (Ref. note no.6)	291.93	260.87
Loan from Reid & Taylor (India) Ltd. (Ref. note no.7)*	27,500.00	38,500.00
Credit facility for pre-cum-post shipment (Ref. note no. 8)	3,581.86	-
Working Capital Advances from Banks (Ref. note no.9)	103,064.42	84,584.59
<b>Total</b>	<b>264,049.48</b>	<b>226,313.46</b>

**Notes:**

- (i) \*Due within one year: regular repayment ₹ 28,742.83 lacs (previous year ₹ 24,634.20 lacs) and other repayment ₹ 18,878.81 lacs (previous year ₹ 9,326.90 lacs)  
(ii) The balances include interest accrued and due ₹ 3,632.72 lacs (previous year ₹ 2,394.08 lacs)
- Non-Convertible Debentures (NCDs) issued to India Debt Management Pvt. Ltd. are secured by way of first *pari passu* charge on Fixed Assets (excluding Jhagadia assets) of the Company both present and future.
- The Term Loans under Technology Upgradation Fund Scheme (TUFs) are secured by first *pari passu* charge on specific Project Assets and second *pari passu* charge on all other Fixed Assets and Current Assets of the Company, both present and future and guaranteed by Vice-Chairman & Managing Director of the Company.
- The Term Loans under Overseas Investment Finance Programme (OIFP) are secured by way of first *pari passu* charge on Fixed Assets (excluding Jhagadia assets) of the Company, both present and future, pledge of promoter's shares held in S. Kumars Nationwide Limited and pledge of equity shares of acquired company/subsidiary company, second *pari passu* charge on Fixed Assets at Jhagadia, Current assets of the Company, both present and future and guaranteed by Vice-Chairman & Managing Director of the Company.
- Rupee Term Loans are secured by first *pari passu* charge on Fixed Assets of the Company (excluding Jhagadia assets), both present and future, second *pari passu* charge on Current Assets and Jhagadia assets and guaranteed by Vice-Chairman & Managing Director of the Company.
- Equipment Finance Loans are secured by hypothecation of specific equipment / assets.
- Loan from Reid & Taylor (India) Ltd is secured by way a second *pari passu* charge on all Fixed Assets of the Company, both present and future.
- Credit facility for pre-cum-post shipment is secured by hypothecation of Company's inventories and book-debts and second *pari passu* charge on Fixed Assets of the Company both present and future and guaranteed by Vice-Chairman & Managing Director of the Company.
- Working capital advances from Banks are secured by hypothecation of Company's inventories and book-debts, and second *pari passu* charge on Fixed Assets of the Company, both present and future and guaranteed by Vice-Chairman & Managing Director of the Company.

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

**Current Year**  
**As at 31.03.2011**

**Previous Year**  
**As at 31.03.2010**

**B. Unsecured Loans**

i) <u>Loan from Subsidiary</u>		
Reid & Taylor (India) Ltd	<b>4,000.00</b>	4,000.00
ii) <u>Long Term Loans</u>		
a) From Banks*	<b>1,436.36</b>	1,591.39
b) Zero Coupon Bonds/Funded Interest term loans		
- CDR Lenders*	-	85.01
- Non CDR Lenders	<b>531.58</b>	508.11
c) From Others		
- 2% Foreign Currency Convertible Bonds due in 2011	-	4,082.65
<b>Total</b>	<b>5,967.94</b>	10,267.16

**Notes:**

- \*Due within one year, regular repayment ₹ 695.25 lacs (Previous year ₹ 443.04 lacs) and other repayment ₹ Nil lacs (Previous year ₹ 4,129.61 lacs)
- The balances include interest accrued and due ₹ 2.83 lacs (Previous year ₹ 39.26 lacs)

**SCHEDULE "D" – FIXED ASSETS**

(₹ in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At the Beginning of the year 01.04.2010	Additions during the year	Deductions during the year	Total as at 31.03.2011	At the Beginning of the year 01.04.2010	Depreciation for the year	Deductions during the year	Total as at 31.03.2011	Total as at 31.03.2011	Total as at 31.03.2010
Land										
Freehold Land	777.07	-	-	777.07	-	-	-	-	777.07	777.07
Leasehold Land	684.89	141.64	-	826.53	2.61	0.16	-	2.77	823.76	682.28
Building	13,136.92	1,516.95	-	14,653.87	982.28	427.51	-	1,409.79	13,244.08	12,154.64
Leasehold Improvements	126.14	560.66	-	686.80	123.78	16.51	-	140.29	546.51	2.36
Plant & Machinery	70,749.64	14,612.91	*3.66	85,358.89	20,954.62	6,706.92	-	27,661.54	57,697.35	49,795.02
Office Equipments	161.89	300.62	-	462.51	55.84	13.21	-	69.05	393.46	106.05
Computers	391.64	96.75	-	488.39	231.64	54.98	-	286.62	201.77	160.00
Furniture & Fixtures	889.68	1,203.17	-	2,092.85	277.64	82.47	-	360.11	1,732.74	612.04
Vehicles	1,168.69	289.35	79.95	1,378.09	325.24	109.48	31.56	403.16	974.93	843.45
Intangible Assets										
System Development	40.57	27.73	-	68.30	34.32	6.70	-	41.02	27.28	6.25
<b>Current year Total</b>	<b>88,127.13</b>	<b>18,749.78</b>	<b>83.61</b>	<b>106,793.30</b>	<b>22,987.97</b>	<b>7,417.94</b>	<b>31.56</b>	<b>30,374.35</b>	<b>76,418.95</b>	<b>65,139.16</b>
<i>Previous year Total</i>	<i>68,174.64</i>	<i>20,783.65</i>	<i>831.16</i>	<i>88,127.13</i>	<i>19,303.88</i>	<i>4,188.94</i>	<i>504.85</i>	<i>22,987.97</i>	<i>65,139.16</i>	<i>-</i>
<b>Capital Work-in-Progress (including Capital Advances)</b>									<b>51,759.90</b>	<b>56,406.51</b>

**Notes :-**

- Gross Block includes certain fixed assets for which revaluation was carried out in the year 1997, by valuer. The amounts of revalued fixed assets are as under :-

	<b>Current Year</b>	Previous Year
a) Freehold Land	₹ 695.58 lacs	₹ 695.58 lacs
b) Building	₹ 642.83 lacs	₹ 642.83 lacs
c) Plant & Machinery	₹ 2,484.50 lacs	₹ 2,484.50 lacs
- Depreciation charged for the year shown in the Profit & Loss Account is after deducting an amount of ₹ 17.68 lacs withdrawn from Revaluation Reserve (Previous year ₹ 17.73 lacs)
- \* Deduction shown in plant & machinery reflects duty receivable under EPCG, capitalised in earlier year now reversed.

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

**Current Year**  
**As at 31.03.2011**

**Previous Year**  
**As at 31.03.2010**

**SCHEDULE “E” – INVESTMENTS**

**Long term (at cost)**

**i) Non-Trade**

**a) Unquoted**

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

**b) Quoted**

Brandhouse Retails Ltd (10,00,000 Equity Shares of ₹ 10 each) (Previous year 10,00,000 Equity Shares of ₹ 10 each)	100.00	100.00
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**ii) In Subsidiary Companies**

**Unquoted**

Reid & Taylor (India) Ltd (10,01,25,000 equity shares of ₹ 10 each) (6,00,75,000 bonus shares received during the year in the ratio of 3 shares for every 2 shares held) (Previous year 4,00,50,000 equity shares of ₹ 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 1,82,00,000 Equity shares of Euro 1 each)	12,147.64	12,147.64
Belmonte Retails Ltd. (50,000 Equity Shares of ₹ 10 each) (Previous year Nil Shares of ₹ 10 each)	5.00	-
SKNL International B.V. (49,64,910 Equity shares of Euro 1 each and Share application money pending allotment of Euro 4,42,56,453) (Previous year 49,64,910 Equity shares of Euro 1 each and Share application money pending allotment of Euro 3,13,60,695)	32,353.68	24,473.61
SKNL Europe B.V. (25,73,604 Equity shares of Euro 1 each and Share application money pending allotment of Euro 2,25,000) (Previous year 25,73,604 Equity shares of Euro 1 each and Share application money pending allotment of Euro 2,25,000)	1,801.31	1,801.31

<b>Total</b>	<u><u>50,417.58</u></u>	<u><u>42,568.81</u></u>
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Aggregate amount of Quoted Investment (Market value ₹ 238.50 Lacs (Previous year ₹ 339.00 Lacs))	100.00	100.00
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Aggregate amount of Unquoted Investments	50,317.58	42,468.81
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<b>Total</b>	<u><u>50,417.58</u></u>	<u><u>42,568.81</u></u>
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**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

	Current Year As at 31.03.2011	Previous Year As at 31.03.2010
<b>SCHEDULE "F" – CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Inventories</b>		
(as taken, valued and certified by the Management)		
Raw materials (including Goods in Transit)	36,477.67	26,910.64
Stores, fuel and packing materials	232.86	133.18
Semifinished fabrics	17,935.19	13,918.19
Finished fabrics, garments and made ups	39,424.09	31,631.86
<b>Total</b>	<b>94,069.81</b>	<b>72,593.87</b>
<b>Sundry Debtors</b>		
(Unsecured and considered good, unless otherwise stated)		
Over six months*		
Considered Good	7,944.09	4,355.11
Considered Doubtful	106.54	114.45
Others Considered Good*	110,928.44	98,608.24
<b>Sub Total</b>	<b>118,979.07</b>	<b>103,077.80</b>
Less : Provision for Doubtful Debts	106.54	114.45
<b>Total</b>	<b>118,872.53</b>	<b>102,963.35</b>
* (Debtors due from companies in which some of the Directors are interested ₹ 5,146.63 lacs) (Previous year ₹ 5,761.41 lacs) (Ref. Note no.15(A) of Schedule 'P-II')		
<b>Cash and Bank Balances</b>		
Cash on hand (as certified by the Management)	27.08	35.80
Balances with Scheduled Banks:		
In Current Accounts	1,064.67	1,386.66
In Fixed Deposits (against Margin Money)	3,683.30	3,203.36
<b>Total</b>	<b>4,775.05</b>	<b>4,625.82</b>
<b>Loans, Advances and Deposits</b>		
(Unsecured & Considered good unless otherwise stated)		
Advances recoverable in cash or kind for value to be received *		
Considered Good	42,885.19	7,959.91
Considered Doubtful	19.62	19.62
Advance tax, Tax deducted at source and MAT Credit availed	10,391.21	18,110.19
MAT Credit entitlement (Ref. Note no. 18 (b) of Schedule 'P-II')	2,373.35	-
Deposits	731.15	698.71
Restructured Financial Cost /Prepaid Interest on NPV Basis (Ref. Note No. 3 (b) of Schedule 'P-II')	14,310.31	15,906.57
<b>Sub Total</b>	<b>70,710.83</b>	<b>42,695.00</b>
Less : Provision for Doubtful Advances	19.62	19.62
<b>Total</b>	<b>70,691.21</b>	<b>42,675.38</b>
*(Advances due from companies in which some of the Directors are interested ₹ 7.25 lacs) (Previous year ₹ 9.06 lacs) (Ref. Note no.15(B) of Schedule 'P-II')		
<b>Total of Current Assets, Loans and Advances</b>	<b>288,408.60</b>	<b>222,858.42</b>

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

	<b>Current Year</b> <b>As at 31.03.2011</b>	<b>Previous Year</b> <b>As at 31.03.2010</b>
<b>SCHEDULE “G” – CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(A) Current Liabilities</b>		
Creditors for goods and expenses		
Micro, Small and Medium Enterprises (Ref. Note no.14 of of Schedule ‘P-II’)	-	-
Others	<b>14,423.98</b>	7,895.47
Advances received from Subsidiary Company	<b>8,549.67</b>	10,409.16
Advances received from Customers	<b>535.44</b>	470.57
Investor Education and Protection Fund		
Unclaimed Fixed Deposit not due for transfer	-	1.40
Deposits received from dealers	<b>45.86</b>	11.32
Interest accrued but not due on Loans	<b>831.73</b>	494.50
Other liabilities	<b>4,380.56</b>	5,135.58
	<b>28,767.24</b>	24,418.00
<b>(B) Provisions</b>		
For Taxation	<b>9,837.15</b>	15,966.39
For Fringe Benefit Tax	<b>70.76</b>	211.61
For Preference Dividend	<b>534.74</b>	-
For Tax on Preference Dividend	<b>88.81</b>	-
For Proposed Equity Dividend	<b>2,849.78</b>	-
For Tax on Proposed Equity Dividend	<b>473.31</b>	-
For Gratuity	<b>203.41</b>	162.40
For Leave Encashment	<b>225.45</b>	180.00
	<b>14,283.41</b>	16,520.40
<b>Total of Current Liabilities and Provisions</b>	<b>43,050.65</b>	40,938.40

(₹ in lacs)

	<b>Current Year</b> <b>Ended on 31.03.2011</b>	<b>Previous Year</b> <b>Ended on 31.03.2010</b>
<b>SCHEDULE “H” – OTHER INCOME</b>		
Interest (TDS ₹ 4.46 lacs, P.Y. ₹ 18.51 lacs)	<b>54.83</b>	58.50
Balances written back	<b>148.64</b>	27.55
Exchange rate fluctuation (net)	-	282.67
Export benefits	-	1.15
Profit on sale of fixed assets	<b>0.77</b>	1.15
Miscellaneous income	<b>178.13</b>	103.66
<b>Total</b>	<b>382.37</b>	474.68

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

	<b>Current Year Ended on 31.03.2011</b>	<b>Previous Year Ended on 31.03.2010</b>
<b>SCHEDULE “ I” – INCREASE /(DECREASE) IN INVENTORIES</b>		
Closing inventories of :		
Semi-finished fabrics	17,935.19	13,918.19
Finished fabrics, garments and made ups	<u>39,424.09</u>	<u>31,631.86</u>
	<b>57,359.28</b>	<b>45,550.05</b>
Opening inventories of :		
Semi-finished fabrics	13,918.19	11,751.00
Finished fabrics, garments and made ups	<u>31,631.86</u>	<u>24,430.57</u>
	<b>45,550.05</b>	<b>36,181.57</b>
<b>Increase/(decrease) in inventories</b>	<u><u>11,809.23</u></u>	<u><u>9,368.48</u></u>
<b>SCHEDULE “ J” – RAW MATERIALS CONSUMED/FABRIC PURCHASES</b>		
Opening inventory	26,910.64	21,495.14
Add : Purchases	214,341.69	169,518.06
Less: Closing inventory	<u>36,477.67</u>	<u>26,910.64</u>
	<u><u>204,774.66</u></u>	<u><u>164,102.56</u></u>
<b>SCHEDULE “K” – MANUFACTURING EXPENSES</b>		
Conversion charges	2,843.13	1,425.70
Freight and octroi	480.07	203.44
Water, power & fuel	1,583.35	744.46
Stores and spares	154.33	122.71
Entry tax	3.02	3.43
Other materials/expenses	574.31	458.43
Insurance	37.10	31.38
<b>Total</b>	<u><u>5,675.31</u></u>	<u><u>2,989.55</u></u>
<b>SCHEDULE “L” – PERSONNEL EXPENSES</b>		
Salaries, wages, bonus & allowances	4,778.63	3,468.34
Employee stock option expenses	(60.88)	151.30
Contributions to provident fund and other funds	503.49	361.41
Staff welfare expenses	146.06	123.39
<b>Total</b>	<u><u>5,367.30</u></u>	<u><u>4,104.44</u></u>

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

	<b>Current Year Ended on 31.03.2011</b>	<b>Previous Year Ended on 31.03.2010</b>
<b>SCHEDULE "M" – ADMINISTRATIVE EXPENSES</b>		
Rent	508.77	493.45
Rates & Taxes	101.68	30.25
Repairs and maintenance		
to buildings	52.23	25.99
to machinery	18.39	13.68
to others	21.65	33.43
Travelling expenses	374.75	288.18
Electricity charges	71.45	53.57
Vehicles maintenance	130.36	95.15
Directors' remuneration	394.56	248.13
Remuneration to Auditors		
Audit fees (including service tax)	38.61	49.64
In other capacity	28.35	21.94
Bank charges & upfront fee	1,893.20	1,291.53
Conveyance expenses	64.46	56.20
Legal & professional charges	544.57	305.66
Listing fees	6.19	7.44
Printing and stationery	97.77	81.69
Telephone expenses	93.15	71.49
Postage and telegrams	47.35	38.15
Sales tax	1.90	1.68
License and registration fees	77.51	81.73
Sundry balances written off	3.87	7.91
Loss on sale of fixed assets	24.21	464.66
Service Tax	3.56	4.03
Exchange Rate Fluctuation (net)	66.91	-
Other Miscellaneous expenses	638.45	1,781.46
<b>Total</b>	<b>5,303.90</b>	<b>5,547.04</b>
<b>SCHEDULE "N" – SELLING AND DISTRIBUTION EXPENSES</b>		
Dealers incentives	483.95	420.88
Discounts, Rebates and allowances	2,675.76	1,314.94
Commission and brokerage	816.08	328.48
Conference/Publicity and Business Promotion Expenses	3,536.15	3,215.72
Other Selling Expenses	581.51	304.62
<b>Total</b>	<b>8,093.45</b>	<b>5,584.64</b>
<b>SCHEDULE "O" – INTEREST EXPENSES</b>		
Interest on Term Loans	14,174.59	11,285.98
Interest on Debentures	2,342.87	3,052.91
Interest Others	12,996.30	8,738.49
<b>Total</b>	<b>29,513.76</b>	<b>23,077.38</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31<sup>st</sup> MARCH, 2011.****SCHEDULE 'P':- SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****SCHEDULE 'P-I':- SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention, except where impairment is made and on accrual basis in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956 and comply with Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**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 recognised during the period in which they are materialized / known.

**3. Fixed Assets**

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.

**4. Intangible Assets**

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.

**5. Depreciation and Amortisation**

- 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 ₹ 5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- c) Computer software/System Development: Over a period of five years.

**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 recognised 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. Valuation of Inventories**

- a) Raw materials (including goods 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.

**Schedule "P-I" (Contd.)**

- c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.
- 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 recognised on transfer of risk and reward which generally coincides with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of date of bill of lading.
- c) Sales are inclusive of excise duty, dyeing charges, conversion charges and are net of shortage and discounts excluding value added tax.
- d) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognised on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being immaterial, are accounted on cash basis.
- f) The claims against the company are accounted on acceptance basis.

**10. Foreign Exchange Transactions**

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts.

**11. Employee Benefits**

- a) Employee benefits comprise both defined contribution and defined benefit plans.

**Defined contribution plan :**

Contribution to defined contribution plans are recognised as expenses in the Profit and Loss Account, as they are incurred.

**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.

- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.

**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**

Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

**Schedule "P-I" (Contd.)****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 recognised as an expense, as applicable, over the lease period.

**16. Segment Reporting**

Business Segment is identified and reported taking into account the nature of products and services, the different risks and returns and the internal business reporting systems. The identification of geographical segment is based on the areas in which major operating divisions of the Company operate.

**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**

Tax expense comprises of current tax and deferred tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", issued by the ICAI. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

**19. Employee Stock Option Schemes**

The Company has granted Stock Options to its employees under Employees 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 recognised 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**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

**SCHEDULE “P-II” – NOTES TO ACCOUNTS :**

**1. Contingent Liabilities:**

**a. Guarantees:**

( ₹ in lacs)

	<b>Particulars</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
i)	In respect of concessional custom duty availed under EPCG Scheme (Covered by bank guarantee)	<b>632.31</b>	1,431.16
ii)	Guarantees extended by the banks based on the Company’s counter guarantees	<b>3,449.78</b>	2,488.77
iii)	Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Limited	<b>27,032.00</b>	27,218.00
iv)	Corporate Guarantees given to the Lenders of Reid & Taylor (India) Ltd. & SKNL International B.V.	<b>71,217.05</b>	47,891.42
v)	Corporate Guarantees given to the Lenders of Brandhouse Retails Ltd.	<b>18,045.00</b>	18,045.00

**b. Claims not acknowledged as debts:**

( ₹ in lacs)

	<b>Particulars</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
i)	Income Tax, Sales Tax, Service Tax and Entry Tax demand – disputed in appeal	<b>3,296.28</b>	2,779.08
ii)	Demand Order of Central Excise Authorities disputed by the Company	<b>137.87</b>	137.87
iii)	Labour matter pending in court	<b>144.87</b>	52.46
iv)	Civil matter pending in court	<b>22.47</b>	29.47
v)	Writ petition filed before Hon’ble High Court, Indore against the order of Industrial Court	<b>22.00</b>	27.47
vi)	Matter in respect of Gratuity pending before controlling authorities	<b>3.77</b>	3.55

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 ₹ 2,298.95 lacs (Previous Year ₹ 4,212.20 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:

( ₹ in lacs)

	<b>Period</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
i)	not later than one year	<b>548.78</b>	481.22
ii)	later than one year but not later than five years	<b>653.40</b>	786.38
iii)	later than five years	<b>Nil</b>	Nil

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹ 508.77 lacs (Previous year ₹ 493.45 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 12<sup>th</sup> September 2008, for the exit of the Company from the Corporate Debt restructuring, the Company has made full and final payments to all the lenders and there is no outstanding on this account as at the balance sheet date.
- (b) The financial costs incurred by the Company for the period up to the year 2008-09, 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 ₹ 14,310.31 lacs (Previous Year ₹ 15,906.57 lacs) are shown in Schedule ‘F’ under “Loans and Advances” and ₹ 1,596.27 lacs charged to profit & loss account during the year.
- (c) Zero Coupon Redeemable Preference Shares amounting to ₹ 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 ₹ 2,453.93 lacs (Previous Year ₹ 2,241.44 lacs), assigned to the lenders, continue on the assets side.



**Schedule “P-II” (Contd.)**

4. Investment held in the shares of Subsidiary companies being long term and strategic in 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 are subject to confirmations, reconciliation and consequential adjustment, if any.
7. The Company has issued 2% Foreign Currency Convertible Bonds in April, 2006, amounting to US\$ 50 million ( ₹ 22,335 lacs) due in April 2011. Out of this, FCCB of US \$ 41 million has been converted in to equity shares in earlier years and during the year the Company has converted the balance FCCBs of US \$ 9 million into 70,95,789 equity shares of ₹ 10/- each at a price of ₹ 57/- per share (including premium of ₹ 47/- per equity share) on 11<sup>th</sup> March, 2011.
8. (a) The Company has placed with Qualified Institutional Buyers (QIBs) 2,89,43,750 equity shares of ₹ 10/- each at a price of ₹ 80/- per share (including premium of ₹ 70/- per equity share) aggregating to ₹ 23,155 lacs in 20<sup>th</sup> September, 2010.  
(b) The Company has incurred ₹ 1,031.80 lacs towards legal fees, professional fees, merchant bankers fees and other related expenses towards issue of equity shares to QIBs. This shares issue expenses has been written off against Securities Premium.
9. During the year the Company has received ₹ 4,021.04 lacs from N’Essence Holdings Ltd., a promoter group Company, being the balance 75% of the subscription amount towards 1,24,25,000 nos. of warrants of ₹ 43.15 each aggregating ₹ 5,361 lacs with an option to convert into equal number of Equity shares of ₹ 10/- each at a premium of ₹ 33.15 per share within 18 months from the date of allotment, which was issued on preferential basis and allotted, in its meeting held on 31<sup>st</sup> October, 2009. The investor has opted for the conversion of above Equity warrants and the Company has allotted 1,24,25,000 nos. of Equity Shares of ₹ 10/- each at a premium of ₹ 33.15 per share on 3<sup>rd</sup> March, 2011 against receipt of full amount.
10. The Board of Directors has issued and allotted, in its meeting held on 15<sup>th</sup> June,2010, 1,24,25,000 nos. of warrants of ₹ 64.53 each aggregating ₹ 8,017.85 lacs to Sansar Exim Pvt. Ltd., a promoter group Company on a preferential basis, with an option to convert into equal number of Equity shares of ₹ 10/- each at a premium of ₹ 54.53 per share within 18 months from the date of allotment. The Company has received ₹ 3,254.46 lacs being the subscription amount.
11. During the year , the Company has redeemed preference shares aggregating to ₹ 2,404.84 lacs (Previous year ₹ 1,056.08 lacs). Further, the Company has allotted equity shares aggregating to ₹ 4,846.46 lacs, hence provision for Capital Redemption Reserve (CRR) on account of redemption of preference shares not made.
12. 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 ₹ 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:		
		<b>Year</b>	<b>Period and Date</b>	<b>% of Vesting</b>
		1 <sup>st</sup> Year	31.10.2007 to 30.10.2008	30 %
		2 <sup>nd</sup> Year	31.10.2008 to 30.10.2009	30 %
	3 <sup>rd</sup> Year	31.10.2009 to 30.10.2010	40 %	
III	Exercise price	30% discount on the prevailing market price of ₹ 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	₹ 89.60		

**Schedule “P-II” (Contd.)**

	<b>Particulars</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
a)	Number of Options outstanding beginning of the period	<b>17,84,200</b>	17,84,200
b)	Options exercised	<b>NIL</b>	NIL
c)	Total number of shares arising as a result of exercise of Options	<b>NIL</b>	NIL
d)	Options Lapsed/cancelled	<b>2,97,300</b>	NIL
e)	Money realised by exercise of options	<b>NIL</b>	NIL
f)	Total number of options in force	<b>14,86,900</b>	17,84,200

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

( ₹ in lacs)

	<b>Particulars</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
a)	Total Employee Compensation Cost pertaining to share based payment plans	<b>51.10</b>	151.30
b)	Compensation cost pertaining to equity settled/cancelled employee share based payment plan included above	<b>111.98</b>	-
c)	Liability for employee stock options outstanding as at year end	<b>570.97</b>	631.84
d)	Deferred Compensation Cost	<b>NIL</b>	53.29

13. The Company has issued 3,04,50,000 Non-Convertible Debentures (NCDs) of ₹ 100/- each i.e. aggregating to ₹ 30,450 lacs to India Debt Management Private Limited on 27<sup>th</sup> June, 2007. The Company has redeemed 1,53,71,195 NCDs along with the redemption premium of ₹ 4,008.63 lacs on 1<sup>st</sup> October, 2009. During the year ₹ 950.45 lacs (Previous Year ₹ 225.15 lacs) is transferred to Debenture Redemption reserve. The Company has provided ₹ 786.38 lacs (Previous Year ₹ 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 31<sup>st</sup> March, 2011 is ₹ 4,550.60 lacs (Previous Year ₹ 3,600.15 lacs) towards the balance NCDs.

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 during the year.

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

( ₹ in lacs)

	<b>Name of the Company</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
<b>(A) Debtors:</b>	Brandhouse Retails Ltd.	<b>4,991.43</b>	5,736.99
	Leggiuno S.p.A.	<b>155.20</b>	24.42
	<b>Total</b>	<b>5,146.63</b>	5,761.41
<b>(B) Advances:</b>	Belmonte Retails Limited (nee Belmonte Lifestyles Ltd.)	<b>Nil</b>	1.81
	Anjaneya Foundation	<b>7.25</b>	7.25
	<b>Total</b>	<b>7.25</b>	9.06
	<b>Grand Total</b>	<b>5,153.88</b>	5,770.47

**Schedule “P-II” (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 31.3.2011 ( ₹ in lacs)	Maximum balance outstanding during the year ( ₹ in lacs)	Investment in Shares of the Company (No. of Shares)
Belmonte Retails Limited (nee Belmonte Lifestyles Ltd.)	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Nil	1.81	50,000
Anjaneya Foundation		7.25	7.25	49,500

**17. Managerial remuneration:**
**a. Managing and Whole time Directors’ remuneration:**

( ₹ in lacs)

Particulars	Managing Director		Other Directors	
	Year Ended on 31.03.2011	Year Ended on 31.03.2010	Year Ended on 31.03.2011	Year Ended on 31.03.2010
a) Salary	289.83	192.93	52.90	31.31
b) Contribution to Provident Fund	34.78	23.15	6.35	3.76
c) Other Perquisites	48.34	35.31	43.98	35.99
<b>Total</b>	<b>372.95</b>	<b>251.39</b>	<b>103.23</b>	<b>71.06</b>

**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:**

( ₹ in lacs)

Particulars	Amount	
Profit before tax before extraordinary items as per Profit & Loss Account		20,202.37
Add: Managing and whole time directors’ Remuneration	476.18	
Directors’ fees	10.70	
Provision for doubtful debts and advances	50.75	
Loss on sale of fixed assets as per Profit & Loss account	24.21	
		561.84
Less: Profit on sale of fixed assets as per Profit & Loss account	0.77	
Premium of redemption of debentures charged to security premium account	786.38	
		787.15
Net Profit as per Section 198 of the Companies Act, 1956		19,977.06
Maximum permissible remuneration to whole time directors under section 198 of the Companies Act, 1956 @ 10% of the profit computed above		1,997.71
Restricted as per service agreements to		476.18

**18. (a) Deferred Tax Liability (Net)**

During the year the Company has computed its Deferred Tax Asset / Liability (DTL) in accordance with Accounting Standard-22 “Accounting for Taxes on Income” and accordingly a Deferred Tax (Liability) of ₹ 985.83 lacs as on 31<sup>st</sup> March, 2011 has been provided. Thereby total DTL aggregating to ₹ 2,692.35 as on 31<sup>st</sup> March, 2011.

**Schedule “P-II” (Contd.)**

(₹ in lacs)

Particulars	Deferred Tax Asset/ (Liability) as at 01.04.2010	Current Year Charge/Credit	Deferred Tax Asset/ (Liability) as at 31.03.2011
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(1,822.90)	(1,046.01)	<b>(2,868.91)</b>
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	116.38	60.18	<b>176.56</b>
Deferred Tax Liability (Net)	(1,706.52)	(985.83)	<b>(2,692.35)</b>

**(b) MAT Credit**

During the year The Company has accounted the MAT credit of earlier years amounting to ₹ 3,564.55 lacs and from this utilised ₹ 1,191.20 lacs. The balance of ₹ 2,373.35 lacs has been carried forward under MAT Credit entitlement under loans and advances schedule.

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 business segment i.e. Textiles and as such there are no separate reportable business 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.	N’Essence Holdings Limited	
7.	Rosewood Holdings Pvt. Limited	
8.	Anjaneya Holdings Pvt. Limited (nee Anjani Finvest Pvt. Ltd)	
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	

**Schedule “P-II” (Contd.)**

Sr. No.	Name of the Related Party	Relationship
19.	Belmonte Retails Limited (nee Belmonte Lifestyles Ltd.)	Wholly Owned Subsidiary
20.	SKNL International B.V.	Wholly Owned Subsidiary
21.	SKNL Europe B.V.	Wholly Owned Subsidiary
22.	SKNL Italy S.p.A.	Wholly Owned Subsidiary
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.	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 Acquisition Corp.	Wholly Owned Subsidiary of HMX Poland sp Z.o.o
36.	HMX Des Plaines LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
37.	Quartet Real Estate LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
38.	HMX LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
39.	HMX DTC Co.	Wholly Owned Subsidiary of HMX Acquisition Corp.

**(b) Key Management Personnel**

Shri Nitin S. Kasliwal – Vice Chairman &amp; Managing Director

Shri Anil Kumar Channa – Deputy Managing Director

**(c) Details of Transactions**

(₹ in lacs)

Nature of Transactions	Year Ended on 31.03.2011	Year Ended on 31.03.2010
<b>Purchases</b>		
Goods		
Leggiuno S.p.A.	14.54	36.80
<b>Total</b>	<b>14.54</b>	<b>36.80</b>
Services		
Reid & Taylor (India) Ltd. (Interest on Term loan)	3,818.88	5,243.31
<b>Total</b>	<b>3,818.88</b>	<b>5,253.31</b>
<b>Sales</b>		
Goods		
Leggiuno S.p.A.	452.34	33.69
Reid & Taylor (India) Ltd.	11,735.98	33.47
Brandhouse Retails Ltd. (Net of returns and discount)	25,935.75	22,934.69
HMX LLC	5.95	Nil
<b>Total</b>	<b>38,130.02</b>	<b>23,003.85</b>
Services		
Reid & Taylor (India) Ltd.	1.58	10.80
<b>Total</b>	<b>1.58</b>	<b>10.80</b>

**Schedule “P-II” (Contd.)**

( ₹ in lacs)

Nature of Transactions	Year Ended As at 31.03.2011	Year Ended As at 31.03.2010
<b>Investment</b>		
SKNL Italy, S.p.A.	Nil	667.50
SKNL International, B.V.	7,880.07	21,117.91
SKNL Europe, B.V.	Nil	151.31
Belmonte Retails Ltd	5.00	Nil
<b>Total</b>	<b>7,885.07</b>	<b>21,936.72</b>
<b>Advances taken and repaid</b>		
S. Kumars Textiles Ltd.	3,311.33	Nil
<b>Total</b>	<b>3,311.33</b>	<b>Nil</b>
<b>Loan Given and received back</b>		
Anjaneya Holdings Pvt. Ltd.	500.00	Nil
<b>Total</b>	<b>500.00</b>	<b>Nil</b>
<b>Advances for expenses</b>		
SKNL UK Ltd.	1,267.72	Nil
<b>Total</b>	<b>1,267.72</b>	<b>Nil</b>
<b>Loans repaid</b>		
Reid & Taylor (India) Ltd.*	11,000.00	5,500.00
<b>Total</b>	<b>11,000.00</b>	<b>5,500.00</b>
<b>Outstanding at the year end</b>		
Debtors – Refer Note No. 15 (A)	5,146.63	5,761.41
Creditors – Leggiuno S.p.A.	Nil	38.11
Creditors – SKNL UK Ltd.	2,433.84	1,166.12
Advances Receivable – Refer Note No. 15(B)	7.25	9.06
Loan Taken – Reid & Taylor (India) Ltd.*	31,500.00	42,500.00
Advances Payable – Reid & Taylor (India) Ltd.	8,549.67	10,409.16
Advances from customer (HMX LLC)	14.29	Nil
<b>Managerial Remuneration</b>	<b>476.18</b>	<b>322.47</b>

\* The loan is repayable in quarterly instalments of ₹ 2,750 lacs 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 on 31<sup>st</sup> March, 2011.**

- 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.)  
(As certified by the Management, being a technical matter)
  - iii) Apparels: 11.4 Lacs nos. p.a. (Ready-to-wear Garments)  
(Previous Year 11.4 Lacs nos. p.a.)

**Schedule "P-II" (Contd.)**

(Figures in lacs)

Particulars	Unit	As at 31.03.2011		As at 31.03.2010	
		Quantity	Amount ( ₹ )	Quantity	Amount ( ₹ )
<b>PRODUCTION FOR SALE</b>					
Fabrics	Mtrs	2,502.25		2,231.06	
Yarn	Kgs	21.35		26.49	
Readymade Garments	Pcs	43.76		29.74	
<b>OPENING INVENTORIES</b>					
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
Readymade Garments	Pcs	3.83	1,488.78	4.55	1,321.91
<b>Total</b>			<b>45,550.05</b>		<b>36,181.57</b>
<b>SALES</b>					
Fabrics	Mtrs	2,450.00	2,44,140.88	2,122.51	1,94,811.90
Yarn	Kgs	21.35	2,925.38	26.49	2,575.07
Readymade Garments	Pcs	41.99	27,977.04	30.46	17,782.33
Conversion charges			692.38		312.82
<b>Total</b>			<b>2,75,735.68</b>		<b>2,15,482.12</b>
<b>CLOSING INVENTORIES</b>					
Semi-finished fabrics	Mtrs	227.12	17,935.19	188.07	13,918.19
Finished-Fabrics	Mtrs	494.31	37,317.67	442.06	30,143.08
Readymade Garments	Pcs	5.60	2,106.42	3.83	1,488.78
<b>Total</b>			<b>57,359.28</b>		<b>45,550.05</b>
<b>CONSUMPTION</b>					
Fibre	Kgs	23.22	2,224.56	26.30	1,752.01
Yarn	Kgs	25.81	5,942.46	18.19	2,785.04
Grey / Fabrics / Garments	Mtrs/ Pcs	2,641.13	1,96,607.64	2,375.40	1,59,565.51
<b>Total</b>			<b>2,04,774.66</b>		<b>1,64,102.56</b>

Notes:

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

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

( ₹ in lacs)

Particulars	Year Ended on 31.03.2011		Year Ended on 31.03.2010	
	%	Amount	%	Amount
<b>Raw Material / Fabric Purchases</b>				
Indigenous	100.00	2,04,766.02	99.92	1,63,978.66
Imported	0.00	8.64	0.08	123.90
<b>Total</b>	<b>100.00</b>	<b>2,04,774.66</b>	<b>100.00</b>	<b>1,64,102.56</b>

**Schedule "P-II" (Contd.)**

**24. Value of Imports on CIF Basis:**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
i) Raw material	8.64	Nil
ii) Stores & spares, Dyes and Chemicals	52.67	Nil
iii) Finished fabrics	21.38	78.50
iv) Capital goods	3232.33	714.83

**25. Expenditure in foreign currency:**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Foreign Travelling	336.50	414.62
Interest	91.40	155.27
Professional Fees	3.88	24.40
Commission and Brokerage	147.22	Nil

**26. Earnings in foreign currency:**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
F.O.B. Value of Exports	6,850.46	1,090.39

**27. Computation of Earning Per Share:**

Basic	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Net Profit attributable to Equity Shareholders (₹ in lacs)	16,646.80	10,610.25
Weighted average number of Equity Shares of ₹ 10 each outstanding during the period (Nos. in Lacs)	2,532.14	2,365.14
Basic Earnings per Share	₹ 6.57	₹ 4.49

Diluted	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Net Profit attributable to Equity Shareholders (₹ in lacs)	16,646.80	10,610.25
		(Nos. in Lacs)
Number of shares outstanding on the beginning of the year	2,365.14	2,233.91
Add : Weighted average number of equity shares on issue of Shares to QIBs	153.05	Nil
Add : Weighted average number of potential equity shares on conversion of FCDs	Nil	131.22
Add : Weighted average number of potential equity shares on conversion of FCCBs	70.96	70.96
Add : Weighted average number of potential equity shares on conversion of Equity Warrants	42.87	-
Add : Weighted average number of potential equity shares those could arise on conversion of Equity Warrants	26.64	12.94
Add : Weighted average number of potential equity shares on account of employee stock options	4.46	5.35
Weighted average number of shares outstanding	2,663.12	2,454.38
Diluted Earnings per Share	₹ 6.25	₹ 4.32



**Schedule "P-II" (Contd.)**

**28. HVFC Shirtings facility**

The processing facilities of HVFC factory at Jhagadia Industrial Estate, GIDC, Ankleshwar, Gujarat has commenced w.e.f. 30<sup>th</sup> September, 2010.

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

(₹ in lacs)

Particulars	Amount	
Opening Balance as on 01 <sup>st</sup> April, 2010		Nil
Add: Incurred during the year:		
Employment Costs	204.69	
Travelling Expenses	1.77	
Legal & Professional Charges	0.12	
Miscellaneous Expenses	236.54	
Interest and Finance Charges	993.27	
Total incurred during the year		1,436.39
Less: Capitalized during the year		1,436.39
Amount Carried forward		Nil

30. During the year the Company has capitalized interest of ₹. 993.27 Lacs (Previous Year ₹. 960.43 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:

(Figures in lacs)

Particulars / Currency	As at 31.03.2011	As at 31.03.2010
<b>Unsecured Foreign Currency Loan</b>		
Euro	30.87	34.59
Equivalent to INR	1,965.11	2,104.20
<b>Receivables</b>		
Euro	2.67	0.35
Equivalent to INR	169.71	24.43
USD	25.25	Nil
Equivalent to INR	1,131.80	Nil
<b>Payables</b>		
Euro	0.04	0.54
Equivalent to INR	2.83	33.11

32. During the year Excise Duty is applicable on readymade garments from 1<sup>st</sup> March, 2011. Excise Duty on sales as of 31<sup>st</sup> March, 2011 is Nil.

**Schedule “P-II” (Contd.)**

33. Company adopted the Accounting Standard -15 (Revised 2005) “Employee Benefits” effective from 1<sup>st</sup> 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:

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Employer’s contribution to Provident Fund & Pension Scheme	330.72	251.16
Employer’s contribution to Employees State Insurance	53.98	43.25

**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 31.03.2011	As at 31.03.2010
Discount Rate (% per annum)	8.25	8
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)	17	19

**A. Change in the Present Value of Obligation:**

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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	529.65	180.00	475.80	121.76
Interest Cost	49.13	-	51.05	-
Current Service Cost	107.45	45.45*	197.35	58.24*
Past Service Cost (Vested Benefit)	32.01	-	-	-
Benefits Paid	(45.83)	-	(28.98)	-
Actuarial (gain) / loss on Obligations	(33.30)	-	(165.57)	-
Present Value of Defined Benefit Obligation as at the end of the period	639.11	225.45	529.65	180.00

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

**Schedule “P-II” (Contd.)**

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Present Value of Plan Assets as at the beginning of the period	367.25	270.05
Expected Return on Plan Assets	33.77	29.11
Contributions	77.78	108.26
Benefits Paid	(45.83)	(28.98)
Actuarial gains / (losses)	2.73	(11.19)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	435.70	367.25

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Present Value of Funded Obligation as at the end of the period	639.11	529.65
Fair Value of Plan Assets as at the end of the period	435.70	367.25
<b>Funded Asset recognised in the Balance Sheet</b> Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at the end of the period	203.41	162.40
Unrecognised Actuarial gains / (losses)	-	-
<b>Unfunded Liability recognised in the Balance Sheet</b> Included in provision (Schedule)	203.41	162.40

**D. Amount recognised in the Balance Sheet:**

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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	639.11	225.45	529.65	180.00
Fair Value of Plan Assets as at the end of the period	435.70	-	367.25	-
Liability/ (Net Asset) recognised in the Balance Sheet	203.41	225.45	162.40	180.00

**Schedule "P-II" (Contd.)**

**E. Expenses recognized in Profit and Loss Account:**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011		Year Ended on 31.03.2010	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Current Service Cost	107.45	45.45*	197.35	58.24*
Past Service Cost	32.01	-	-	-
Interest Cost	49.13	-	51.05	-
Expected Return on Plan Assets	(33.77)	-	(29.11)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	(36.03)	-	(154.38)	-
Total Expenses recognised in the Profit and Loss Account*	118.79	45.45*	64.91	58.24

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

**F. Actual Return on Plan Assets :**

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Expected Return on Plan Assets	33.77	29.11
Actuarial gain / (losses) on Plan Assets	2.73	(11.19)
Actual Return on Plan Assets	36.50	17.92

**G. Recognition of Actuarial (Gain) / Loss**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Actuarial (Gain) / Loss on Obligation	(33.30)	(165.57)
Actuarial (Gain) / Loss on Asset	(2.73)	11.19
Actuarial (Gain) / Loss in P&L A/c	(36.03)	(154.38)

**H. Experience Adjustment**

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
On Plan Liability (Gain) / Loss	(1.57)	(122.44)
On Plan Liability (Loss) / Gain	2.73	(11.19)

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.

It is estimated that the contribution during financial year 2011-12 would be ₹ 220.09 lacs (Previous year : ₹ 235.69 lacs) on account of the funded benefits.

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

**35. 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" 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="1"/>		

**II Capital raised during the year (Amount ₹ in Thousands)**

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

**III Position of Mobilisation and Deployment of funds (Amount ₹ in Thousands)**

Total Liabilities	<input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/>	Total Assets	<input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/>
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-Up Capital	<input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="5"/>	Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="5"/>
Reserves and Surplus	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="6"/>	Investments	<input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="8"/>
Secured Loans	<input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="8"/>	Net Current Assets	<input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="5"/>
Unsecured Loans	<input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/>	Misc. Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liabilities	<input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="5"/>	Deferred Tax Assets	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
		Accumulated Losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**IV Performance of the Company (Amount ₹ in Thousands)**

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

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

Product Description	ITC Code
1. Blended Fabrics	<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" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/>
3. Worsted Yarn	<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** *Sr. Vice President & Company Secretary*

Place: Mumbai  
Date : 30<sup>th</sup> May, 2011

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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.

SKNL is committed to concluding 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 experienced professionals 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 31<sup>st</sup> March 2011, the Company's Board consists of 13 members. Of these, two (2) are Executive Directors including Vice Chairman and Managing Director who is a Promoter Director, Nine (9) are Independent Directors, One (1) is Non Executive Director 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 4 times during the year on 28<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 29<sup>th</sup> October 2010 and 27<sup>th</sup> January 2011. The maximum time gap between any two consecutive meetings did not exceed four months.

In compliance with Clause 49 of the Listing Agreement, Board Meetings for consideration of unaudited financial results of the Company for each quarter are held within 30 days from the end of the quarter. However, Board Meeting for consideration of audited financial results of the Company for the last quarter of financial year ended 31<sup>st</sup> March is held within 60 days.

#### Directorship held and Director's attendance Record:

The composition of the Board of Directors and their directorship / chairmanship on the Board / Committees of other Companies 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 / she is Chairman / Member	
			Chairman	Member
Dr. A. C. Shah Chairman	Independent, Non Promoter, Non Executive	7	4	3
Shri Nitin S. Kasliwal Vice Chairman & Managing Director	Promoter & Executive	3	-	-
Smt. Jyoti N. Kasliwal	Promoter & Non Executive	2	-	-
Smt. Amita Narain (Nominee Director of IDBI)	Independent, Non Executive	-	-	-
Dr. Vinayshil Gautam (Nominee Director of EXIM)	Independent, Non Executive	6	3	-

Director	Category of Directorship	No. of other Directorship in Public Ltd. Cos.	No. of other Board Committees # (Other than SKNL) in which he / she is Chairman / Member	
			Chairman	Member
Shri Anish Modi (Nominee Director of IDM)	Independent, Non Executive	3	-	5
Shri Denys Firth (Nominee Director of IDM)	Independent, Non Executive	6	-	3
Shri Jitender Balakrishnan	Independent, Non Executive	12	2	1
Shri M. Damodaran	Independent, Non Executive	6	-	4
Shri Martin Henry	Independent, Non Executive	-	-	-
Shri Vijay G. Kalantri	Independent, Non Executive	12	-	5
Shri Dara D. Avari	Non Executive	3	-	6
Shri Anil Channa Deputy Managing Director	Executive, Non Promoter	2	-	1

1. # Relates to Audit Committee, Shareholders Grievance Committee & Remuneration Committee only.
2. 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 to 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 the last Annual General Meeting (AGM) is as under:

Name of the Director	No. of Board Meetings attended during the year	Attendance at the 20 <sup>th</sup> Annual General meeting held on 28 <sup>th</sup> September 2010
Dr. A. C. Shah	3	Yes
Shri Nitin S. Kasliwal	3	Yes
Smt. Jyoti N. Kasliwal	2	Yes
Smt. Amita Narain*	2	NA
Dr. Vinayshil Gautam	3	Yes
Shri Anish Modi	3	Yes
Shri Denys Firth	-	No
Shri Jitender Balakrishnan	1	Yes
Shri M. Damodaran**	-	NA
Shri Martin Henry	1	Yes
Shri Vijay G. Kalantri	3	Yes
Shri Dara D. Avari	4	Yes
Shri Anil Channa	4	Yes
Shri Alexander Shaik (Alternate to Denys Firth)	2	No
Col. S. K. Raje***	-	NA
Shri K. P. Rau****	2	Yes

- \* Nominated w.e.f. 29<sup>th</sup> October, 2010
- \*\*Appointed w.e.f. 28<sup>th</sup> March, 2011
- \*\*\*Resigned w.e.f. 30<sup>th</sup> July, 2010
- \*\*\*\*Nomination withdrawn w.e.f. 29<sup>th</sup> October, 2010

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

1. 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.
2. Are not related to the promoters or persons occupying the management positions at the Board level or at one level below the Board;
3. Have not been executives of the Company in the immediately preceding three financial years.
4. Are not partners or executives or were not a partner or executive during the preceding three years of any of the following.
  - 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.
5. Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence.
6. Are not substantial shareholders of the Company, i.e., do not own two percent or more of the block of voting shares.
7. 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 31<sup>st</sup> March 2011**

Sr. No.	Name of the Director	No. of Shares
1	Dr. A. C. Shah, Chairman	NIL
2	Shri Nitin S. Kasliwal, Vice Chairman & Managing Director	14,82,453
3	Smt. Jyoti N. Kasliwal	14,64,660
4	Smt. Amita Narain, (IDBI) Nominee	NIL
5	Dr. Vinayshil Gautam, (EXIM) Nominee	NIL
6	Shri Anish Modi, (IDM) Nominee	NIL
7	Shri Denys Firth, (IDM) Nominee	NIL
8	Shri Jitender Balakrishnan	NIL
9	Shri M. Damodaran	NIL
10	Shri Martin Henry	NIL
11	Shri Vijay G. Kalantri	8,000
12	Shri Dara D. Avari	NIL
13	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 Agreement 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 financially 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
Smt. Amita Narain	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 a 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 31<sup>st</sup> March, 2011 four Audit Committee Meetings were held on 28<sup>th</sup> May, 2010 30<sup>th</sup> July, 2010 29<sup>th</sup> October 2010 & 27<sup>th</sup> January 2011.

The Audit Committee also met prior to the finalization of accounts for the year ended March 31, 2011.

The attendance at the Audit Committee Meetings is as under:

Name of the Member	No. of meetings attended
Dr. A. C. Shah	3
Smt. Amita Narain (Nominee of IDBI)*	1
Shri Anish Modi (Nominee of IDM)	3
Shri Vijay G. Kalantri	3
Shri Dara D. Avari	4
Shri K. P. Rau**	2

\*Nominated w.e.f. 29<sup>th</sup> October, 2010

\*\*Nomination withdrawn w.e.f. 29<sup>th</sup> October, 2010

The Company Secretary was present at all the above meetings.

**B. Remuneration Committee:**

**Brief description of terms of reference**

1. 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.
2. 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

\*Resigned w.e.f. 30<sup>th</sup> July, 2010

#### Meetings and Attendance

During the financial year ended 31<sup>st</sup> March 2011, no Remuneration Committee Meeting was held.

#### 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 and Audit Committee is ₹ 20,000/- (increased from ₹ 10,000 to ₹ 20,000 w.e.f. 27<sup>th</sup> January, 2011) and of Committee of Directors, Remuneration Committee and Shareholders Grievance Committee is ₹ 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 2010-11 are as follows:

Name	Sitting fees paid during FY 2010 – 11 (In ₹ )					Total (In ₹ )
	Board Meeting	Audit Committee Meeting	Committee of Directors Meeting	Compensation Committee Meeting	Shareholders Grievance Committee Meeting	
Dr. A. C. Shah	40,000	40,000	N. A.	10,000	N. A.	90,000
Smt. Jyoti N. Kasliwal	30,000	N. A.	N. A.	N. A.	N. A.	30,000
Smt. Amita Narain*	30,000	20,000	N. A.	N. A.	N. A.	50,000
Dr. Vinayshil Gautam	40,000	N. A.	N. A.	N. A.	N. A.	40,000
Shri Anish Modi	40,000	40,000	N. A.	N. A.	10,000	90,000
Shri Denys Firth	-	N. A.	N. A.	N. A.	N. A.	-
Shri Jitender Balakrishnan	20,000	N. A.	N. A.	N. A.	N. A.	20,000
Shri Martin Henry	20,000	N. A.	N. A.	N. A.	N. A.	20,000
Shri Vijay G. Kalantri	30,000	30,000	1,60,000	10,000	N. A.	2,30,000
Shri Dara D. Avari	50,000	50,000	2,60,000	10,000	1,10,000	4,80,000
Shri Alexander Shaik (alternate to Shri Denys Firth)	30,000	N. A.	N. A.	N. A.	N. A.	30,000
Shri K. P. Rau**	20,000	20,000	N. A.	N. A.	N. A.	40,000

\*Nominated w.e.f. 29<sup>th</sup> October, 2010

\*\*Nomination withdrawn w.e.f. 29<sup>th</sup> October, 2010

##### 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 is recommended by the Remuneration Committee, approved by the Board and are 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 2010-11 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 <sup>st</sup> April, 2007 to 31 <sup>st</sup> March, 2012)	Five Years (From 12 <sup>th</sup> January, 2010 to 11 <sup>th</sup> January, 2015)
Salary (2010 – 11) ( ₹ in Lacs)	289.83	52.90
Other perquisites (including contribution to Provident Fund) ( ₹ in Lacs)	83.12	50.33
Incentive Remuneration	NIL	NIL
Stock Options	NIL	NIL

During the year 2010 - 11 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](http://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 Agreement 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 31<sup>st</sup> March, 2011.

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 Shri. Nimesh S. Shah, Company Secretary of the Company as the Compliance Officer under the provisions of listing agreement entered into with the Stock Exchanges.

**Meetings And Attendance**

During the financial year 2010–11, the Committee met eleven times.

Name of the Member	No. of meetings attended
Shri Dara D. Avari	11
Shri Anil Channa	11
Shri Anish Modi	1

**Details of Shareholders Complaints.**

During the year under review, a total of 13 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 31<sup>st</sup> March, 2011 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 House, 2<sup>nd</sup> 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 27 meetings of the Committee of Directors during the financial year 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011.

Name of the Member	No. of meetings attended
Shri Nitin S. Kasliwal	20
Shri Vijay G. Kalantri	16
Shri Dara D. Avari	26
Shri Anil Channa	22

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

**E. Compensation Committee:**

The Compensation Committee comprises of the following members:

Name of 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 2010–11, Compensation Committee Meetings were held twice on 28<sup>th</sup> May, 2010 and 30<sup>th</sup> March, 2011.

**The Employees Stock Option Scheme:**

As the ex employees of the Company did not show interest in subscribing shares under ESOP Scheme, the Company cancelled / withdrew 2,97,300 Nos. of ESOPs granted under Employees Stock Option Scheme.

No options were exercised during the financial year 2010-11.

There were 14,86,900 nos of options in force as at 31<sup>st</sup> March, 2011.

**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
2007 – 08	18 <sup>th</sup> 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 <sup>th</sup> AGM	Thursday, 24/09/2009	3.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020.	1
2009 - 10	20 <sup>th</sup> AGM	Tuesday, 28/09/2010	3.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020.	2

Details of Postal Ballots conducted during the year:

The Company has conducted the postal ballot process 3 times during the financial year 2010–11 and the following resolutions were passed:

**1. Postal Ballot Process Held on 31<sup>st</sup> May, 2010:**

- a) Special Resolution for issuance of 1,24,25,000 nos. of equity share warrants of the Company to M/s. Sansar Exim Private Limited, a promoter group Company on preferential allotment basis.

The Company had appointed Shri Pramod S. Shah, Proprietor of “Pramod S. Shah & Associates”, Practicing Company Secretaries, Mumbai, as Scrutinizer for conducting the above Postal Ballot process in a fair and transparent manner.

**2. Postal Ballot Process Held on 28<sup>th</sup> July, 2010:**

- a) Special Resolution for issue of equity shares to the Qualified Institutional Buyers upto the overall amount not exceeding ₹ 500 crores.

**3. Postal Ballot Process Held on 28<sup>th</sup> March, 2011:**

- a) Pursuant to Section 293(1)(a) of the Companies Act, 1956, an Ordinary Resolution was passed for sale of the Company's 'Belmonte Division' carrying on business in the Mid-Premium Segment comprising of the Fabrics Business and Ready-to-Wear Garments Business to its wholly owned subsidiary 'Belmonte Retails Limited'.
- b) Pursuant to Section 372A of the Companies Act, 1956, a Special Resolution was passed for making any loan, investment, guarantee or provide any securities beyond the prescribed limit in subsidiary Companies

The Company had appointed Shri Prashant Diwan, Practicing Company Secretaries, Mumbai, as Scrutinizer for conducting both the above Postal Ballot processes in a fair and transparent manner.

**5. SUBSIDIARY COMPANIES:**

As on date the Company has 23 subsidiaries, out of which 2 Companies are Indian subsidiary Companies, 3 Companies are foreign subsidiary Companies, 1 subsidiary Company is incorporated under Section 25 of the Companies Act, 1956 and 17 Companies are foreign stepdown subsidiary Companies incorporated outside India.

The details of all the above subsidiary Companies 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
	<b>INDIAN SUBSIDIARY COMPANIES</b>		
1.	Reid & Taylor (India) Limited	19/04/2000	10/12/2007
2.	Belmonte Retails Limited	02/07/2009	12/08/2010
3.	Anjaneya Foundation (Sec. 25 Company)	21/01/2009	21/01/2009
	<b>FOREIGN SUBSIDIARY COMPANIES</b>		
4.	SKNL International B.V.	03/11/2008	03/11/2008
5.	SKNL Europe B.V.	30/01/2007	07/01/2009
6.	SKNL Italy S.p.A	15/09/2008	01/10/2008
	<b>STEPDOWN SUBSIDIARIES</b>		
7.	Leggiuno S.p.A (Subsidiary of SKNL Italy S. p. A.)	09/03/2005	01/10/2008
8.	Marling & Evans Ltd. (Subsidiary of Leggiuno S. p. A.)	28/11/2006	01/10/2008
9.	SKNL Global Holdings B. V. (Subsidiary of SKNL International B.V.)	30/01/2007	05/11/2008
10.	SKNL North America B. V. (Subsidiary of SKNL Global Holdings B. V.)	30/01/2007	05/11/2008
11.	SKNL (UK) Ltd. (Subsidiary of SKNL Global Holdings B. V.)	16/12/2008	16/12/2008
12.	7172931 Canada Limited (Subsidiary of SKNL (UK) Ltd.)	13/05/2009	13/05/2009
13.	Global Apparel (France) Limited (Subsidiary of SKNL (UK) Ltd.)	24/06/2009	24/06/2009
14.	Global Apparel (Hong Kong) Limited (Subsidiary of SKNL (UK) Ltd.)	30/03/2009	30/03/2009
15.	Global Apparel (US) Limited (Subsidiary of SKNL (UK) Ltd.)	27/02/2009	27/02/2009
16.	Remala Trading BV (Subsidiary of SKNL North America BV)	02/01/2008	07/08/2009
17.	HMX Poland sp. Z o. o (Subsidiary of Remala Trading BV)	16/12/2008	07/08/2009
18.	HMX Acquisition Corp. (Subsidiary of HMX Poland sp. Z o. o)	16/06/2009	07/08/2009
19.	HMX Des Plaines LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
20.	Quartet Real Estate LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
21.	HMX LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
22.	Coppley Corp. (Subsidiary of Remala Trading BV)	25/06/2009	07/08/2009
23.	HMX DTC Co. (Subsidiary of HMX Acquisition Corp.)	17/12/2009	17/12/2009

All the above subsidiary and step down subsidiary Companies are managed with their Boards in professional manner and in the best interest of the Company (SKNL). As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary Companies and monitors the performance of all the 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-II' 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 Director's 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 31<sup>st</sup> March 2011.

**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 within 15 days from the conclusion of that meeting. The circulated 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 is 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?	The quarterly results are normally published in two newspapers viz: 1. Free Press Journal (English) & 2. 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?	Yes. All the Press releases have been displayed on the Company's website.
Whether Management Discussion & Analysis is part of Annual Report?	Yes

**8. GENERAL SHAREHOLDERS INFORMATION**

**1) Reappointment of Directors**

Dr. A. C. Shah, Shri. Vijay G. Kalantri 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 28<sup>th</sup> September, 2011.

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 : 28<sup>th</sup> September, 1990
- (3) Financial performance: Given in the Audited Balance Sheet.
- (4) Export performance for the period: 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011: ₹ 6,850.46 Lacs
- (5) Foreign investments or collaboration, if any:

- (i) Collaboration : None
- (ii) Foreign Investments : ₹ 78,80,07,400/-

- 3) Registered Office** : B2, 5<sup>th</sup> Floor, Marathon Nextgen,  
Off Ganpatrao Kadam Marg,  
Lower Parel (West), Mumbai 400 013, (India)  
Tel No. 24930180/24965700/24824500  
Fax No. 24931685

**Company's Corporate Website** : www.sknl.co.in

The Company's website is 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
<b>Menswear and Home Textiles</b>	<b>Spinning and Weaving</b>	<b>BSFC (Baruch Superfine Cotton) &amp; Home Textiles Division</b>	<b>Readymade Garment (TWS Division)</b>
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 - 91

- 5) Registrar and Share Transfer Agents** : M/s. 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 / 4043 0200  
Fax No. 2847 5207  
ansar@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	INE 772A01016

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

All the Foreign Currency Convertible Bonds aggregating US\$ 50 Million are converted into Equity Shares of ₹ 10/- each of the Company.

As on date, no FCCBs are outstanding.

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

Annual Listing Fees for the year 2011–12 have been duly paid to the above Stock Exchanges. Annual Custodial fees for the year 2011–12 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 2010-11**

Monthly share price movement during the year 2010 – 11 at BSE & NSE:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April	74.40	57.25	2,92,32,095	74.40	57.10	6,93,51,210
May	80.20	61.60	3,19,70,297	80.15	61.60	7,84,33,091
June	78.80	70.00	1,29,17,798	78.65	68.35	3,41,42,276
July	87.50	69.60	1,76,59,157	87.55	68.10	4,77,21,759
August	86.85	76.50	1,02,23,938	86.95	76.30	2,74,93,470
September	86.45	76.00	92,01,260	85.80	76.50	2,23,35,726
October	84.50	73.20	1,12,65,478	82.70	73.10	3,24,86,686
November	97.25	68.10	2,09,25,033	97.30	76.35	7,38,22,294
December	92.50	64.25	1,77,90,559	92.40	64.35	6,16,08,721
January	88.80	64.30	63,89,192	88.75	63.90	2,37,42,615
February	70.65	54.25	63,10,063	70.50	54.20	2,58,48,108
March	59.45	48.50	81,96,040	59.45	48.45	3,41,45,317

There are no outstanding GDRs / ADRs. However 1,24,25,000 equity warrants issued to Sansar Exim Pvt. Ltd. are outstanding as at 31<sup>st</sup> March 2011.

**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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011, 28,13,33,546 Equity Shares of the Company representing 98.72% of the Company's share capital have been dematerialized.

The Company's shares are regularly traded on the Bombay 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 31<sup>st</sup> March, 2011**

Of 28,49,78,377 Equity Shares of ₹ 10/- each fully paid up.

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

Range in ₹		Total Holders	% of Total Holders	Total Holding in ₹	% of Total Capital
From	To				
10	5000	33,357	87.5534	48697390.00	1.7089
5001	10000	2,300	6.0370	19539380.00	0.6856
10001	20000	1,000	2.6248	15734500.00	0.5521
20001	30000	348	0.9134	9033190.00	0.3170
30001	40000	182	0.4777	6618060.00	0.2322
40001	50000	169	0.4435	8137830.00	0.2855
50001	100000	264	0.6930	20191550.00	0.7086
100001	999999999	479	1.2572	2721831870.00	95.5101
<b>TOTAL</b>		<b>38,099</b>	<b>100.0000</b>	<b>2849783770.00</b>	<b>100.0000</b>

**13) Distribution of Equity Shareholding as on 31<sup>st</sup> March, 2011:**

Description	No. of Shares	Voting Strength %age
Directors – Individuals	2955113	1.03
Promoters – Companies	114830168	40.30
Relatives / Friends of Directors	114000	0.04
Public – Individuals	25582401	8.98
Public Bodies Corporate	40988821	14.39
Mutual Funds & UTI	1884098	0.67
Banks	28000	0.01
Financial Institution	3790	0.01
NRIs	2928612	1.02
Foreign Companies/ OCBs	7356631	2.57
FII	87742954	30.79
Clearing Members	563789	0.19
<b>Total</b>	<b>284978377</b>	<b>100</b>

**14) Schedule of listed Securities of the Company:**

Kind of Security (Shares)	Number Listed as on 31 <sup>st</sup> March, 2011	Nominal Value Per Share ₹	Paid-up Value Per Share ₹	Total Nominal Value ₹	Total Paid up Value ₹
Equity Shares of ₹ 10/- each	28,49,78,377	10/-	10/-	284,97,83,770	284,97,83,770
6% Cumulative Redeemable Preference Shares of ₹ 100/- each	5,27,500	100/-	100/-	5,27,50,000	5,27,50,000

**15) Schedule of unlisted Securities of the Company:**

Kind of Security (Shares)	Number of Shares as on 31 <sup>st</sup> March, 2011	Nominal Value Per Share ₹	Paid-up Value Per Share ₹	Total Nominal Value ₹	Total Paid up Value ₹
0.01% Redeemable Preference Shares of ₹ 100/- each	47,05,947	100/-	100/-	47,05,94,700	47,05,94,700

**16) Financial Calendar: (Tentative and subject to change)**

Board Meeting for consideration of Audited Accounts for the year ended 31 <sup>st</sup> March, 2011	30 <sup>th</sup> May, 2011
Posting of Annual Reports	On or before 4 <sup>th</sup> September 2011
Book Closure Dates	From Thursday, 22 <sup>nd</sup> September, 2011 To Wednesday, 28 <sup>th</sup> September, 2011 (Both days inclusive)
Last date for receipt of proxy forms	26 <sup>th</sup> September, 2011
Date, Time and Venue of 21 <sup>st</sup> Annual General Meeting	Date: 28 <sup>th</sup> September, 2011 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 <sup>st</sup> April, 2011 to 31 <sup>st</sup> December, 2011	Within 30 days from the end of each quarter as stipulated under the Listing Agreement with the Stock Exchanges
Audited Results for the last quarter ending 31 <sup>st</sup> March, 2011	Within 60 days from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchanges

**17) 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, 2<sup>nd</sup> 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 31<sup>st</sup> March, 2011, 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 behalf of **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place: Mumbai

Date : 30<sup>th</sup> May, 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATED TO SUBSIDIARY COMPANIES AS AT 31<sup>ST</sup> MARCH 2011**

Sr. No.	Name of the Subsidiary Company	(₹ in Lacs unless otherwise stated)											
		Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retails Limited	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	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/12/2010	31/12/2010	31/12/2010	31/03/2011	31/03/2011	31/03/2011	31/12/2010
2	Shares of the Subsidiary held by SKNL on the above date												
	(a) Number of Shares Fully Paid	100,125,000	49,500	50,000	4,964,910	2,573,604	18,200,000						
	Face Value	Equity Shares of ₹ 10 /- each	Equity Shares of ₹ 10 /- each	Equity Shares of ₹ 10 /- each	Equity Shares of Euro 1 each	Equity Shares of Euro 1 each	Equity Shares of Euro 1 each						
	(b) % shares held by SKNL and its subsidiaries	74.39%	99%	100%	100%	100%	100%	100%	65%	80%	100%	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, 2011 and December 31, 2010												
	(a) Dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-	-
	(b) Not dealt with Accounts of SKNL amounted to	24,252.98	#	-	(92.06)	(10.34)	(30.97)	(156.98)	(45.07)	(548.99)	13.35	(1,134.10)	
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 31 <sup>st</sup> March, 2011	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Number of shares acquired												

Sr. No.	Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retails Limited	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. ***
	Material changes between the end of the Subsidiary's financial year and 31 <sup>st</sup> March, 2011	-	-	-	-	-	-	-	-	-	-	-	-
(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.51/12/2007-CL-III dated 08.02.2011, 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. consolidated with four stepdown subsidiaries.

\*\*\* Subsidiary Company of SKNL North America B.V. consolidated with seven 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

<b>Nitin S. Kasliwal</b>	<i>Vice Chairman &amp; Managing Director</i>
<b>Anil Channa</b>	<i>Deputy Managing Director</i>
<b>J. S. Shetty</b>	<i>CFO &amp; President - Finance</i>
<b>Nimesh S. Shah</b>	<i>Sr. Vice President &amp; Company Secretary</i>

Place: Mumbai

Date: 30<sup>th</sup> May, 2011

Particulars of Subsidiary Companies as required by order no.51/12/2007-CL-III dated 08.02.2011, of Ministry of Corporate Affairs, Government of India issued under Section 212(8) of the Companies Act, 1956 for the financial year 2010-11 are as follows:

( ₹ in Lacs unless otherwise stated)

Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retails Limited	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. ***
Financial year of the Subsidiary Companies ended on	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/12/2010	31/12/2010	31/12/2010	31/03/2011	31/03/2011	31/03/2011	31/12/2010
Exchange rate as on 31 <sup>st</sup> March 2011	N.A.	N.A.	N.A.	1 Euro = ₹ 63.65	1 Euro = ₹ 63.65	1 Euro = ₹ 60.05	1 Euro = ₹ 60.05	1 Euro = ₹ 60.05	1 Euro = ₹ 63.65	1 GBP = ₹ 72.50	1 Euro = ₹ 63.65	1 USD = ₹ 45.04
(a) Share Capital (including share application money pending allotment)	13,459.75	5.00	5.00	31,329.40	1,781.31	10,929.10	1,774.48	139.95	1,744.02	9.19	212.26	10,145.26
(b) Share Capital Suspense	-	-	-	-	-	-	-	-	-	-	-	-
(c) Reserves and Surplus (net of debit balance of Profit and Loss Account)	142,117.26	(12.63)	-	(195.58)	(757.36)	(159.42)	567.79	(167.38)	26,355.79	(698.41)	13,734.19	25,102.07
(d) Total Assets (Fixed Assets + Current Assets)	252,284.40	1.25	5.00	2,786.88	2,148.38	64.99	16,632.82	494.36	12,094.88	7,831.16	1,300.80	87,654.61
(e) Total Liabilities (Debts + Current Liabilities and Provisions)	96,707.49	8.88	-	6.31	3,155.27	2,125.00	14,498.85	521.79	74.99	8,520.38	100.56	52,407.28
(f) Details of Investments (excluding investments in the subsidiary companies)												
- Equity / Preference Shares	-	-	-	28,353.25	2,030.84	12,829.69	208.30	-	16,079.92	-	12,746.21	-
- Government Securities	0.10	-	-	-	-	-	-	-	-	-	-	-
- Bonds / Mutual Fund Units	-	-	-	-	-	-	-	-	-	-	-	-
(g) Turnover	125,165.42	-	-	-	-	-	15,809.92	563.36	-	7,293.99	-	105,901.52
(h) Profit / (Loss) before Taxation	37,249.90	(0.41)	-	(92.06)	(10.34)	(46.24)	(79.61)	(45.07)	(289.96)	(541.99)	13.35	(563.19)
(i) Provision for Taxation	12,996.92	-	-	-	-	(15.27)	77.37	-	(21.16)	7.00	-	570.91
(j) Profit / (Loss) after Taxation	24,252.98	(0.41)	-	(92.06)	(10.34)	(30.97)	(156.98)	(45.07)	(268.80)	(548.99)	13.35	(1,134.10)
(k) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	-	-	-



**Reid & Taylor (India) Limited**  
**Annual Report**  
**2010-11**

**BOARD OF DIRECTORS**

<b>A. C. Shah</b>	–	<i>Chairman (w.e.f. 27.09.2010)</i>
<b>Nitin S. Kasliwal</b>	–	<i>Managing Director</i>
<b>Kunnasagaran Chinniah</b>	–	<i>Director</i>
<b>Dara P. Mehta</b>	–	<i>Director</i>
<b>Pradip P. Shah</b>	–	<i>Director (w.e.f. 30.07.2010)</i>
<b>Anil Channa</b>	–	<i>Director</i>

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Nihar R. Avasare

**BANKERS**

Bank of India

IDBI Bank Ltd.

Export Import Bank of India

State Bank of India

Punjab National Bank

Indian Overseas Bank

**AUDITORS**

M/s. Haribhakti & Co.

**SOLICITORS**

M/s. Little & Co.

**REGISTERED OFFICE**

B2, 5<sup>th</sup> Floor, Marathon NextGen,  
Off G. K. Marg, Lower Parel (West),  
Mumbai - 400 013.

**PLANT LOCATION****Worsted Fabrics Complex**

Thandavapura,  
Nanjangud Taluka,  
Mysore District,  
Karnataka.

**Suit Factory**

Plot # 28C, Opp. Asian Paints Godown,  
Peenya, 2<sup>nd</sup> Phase, (Near NTT Circle),  
Bengaluru - 560 058.



## DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report and Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2011.

### Financial Highlights:

( ₹ In lacs)

Particulars	2010-2011	2009-2010
Sales	1,25,165	98,221
Other Income	4,404	5,901
<b>Profit before tax</b>	<b>37,250</b>	31,842
Provision for taxation	12,996	11,548
<b>Profit after tax</b>	<b>24,252</b>	20,294
<b>Balance b/f From Previous Year</b>	<b>37,418</b>	17,124
<b>Surplus carried to B/Sheet</b>	<b>61,670</b>	37,418

### DIVIDEND:

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

### YEAR IN RETROSPECT:

In F.Y. 2011, the turnover increased smartly by 27% and Net Profit by 19%. During the year, the Company has expanded weaving capacities which helped improve overall operations. The growth in performance was possible due to the string 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".

### SHARE CAPITAL :

During the year, the Company has allotted 8,07,58,472 Nos. of Equity Shares of ₹ 10/- each on 10<sup>th</sup> September 2010, as fully paid bonus shares to the holders of the existing Equity Shares of the Company, in proportion of 3 (three) Nos. of Equity Shares of ₹ 10/- each for every 2 (two) existing fully paid up Equity Shares held by them.

### INITIAL PUBLIC OFFERING (IPO):

As approved by the shareholders of your Company in an EOGM on 27<sup>th</sup> September 2010, the Initial Public Offering of your Company is being proceeded with. The Draft Red Herring Prospectus (DRHP) was filed with SEBI on 9<sup>th</sup> December, 2010 and after necessary clarifications over the past months, the market regulator SEBI's approval is expected early June, 2011. Approvals from other Statutory Authorities such as BSE, NSE and RBI have already been received.

As members are aware, SKNL holds 74.39% and GIC Singapore holds 25.61% of the shares of RTIL. The issue size will be approx. ₹ 1000 Crores which includes primary issue of ₹ 500 Crores (by fresh issue of equity shares) and secondary issue of ₹ 500 Crores (offer for sale of equity shares by existing shareholders). The Book Running Lead Managers (BRLMs) advise that the issue will be hitting the market some time shortly. Of the total proceeds, primary proceeds will be used for the Reid & Taylor business and the secondary proceeds raised by SKNL will be used for paying off SKNL debts.

### DIRECTORATE:

During the year, Dr. A. C. Shah was inducted on the Board of the Company as an Additional Director w.e.f. 27<sup>th</sup> September 2010 and appointed as a Chairman of the Company.

Shri Kunnasagan Chinniah resigned as Nominee Director of Indivest Pte Limited w.e.f. 27<sup>th</sup> September 2010 and re-appointed as an Additional Director w.e.f. 27<sup>th</sup> September 2010.

Shri Dara D. Avari and Smt. Jyoti N. Kasliwal resigned from the Board of the Directors of the Company w.e.f. 27<sup>th</sup> September 2010.

### 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 31<sup>st</sup> March, 2011 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.

**SHIFTING OF REGISTERED OFFICE OF THE COMPANY**

The Registered Office of the Company have been shifted from 'Avadh', Shree Ram Mills Premised, G.K. Marg, Worli, Mumbai 400 018 to B2, 5<sup>th</sup> Floor, Marathon NextGen, Off G.K. Marg, Lower Parel (West), Mumbai 400 013 with effect from 27-09-2010.

**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 'I' to the Directors' Report.

**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:**

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-II' note no. 7 which are self explanatory and hence in the opinion of the Director, 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

**Dr. A. C. Shah**  
Chairman

Place: Mumbai

Dated: 26<sup>th</sup> May, 2011

## 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 which are as follows.

- Your Company has shifted from own generation to electricity board power supply resulting to saving of approx ₹ 10 Crore / annum.
- There is reduction in distribution loss by implementing capacitor banks near load centers. The annual savings due to this is approximately 7 lacs units which amounts to ₹ 38 lacs / annum.
- There are other proposals for energy conservation which will result into savings of approx ₹ 1.5 Crore / annum. Details as enclosed along with investment proposal of ₹ 2.7 Crore.

### 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                           |

#### Technology Absorption, Adoption and Innovation

The Company has absorbed the technology of manufacturing exclusive worsted suitings as follows:

- Effluent generated from finishing and dyeing is separated to two different Effluent Treatment Plant (ETP). Treated effluent from finishing ETP is recovered and reused / recycled for processing / dyeing. The current recycled water quantity is 150 KLD. This is approx ₹ 6 lac / annum.
- It is proposed to have 8 ton capacity solid fuel boiler to replace oil fired boiler. The proposed investment is ₹ 2.8 Crore, having saving potential of ₹ 4.0 Crore / annum. The Company will also be able to claim CARBON CREDIT on account of above.
- It is proposed to replace existing electrical chiller to Vapour absorption machine (VAM) chiller. The proposed investment is ₹ 1.0 Crore with potential savings of ₹ 75 lacs / annum.

#### Research and Development with Technology Absorption

- The Company has employed 2 Italian designers so as to have updates on :
  - New fashion trends, new colour trends
  - New fibers and their creative use in production of cutting age technology – fabric and fashions.
  - Top quality products with improved quality.
  - Latest dyes, chemicals & processes from reputed multinational companies like Huntsman, Clariant and DyStar adds to knowhow of latest cost effective, eco friendly, energy efficient and customer oriented products like machine washable wool.
  - This facilitates reduction in waste, effluent treatment cost, lower quantity of effluent.
  - New R & D investment proposals of ₹ 19 crore are in pipe line. The details are enclosed.

- Recurring R & D cost is approx ₹ 5 Crore / annum. – 1000 New blankets of 10 meters length each with cost of ₹ 5000/-
- All this adds to the brand equity of Reid & Taylor.

**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 ₹ 4,247.31 Lacs.

(₹ in lacs)

b)	Total Foreign exchange earned and used	Current Year 2010-11	Previous Year 2009-10
a.	Total Foreign Exchange earned	4,247.31	2,907.16
b.	Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
	Sub Total (a + b)	4,247.31	2,907.16
c.	Total Foreign Exchange used	4,763.47	4,543.85

**FORM A**

**FORMING PART OF ANNEXURE (1)**

**Form for Disclosure of particulars with respect to Conservation of Energy**

**Part A – POWER AND FUEL CONSUMPTION**

1. ELECTRICITY	Current Year 2010-11	Previous Year 2009-10
<b>Purchase</b>		
Units in lacs	83.21	-
Total Amount ₹ Lacs	459.45	-
Rate / Units ₹	5.52	-
<b>Own generation</b>		
Through Diesel generator		
Units (D.G. Units) in lacs	152.99	244.26
Unit / Ltr of Diesel Oil	4.08	4.07
Cost / Unit ₹	6.82	6.26

**Part B – CONSUMPTION PER UNIT OF PRODUCTION**

Electricity	Current Year 2010-11	Previous Year 2009-10
Fabrics KWH / Metre	2.97	3.07
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, Managing Director
2. Smt. Jyoti N. Kasliwal
3. Ms. Anjani N. Kasliwal
4. Mr. Kartikeya N. Kasliwal
5. S. Kumars Nationwide Limited
6. Belmonte Retails Limited  
(nee Belmonte Lifestyles Limited)
7. Anjaneya Holdings Pvt. Limited  
(nee Anjani Finvest Pvt. Ltd)
8. Brandhouse Retails Limited
9. Brandhouse Oviessa Limited
10. S. Kumars Enterprises (Synfabs) Limited
11. S. Kumars Textiles Limited
12. N'Essence Holdings Limited
13. Rosewood Holdings Pvt. Limited
14. Verve Properties & Investment Pvt. Limited
15. Ingenious Finance & Investment Pvt. Limited
16. Natty Finance & Investment Pvt. Limited
17. S. K. Worsteds Pvt. Limited
18. Tulja Enterprises Pvt. Limited
19. Sansar Exim Pvt. Limited
20. Chamundeshwari Mercantile Pvt. Limited
21. Maverick Mercantile Pvt. Limited
22. SKNL Foundation (Sec. 25 Company)
23. Anjaneya Foundation (Sec. 25 Company)
24. SKNL International B. V.
25. SKNL Europe B. V.
26. SKNL Italy S. p. A.
27. SKNL Global Holdings B. V.
28. SKNL North America B. V.
29. SKNL (UK) Ltd.
30. Leggiuno S. p. A.
31. Global Apparel (US) Ltd
32. Global Apparel (France) Ltd
33. Global Apparel (Hong Kong) Ltd
34. 7172931 Canada Ltd
35. Marling & Evans Ltd.
36. Remala Trading B.V
37. Copley Corp
38. HMX Poland sp. Z.o.o
39. HMX Acquisition Corp.
40. HMX Des Plaines LLC
41. Quartet Real Estate LLC
42. HMX LLC
43. 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.

## 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 31<sup>st</sup> March, 2011 and the Profit and Loss Account and also 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 (AS) referred to in Section 211 (3C) of the Act, to the extent applicable, *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 ₹ 1,978 lacs pertaining to earlier years (after amortising ₹ 220 lacs during the year) have been carried forward under the head "Restructured Financial Cost" (RFC) grouped/presented under Schedule F of Financial Statements i.e. "Loans and Advances" which is not in accordance with Accounting Standard (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 ₹ 1,978 lacs and overstatement of loans & advances by same amount (Refer Note No. 7 of Schedule 'P-II');*
  - v. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 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 and subject to para 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 31<sup>st</sup> March, 2011;
    - 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  
FRN 103523W

**Rakesh Rathi**  
Partner  
Membership No.45228

Place: Mumbai  
Date: 26<sup>th</sup> May, 2011

## 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 31<sup>st</sup> March, 2011]

- (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 ₹ 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 advances in the nature of loan of ₹ 8,550 lacs is granted to the Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹ 66,358 lacs (including interest bearing loan of ₹ 38,500 lacs) and the year end balance of loans and advances in the nature of loans granted to such party is ₹ 40,050 lacs (including interest bearing loan of ₹ 27,500 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 and advance in the nature of loan 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 ₹ 1 lacs in respect of loans and advances in the nature of loans granted to aforesaid company 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. Accordingly, the sub-clause (f) and (g) of clause (iii) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations provided to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories, fixed assets and sale of goods and services. 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 ₹ 5 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) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained with regard to textile products (excluding garment) 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 these 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.

There were no dues on account of cess under Section 441 A of the Companies Act, 1956, since the date, from which aforesaid section comes into force, has not yet been notified by the Central Government.

- (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 ( ₹ )	Period to which the amount relates	Due Date
Income Tax Act, 1961	Advance tax	2,070 lacs	F.Y. 2010-11	15-9-2010

- (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 ( ₹ )	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	436.80 lacs	F.Y. 2008-09	CESTAT
Customs Act, 1962	Customs CVD Duty	21.16 lacs	F.Y. 2006-07	Commissioner of Customs
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	45.68 lacs	F.Y. 2002-03	High Court
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	48.88 lacs	F.Y. 2003-04	High Court
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	60.51 lacs	F.Y. 2004-05	High Court
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	67.92 lacs	F.Y. 2005-06	High Court

- (x) The Company has neither accumulated losses as at 31<sup>st</sup> March, 2011 nor has it incurred any cash losses either during the financial year covered by our audit and in the immediately preceding financial year.
- (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 and according to the information and explanation given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanation given to us, the terms & conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions 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.
- (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 has neither issued any debenture during the year nor does it have any outstanding debentures as at the balance sheet date.
- (xx) The Company has not raised any money by public issues 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  
FRN 103523W

Place: Mumbai  
Date: 26<sup>th</sup> May, 2011

**Rakesh Rathi**  
Partner  
Membership No.45228

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2011**

(₹ in lacs)

	Schedule	Current Year As at 31.03.2011		Previous Year As at 31.03.2010	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	A	13,459.75		5,383.89	
Reserves & Surplus	B	<u>142,117.26</u>	<u>155,577.01</u>	<u>125,940.12</u>	131,324.01
<b>LOAN FUNDS</b>					
Secured Loans	C		<u>68,225.76</u>		42,392.81
<b>DEFERRED TAX LIABILITIES (NET)</b>					
(Refer Note No.6 of Schedule 'P-II')			<u>173.31</u>		152.51
	<b>Total</b>		<u><u>223,976.08</u></u>		<u><u>173,869.33</u></u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	D	13,854.71		11,594.31	
Less : Depreciation / Amortisation		<u>4,138.47</u>		<u>3,094.75</u>	
Net Block		<u>9,716.24</u>		8,499.56	
Capital Work in Progress (including capital advances)		<u>28,465.33</u>	<u>38,181.57</u>	<u>21,866.48</u>	30,366.04
<b>INVESTMENTS</b>					
	E		<u>0.10</u>		0.10
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	F	35,651.74		28,480.30	
Sundry Debtors		55,751.09		48,646.18	
Cash and Bank Balances		4,873.83		7,013.03	
Loans and Advances		<u>117,826.17</u>		<u>79,402.37</u>	
	<b>Total (I)</b>	<u>214,102.83</u>		<u>163,541.88</u>	
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	G	11,187.52		6,216.20	
Provisions		<u>17,120.90</u>		<u>13,822.49</u>	
	<b>Total (II)</b>	<u>28,308.42</u>		<u>20,038.69</u>	
<b>NET CURRENT ASSETS</b>					
	<b>(I) - (II)</b>		<u>185,794.41</u>		143,503.19
	<b>Total</b>		<u><u>223,976.08</u></u>		<u><u>173,869.33</u></u>
<b>Significant Accounting Policies and Notes to Accounts</b>					
	P				

The Schedule referred to above and Notes to accounts form an integral part of Balance Sheet.

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**  
Chartered Accountants  
FRN 103523W

**NITIN S. KASLIWAL**

*Managing Director*

**RAKESH RATHI**  
Partner  
Membership No. 45228

**ANIL CHANNA**

*Director*

**NIHAR R. AVASARE**

*Company Secretary*

Place : Mumbai  
Date : 26<sup>th</sup> May, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2011**

( ₹ in lacs)

	Schedule	Current Year Ended on 31.03.2011	Previous Year Ended on 31.03.2010
<b>INCOME</b>			
Sales and Service Charges		125,165.42	98,220.84
Other Income	H	4,403.58	5,901.43
Increase/(decrease) in Inventories	I	5,631.80	10,898.36
<b>Total</b>		<b>135,200.80</b>	<b>115,020.63</b>
<b>EXPENDITURE</b>			
Raw materials consumed/Fabric purchases	J	66,791.64	60,593.47
Manufacturing expenses	K	6,743.44	4,707.30
Personnel expenses	L	4,199.94	3,212.67
Administrative expenses	M	2,092.15	1,333.42
Selling and Distribution expenses	N	8,985.47	7,112.05
Restructured Financial Costs Amortised (Refer Note No. 7 of Schedule 'P-II')		219.76	219.76
Interest expenses	O	7,844.32	5,144.25
Depreciation/Amortisation	D	1,074.18	856.02
<b>Total</b>		<b>97,950.90</b>	<b>83,178.94</b>
<b>Profit/ (Loss) Before Tax</b>		<b>37,249.90</b>	<b>31,841.69</b>
<b>Provision for Taxation</b>			
Current Tax		(12,974.41)	(11,315.81)
Deferred Tax Assets/(Liabilities)		(20.80)	(163.50)
Wealth Tax		(1.26)	(1.11)
Taxation of earlier years		(0.45)	(67.43)
<b>Total Tax expenses</b>		<b>(12,996.92)</b>	<b>(11,547.85)</b>
<b>Profit available for Appropriation</b>		<b>24,252.98</b>	<b>20,293.84</b>
Balance Brought forward from previous period		37,417.48	17,123.64
<b>Balance Carried over to Balance sheet</b>		<b>61,670.46</b>	<b>37,417.48</b>
<b>Earning Per Share</b>			
<b>Basic &amp; Diluted</b> (Nominal Value of Shares ₹ 10/- each)		<b>₹ 18.02</b>	<b>₹ 15.51</b>

**Significant Accounting Policies and Notes to Accounts P**

The Schedule referred to above and Notes to accounts form an integral part of Profit &amp; Loss Account.

As per our report of even date

For and on behalf of the Board of Directors

 For **Haribhakti & Co.**  
 Chartered Accountants  
 FRN 103523W

**NITIN S. KASLIWAL**
*Managing Director*
**RAKESH RATHI**  
 Partner  
 Membership No. 45228

**ANIL CHANNA**
*Director*
**NIHAR R. AVASARE**
*Company Secretary*

 Place : Mumbai  
 Date : 26<sup>th</sup> May, 2011



## SCHEDULES FORMING PART OF ACCOUNTS

( ₹ in lacs)

Current Year  
As at 31.03.2011

Previous Year  
As at 31.03.2010

### SCHEDULE "A" - SHARE CAPITAL

#### Authorised Capital

15,00,00,000 Equity Shares of ₹ 10 each (Previous Year 5,50,00,000)	15,000.00	5,500.00
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NIL Preference Shares of ₹ 20 each (Previous Year 15,50,000)	-	310.00
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<b>Total</b>	15,000.00	5,810.00
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#### Issued, Subscribed and Paid up Capital

13,45,97,453 Equity Shares of ₹ 10 each, fully paid up (Previous Year 5,38,38,981) (10,01,25,000 shares are held by the holding Company S. Kumars Nationwide Limited) (Previous Year 4,00,50,000) 8,07,58,472 Bonus Shares issued during the year by utilising securities premium account.	13,459.75	5,383.89
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<b>Total</b>	13,459.75	5,383.89
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### SCHEDULE "B" - RESERVES AND SURPLUS

#### Securities Premium

As per last Balance Sheet	88,522.64	77,703.01
Add: On account of Allotment of Equity Shares	-	10,819.63
	88,522.64	88,522.64

Less: On account of issue of Bonus Shares	8,075.84	80,446.80
		-

<b>Profit and Loss Account</b>	<b>61,670.46</b>	<b>37,417.48</b>
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<b>Total</b>	142,117.26	125,940.12
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### SCHEDULE "C" - LOAN FUNDS

#### SECURED LOANS

Rupee Term Loan (Ref. Note No.1 & 4)	6,588.50	7,573.80
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Equipment Finance (Ref. Note No.2)	17.66	43.27
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Working Capital Advances from Banks (Ref. Note No.3 & 4)	61,619.60	34,775.74
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<b>Total</b>	68,225.76	42,392.81
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#### Notes:

1. Rupee Term loan from bank is secured by way of first *pari passu* first charge on Fixed Assets and second *pari passu* charge on Current Assets of the Company.
2. Equipment Finance Loans are secured by hypothecation of specific equipment / assets.
3. Working capital advances from Banks are secured by hypothecation of Company's inventories and book-debts, present and future and by a second *pari passu* charge on all Fixed Assets of the Company, both present and future.
4. Working Capital Advances include interest accrued & due ₹ 707.86 lacs (Previous Year ₹ 386.80 lacs).
5. Rupee Term loan and Working Capital advances have been guaranteed by Managing Director of the Company.

## SCHEDULES FORMING PART OF ACCOUNTS

### SCHEDULE “D” - FIXED ASSETS

( ₹ in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the Year	Deductions during the Year	Total as at 31.03.2011	As at 01.04.2010	Depreciation for the Year	Deductions during the Year	Total as at 31.03.2011	Total as at 31.03.2011	Total as at 31.03.2010
Land										
Freehold Land	374.99	-	-	374.99	-	-	-	-	374.99	374.99
Leasehold Land	32.96	859.06	-	892.02	-	-	-	-	892.02	32.96
Building	2,293.87	10.69	-	2,304.56	209.39	106.35	-	315.74	1,988.82	2,084.48
Plant & Machinery	8,323.07	1,223.10	-	9,546.17	2,761.86	889.84	-	3,651.70	5,894.47	5,561.21
Office Equipments	49.96	6.75	-	56.71	12.11	6.10	-	18.21	38.50	37.85
Computers	73.26	31.47	0.44	104.29	21.22	15.09	0.21	36.10	68.19	52.04
Furniture & Fixtures	186.71	53.12	1.36	238.47	40.86	22.16	0.90	62.12	176.35	145.85
Leasehold Properties	-	101.60	-	101.60	-	4.04	-	4.04	97.56	-
Vehicles	259.49	36.14	59.73	235.90	49.31	30.60	29.35	50.56	185.34	210.18
<b>Current year Total</b>	<b>11,594.31</b>	<b>2,321.93</b>	<b>61.53</b>	<b>13,854.71</b>	<b>3,094.75</b>	<b>1,074.18</b>	<b>30.46</b>	<b>4,138.47</b>	<b>9,716.24</b>	<b>8,499.56</b>
<i>Previous year Total</i>	<i>11,346.26</i>	<i>303.94</i>	<i>55.89</i>	<i>11,594.31</i>	<i>2,258.68</i>	<i>856.02</i>	<i>19.95</i>	<i>3,094.75</i>	<i>8,499.56</i>	<i>-</i>
<b>Capital Work- in- Progress (including capital advances)</b>									<b>28,465.33</b>	<i>21,866.48</i>

**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 and the Company.
- Leasehold land represents land meant for housing colony for staff and employees (17.26 acres) for which Lease Deed has been executed on 23<sup>rd</sup> April 2009 by KIADB for a period of 10 years in favour of the Company. 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.
- Additions to Leasehold Land represents the land allotted by KIADB at Plot No.55, Badadi Industrial Area, Bangalore for setting up of Garment Manufacturing Unit for a period of 10 years. Execution of lease deed is under process and cost of land will be amortised over lease period once legal formalities are completed.

( ₹ in lacs)

**Current Year**  
**As at 31.03.2011**                      Previous Year  
As at 31.03.2010

### SCHEDULE “E”- INVESTMENTS

**Long term at cost**

**Unquoted**

National Savings Certificates 0.10 0.10

**Total** 0.10 0.10

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

**Current Year**  
As at 31.03.2011

**Previous Year**  
As at 31.03.2010

**SCHEDULE “F” - CURRENT ASSETS, LOANS & ADVANCES**

**Inventories**

(as taken, valued and certified by the Management)

Raw materials (including Goods in Transit ₹ 413.37 lacs P.Y. ₹ 281.99 lacs)	<b>11,836.37</b>	10,340.69
Stores, fuel and packing materials	<b>236.32</b>	214.65
Colours and chemicals	<b>69.65</b>	47.36
Semifinished fabrics & garments	<b>5,699.36</b>	5,068.97
Finished fabrics & garments	<b>17,810.04</b>	12,808.63
<b>Total</b>	<b>35,651.74</b>	28,480.30

**Sundry Debtors**

(Unsecured & Considered good, unless otherwise stated)

Over six months\*

Considered Good	<b>9,775.62</b>	9,505.96
Considered Doubtful	<b>91.32</b>	91.32
Others Considered Good*	<b>45,975.47</b>	39,140.22
<b>Sub Total</b>	<b>55,842.41</b>	48,737.50
Less Provision for Doubtful Debts	<b>91.32</b>	91.32
<b>Total</b>	<b>55,751.09</b>	48,646.18

\*(Debtors due from companies in which some of the  
Directors are interested ₹14,759.36 lacs)  
(Previous Year ₹ 14,018.93 lacs) (Ref. Note No.8 of Schedule ‘P-II’)

**Cash and Bank Balances**

Cash on hand (As certified by the Management)	<b>3.50</b>	2.70
Balances with Scheduled Banks:		
In Current accounts	<b>4,690.07</b>	4,654.63
In Fixed Deposits (against Margin Money)	<b>180.26</b>	2,355.70
<b>Total</b>	<b>4,873.83</b>	7,013.03

**Loans Advances and Deposits**

(Unsecured & Considered Good unless otherwise specified)

Loans to Holding Company (Ref. Note 11c of Schedule ‘P-II’) *	<b>31,500.00</b>	42,500.00
Advances to Holding Company (Ref. Note 11c of Schedule ‘P-II’) *	<b>8,549.67</b>	10,409.16
Advances recoverable in cash or kind for value to be received	<b>74,035.18</b>	22,575.34
Custom Deposit/ Modvat/VAT Receivable	<b>1,033.12</b>	1,491.15
Deposits	<b>584.79</b>	229.10
Restructured Financial Cost (Ref. Note 7 of Schedule ‘P-II’)	<b>1,977.86</b>	2,197.62
Share issue Expenses - IPO	<b>145.55</b>	-
<b>Total</b>	<b>117,826.17</b>	79,402.37

\*(Advance due from companies in which some of the  
Directors interested ₹ 40,049.67 lacs) (Previous Year  
₹ 52,909.16 lacs) (Refer Note no.8 of Schedule ‘P-II’)

<b>Total of Current Assets, Loans and Advances</b>	<b>214,102.83</b>	163,541.88
--	-------------------	------------

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

**Current Year**  
As at 31.03.2011

**Previous Year**  
As at 31.03.2010

**SCHEDULE “G” - CURRENT LIABILITIES & PROVISIONS**

**(A) Current Liabilities**

Creditors for goods and expenses				
Micro, small and Medium Enterprises (Ref. note no.13 of Schedule ‘P-II’)	60.47		64.67	
Others	10,353.96		5,665.25	
Advances Received	15.46		32.15	
Deposits received from dealers	164.23		63.54	
Other liabilities	593.40	11,187.52	390.59	6,216.20

**(B) Provisions**

For Taxation (net of advance tax payments)	16,822.75		13,577.69	
For Grauity	123.94		110.45	
For Leave Encashment	174.21	17,120.90	134.35	13,822.49

**Total of Current Liabilities & Provisions** 28,308.42 20,038.69

(₹ in lacs)

**Current Year**  
ended on 31.03.2011

**Previous Year**  
ended on 31.03.2010

**SCHEDULE “H” - OTHER INCOME**

Interest (TDS - C.Y. ₹ 383.50 lacs, P.Y. - ₹ 859.47 lacs)	3,841.22	5,251.00
Balances written back	16.25	20.66
Export benefits	219.04	167.27
Miscellaneous income	327.07	462.50
<b>Total</b>	<u>4,403.58</u>	<u>5,901.43</u>

**SCHEDULE “I” - INCREASE /(DECREASE) IN INVENTORIES**

Closing inventories of :

Semi-finished Fabrics	5,699.36	5,068.97
Finished Fabrics	16,147.77	11,740.76
Finished Garments	1,662.27	1,067.87
	<u>23,509.40</u>	<u>17,877.60</u>

Opening inventories of :

Semi-finished Fabrics	5,068.97	1,633.63
Finished Fabrics	11,740.76	4,843.64
Finished Garments	1,067.87	501.97
	<u>17,877.60</u>	<u>6,979.24</u>

**Increase/(decrease) in inventories** 5,631.80 10,898.36



## SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

Current Year  
ended on 31.03.2011

Previous Year  
ended on 31.03.2010

### SCHEDULE "J" - RAW MATERIALS CONSUMED/FABRIC PURCHASES

Opening inventory	10,340.69		8,645.79	
Add : Purchases	68,287.32		62,288.37	
Less: Closing inventory	<u>11,836.37</u>	<u>66,791.64</u>	<u>10,340.69</u>	<u>60,593.47</u>
		<u>66,791.64</u>		<u>60,593.47</u>

### SCHEDULE "K" - MANUFACTURING EXPENSES

Conversion charges		2,922.48		1,663.98
Excise duty		53.45		2.56
Freight and octroi		269.72		113.36
Power & fuel		2,013.96		1,922.65
Stores and Spares		514.63		524.14
Other materials/expenses		934.02		450.67
Insurance		35.18		29.94
<b>Total</b>		<u>6,743.44</u>		<u>4,707.30</u>

### SCHEDULE "L" - PERSONNEL EXPENSES

Salaries, wages, bonus & allowances		3,736.02		2,881.18
Contributions to provident fund and other funds		430.39		308.18
Staff welfare expenses		33.53		23.31
<b>Total</b>		<u>4,199.94</u>		<u>3,212.67</u>

## SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

Current Year  
ended on 31.03.2011

Previous Year  
ended on 31.03.2010

### SCHEDULE “M” - ADMINISTRATIVE EXPENSES

Rent		127.24		42.78
Rates & Taxes		25.25		20.72
Repairs and maintenance				
to buildings	59.79		29.55	
to others	58.63	118.42	57.40	86.95
Travelling expenses		341.18		284.70
Vehicles maintenance		117.56		96.47
Director’s Remuneration		9.52		-
Remuneration to Auditors				
Audit fees (including service tax)	29.79		25.37	
In other capacity	1.37	31.16	1.91	27.28
Bank charges & Upfront fee		527.23		239.63
Conveyance expenses		11.31		5.73
Legal & Professional charges		350.32		151.56
Printing and stationery		63.36		49.30
Telephone expenses		48.77		40.31
Postage and telegrams		48.73		37.88
Sales tax		1.91		1.94
Sundry Balances written off		0.24		24.98
Loss on sale of fixed assets		11.44		5.42
Service Tax		4.44		4.64
Exchange Rate Fluctuation (net)		27.29		66.19
Other Misc. Expenses		226.78		146.94
<b>Total</b>		<b>2,092.15</b>		<b>1,333.42</b>

### SCHEDULE “N” - SELLING AND DISTRIBUTION EXPENSES

Dealers incentives		1,849.23		1,864.27
Discounts, rebates and allowances		68.53		46.76
Commission and brokerage		1,298.34		822.09
Publicity, Market survey & research		3,123.03		2,637.16
Lease rentals		105.34		26.78
Other Selling Expenses		2,541.00		1,714.99
<b>Total</b>		<b>8,985.47</b>		<b>7,112.05</b>

### SCHEDULE “O” - INTEREST EXPENSES

Interest on Term Loan		1,152.36		233.61
Interest Others		6,691.96		4,910.64
<b>Total</b>		<b>7,844.32</b>		<b>5,144.25</b>

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31<sup>st</sup> MARCH, 2011.

### SCHEDULE “P” - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### SCHEDULE “P-I” SIGNIFICANT ACCOUNTING POLICIES :

##### 1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention, except where impairment is made and on accrual basis in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### 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 recognised during the period in which they are materialized / known.

##### 3. Fixed Assets

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.

##### 4. Intangible Assets

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.

##### 5. Depreciation and Amortisation

- 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 ₹ 5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- c) Computer Software: Amortised over a period of five years.

##### 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 recognised 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. Valuation of Inventories

- a) Raw materials (including goods 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, attributable overheads and excise duty.
- d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first in first out basis.

**Schedule “P-I” (Contd.)**

**9. Recognition of Income and Expenditure**

- a) Domestic sales are recognised on transfer of risk and reward which generally coincides with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of bill of lading.
- c) Sales are inclusive of excise duty, dyeing charges, conversion charges and are net of shortage and discounts excluding value added tax.
- d) Interest income is recognised on time proportion basis taking in to account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognised on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being immaterial, are accounted on cash basis.
- f) The claims against the company are accounted on acceptance basis.
- g) Export benefits are accounted for on the basis of application filed with the appropriate authority.

**10. Foreign Exchange Transactions**

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts.

**11. Employee Benefits**

- a) Employee benefits comprise both defined contribution and defined benefit plans.

**Defined contribution plan :**

Contribution to defined contribution plans are recognised as expenses in the Profit and Loss Account, as they are incurred.

**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.

- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.

**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**

Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

**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 recognised as an expense, as applicable, over the lease period.

**Schedule “P-I” (Contd.)****16. Segment Reporting**

Business segment is identified and reported taking into account the nature of products and services, the different risks and returns and the internal business reporting systems. The identification of geographical segment is based on the areas in which major operating divisions of the Company operate.

**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**

Tax expense comprises of current tax and deferred tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on “Accounting For Taxes on Income”, issued by the ICAI. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

**19. Provisions and Contingent Liabilities**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

**SCHEDULE “P II” – NOTES TO ACCOUNTS**

**1. CONTINGENT LIABILITIES:**

**a. Guarantees:**

( ₹ in lacs)

	<b>Particulars</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
a)	Corporate Guarantees given to the Lenders of S. Kumars Nationwide Limited	<b>27,500.00</b>	27,500.00
b)	In respect of Custom duty availed under EPCG Scheme (Covered by Bank Guarantee & Company Bond)	<b>647.84</b>	Nil

**b. Claims not acknowledged as debts:**

( ₹ in lacs)

	<b>Particulars</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
a)	Entry Tax Liability – disputed	<b>222.99</b>	Nil
b)	Service tax on export agency commission – disputed	<b>0.94</b>	0.94
c)	Excise duty on Tow to Top conversion – disputed	<b>436.80</b>	68.51
d)	Custom CVD duty disputed	<b>21.16</b>	21.16

2. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as certified by the management is ₹ 1,397.00 lacs.(Previous Year ₹ 1,094.28 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:

( ₹ in lacs)

	<b>Period</b>	<b>As at 31.03.2011</b>	As at 31.03.2010
a)	Not later than one year	<b>213.40</b>	224.93
b)	Later than one year but not later than five years	<b>825.86</b>	725.18
c)	Later than five years	<b>311.99</b>	136.67

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹ 127.24 lacs. (Previous year ₹ 186.44 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. Balance of Sundry debtors / Sundry Creditors, Loans and advances (including capital advances) are subject to confirmations, reconciliation and consequential adjustment, if any.
5. During the year, the Company has issued 8,07,58,472 Equity Shares @ ₹ 10 each as fully paid up Bonus Shares in the ratio of 3 shares for every 2 shares held by utilizing the Securities Premium account.
6. a) During the year the Company has computed its Deferred Tax Asset / (Liability) (DTL) in accordance with Accounting Standards – 22 “Accounting for Taxes on Income” and accordingly Deferred Tax liability of ₹ 20.80 lacs as has been provided, thereby total DTL aggregating to ₹ 173.31 lacs on 31<sup>st</sup> March, 2011.

Schedule “P” (Contd.)

Deferred Tax Liability (Net)

(₹ in lacs)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2010	Current Year Charge/Credit	Deferred Tax Assets/(Liability) as at 31.03.2011
Deferred Tax Liabilities			
(i) Difference between books and tax Depreciation	(319.90)	(59.17)	<b>(379.07)</b>
Deferred Tax Assets			
(i) Disallowance under Section 43B of Income Tax Act	167.39	38.37	<b>205.76</b>
Deferred Tax Liability (Net)	(152.51)	(20.80)	<b>(173.31)</b>

- b) The Company has not written back the excess income tax provision amounting to ₹ 3,454 lacs for Assessment Year 2010-11 and ₹ 4,128 lacs in receipt of Assessment Year 2009-10 on the basis of conservative approach as the assessments are pending.
7. During the year 2008-09 the Company has accounted for ₹ 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 subsidisation under the head “Restructured Finance Costs”. The same is being written off in equal installments starting from 1<sup>st</sup> October, 2008 till 31<sup>st</sup> March, 2020 to be in conformity with the accounting treatment given in Holding Company’s financial statements. Accordingly, the Company has amortized ₹ 219.76 lacs, during the year and the balance amount of ₹ 1,977.86 lacs as on 31<sup>st</sup> March, 2011 has been carried forward.
8. Debtors and advances due from firms and companies in which some of the Directors are interested.

(₹ in lacs)

Name of the Company	As at 31.03.2011	As at 31.03.2010
<b>Debtors :</b>		
Brandhouse Retails Limited	<b>14,594.17</b>	14,003.76
Coppley Corp	<b>17.31</b>	5.86
HMX LLC	<b>147.88</b>	9.31
<b>Total</b>	<b>14,759.36</b>	14018.93
<b>Loans and Advances :</b>		
Loan to S. Kumars Nationwide Limited	<b>31,500.00</b>	42,500.00
Advance to S. Kumars Nationwide Limited	<b>8,549.67</b>	10,409.16
<b>Total</b>	<b>40,049.67</b>	52,909.16
<b>Grand Total</b>	<b>54,809.03</b>	66,928.09

**Schedule “P-II” (Contd.)****9. Disclosure as per clause 32 of the Listing agreement:**

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

*(Figures in lacs)*

Name of the Company	Relationship	Amount outstanding as at 31.3.2011 ( ₹ )	Amount outstanding as at 31.3.2010 ( ₹ )	Maximum balance outstanding during the year ended on 31.03.2011 ( ₹ )	Maximum balance outstanding during the year ended on 31.03.2010 ( ₹ )	Investment in Shares of the Company as at 31.03.2011 (No. of Shares)	Investment in Shares of the Company as at 31.03.2010 (No. of Shares)
S. Kumars Nationwide Limited *	Parent/ Holding Co	31,500.00	42,500.00	42,500.00	48,000.00	1,001.25	400.50
S. Kumars Nationwide Limited **	Parent/ Holding Co	8,549.67	10,409.16	23,857.77	23,276.16	1,001.25	400.50

\* Loan amount to be repaid in quarterly installment of ₹ 2,750.00 lacs.

\*\* No Repayment Schedule.

- 10.** The Company is engaged in manufacturing (in house and outsourced) fabrics and ready to wear garments. Considering the over all nature, the management is of the opinion that the entire operation of the Company falls under one reportable business 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”.



**Schedule “P-II” (Contd.)**

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

**(a) Related parties**

<b>Sr. No.</b>	<b>Name of the Related Party</b>	<b>Relationship</b>
1.	S. Kumars Nationwide Limited	Holding/Parent Company
2.	Brandhouse Retails Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
3.	Brandhouse Oviessa Limited	
4.	S. Kumars Enterprises (Synfabs) Limited	
5.	S. Kumars Textiles Limited	
6.	Belmonte Retails Limited (nee-Belmonte Lifestyles Limited)	
7.	N’Essence Holdings Limited	
8.	Anjaneya Holdings Pvt. Limited (nee-Anjani Finvest Pvt. Limited)	
9.	Rosewood Holdings Pvt. Limited	
10.	Verve Properties & Investment Pvt. Limited	
11.	Ingenious Finance & Investment Pvt. Limited	
12.	Natty Finance & Investment Pvt. Limited	
13.	S. K. Worsteds Pvt. Limited	
14.	Tulja Enterprises Pvt. Limited	
15.	Sansar Exim Pvt. Limited	
16.	Chamundeshwari Mercantile Pvt. Limited	
17.	Maverick Mercantile Pvt. Limited	
18.	Anjaneya Foundation	
19.	SKNL Foundation	
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.	Global Apparel (Hong Kong) Ltd.	Wholly Owned Subsidiary of SKNL (U.K.) Ltd.
30.	7172931 Canada 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 Acquisition Corp.	Wholly Owned Subsidiary of HMX Poland sp Z.o.o
36.	HMX Des Plaines LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
37.	Quartet Real Estate LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
38.	HMX LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
39.	HMX, DTC Co.	Wholly Owned Subsidiary of HMX Acquisition Corp.

Schedule “P-II” (Contd.)

(b) Key Management personnel

Shri Nitin S.Kasliwal – Managing Director

(c) Details of Transaction:

(₹ in lacs)

Nature of Transactions	Year Ended on 31.03.2011	Year Ended on 31.03.2010
<b>Purchases</b>		
Goods		
S. Kumars Nationwide Limited	11,735.98	33.47
<b>Total</b>	<b>11,735.98</b>	33.47
Services		
S. Kumars Nationwide Limited	1.58	10.80
<b>Total</b>	<b>1.58</b>	10.80
<b>Capital Expenditure</b>		
HMX LLC	28.33	37.90
<b>Total</b>	<b>28.33</b>	37.90
<b>Loans &amp; Advances</b>		
Advances to S. Kumars Nationwide Limited	8,549.67	10,409.16
<b>Total</b>	<b>8,549.67</b>	10,409.16
Loans recovered from S. Kumars Nationwide Limited	11,000.00	5,500.00
<b>Total</b>	<b>11,000.00</b>	5,500.00
<b>Sales</b>		
Goods		
Brandhouse Retails Limited	39,354.46	36,660.63
Copley Corp	31.63	6.05
HMX LLC	194.55	42.18
<b>Total</b>	<b>39,580.64</b>	36,708.86
Services		
S. Kumars Nationwide Limited (Interest on Term Loan)	3,818.88	5,243.31
<b>Total</b>	<b>3,818.88</b>	5,243.31
<b>Outstanding as on 31<sup>st</sup> March 2011:</b>		
Debtors (Ref. Note 8)	14,759.36	14,018.93
Loans Given (S. Kumars Nationwide Ltd.) (Ref. Note 8)	31,500.00	42,500.00
Advances (S. Kumars Nationwide Ltd.) (Ref. Note 8)	8,549.67	10,409.16

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

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

12. Additional information pursuant to provision of Para 3, 4C & 4D of part II of Schedule VI to Companies Act, 1956.

- (a) Licensed capacity : Not applicable
- (b) Installed capacity#
- i) Spinning: 12960 Spindles (Previous Year 12960 Spindles)
  - ii) Weaving: 103 lac mtrs p.a (Previous Year 90 lac mtrs p.a.)

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

Schedule “P-II” (Contd.)

(Figures in lacs)

Particulars	Unit	As at 31.03.2011		As at 31.03.2010	
		Quantity	Amount ( ₹ )	Quantity	Amount ( ₹ )
<b>PRODUCTION FOR SALE</b>					
Fabrics	Mtrs	330.62		302.13	
Readymade Garments	Pcs	43.11		32.65	
<b>OPENING INVENTORIES</b>					
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
<b>Total</b>			17,877.60		6,979.24
<b>SALES</b>					
Fabrics	Mtrs	286.98	92,319.72	234.93	75,841.73
Readymade Garments / Accessories	Pcs	42.50	32,832.42	31.61	22,358.19
Conversion charges			13.28		20.92
<b>Total</b>			1,25,165.42		98,220.84
<b>CLOSING INVENTORIES</b>					
Semi-finished Fabrics	Mtrs	31.57	5,699.36	33.85	5,068.97
Finished-Fabrics	Mtrs	129.55	16,147.77	85.91	11,740.76
Readymade Garments	Pcs	2.92	1,662.27	2.31	1,067.87
<b>Total</b>			23,509.40		17,877.60
<b>CONSUMPTION</b>					
Fibre	Kgs	16.33	6,321.84	13.72	3,875.17
Yarn	Kgs	8.36	1,518.16	5.54	1,069.26
Grey/ Fabrics/ Garments	Mtrs/Pcs	306.31	58,951.64	260.26	55,649.04
<b>Total</b>			66,791.64		60,593.47

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. The 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 2010-11 is given below:

( ₹ in lacs)

			As at 31.03.2011		As at 31.03.2010	
i)	Amounts unpaid as at 31 <sup>st</sup> March, 2011	Principal		35.35		46.11
ii)	Amount of interest accrued and unpaid					
	Opening Balance as on 01 <sup>st</sup> April, 2010		18.56		9.33	
	Add: Accrued Interest		6.56		9.23	
	Less: Paid during the year		Nil		Nil	
	Closing Balance at at 31 <sup>st</sup> March, 2011	Interest		25.12		18.56
iii)	<b>Total Amount outstanding as on 31<sup>st</sup> March, 2011</b>			60.47		64.67

**Schedule “P-II” (Contd.)**

**14. 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:

(in lacs)

Currency	As at 31.03.2011		As at 31.03.2010	
	FC	INR	FC	INR
Receivables				
– Euro	0.27	16.91	0.24	14.10
– USD	15.21	675.98	18.51	830.99
– GBP	2.34	166.64	1.05	70.87
Payables				
– Euro	-	-	0.86	52.20
– USD	-	-	0.97	44.05
– AUD	11.58	527.79	1.48	61.72
– GBP	0.82	58.42	-	-
– CHF	0.01	0.31	-	-

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

(₹ in lacs)

Raw Material	%	Year Ended on 31.03.2011	%	Year Ended on 31.03.2010
Indigenous	96.92	64,733.72	95.85	58,080.24
Imported	3.08	2,057.92	4.15	2,513.23
<b>Total</b>	<b>100.00</b>	<b>66,791.64</b>	<b>100.00</b>	<b>60,593.47</b>

**16. Value of Imports on CIF Basis:**

(₹ in lacs)

	Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
a)	Raw Material	2,068.68	2,067.22
b)	Finished Goods	568.51	659.41
c)	Stores & Spares	148.81	122.29
d)	Capital Goods	725.13	194.90

**17. (a) Expenditure in Foreign Currency:**

(₹ in lacs)

	Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
a)	Foreign Travelling	60.59	63.48
b)	Salary	25.74	33.86
c)	Commission / Discount / Fair Expenses	191.84	91.48
d)	Professional fees	38.51	47.07
e)	Royalty	935.66	1,264.14

**(b) Earning in foreign currency:**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Exports (FOB Value)	4,247.31	2,907.16

Schedule “P-II” (Contd.)

18. Earnings per share:

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Net Profit after tax before extraordinary items and tax thereon (₹ in Lacs)	24,252.98	20,293.83
Weighted average number of Equity Shares of ₹ 10 each outstanding during the period (Nos. in Lacs)	1,345.97	1,308.53
Basic & diluted Earnings per Share	₹ 18.02	₹ 15.51

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:**

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

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

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Employer’s contribution to Provident Fund & Pension	217.53	171.18
Employer’s contribution to Employees State Insurance	51.32	39.89

**II Defined Benefit Plans:**

- Contribution to Gratuity Fund (Funded Scheme)
- 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 31.03.2011	As at 31.03.2010
Discount Rate (% per annum)	8.25	8
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)	21	19

**A. Change in the Present Value of Obligation:**

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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	225.42	134.35	170.29	76.84
Interest Cost	18.03	-	15.77	-
Current Service Cost	44.06	39.86*	35.69	57.51*
Past Service Cost (Vested Benefit)	31.36	-	-	-
Benefits Paid	(33.45)	-	(4.92)	-
Actuarial (gain) / loss on Obligations	28.28	-	8.59	-
Present Value of Defined Benefit Obligation as at the end of the period	313.70	174.21	225.42	134.35

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

Schedule “P-II” (Contd.)

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Present Value of Plan Assets as at the beginning of the period	114.97	57.09
Expected Return on Plan Assets	9.20	8.58
Contributions	93.56	52.60
Benefits Paid	(33.45)	(4.91)
Actuarial gains / (losses)	5.48	1.61
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	189.76	114.97

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Present Value of Funded Obligation as at the end of the period	313.70	225.42
Fair Value of Plan Assets as at the end of the period	189.76	114.97
<b>Funded Asset recognised in the Balance Sheet</b> Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at the end of the Period	123.94	110.45
Unrecognised Actuarial gains / (losses)	-	-
<b>Unfunded Liability recognised in the Balance Sheet</b> Included in provision (Schedule)	123.94	110.45

**D. Amount recognised in the Balance Sheet:**

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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	313.70	174.21	225.42	134.35
Fair Value of Plan Assets as at the end of the Period	189.76	-	114.97	-
Liability/ (Net Asset) recognised in the Balance Sheet	123.94	174.21	110.45	134.35

**E. Expenses Recognised in Profit and Loss Account:**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011		Year Ended on 31.03.2010	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme Leave Encashment)
Current Service Cost	44.06	39.86*	35.69	57.51*
Past Service Cost	31.36	-	-	-
Interest Cost	18.03	-	15.77	-
Expected Return on Plan Assets	(9.20)	-	(8.58)	-
Curtailment Cost / (Credit)	-	-	-	-

Schedule “P-II” (Contd.)

(₹ in lacs)

Particulars	Year Ended on 31.03.2011		Year Ended on 31.03.2010	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme Leave Encashment)
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	22.80	-	6.98	-
Total Expenses recognised in the Profit and Loss Account*	107.05	39.86	49.86	57.51

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

**F. Actual Return on Plan Assets:**

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Expected Return on Plan Assets	9.20	8.58
Actuarial gain / (losses) on Plan Assets	5.48	1.61
Actual Return on Plan Assets	14.68	10.19

**G. Recognition of Actuarial (Gain) / Loss**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Actuarial (Gain) / Loss on Obligation	28.28	8.59
Actuarial (Gain)/Loss on Asset	(5.48)	(1.61)
Actuarial (Gain)/Loss in P&L A/c	22.80	6.98

**H. Experience Adjustment**

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
On Plan Liability (Gain) / Loss	43.85	14.72
On Plan Asset (Loss) /Gain	5.48	1.61

The funds of the scheme are managed by insurer 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.

It is estimated that the contribution during financial year 2011-12 would be ₹ 64 lacs (₹ 60 lacs in 2010-11) on account of the funded benefits.

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 

	0	1	2	6	0	1	8
--	---	---	---	---	---	---	---

 State Code 

						1	1
--	--	--	--	--	--	---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

**II Capital raised during the year (Amount ₹ in Thousands)**

Public Issue 

					N	I	L
--	--	--	--	--	---	---	---

 Rights Issue 

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue 

		8	0	7	5	8	5
--	--	---	---	---	---	---	---

 Private Placement 

					N	I	L
--	--	--	--	--	---	---	---

**III Position of Mobilisation and Deployment of funds (Amount ₹ in Thousands)**

Total Liabilities 

2	2	3	9	7	6	0	8
---	---	---	---	---	---	---	---

 Total Assets 

2	2	3	9	7	6	0	8
---	---	---	---	---	---	---	---

**Sources of Funds** **Application of Funds**

Paid-Up Capital 

	1	3	4	5	9	7	5
--	---	---	---	---	---	---	---

 Net Fixed Assets 

	3	8	1	8	1	5	7
--	---	---	---	---	---	---	---

Reserves and Surplus 

1	4	2	1	1	7	2	6
---	---	---	---	---	---	---	---

 Investments 

						1	0
--	--	--	--	--	--	---	---

Secured Loans 

	6	8	2	2	5	7	6
--	---	---	---	---	---	---	---

 Net Current Assets 

1	8	5	7	9	4	4	1
---	---	---	---	---	---	---	---

Unsecured Loans 

					N	I	L
--	--	--	--	--	---	---	---

 Misc. Expenditure 

--	--	--	--	--	--	--	--

Deferred Tax Liabilities 

			1	7	3	3	1
--	--	--	---	---	---	---	---

 Deferred Tax Assets 

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Losses 

					N	I	L
--	--	--	--	--	---	---	---

**IV Performance of the Company (Amount ₹ in Thousands)**

Turnover & Other Income 

1	2	9	5	6	9	0	0
---	---	---	---	---	---	---	---

 Total Expenditure 

	9	2	3	1	9	1	0
--	---	---	---	---	---	---	---

Profit/Loss before Tax 

	3	7	2	4	9	9	0
--	---	---	---	---	---	---	---

 Profit/Loss after Tax 

	2	4	2	5	2	9	8
--	---	---	---	---	---	---	---

Earning per Share in ₹ 

			1	8	.	0	2
--	--	--	---	---	---	---	---

 Dividend Rate % 

					N	I	L
--	--	--	--	--	---	---	---

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

Product Description	ITC Code							
1. Blended Fabrics	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td>5</td><td>5</td><td>1</td><td>5</td></tr></table>				5	5	1	5
			5	5	1	5		
2. Blended Yarn	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td>5</td><td>5</td><td>0</td><td>9</td></tr></table>				5	5	0	9
			5	5	0	9		
3. Worsted Yarn	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td>5</td><td>1</td><td>1</td><td>1</td></tr></table>				5	1	1	1
			5	1	1	1		

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** *Managing Director*

**ANIL CHANNA** *Director*

**NIHAR R. AVASARE** *Company Secretary*

Place : Mumbai  
Date : 26<sup>th</sup> May, 2011



## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION

Effective Corporate Governance is the process by which the values, principles, management policies and procedures of the Company are made manifest in the real world. The essential elements of Corporate Governance are transparency, accountability and integrity. It not only helps in building trust with all stakeholders including customers, suppliers, creditors and diverse investors but also creating value and loyalty to the Company in the heart of shareholders for long run.

The detailed report on implementation by the Company of the Corporate Governance Code as incorporated in the Clause 49 of the Listing Agreement with the Stock Exchanges is set out below.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Reid & Taylor (India) Limited believes that for a Company to be successful, it must maintain global standards of corporate conduct for all its stakeholders.

The Company's philosophy on governance envisages the alignment of the highest levels of transparency, accountability, and equity in all the operations and in all its interactions with its stakeholders. The Company has a strong legacy and roots of Corporate Governance principles. It is the Company's continuous endeavor to achieve the highest levels of Corporate Governance.

### COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

The Company has complied with the provisions of the amended Clause 49 of the Listing Agreement 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. 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 31<sup>st</sup> March 2011, the Company's Board consists of 6 members. Of these, one (1) is Executive Director who is a Promoter Director, two (2) are Independent Non Executive Directors and three (3) are Non Executive Directors.

#### Number of Board Meetings:

The Board of Directors met 10 times during the year on 6<sup>th</sup> April 2010, 28<sup>th</sup> May 2010, 28<sup>th</sup> June 2010, 30<sup>th</sup> July 2010, 19<sup>th</sup> August 2010, 27<sup>th</sup> September 2010, 29<sup>th</sup> October 2010, 25<sup>th</sup> November 2010, 27<sup>th</sup> January 2011 and 23<sup>rd</sup> February 2011.

#### Directorship held and Director's Attendance Record:

The composition of the Board of Directors and their directorship/ chairmanship on the Board/ Committees of other Companies 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
Dr. A. C. Shah, Chairman	Independent, Non Executive	8	2	7
Shri Nitin S. Kasliwal, Managing Director	Promoter & Executive	3	-	-
Shri Kunnasagaran Chinniah	Non Executive	9	-	3
Shri Anil Channa	Non Executive	2	-	1
Shri Dara P. Mehta	Non Executive	5	-	3
Shri Pradip P. Shah	Independent, Non Executive	14	3	6

1. # Relates to Audit Committee, Shareholders Grievance Committee & Remuneration Committee only.
2. # 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 to 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
Dr. A. C. Shah*	3	N. A.
Shri Nitin S. Kasliwal	8	Yes
Shri Kunnasagaran Chinniah	9	No
Shri Anil Channa	10	Yes
Shri Dara P. Mehta	9	No
Shri Pradip P. Shah**	3	No
Smt Jyoti N. Kasliwal***	3	Yes
Shri Dara D. Avari***	6	Yes

\*Appointed as a Chairman w.e.f. 27<sup>th</sup> September, 2010

\*\*Appointed as an Additional Director w.e.f. 30<sup>th</sup> July, 2010

\*\*\*Resigned w.e.f. 27<sup>th</sup> September, 2010

### 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 held on 25<sup>th</sup> August 2008.

The terms of reference of the re-constituted Audit Committee shall include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement of statutory auditor and the fixation of audit fee;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

- 5A. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
7. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;.
8. Discussion with internal auditors on any significant findings and follow up thereon;
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
10. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
12. Reviewing the functioning of the whistleblower mechanism, in case the same is existing;
13. Approval of appointment of chief financial officer (i.e. the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and

The Audit Committee of the Company comprises of three directors, all of them are Non Executive Directors. The Chairman of the Audit Committee is Independent Director. 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 the Audit Committee is as under:

Name of the Director	Position	Category
Dr. A. C. Shah	Chairman	Independent, Non Executive
Shri Dara P. Mehta	Member	Non Executive
Shri Kunnasagaran Chinniah	Member	Non Executive

The Company Secretary acts as a 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 31<sup>st</sup> March 2011, five Audit Committee Meetings were held on 28<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 29<sup>th</sup> October 2010, 25<sup>th</sup> November 2010 and 27<sup>th</sup> January 2011.

The attendance at the Audit Committee Meetings was as under:

Name of the Member	No. of meetings attended
Dr. A. C. Shah*	3
Shri Dara P. Mehta	3
Shri Kunnasagaran Chinniah	4
Shri Dara D. Avari**	2
Shri Anil Channa***	2

\* Appointed w.e.f. 27<sup>th</sup> September, 2010

\*\* Resigned w.e.f. 27<sup>th</sup> September, 2010

\*\*\* Till 27<sup>th</sup> September, 2010

The Company Secretary was present at all the above meetings.

**B. Committee of Directors:**

The Committee comprises of the following members:

Name of the Director	Position	Category
Shri Nitin S. Kasliwal	Chairman	Executive
Dr. A. C. Shah	Member	Independent, Non Executive
Shri Dara P. Mehta	Member	Non Executive
Shri Anil Channa	Member	Non Executive

During the financial year ended 31<sup>st</sup> March 2011, 9 (Nine) meetings of the Committee of Directors were held.

Name of the Member	No. of meetings attended
Shri Nitin S. Kasliwal	9
Dr. A. C. Shah*	4
Shri Dara P. Mehta**	4
Shri Anil Channa	9
Shri Dara D. Avari***	5

\*Appointed w.e.f. 27<sup>th</sup> September, 2010

\*\* Appointed w.e.f. 27<sup>th</sup> September, 2010

\*\*\*Resigned w.e.f. 27<sup>th</sup> September, 2010

The minutes of the Committee of Directors 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 25<sup>th</sup> August, 2008

The Remuneration Committee currently consists of:

Name of the Director	Position	Category
Dr. A. C. Shah	Chairman	Independent, Non Executive
Shri Kunnasagaran Chinniah	Member	Non Executive
Shri Dara P. Mehta	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 Wholetime Directors.
- To recommend to the Board the remuneration payable to the Managing Director and the Wholetime 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 meeting was held since its inception till financial year ended 31<sup>st</sup> March 2011 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 Meeting & Audit Committee Meeting is ₹. 20,000/- and for Committee of Directors Meeting is ₹. 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 2010–11 are as follows:

Name	Sitting fees paid during FY 2010–11 (In ₹.)			Total (In ₹.)
	Board Meeting	Audit Committee Meeting	Committee of Directors Meeting	
Dr. A. C. Shah	60,000	60,000	40,000	1,60,000
Shri Kunnasagaran Chinniah	40,000	20,000	-	60,000
Shri Anil Channa	2,00,000	40,000	40,000	2,80,000
Shri Dara P. Mehta	1,80,000	60,000	40,000	2,80,000
Shri Pradip P. Shah	60,000	-	-	60,000
Smt. Jyoti N. Kasliwal*	40,000	-	-	40,000
Shri Dara D. Avari*	1,20,000	40,000	-	1,60,000

\*Resigned w.e.f. 27<sup>th</sup> September, 2010

b. Remuneration paid to Managing Director - NIL

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

The Company will not pay any remuneration, commission or any sitting fees for attending any Board Meeting or any Committee Meeting of the Company to Managing Director because he is already drawing remuneration in the capacity of Managing Director from holding Company i.e. S. Kumars Nationwide Limited.

During the year 2010–11, 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.

#### **D. Share Transfer and Shareholders' / Investors' Grievances Committee:**

The Share Transfer and Shareholders' / Investors' Grievances Committee was constituted at the Board Meeting of the Company held on 27<sup>th</sup> September, 2010.

The Share Transfer and Shareholders' / Investors' Grievances Committee consists of:

Name of the Director	Position	Category
Dr. A. C. Shah	Chairman	Independent, Non Executive
Shri Anil Channa	Member	Non Executive
Shri Dara P. Mehta	Member	Non Executive

The scope and terms of reference of the Share Transfer and Shareholders' / Investors' Grievances Committee, *inter alia*, include:

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. Any other grievance that a shareholder or investor of our Company may have against our Company.

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 Share Transfer and Shareholders' / Investors' Grievances Committee meeting was held since its inception till financial year ended 31<sup>st</sup> March 2011.

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

During the year under review, No complaints were received by the Company from the Shareholders / Investors.

#### 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	Day, Date & Time	Venue	No. of Special Resolution passed
2007-08	17 <sup>th</sup> June 2008 Tuesday, 11.00 a.m.	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai-400 018	None
2008-09	11 <sup>th</sup> September 2009 Friday, 11.30 a.m.	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai-400 018	One
2009-10	20 <sup>th</sup> September 2010 Monday, 10.00 a.m.	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai-400 018	None

#### 5. EXTRA ORDINARY GENERAL MEETINGS:

During the year, following 6 Nos. of Special Resolutions were taken up in the EOGMs and were passed with the requisite majority:

##### A. EOGM held on 19<sup>th</sup> August 2010

###### - Reclassification of Authorised Share Capital:

15,50,000 numbers of preference shares of ₹ 20/- each aggregating ₹ 3,10,00,000/- forming part of the Authorized Share Capital of the Company were reclassified as 31,00,000 numbers of equity shares of ₹ 10/- each.

###### - Increase in Authorised Share Capital:

The Authorised Share Capital of the Company was increased from ₹ 58,10,00,000/- to ₹ 150,00,00,000/- divided into 15,00,00,000 Nos. of Equity Shares of ₹ 10/- each.

###### - Alteration of Memorandum of Association and Articles of Association:

To give effect to the above, Memorandum of Association and Articles of Association of the Company relating to the Share Capital was altered.

###### - Issue of Bonus Shares:

8,07,58,472 No. of Equity Shares of ₹. 10/- each credited as fully paid bonus shares to the holders of the existing Equity Shares of the Company, in proportion of 3 (three) No. of Equity Share of ₹ 10/- each for every 2 (two) existing fully paid up Equity Share held by them.

##### B. EOGM held on 27<sup>th</sup> September 2010

###### - Alteration to Articles of Association:

The new set of regulations of Articles of Association of the Company adopted in place of the existing set of regulations contained in the Articles of Association of the Company.

###### - Initial Public Offer upto ₹ 1000 Crores:

The Company intends to undertake the Initial Public Offer and listing of its equity shares of the face value of ₹ 10/- each, for cash either at par or premium aggregating to an amount not exceeding ₹ 500 Crores by way of fresh issue of Equity Shares at a price to be determined by the book building process in terms of the ICDR Regulations.

Indivest Pte Limited and S. Kumars Nationwide Limited are desirous of offering their equity shares in the Company upto ₹ 500 crores to the public along with a fresh issue of equity shares.

#### 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-II' 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 the 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 within 15 days from the conclusion of that meeting. 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) Re-appointment of Directors**

Shri Dara P. Mehta and Shri Pradip P. Shah retire by rotation and are offers themselves for re-appointed in the ensuing Annual General Meeting to be held on 11<sup>th</sup> August 2011.

**b) General Information:**

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

**(2) Date of acquiring business from holding Company –** 1<sup>st</sup> January 2008

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

**(4) Export performance for the year:** 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011: ₹ 42.47 Crores.

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

**c) Registered Office** : B2, 5<sup>th</sup> Floor, Marathon Nextgen,  
Off Ganpatrao Kadam Marg,  
Lower Parel (West), Mumbai 400 013, (India)  
Tel No. 24930180/24965700/24824500  
Fax No. 24931685  
Website : www.sknl.co.in

**d) Plant Locations** : 1) Thandavapura,  
Hobli Chikkaianachatra,  
Nanjangud Taluka,  
Mysore, Karnataka.  
2) **Suit Factory**  
Plot # 28C, Opp. Asian Paints Godown,  
Peenya, 2<sup>nd</sup> Phase, (Near NTT Circle),  
Bengaluru - 560 058.

e) **Registrar and Transfer Agents** : M/s. 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: ansar@bigshareonline.com

**f) Dematerialisation of Shares and Liquidity:**

The Company's shares are in dematerialized form. As on 31<sup>st</sup> March 2011, 13,45,97,447 Equity Shares of the Company representing 99.99% of the Company's share capital have been dematerialized.

Under the Depository System, the International Securities identification Number (ISIN) allotted to the Company's shares is INE069K01016

**g) Distribution of Equity Shareholding as on 31<sup>st</sup> March 2011:**

Description	No. of Shares	Voting Strength
<b>PROMOTER</b> Promoter Group Company i.e. S. Kumars Nationwide Limited	10,01,25,000	74.39
<b>NON PROMOTER</b> Other Body Corporate i.e. Indinvest Pte Ltd	3,44,72,453	25.61
<b>Total</b>	<b>13,45,97,453</b>	<b>100.00</b>

**h) Address for Correspondence:**

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

Shri Nihar R. Avasare  
Company Secretary & Compliance Officer  
Reid & Taylor (India) Limited  
Corporate Division  
Inga Complex, 2<sup>nd</sup> 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**  

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*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 31<sup>st</sup> March, 2011 and the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as "Consolidated Financial Statements"). These Consolidated Financial Statements are the responsibility of the Company'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 one subsidiary included in consolidated financial statements whose financial year ended on 31<sup>st</sup> March, 2011 and whose financial statements reflect total assets of ₹ 2,52,285 lacs as at 31<sup>st</sup> March, 2011, total revenue of ₹ 1,29,569 lacs and net cash outflow of ₹ 2,139 lacs for the year then ended.
4. We have not audited the financial statements of nine step down subsidiaries included in the consolidated financial statements, whose financial year ended on 31<sup>st</sup> December, 2010. These financial statements reflect total assets of ₹ 1,04,496 lacs as at 31<sup>st</sup> December, 2010, total revenue of ₹ 1,25,080 lacs and net cash outflows of ₹ 698 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.
5. We have relied on the unaudited financial statements and financial information furnished by the management with respect to two subsidiaries (including one step down subsidiary) included in the consolidated financial statements whose financial year ended on 31<sup>st</sup> December, 2010. These financial statements reflect total assets of ₹ 13,389 lacs as at 31<sup>st</sup> December, 2010, total revenues of ₹ 565 lacs and net cash outflows of ₹ 16 lacs for the year then ended. Further, we have also relied on the unaudited financial statements and financial information furnished by the management with respect to ten subsidiaries (including 7 step down subsidiaries) included in the consolidated financial statements whose financial year ended on 31<sup>st</sup> March, 2011. These financial statements reflect total assets of ₹ 85,375 lacs as at 31<sup>st</sup> March, 2011, total revenues of ₹ 7,689 lacs and net cash inflows of ₹ 448 lacs for the year then ended.

We are unable to comment upon the resultant impact, if any, on the profit, assets and liabilities of the consolidated financial statements of the SKNL Group as at 31<sup>st</sup> March, 2011, had the subsidiaries (including step down subsidiaries) been audited.

6. *The Company has not complied with the disclosure requirements as prescribed under Accounting Standard (AS) 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 ₹ 13,454 lacs and future differential interest on restructured debts on Net Present Value (NPV) basis amounting to ₹ 856 lacs pertaining to earlier years (after amortising ₹ 1,596 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' (Refer Note No. 5(b) of Schedule 'P-II').*
- (ii) *In case of Reid and Taylor (India) Limited (RTIL), the share of recompense expense borne by RTIL as part of Corporate Debt Restructuring (CDR) of parent company, SKNL amounting to ₹ 1,978 lacs pertaining to earlier years (after amortising ₹ 220 lacs during the year) have been carried forward under the head "Restructured Financial Cost" (RFC) 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' (Refer Note No. 5(b) of Schedule 'P-II').*

- (iii) a. *In case of HMX Group, reversal of deferred tax liabilities amounting to ₹ 8,342 lacs have been credited to capital reserves, out of which ₹ 5,165 lacs not pertaining to acquisition related assets should have been credited to profit & loss account. (Refer Note No.14 (a) of Schedule 'P-II').*
- b. *Further, certain expenditures amounting to ₹ 4,984 lacs, have been debited to capital reserves instead of charging to profit and loss account. The above said accounting treatment is not in conformity with AS 5 'Net Profit or Loss for the Period, Prior Period Items and Change in Accounting Policies' (Refer Note No.14 (b) of Schedule 'P-II').*

*Consequently, profit for the year and accumulated balance in Profit & Loss Account is overstated by ₹ 16,107 lacs, loans & advances are overstated by ₹ 16,288 lacs and capital reserve is overstated by ₹ 181 lacs.*

8. *The Company has not complied with AS 26 'Intangible Assets' with respect to:*
- (i) *non-amortization of goodwill amounting to ₹ 12,476 lacs arising out of acquisition of three step down subsidiaries. We are unable to ascertain the consequential financial impact of the above on the goodwill and profit for the year (Refer Note No.2 of Schedule 'P-II').*
- (ii) *In case of HMX Group, certain expenditures aggregating ₹ 9,496 lacs are debited to brand development i.e. intangible assets. The management contends that these expenses are incurred for brand development. Since this is based only on the perception of the management, we are unable to comment upon capitalization of above said expenses as brand-development and consequential financial impact thereof on the intangible assets and profit for the year (Refer Note No.15 of Schedule 'P-II').*
9. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of AS 21 "Consolidated financial statements" and AS 27 "Financial Reporting of Interests in Joint Ventures" 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 of the components as explained in para 4 above 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 para 5, 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 31<sup>st</sup> March 2011;
- (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 for the year ended on that date.

For **Haribhakti & Co.**  
Chartered Accountants  
FRN 103523W

**RAKESH RATHI**

Partner

Membership No.45228

Place: Mumbai

Date: 30<sup>th</sup> May, 2011

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2011**
*(₹ in lacs)*

	Schedule	Current Year As at 31.03.2011	Previous Year As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Share Capital	A	33,731.29	31,289.67
Equity Share Warrants (Ref. Note No.12 of Schedule 'P-II')		3,254.46	1,340.35
Employee Stock Option outstanding (Ref. Note No.16 of Sch. 'P-II')		570.97	631.84
Reserves & Surplus	B	240,147.53	277,704.25
			185,539.90
		41,100.63	218,801.76
			33,677.08
<b>MINORITY INTEREST</b>			
<b>LOAN FUNDS</b>			
Secured Loans	C	339,064.61	269,224.27
Unsecured Loans		2,379.53	341,444.14
			6,658.16
			275,882.43
<b>DEFERRED TAX LIABILITIES (NET)</b> (Ref. Note No.21 of Schedule 'P-II')			
		7,668.78	15,195.03
	<b>Total</b>	<b>667,917.80</b>	<b>543,556.30</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	196,362.19	169,735.84
Less : Depreciation/Amortisation		49,019.20	37,621.12
Net Block		147,342.99	132,114.72
Add: Capital work-in-progress (including capital advances)		80,225.25	78,272.99
		227,568.24	210,387.71
<b>INVESTMENTS</b>			
	E	108.11	144.35
<b>DEFERRED TAX ASSETS (NET)</b> (Ref. Note No.21 of Schedule 'P-II')			
		201.05	163.00
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	F	158,552.54	130,734.17
Sundry Debtors		196,807.86	171,690.00
Cash and Bank Balances		10,963.12	13,213.85
Other Current Assets		640.92	1,043.01
Loans and Advances		173,745.22	91,019.19
	<b>Total (I)</b>	<b>540,709.66</b>	<b>407,700.22</b>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	47,527.48	28,292.50
Provisions		53,143.83	46,546.48
	<b>Total (II)</b>	<b>100,671.31</b>	<b>74,838.98</b>
<b>NET CURRENT ASSETS</b>	<b>(I) - (II)</b>	<b>440,038.35</b>	<b>332,861.24</b>
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		<b>2.05</b>	<b>-</b>
	<b>Total</b>	<b>667,917.80</b>	<b>543,556.30</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>			
P			

The Schedules referred to above &amp; Notes to accounts form an integral part of Balance Sheet.

As per our report of even date

For and on behalf of the Board of Directors

 For **Haribhakti & Co.**  
*Chartered Accountants*  
 FRN 103523W

**NITIN S. KASLIWAL** *Vice-Chairman and Managing Director*
**RAKESH RATHI**  
*Partner*  
 Membership No. 45228

**ANIL CHANNA** *Deputy Managing Director*
**J. S. SHETTY** *CFO and President - Finance*

 Place : Mumbai  
 Date : 30<sup>th</sup> May, 2011

**NIMESH S. SHAH** *Sr. Vice President & Company Secretary*

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2011**

(₹ in lacs)

	Schedule	Current Year Ended on 31.03.2011	Previous Year Ended on 31.03.2010
<b>INCOME</b>			
Sales and Service Charges		518,055.39	383,778.00
Other Income	H	4,233.68	2,315.81
Increase/(decrease) in Inventories	I	19,534.88	12,505.84
<b>Total</b>		<b>541,823.95</b>	<b>398,599.65</b>
<b>EXPENDITURE</b>			
Raw materials consumed/ Fabric purchases	J	316,661.81	244,098.07
Manufacturing expenses	K	18,864.39	12,480.05
Personnel expenses	L	50,555.30	31,301.11
Administrative expenses	M	22,377.90	14,518.28
Selling and Distribution expenses	N	27,746.73	19,390.69
Restructured Financial Cost Amortised (Ref. Note No.5 of Schedule 'P-II')		1,816.03	1,816.03
Interest expenses	O	35,568.94	24,403.32
Depreciation/Amortisation	D	12,468.09	8,134.23
<b>Total</b>		<b>486,059.19</b>	<b>356,141.78</b>
<b>Profit/(Loss) before Tax</b>		<b>55,764.76</b>	<b>42,457.87</b>
Prior period (expenses)/income		31.56	9.02
<b>Provision for Tax</b>			
Current Tax		(15,452.70)	(13,946.29)
Deferred Tax Assets / (Liabilities)		(946.18)	(594.92)
Wealth Tax		(8.41)	(6.98)
Taxation for earlier years		(139.98)	(193.61)
<b>Total Tax expenses</b>		<b>(16,547.27)</b>	<b>(14,741.80)</b>
<b>Profit after Tax but Before Minority Interest</b>		<b>39,249.05</b>	<b>27,725.09</b>
Less: Minority Interest		6,154.85	4,825.56
<b>Profit available for Appropriation</b>		<b>33,094.20</b>	<b>22,899.53</b>
Balance Brought forward from previous year		29,203.74	12,308.18
<b>Appropriation</b>			
Transfer to Debenture Redemption Reserve		950.45	225.15
Transfer to Capital Redemption Reserve		-	5,337.13
Provision for Preference Dividend		534.74	-
Tax on Preference Dividend		88.81	-
Proposed Equity Dividend		2,849.78	-
Tax on Proposed Equity Dividend		473.31	-
Share of Minority Interest in Reserves		-	441.69
<b>Balance carried over to Balance Sheet</b>		<b>57,400.85</b>	<b>29,203.74</b>
<b>Earnings Per Share</b>			
- Basic		₹ 12.82	₹ 9.68
- Diluted		₹ 12.19	₹ 9.33

(Nominal Value of Share ₹ 10/- each)

Significant Accounting Policies &amp; Notes to Accounts

P

The Schedules referred to above &amp; Notes to accounts form an integral part of Profit &amp; Loss Account.

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*

Place : Mumbai

 Date : 30<sup>th</sup> May, 2011

**NIMESH S. SHAH**
*Sr. Vice President & Company Secretary*

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2011**

(₹ in lacs)

		Current Year ended on 31.03.2011	Previous Year ended on 31.03.2010
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	<i>Net Profits Before Tax and Extraordinary Items</i>	55,764.76	42,457.87
	Adjustments for:		
	a) Depreciation	12,468.09	8,134.23
	b) Deferred revenue expenditure	1,816.03	1,816.03
	c) Profit/Loss on sale of fixed assets (net)	116.98	461.93
	d) Sundry balances written back	(234.59)	(48.21)
	e) Sundry balances written off	24.42	334.89
	f) ESOP Compensation (credited) / debited to P&L a/c	(60.88)	151.30
	g) Provision for doubtful debts	50.75	114.45
	h) Interest expenses	35,568.94	24,403.32
	i) Interest income	(77.66)	(128.19)
	j) Exchange rate fluctuation	(920.54)	(282.67)
	<b>Operating Profit before Working Capital Changes</b>	<b>104,516.30</b>	<b>77,414.95</b>
	Adjustments for:		
	a) Trade & other receivables	(104,546.90)	(54,473.98)
	b) Inventories	(27,818.36)	(22,102.94)
	c) Trade payables	13,796.36	(2,944.51)
	<b>Cash Generated from / (used in) Operating Activities</b>	<b>(14,052.60)</b>	<b>(2,106.48)</b>
	a) Direct taxes	(12,604.00)	(9,928.18)
	<b>Cash Inflow/(outflow) before Prior Period Items</b>	<b>(26,656.60)</b>	<b>(12,034.66)</b>
	a) Prior period adjustments (gross)	31.56	9.02
	<b>Net Cash Flow from / (used in) Operating Activities</b> <i>Total (A)</i>	<b>(26,625.04)</b>	<b>(12,025.64)</b>
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	a) Acquisition of fixed assets (Including capital work-in-progress)	(36,753.95)	(42,025.21)
	b) Sale of fixed assets	45.04	53.28
	c) Investments	41.24	(5,151.68)
	d) Interest income	77.66	128.19
	<b>Net Cash Flow from / (used in) Investing Activities</b> <i>Total (B)</i>	<b>(36,590.01)</b>	<b>(46,995.42)</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	a) Proceeds from secured loans (Net of repayment)	69,840.33	75,211.57
	b) Proceeds from unsecured loans (Net of repayment)	(300.94)	(760.36)
	c) Proceeds from equity shares/ shares to be allotted	29,398.71	12,340.40
	d) Redemption of preference shares	(2,404.84)	(1,056.08)
	e) Interest expenses	(35,568.94)	(24,403.32)
	<b>Net Cash Flow from / (used in) Financing Activities</b> <i>Total (C)</i>	<b>60,964.32</b>	<b>61,332.21</b>
	<b>Net Increase in Cash and Cash Equivalents</b> <i>Total (A+B+C)</i>	<b>(2,250.73)</b>	<b>2,311.15</b>
	Cash & Cash Equivalent (Opening Balance)	13,213.85	10,902.70
	Cash & Cash Equivalent (Closing Balance)	10,963.12	13,213.85
	<b>Net Change in Cash &amp; Cash Equivalent</b>	<b>(2,250.73)</b>	<b>2,311.15</b>

**Notes :**

- 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".
- Cash and Cash equivalents include cash and bank balances in current accounts and in deposit accounts (Refer to Schedule "F" of the Balance Sheet).
- Figures in brackets represent outflows.
- 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*
**RAKESH RATHI**  
 Partner  
 Membership No. 45228

**ANIL CHANNA** *Deputy Managing Director*
**J. S. SHETTY** *CFO and President - Finance*

 Place : Mumbai  
 Date : 30<sup>th</sup> May, 2011

**NIMESH S. SHAH** *Sr. Vice President & Company Secretary*

**SCHEDULES FORMING PART OF ACCOUNTS**

		Current Year As at 31.03.2011	(₹ in lacs) Previous Year As at 31.03.2010	
<b>SCHEDULE "A" – SHARE CAPITAL</b>				
<b>Authorised Capital</b>				
37,00,00,000	Equity Shares of ₹ 10 each (Previous Year 37,00,00,000)	37,000.00		37,000.00
90,00,000	Preference Shares of ₹ 100 each (Previous Year 90,00,000)	9,000.00		9,000.00
		<u>46,000.00</u>		<u>46,000.00</u>
<b>Issued, Subscribed and Paid-Up Capital</b>				
28,49,78,377	Equity Shares of ₹ 10 each, fully paid up (Previous year 23,65,13,838 )			
	As per last Balance Sheet	23,651.38	22,339.14	
	Add : Allotted during the year (Ref. Note no. 9, 10 & 11 of Schedule 'P-II')	4,846.46	1,312.24	
		<u>28,497.84</u>		23,651.38
5,27,500	6% Cumulative Redeemable Preference Shares of ₹ 100 each, fully paid-up (Redeemable by 2013) (Previous year 19,82,500)			
	As per last Balance Sheet	1,982.50	2,142.50	
	Less: Redeemed during the year	1,455.00	527.50	1,982.50
47,05,947	0.01% Redeemable Preference Shares of ₹ 100 each, fully paid-up (Redeemable by 2017-2020) (Previous year 56,55,785)			
	As per last Balance Sheet	5,655.79	6,551.87	
	Less: Redeemed during the year	949.84	4,705.95	5,655.79
	<b>Total</b>	<u>33,731.29</u>	<u>896.08</u>	<u>31,289.67</u>
<b>SCHEDULE "B" – RESERVES AND SURPLUS</b>				
<b>Capital Reserve</b>				
	As per last Balance Sheet	24,959.58	2,054.58	
	Add: On account of acquisition of business (Ref. Note No.14 of Sch. 'P-II')	3,357.75	22,905.00	
		<u>28,317.33</u>		24,959.58
<b>Capital Redemption Reserve</b>				
	As per last Balance Sheet	13,267.49	7,930.36	
	Add: Transfer during the year (Ref. Note No.13 of Sch. 'P-II')	-	5,337.13	13,267.49
		<u>151.67</u>		151.67
<b>Legal Reserve</b>				
<b>Securities Premium</b>				
	As per last Balance Sheet	115,096.96	105,007.22	
	Add: On account Allotment of Equity shares	27,714.54	15,558.03	
	Less: On account Share issue expenses (Ref. Note No. 10(b) of Sch. 'P-II')	1,031.80	-	
	Less: On account of Redemption premium payable on NCDs	786.38	140,993.32	115,096.96
<b>Revaluation Reserve</b>				
	As per last Balance Sheet	1,117.36	1,034.46	
	Less: Depreciation on revalued portion of the fixed assets	17.68	17.73	
	Add: Excess depreciation claimed in earlier years reversed	-	1,099.68	1,117.36
<b>Debenture Redemption Reserve</b>				
	As per last Balance Sheet	3,600.15	3,375.00	
	Add: Transfer during the year	950.45	4,550.60	3,600.15
		<u>57,400.85</u>	<u>225.15</u>	(1,857.05)
<b>Foreign Currency Translation Reserve</b>				
		<u>57,400.85</u>	<u>29,203.74</u>	
	<b>Total</b>	<u>240,147.53</u>	<u>185,539.90</u>	

**SCHEDULES FORMING PART OF ACCOUNTS**

	Current Year As at 31.03.2011	(₹ in lacs) Previous Year As at 31.03.2010
<b>SCHEDULE "C" – LOAN FUNDS</b>		
<b>A. Secured Loans</b>		
Non-convertible Debentures (NCDs) (Ref. note no.2)* 1,50,78,805 nos. of Non-Convertible Debentures of ₹ 100 each (previous year 1,50,78,805)	16,099.41	15,078.81
Balance of Debts repayable to CDR lenders	-	5,947.42
Term Loans under Technology Upgradation Fund Scheme (TUFs) (Ref. note no.3)*	42,010.22	25,031.80
Term Loans under Overseas Investment Finance Programme (OIFP) (Ref. note no.4)*	26,773.14	28,048.14
Term Loans from Banks (Ref. note no.5)*	82,311.12	51,114.63
Equipment Finance (Ref. note no.6)	309.59	304.14
Credit facility for pre-cum-post shipment (Ref. note no. 7)	3,581.86	-
Working Capital Advances from Banks (Ref. note no.8)	167,979.27	143,699.33
<b>Total</b>	<b>339,064.61</b>	<b>269,224.27</b>

**NOTES:**

- (i) \*Due within one year: regular repayment ₹ 17,742.83 lacs (previous year ₹ 13,634.20 lacs) and other repayment ₹ 18,878.81 lacs (previous year ₹ 9,326.90 lacs) of Parent Company.  
(ii) The balances include interest accrued and due ₹ 4,340.58 lacs (previous year ₹ 2,780.88 lacs) of Parent Company and its Indian Subsidiary.
- Non Convertible Debentures (NCDs) issued to India Debt Management Pvt. Ltd. are secured by way of first *pari passu* charge on Fixed Assets (excluding Jhagadia assets) of the Company both present and future.
- The Term Loans under Technology Upgradation Fund Scheme are secured by way of first *pari passu* charge on Specific Project Assets and second *pari passu* charge on all other Fixed Assets and Current Assets of the Company, both present and future and guaranteed by Vice Chairman & Managing Director of the Company.
- The Term Loans for Overseas Investment Finance Programme (OIFP) are secured by way of first *pari passu* charge on Fixed Assets (excluding Jhagadia assets) of the Company, both present and future, pledge of promoter's shares held in S. Kumars Nationwide Limited and pledge of equity shares of acquired company/subsidiary company, second *pari passu* charge on Fixed Assets at Jhagadia, Current Assets of the Company, both present and future and guaranteed by Vice Chairman & Managing Director of the Company.
- Term Loans are secured by way of first *pari passu* charge on Fixed Assets of the Company (excluding Jhagadia assets), both present and future, second *pari passu* charge on Current Assets and Jhagadia assets and guaranteed by Vice Chairman & Managing Director for Term Loans of Parent Company and its Indian Subsidiary.
- Equipment Finance Loans are secured by hypothecation of specific equipment / assets.
- Credit facility for pre-cum post shipment is secured by hypothecation of Company's inventories and book-debts and second *pari passu* charge on Fixed Assets of the Company both present and future and guaranteed by Vice Chairman & Managing Director of the Company.
- Working capital advances from Banks are secured by hypothecation of Company's inventories and book-debts and second *pari passu* charge on Fixed Assets of the Company both present and future and guaranteed by Vice Chairman & Managing Director of the Company.

**B. Unsecured Loans**

Long Term Loans

a) From Banks*	1,847.95	1,982.39
b) Zero Coupon Bonds/Funded Interest term loans		
- CDR Lenders*	-	85.01
- Non CDR Lenders	531.58	508.11
c) From Others		
- 2% Foreign Currency Convertible Bonds due in 2011	-	4,082.65
<b>Total</b>	<b>2,379.53</b>	<b>6,658.16</b>

**Notes:**

- \*Due within one year, regular repayment ₹ 695.25 lacs (Previous year ₹ 443.04 lacs) and other repayment ₹ Nil lacs (Previous year ₹ 4,129.61 lacs) of Parent Company.
- The balances include interest accrued and due ₹ 2.83 lacs (Previous year ₹ 39.26 lacs) of Parent Company.



**SCHEDULES FORMING PART OF ACCOUNTS**
**SCHEDULE “D” - FIXED ASSETS**

(₹ in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At the Beginning of the year 01.04.2010	Additions during the year	Deductions during the year	Total as at 31.03.2011	At the Beginning of the year 01.04.2010	Depreciation for the year	Deductions during the Year	Total as at 31.03.2011	Net Block as at 31.03.2011	Net Block Previous year 31.03.2010
<b>Tangible</b>										
Land										
Freehold Land	7,495.78	-	891.16	<b>6,856.20</b>	-	-	-	-	<b>6,856.20</b>	7,495.78
Leasehold Land	717.85	1,000.70	-	<b>1,466.50</b>	2.61	0.16	-	<b>2.77</b>	<b>1,463.73</b>	715.24
Building	27,142.59	1,830.81	2,464.06	<b>26,509.34</b>	2,181.58	843.28	281.04	<b>2,743.82</b>	<b>23,765.52</b>	24,961.01
Leasehold	1,217.82	1,235.18	101.70	<b>2,351.29</b>	205.84	587.02	22.68	<b>770.18</b>	<b>1,581.11</b>	1,011.98
Improvements										
Plant & Machinery	91,577.63	16,648.03	1,144.65	<b>107,081.02</b>	31,337.88	9,241.16	306.44	<b>40,272.60</b>	<b>66,808.42</b>	60,239.75
Office Equipments	211.84	307.36	-	<b>519.20</b>	67.96	19.33	-	<b>87.29</b>	<b>431.91</b>	143.88
Computers	464.89	128.22	0.43	<b>592.68</b>	252.84	70.05	0.21	<b>322.68</b>	<b>270.00</b>	212.05
Furniture & Fixtures	2,236.41	1,448.67	44.21	<b>3,640.86</b>	1,223.96	233.39	38.48	<b>1,418.87</b>	<b>2,221.99</b>	1,012.45
Vehicles	1,468.08	325.49	142.03	<b>1,651.53</b>	381.92	140.09	61.56	<b>460.45</b>	<b>1,191.08</b>	1,086.16
<b>Intangible</b>										
Goodwill	12,476.00	-	-	<b>12,476.00</b>	-	-	-	-	<b>12,476.00</b>	12,476.00
Brands and Other Intangible Assets	24,726.95	9,681.29	1,190.67	<b>33,217.57</b>	1,966.53	1,351.29	377.28	<b>2,940.54</b>	<b>30,277.03</b>	22,760.42
<b>Current year Total</b>	<b>169,735.84</b>	<b>32,605.74</b>	<b>5,979.39</b>	<b>196,362.19</b>	<b>37,621.12</b>	<b>12,485.77</b>	<b>1,087.69</b>	<b>49,019.20</b>	<b>147,342.99</b>	<b>132,114.72</b>
<b>Previous year Total</b>	<b>105,998.68</b>	<b>64,691.92</b>	<b>954.76</b>	<b>169,735.84</b>	<b>30,097.54</b>	<b>8,112.48</b>	<b>588.90</b>	<b>37,621.12</b>	<b>132,114.72</b>	<b>75,901.12</b>
<b>Capital Work-in-Progress (including Capital Advances)</b>									<b>80,225.25</b>	<b>78,272.99</b>

**Notes :-**

- 1 Gross Block includes certain fixed assets for which revaluation was carried out in the year 1997, by valuer. The amounts are as under :-

	Current Year	Previous Year
a) Freehold Land	₹ 695.58 lacs	₹ 695.58 lacs
b) Building	₹ 642.83 lacs	₹ 642.83 lacs
c) Plant & Machinery	₹ 2,484.50 lacs	₹ 2,484.50 lacs

- 2 Depreciation charged for the year shown in the Profit & Loss Account is after deducting an amount of ₹ 17.68 lacs withdrawn from Revaluation Reserve (Previous Year ₹ 17.73 lacs) and deduction includes prior period adjustment depreciation of ₹ 51.33 lacs.
- 3 Opening balances of Gross block and accumulated depreciation have been regrouped.

(₹ in lacs)

	Current Year	Previous Year
	As at 31.03.2011	As at 31.03.2010

**SCHEDULE “E” - INVESTMENTS**
**Long Term (at Cost)**
**i) Non Trade**
**a) Unquoted**

National Savings Certificates	<b>0.10</b>	0.10
Reid & Taylor Ltd (UK) (Nil Equity shares of GBP 1.00 each) (Previous year 50,000 Equity shares of GBP 1.00 each)	-	36.30
Anjaneya Foundation (49,500 equity shares of ₹ 10 each) (Previous year 49,500 equity shares of ₹ 10 each)	<b>4.95</b>	4.95
Investment in Industria e Universita S.r.l. (Euro 5100 consists of 10,000 quota capital) (Previous year Euro 5100 consists of 10,000 quota capital)	<b>3.06</b>	3.00

**b) Quoted**

Brandhouse Retails Ltd (10,00,000 Equity Shares of ₹ 10 each) (Previous year 10,00,000 Equity Shares of ₹ 10 each)	<b>100.00</b>	100.00
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<b>Total</b>	<b>108.11</b>	<b>144.35</b>
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Aggregate amount of Quoted Investment (Market value ₹ 238.50 lacs (previous year ₹ 339.00 lacs))	<b>100.00</b>	100.00
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Aggregate amount of Unquoted Investments	<b>8.11</b>	44.35
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<b>Total</b>	<b>108.11</b>	<b>144.35</b>
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**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

**Current Year**  
**As at 31.03.2011**

**Previous Year**  
**As at 31.03.2010**

**SCHEDULE "F" - CURRENT ASSETS, LOANS & ADVANCES**

**Inventories**

(as taken, valued and certified by the Management)

Raw materials (including Goods in Transit

₹ 413.37 lacs P.Y. ₹ 281.99 lacs)

**55,302.46**

46,155.33

Stores, fuel and packing materials

**538.83**

395.19

Semifinished fabrics

**26,112.05**

21,384.16

Finished fabrics, garments and made ups

**76,599.20**

62,799.49

**Total** **158,552.54**

130,734.17

**Sundry Debtors**

(Unsecured and considered good, unless otherwise stated)

Over six months\*

Considered good

**17,719.71**

14,732.07

Considered Doubtful

**1,127.48**

2,847.77

Others Considered Good \*

**182,402.29**

161,452.93

**Sub Total** **201,249.48**

179,032.77

Less: Provision for Doubtful Debts

**1,127.48**

2,847.77

Less: Other Reserves

**3,314.14**

4,495.00

**Total** **196,807.86**

171,690.00

\* Debtors due from companies in which some of the Directors are interested ₹ 19,585.60 lacs (Previous year ₹ 19,740.75 lacs)

(Ref. Note no.17(A) of Schedule 'P-II')

**Cash and Bank Balances**

Cash on hand (as certified by the Management)

**38.36**

51.50

Balances with Scheduled Banks:

In Current accounts

**5,757.70**

6,041.29

In Fixed Deposits (against Margin Money)

**3,863.55**

5,559.06

Balances with Other Banks (Ref. Note no. 26 of Schedule 'P-II')

**1,303.51**

1,562.00

**Total** **10,963.12**

13,213.85

**Other Current Assets**

Assets held for Sale (Ref. Note no. 25 of Schedule 'P-II')

**640.92**

1,043.01

**Total** **640.92**

1,043.01

**Loans, Advances and Deposits**

(Unsecured & Considered good unless otherwise stated)

Advances recoverable in cash or kind for value to be received \*

Considered good

**127,065.58**

47,011.42

Considered doubtful

**19.62**

19.62

Advance tax and Tax deducted at source and MAT Credit availed

**26,580.69**

24,563.77

MAT Credit entitlement

**2,373.00**

-

Deposits

**1,437.78**

1,339.81

Restructured Financial Cost /Prepaid Interest on NPV Basis

**16,288.17**

18,104.19

(Ref. to Note No. 5 of Schedule 'P-II')

**Sub Total** **173,764.84**

91,038.81

Less: Provision for Doubtful Advances

**19.62**

19.62

**Total** **173,745.22**

91,019.19

\* Advances due from companies in which some of the Directors are interested ₹ 7.25 lacs (Previous year ₹ 9.06 lacs)

(Refer Note no.17(B) of Schedule 'P-II')

**Total of Current Assets, Loans and Advances** **540,709.66**

407,700.22

**SCHEDULES FORMING PART OF ACCOUNTS**

(₹ in lacs)

**Current Year**  
As at 31.03.2011

Previous Year  
As at 31.03.2010

**SCHEDULE "G" - CURRENT LIABILITIES & PROVISIONS**

**(A) Current Liabilities**

Creditors for goods and expenses				
Micro, Small and Medium Enterprises	60.47		64.67	
Others	30,019.70		18,101.07	
Advances received from others	567.66		558.83	
Investor Education and Protection Fund				
Unclaimed Fixed Deposit not due for transfer	-		1.40	
Deposits received from dealers	407.78		74.86	
Interest accrued but not due on Loans	831.73		494.50	
Other liabilities	15,640.14	47,527.48	8,997.17	28,292.50

**(B) Provisions**

For Taxation	43,677.58		36,775.67	
For Fringe Benefit Tax	70.76		211.61	
For Preference Dividend	534.74		-	
For Tax on Preference Dividend	88.81		-	
For Proposed Equity Dividend	2,849.78		-	
For Tax on Proposed Equity Dividend	473.31		-	
For Retirement and other employee benefit scheme	5,448.85	53,143.83	9,559.20	46,546.48
<b>Total of Current Liabilities and Provisions</b>		<b>100,671.31</b>		<b>74,838.98</b>

**SCHEDULES FORMING PART OF ACCOUNTS**

			(₹ in lacs)	
	<b>Current Year</b>		Previous Year	
	<b>Ended on 31.03.2011</b>		Ended on 31.03.2010	
<b>SCHEDULE "H" - OTHER INCOME</b>				
Interest		77.66		128.19
Balances written back		250.84		48.21
Exchange rate fluctuation (net)		-		291.47
Export benefits		219.04		1,078.42
Profit on sale of fixed assets		0.77		8.15
Miscellaneous income		3,685.37		761.37
<b>Total</b>		<u><u>4,233.68</u></u>		<u><u>2,315.81</u></u>
<b>SCHEDULE "I" - INCREASE /(DECREASE) IN INVENTORIES</b>				
Closing inventories of :				
Semi-finished Fabrics		26,206.83		21,384.16
Finished fabrics, garments and made ups		<u>77,043.13</u>	<u>103,249.96</u>	<u>62,799.49</u>
Inventories taken over on acquisition of:				84,183.65
Semi-finished Fabrics		-		2,456.00
Finished fabrics, garments and made ups		-	-	<u>20,854.00</u>
Opening inventories of :				23,310.00
Semi-finished Fabrics		21,309.57		14,748.63
Finished fabrics, garments and made ups		<u>62,405.51</u>	<u>83,715.08</u>	<u>33,619.18</u>
<b>Increase/(decrease) in inventories</b>		<u><u>19,534.88</u></u>		<u><u>12,505.84</u></u>
<b>SCHEDULE "J" - RAW MATERIALS CONSUMED/FABRIC PURCHASES</b>				
Opening inventory		45,929.67		32,107.93
Add : Inventory taken over on acquisition		-		5,535.00
Add : Purchases		326,243.00		252,610.47
Less: Closing inventory		<u>55,510.86</u>	<u>316,661.81</u>	<u>46,155.33</u>
			<u><u>316,661.81</u></u>	<u><u>244,098.07</u></u>
<b>SCHEDULE "K" - MANUFACTURING EXPENSES</b>				
Conversion charges		8,101.85		4,938.88
Freight and octroi		2,123.31		732.80
Water, power & fuel		4,489.97		3,584.10
Stores and spares		907.10		1,419.85
Entry tax		826.49		625.43
Other materials/expenses		2,221.59		1,016.67
Insurance		194.08		162.32
<b>Total</b>		<u><u>18,864.39</u></u>		<u><u>12,480.05</u></u>
<b>SCHEDULE "L" - PERSONNEL EXPENSES</b>				
Salaries, wages, bonus & allowances		45,361.34		27,104.52
Employee stock option expenses		(60.88)		151.30
Contributions to provident fund and other funds		1,224.56		980.59
Staff welfare expenses		4,030.28		3,064.70
<b>Total</b>		<u><u>50,555.30</u></u>		<u><u>31,301.11</u></u>

**SCHEDULES FORMING PART OF ACCOUNTS**

	(₹ in lacs)	
	Current Year Ended on 31.03.2011	Previous Year Ended on 31.03.2010
<b>SCHEDULE "M" - ADMINISTRATIVE EXPENSES</b>		
Rent	3,422.72	1,529.23
Rates & Taxes	1,139.26	1,089.31
Repairs and maintenance		
to buildings	118.66	175.55
to machinery	400.98	164.68
to others	230.03	293.83
Travelling expenses	1,409.00	1,222.88
Electricity charges	82.97	61.57
Vehicles maintenance	260.07	219.62
Directors' remuneration	845.59	414.13
Remuneration to Auditors		
Audit fees (including service tax)	193.76	480.01
In other capacity	73.72	55.85
Bank charges & upfront fee	3,383.54	1,988.16
Conveyance expenses	234.22	237.93
Legal & professional charges	5,030.89	3,198.22
Listing fees	6.19	7.44
Printing and stationery	228.76	190.99
Telephone expenses	211.94	181.80
Postage and telegrams	113.12	86.03
Sales tax	3.81	3.62
License and registration fees	77.51	83.73
Sundry balances written off	24.66	334.89
Loss on sale of fixed assets	117.75	470.08
Service Tax	8.00	8.67
Exchange rate fluctuation (net)	320.71	-
Other Miscellaneous expenses	4,440.04	2,020.06
<b>Total</b>	<b>22,377.90</b>	<b>14,518.28</b>
<b>SCHEDULE "N" - SELLING AND DISTRIBUTION EXPENSES</b>		
Dealers incentives	3,529.47	2,285.15
Discounts, rebates and allowances	5,420.34	1,918.70
Commission and brokerage	2,641.76	1,690.57
Conference, publicity and business promotion expenses	10,978.07	8,459.58
Lease rentals	105.34	26.78
Other selling expenses	5,071.75	5,009.91
<b>Total</b>	<b>27,746.73</b>	<b>19,390.69</b>
<b>SCHEDULE "O" - INTEREST EXPENSES</b>		
Interest on Term Loans	15,637.71	11,836.59
Interest on Debentures	2,342.87	3,052.91
Interest Others	17,588.36	9,513.82
<b>Total</b>	<b>35,568.94</b>	<b>24,403.32</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31<sup>st</sup> MARCH, 2011.****SCHEDULE “P” - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****SCHEDULE “P-I” - SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Consolidated Financial Statements**

- a) The financial statements have been prepared under the historical cost convention, except where impairment is made and on accrual basis in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956 and comply with the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- b) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding company’s separate financial statements, as far as possible, except as provided under Schedule “P-I” 5(e), (f), (g), 11(c), 15(b), 16(b) and 19(b).

**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 recognised during the period in which they are materialized / known.

**3. Fixed Assets**

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.

**4. Intangible Assets**

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.

**5. Depreciation and Amortisation**

- 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 ₹5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- c) Computer Software: Amortised over a period of five years.
- d) Leasehold improvements are amortized over the terms of the respective leases or useful lives, whichever is shorter.
- e) In case of HMX LLC, Intangible assets comprised of owned trademarks and brands with indefinite useful lives, are not being amortized and intangible assets with finite lives, are amortised over its useful lives or 10 years whichever is earlier.
- f) In case of Leggiuno S.p.A., Intangible assets comprised of Start-up and expansion costs, Industrial patent rights and right for the use of know-how are amortised over five years and licences, concessions, trademarks and other tangible assets are amortised over ten years.
- g) In case of foreign subsidiaries, the depreciation on fixed assets is provided for on SLM basis over the estimated useful life at rates permissible under applicable local laws.
- h) No depreciation is to be provided on the Assets held for Sale under applicable laws of the country.

**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

**SCHEDULE "P-I" (Contd.)**

on internal/external factors in accordance with Accounting Standard 28 on "Impairment of Assets". An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount and is charged to profit and loss account. 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. Valuation of Inventories**

- a) Raw materials (including goods 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, attributable overheads and excise duty.
- 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 recognised on transfer of risk and reward which generally coincides with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of bill of lading.
- c) Sales are inclusive of excise duty, dyeing charges, conversion charges and are net of shortage and discounts excluding value added tax.
- d) Interest income is recognised on time proportion basis taking in to account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognised on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being immaterial, are accounted on cash basis
- f) The claims against the company are accounted on acceptance basis.
- g) Export benefits are accounted for on the basis of application filed with the appropriate authority.

**10. Foreign Exchange Transactions**

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts. Exchange difference arising on monetary items in substance form part of enterprises net investment in non integral foreign operation is accumulated in foreign currency translation reserve till disposal of net investment.

**11. Employee Benefits**

- a) Employee benefits comprise both defined contribution and defined benefit plans.

**Defined contribution plan :**

Contribution to defined contribution plans are recognised as expenses in the Profit and Loss Account, as they are incurred.

**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.

- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.
- c) In case of foreign subsidiaries companies the provision for liability is provided in accordance with law of country in which company is operating.

**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 "P-I" (Contd.)****14. Borrowing costs**

Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

**15. Debt issue costs**

- a) Debt issue costs are charged to profit & loss account under administration expenses during the year in which incurred.
- b) In case of HMX LLC, Debt issue costs consist of amounts paid to third parties in connection with obtaining debt financing and are included in other current assets. These costs are amortized over the term of the debt and included in administrative expenses in the consolidated income statement, using the effective interest method.

**16. Lease****a) 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 recognised as an expense, as applicable, over the lease period.

**b) Finance Lease:**

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

**17. Segment Reporting**

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 reportable business 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.

**18. 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.

**19. Income Tax**

- a) Tax expense comprises of current tax and deferred tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", issued by the ICAI. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.
- b) In case of foreign subsidiaries and step down subsidiary companies Income Tax / Deferred Tax have been provided in accordance with laws of country in which company is operating.

**20. Provisions and Contingent Liabilities**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.



**SCHEDULE “P-II” – NOTES TO ACCOUNTS :**

**1. Principles of Consolidations :**

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” and Accounting Standards 27 – “Financial Reporting of Interest in Joint Ventures” notified by Companies (Accounting Standards) Rules, 2006.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding Company’s separate financial statements, as far as possible.

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.

In view of the management, the effect of exception stated in Schedule “P-I” – Note 1 (b) is not quantifiable.

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. 31<sup>st</sup> March, 2011, 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
		2010-11	2009-10	
1	Reid & Taylor (India) Limited	74.39	74.39	India
2	Belmonte Retails Limited	100.00	-	India
3	SKNL International B.V.	100.00	100.00	Netherlands
4	SKNL Europe B.V.	100.00	100.00	Netherlands
5	SKNL Italy S.p.A#	100.00	100.00	Italy
6	Leggiuno S.p.A#	100.00	100.00	Italy
7	SKNL North America B.V.	100.00	100.00	Netherlands
8	SKNL Global Holdings B.V.	100.00	100.00	Netherlands
9	SKNL UK Ltd.	80.00	80.00	UK
10	Global Apparel (US) Ltd.	80.00	80.00	USA
11	Global Apparel (France) Ltd.	80.00	80.00	France
12	7172931 Canada Ltd.	80.00	80.00	Canada
13	Global Apparel (Hong Kong) Ltd.	80.00	80.00	Hong Kong
14	Marling & Evans Ltd, UK#	65.00	65.00	Netherlands
15	REMALA Trading B.V.#	95.00	95.00	Netherlands
16	HMX Poland#	95.00	95.00	Poland
17	Coppley Corp.#	95.00	95.00	Canada

**SCHEDULE “P-II” (Contd.)**

Sr. No.	Name of Subsidiary Companies	Ownership in %		Country of Incorporation
		either directly or through Subsidiaries		
18	HMX Acquisition Corp.#	95.00	95.00	USA
19	HMX LLC#	95.00	95.00	USA
20	HMX Des Plaines LLC#	95.00	95.00	USA
21	Quartet Real Estate LLC#	95.00	95.00	USA
22	HMX DTC Co.#	95.00	95.00	USA

2. The Goodwill of ₹ 12,476.00 lacs (Previous Year ₹ 12,476.00 lacs) arising out of the acquisition of Leggiuno S.p.A, ₹ 11,929.00 lacs, Marling & Evans Ltd ₹ 81.00 lacs and SKNL UK Ltd ₹ 466.00 lacs has not been written off since there has been no erosion or impairment in the value of the business.

**3. Contingent Liabilities:**
**a. Guarantees:**

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31.03.2010
a)	In respect of concessional custom duty availed under EPCG Scheme (Covered by bank guarantee)	1,280.15	1,431.16
b)	Guarantees extended by the banks based on the Company's counter guarantees	3,449.78	2,488.77
c)	Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Limited	27,032.00	27,218.00
d)	Corporate Guarantees given to the Lenders of Brandhouse Retails Ltd.	18,045.00	18,045.00
e)	Guarantees on Trade payable of Leggiuno S.p.A.	68.44	68.44

**b. Claims not acknowledged as debts:**

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Income Tax, Sales Tax, Service Tax and Entry Tax demand – disputed in appeal	3,520.21	2,780.02
b)	Demand Order of Central Excise Authorities disputed by the Company & Custom duty disputed	595.83	227.54
c)	Labour matter pending in court	144.87	52.46
d)	Civil matter pending in court	22.47	29.47
e)	Writ petition filed before Hon'ble High Court, Indore against the order of Industrial Court	22.00	27.47
f)	Matter in respect of Gratuity pending before controlling authorities	3.77	3.55

- 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 ₹ 3,695.95 lacs (Previous Year ₹5,306.48 lacs)

4. 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:

(₹ in lacs)

	Period	As at 31.03.2011	As at 31.03.2010
i)	not later than one year	762.18	706.15
ii)	later than one year but not later than five years	1,479.26	1,511.56
iii)	later than five years	311.99	136.67

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹ 3,422.72 lacs (Previous Year ₹1,529.23 lacs) as rent in respect of the above leases.

5. (a) In terms of the approval of the Corporate Debt Restructuring EG, as per their letter dated 12<sup>th</sup> 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 and there is no outstanding on this account as on the date of the balance sheet.

**SCHEDULE "P-II" (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 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 ₹ 16,288.17 lacs (Previous Year ₹ 18,104.19 lacs) are shown in Schedule 'F' under Loans and Advances and ₹ 1,816.03 lacs (Previous year ₹ 1,816.03 lacs) charged to the profit & loss account during the year.
- (c) Zero Coupon Redeemable Preference Shares amounting to ₹ 4,626.43 lacs (Previous Year ₹ 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 ₹ 2,453.93 lacs (Previous Year ₹ 2,241.44 lacs), assigned to the lenders, continue on the assets side.
6. Investment held in the shares of Subsidiaries companies and the same management being of long term and strategic in nature is stated at cost of acquisition and no adjustment in respect of appreciation / depreciation of such investments has been made in the accounts.
7. 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.
8. Sundry debtors, loans and advances including capital advances and sundry creditors are subject to confirmations, reconciliation and consequential adjustment, if any.
9. The Company has issued 2% Foreign Currency Convertible Bonds in April, 2006, amounting to US\$ 50 million ( ₹ 22,335 lacs) due in April 2011. Out of this, FCCBs of US \$ 41 million has been converted in to equity shares in earlier years and during the year the Company has converted the balance FCCBs of US \$ 9 million into 70,95,789 equity shares of ₹ 10/- each at a price of ₹ 57/- per share (including premium of ₹ 47/- per equity share) on 11<sup>th</sup> March, 2011.
10. (a) The Company has placed with Qualified Institutional Buyers 28,943,750 equity shares of ₹ 10/- each at a price of ₹ 80/- per share (including premium of ₹ 70/- per equity share) aggregating to ₹ 23,155 lacs in September, 2010.
- (b) The Company has incurred ₹ 1,031.80 lacs towards legal fees, professional fees, merchant bankers fees and other related expenses towards issue of equity shares to QIBs. This shares issue expenses has been written off against Securities Premium.
11. During the year the Company has received ₹ 4,021.04 lacs from N'Essence Holdings Ltd., a promoter group company, being the balance 75% of the subscription amount towards 1,24,25,000 nos. of equity warrants of ₹ 43.15 each aggregating ₹ 5,361 lacs with an option to convert into equal number of Equity shares of ₹ 10/- each at a premium of ₹ 33.15 per share within 18 months from the date of allotment, which was issued on preferential basis and allotted, in its meeting held on 31<sup>st</sup> October, 2009. The investors has opted for the conversion of above Equity warrants and the Company has allotted 1,24,25,000 nos. of Equity Shares of ₹ 10/- each at a premium of ₹ 33.15 per share on 3<sup>rd</sup> March, 2011 against receipt of full amount.
12. The Board of Directors has issued and allotted, in its meeting held on 15<sup>th</sup> June, 2010, 1,24,25,000 nos. of warrants of ₹ 64.53 each aggregating ₹ 8,017.85 lacs to Sansar Exim Pvt. Ltd. ,a promoter group company. on a preferential basis, with an option to convert into equal number of Equity shares of ₹10/- each at a premium of ₹ 54.53 per share within 18 months from the date of allotment. The Company has received ₹ 3,254.46 lacs being the subscription amount.
13. During the year, the Company has redeemed preference shares aggregating to ₹ 2,404.84 lacs (Previous year ₹ 1,056.08 lacs). During the year company has allotted equity shares aggregating to ₹ 4,846.46 lacs, hence provision for Capital Redemption Reserve(CRR) on account of redemption of preference shares not made.
14. (a) During the previous year, one of the subsidiaries incorporated in USA, acquired assets and liabilities from HMX Corporation. The net difference between assets and liabilities acquired and consideration paid, had been accounted as capital reserve net of deferred tax. In the current year, HMX Corporation has reversed deferred tax amounting to ₹ 8,342 lacs based on utilization/ realisation and accordingly adjusted the same with the capital reserve.
- (b) During the year, HMX Group, subsidiary of the Company has accounted expenditure amounting to ₹ 4,984 lacs incurred in connection with the acquisition of business during the previous year. These expenses have been debited to Capital Reserve there by reducing the Capital Reserve arising out of such acquisition.
15. During the year, HMX Group has undertaken project to rejuvenate, reposition and reinvigorate new life into its iconic brands by employing qualified product development and design professionals and outside professional agencies and has incurred expenditure aggregating ₹ 9,496.41 lacs on this project. These efforts, among other factors, had substantial impact on the enhancement in the value of HMX's iconic brands from USD 33.6 Million in 2009 to 98.5 Million in 2010 based on the brand valuation exercise conducted by outside professionals. The expenses incurred on the project have been capitalised by way of addition to the value of brands recognising the future incremental benefits that are attributable to the use of these brands. Since the above brands have indefinite useful lives, same are not amortised in accordance with accounting policies. (Ref. note no.5(e) of Schedule 'P-I')

**SCHEDULE "P-II" (Contd.)**

16. 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 ₹ 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:		
		<b>Year</b>	<b>Period and Date</b>	<b>% of Vesting</b>
		1 <sup>st</sup> Year	31.10.2007 to 30.10.2008	30 %
		2 <sup>nd</sup> Year	31.10.2008 to 30.10.2009	30 %
	3 <sup>rd</sup> Year	31.10.2009 to 30.10.2010	40 %	
III	Exercise price	30% discount on the prevailing market price of ₹ 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	₹ 89.60		

	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Number of Options outstanding beginning of the period	17,84,200	17,84,200
b)	Options exercised	NIL	NIL
c)	Total number of shares arising as a result of exercise of Options	NIL	NIL
d)	Options Lapsed/cancelled	2,97,300	NIL
e)	Money realised by exercise of options	NIL	NIL
f)	Total number of options in force	14,86,900	17,84,200

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

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Total Employee Compensation Cost pertaining to share based payment plans	51.10	151.30
b)	Compensation cost pertaining to equity settled/cancelled employee share based payment plan included above	111.98	-
c)	Liability for employee stock options outstanding as at year end	570.97	631.84
d)	Deferred Compensation Cost	NIL	53.29

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

(₹ in lacs)

	Name of the Company	As at 31.03.2011	As at 31.03.2010
<b>A)</b>	<b>Debtors:</b>		
	Brandhouse Retails Ltd.	19,585.60	19,740.75
	<b>Total</b>	<b>19,585.60</b>	<b>19,740.75</b>
<b>B)</b>	<b>Advances:</b>		
	Belmonte Retails Ltd. nee Belmonte Lifestyles Ltd.	Nil	1.81
	Anjaneya Foundation	7.25	7.25
	<b>Total</b>	<b>7.25</b>	<b>9.06</b>
	<b>Grand Total</b>	<b>19,592.85</b>	<b>19,749.81</b>

**SCHEDULE “P-II” (Contd.)**
**18. 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 31.3.2011 (₹ in lacs)	Maximum balance outstanding during the year (₹ in lacs)	Investment in Shares of the Company (No. of Shares)
Belmonte Retails Ltd. nee Belmonte Lifestyles Ltd.	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Nil	1.81	50,000
Anjaneya Foundation		7.25	7.25	49,500

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 business 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. 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 ₹ 985.83 lacs as on 31<sup>st</sup> March, 2011 has been provided. Thereby total DTL aggregating to ₹ 2,692.35 as on 31<sup>st</sup> March, 2011

*(₹ in lacs)*

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2010	Current Year Charge/Credit	Deferred Tax Assets/(Liability) as at 31.03.2011
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(1,822.90)	(1,046.01)	<b>(2,868.91)</b>
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	116.38	60.18	<b>176.56</b>
Deferred Tax Liability (Net)	(1,706.52)	(985.83)	<b>(2,692.35)</b>

**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 ₹ 20.80 lacs as has been provided. Thereby total DTL aggregating to ₹ 173.31 as on 31<sup>st</sup> March, 2011.

**Deferred Tax Liability (Net)**
*(₹ in lacs)*

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2010	Current Year Charge/Credit	Deferred Tax Assets/(Liability) as at 31.03.2011
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(319.90)	(59.17)	<b>(379.07)</b>
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	167.39	38.37	<b>205.76</b>
Deferred Tax Liability (Net)	(152.51)	(20.80)	<b>(173.31)</b>

**SCHEDULE “P-II” (Contd.)**
**c. In respect of Overseas Subsidiaries:**

The Deferred Tax Asset of Leggiuno S.p.A. is Euro 2,58,228 equivalent to ₹ 155.06 lacs, SKNL Italy is Euro 76,584 equivalent to ₹ 45.99 lacs and Deferred Tax Liability of HMX LLC is USD 1,06,61,300 equivalent to ₹ 4,801.85 lacs as on 31<sup>st</sup> December, 2010 and for SKNL UK Limited is GBP 1,756 equivalent to ₹ 1.27 lacs as on 31<sup>st</sup> March, 2011.

**22. Related parties Disclosures required under Accounting Standard - 18 “Related Parties”.**
**(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 Oviesse Limited	
3.	S. Kumars Enterprises (Synfabs) Limited	
4.	S.Kumars Textiles Limited	
5.	N’Essence Holdings Limited	
6.	Rosewood Holdings Pvt. Limited	
7.	Anjaneya Holdings Pvt. Limited (nee-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	

**(b) Key Management Personnel**

Shri Nitin S. Kasliwal – Vice Chairman & Managing Director

Shri Anil Kumar Channa – Deputy Managing Director

**(c) Details of Transactions: -**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
<b><u>Sales</u></b>		
<u>Goods</u>		
Brandhouse Retails Ltd.( Net of returns and discount)	65,290.21	60,291.25
<b>Total</b>	<b>65,290.21</b>	60,291.25
<b><u>Advances taken and repaid</u></b>		
S. Kumars Textiles Ltd.	3,311.33	Nil
<b>Total</b>	<b>3,311.33</b>	Nil
<b><u>Loan Given and received back</u></b>		
Anjaneya Holdings Pvt. Ltd.	500.00	Nil
<b>Total</b>	<b>500.00</b>	Nil
<b><u>Outstanding as on 31<sup>st</sup> March, 2011</u></b>		
<b>Debtors</b> (Ref. Note 17)	19,585.60	19,740.75
<b>Advances Receivable</b> (Ref. Note No. 17)	7.25	9.06
<b>Managerial Remuneration</b>	476.18	322.47

(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.

**SCHEDULE "P-II" (Contd.)**
**23. Earnings Per Share:**

<b>Basic</b>	<b>Year Ended on 31.03.2011</b>	Year Ended on 31.03.2010
Net Profit attributable to Equity Shareholders ( ₹ in lacs)	<b>32,470.65</b>	22,899.53
Weighted average number of Equity Shares of ₹ 10 each outstanding during the period		
(Nos. in Lacs)	<b>2,532.14</b>	2,365.14
Basic Earnings per Share	<b>₹ 12.82</b>	₹ 9.68

*(Nos. in lacs)*

<b>Diluted</b>	<b>Year Ended on 31.03.2011</b>	Year Ended on 31.03.2010
Net Profit attributable to Equity Shareholders ( ₹ in lacs)	<b>32,470.65</b>	22,899.53
Number of shares outstanding on the beginning of the year	<b>2,365.14</b>	2,233.91
Add: Weighted average number of equity shares on issue of shares against QIBs	<b>153.05</b>	-
Add: Weighted average number of potential equity shares on conversion of FCDs	-	131.22
Add: Weighted average number of equity shares on conversion of FCCBs	<b>70.96</b>	70.96
Add: Weighted average number of equity shares on conversion of Equity Warrants	<b>42.87</b>	-
Add: Weighted average number of potential equity shares those could arise on conversion of Equity Warrants	<b>26.64</b>	12.94
Add: Weighted average number of potential equity shares on account of employee stock options	<b>4.46</b>	5.35
Weighted average number of shares outstanding	<b>2,663.12</b>	2,454.38
<b>Diluted Earnings per Share</b>	<b>₹ 12.19</b>	₹ 9.33

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

*(₹ in lacs)*

<b>Particulars</b>	<b>Amount</b>	
<b>Opening Balance as on 01.04.2010</b>		<b>Nil</b>
Add: Incurred during the year:		
Employment Costs	<b>204.69</b>	
Travelling Expenses	<b>1.77</b>	
Legal & Professional Charges	<b>0.12</b>	
Miscellaneous Expenses	<b>236.54</b>	
Interest and Finance Charges	<b>993.27</b>	
Total incurred during the year		<b>1,436.39</b>
Less: Capitalized during the year		<b>1,436.39</b>
Amount Carried forward		<b>Nil</b>

25. Assets held for sale includes properties that were acquired as part of the Acquisition of HMX business. However due to the HMX's plan of operations, same were not needed and closed. The properties consisted of manufacturing and distribution sites which were either immediately closed at the Acquisition Date or subsequently closed after the Acquisition Date. The HMX is currently marketing the remaining properties and actively seeking a buyer for them. No depreciation is provided on the Assets held for sale.
26. Balances with other Banks represents amount lying with foreign subsidiaries banks.

**SCHEDULE "P-II" (Contd.)**

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

28. 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:

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Employer's contribution to Provident Fund & Pension Scheme	548.25	422.34
Employer's contribution to Employees State Insurance	105.31	83.14

**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 31.03.2011	As at 31.03.2010
Discount Rate (% per annum)	8.25	8
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)	18	19

**A. Change in the Present Value of Obligation:**

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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	755.07	314.35	646.09	198.60
Interest Cost	67.16	-	66.82	-
Current Service Cost	151.51	85.31*	233.04	115.75*
Past Service Cost (Vested Benefit)	63.37	-	-	-
Benefits Paid	(79.28)	-	(33.89)	-
Actuarial (gain) / loss on Obligations	(5.02)	-	(156.98)	-
Present Value of Defined Benefit Obligation as at the end of the period	952.81	399.66	755.07	314.35

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

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Present Value of Plan Assets as at the beginning of the period	482.22	327.14
Expected Return on Plan Assets	42.97	37.69
Contributions	171.34	160.86
Benefits Paid	(79.28)	(33.89)
Actuarial gains / (losses)	8.21	(9.58)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	625.46	482.22



**SCHEDULE "P-II" (Contd.)**
**C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:**

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Present Value of Funded Obligation as at the end of the period	<b>952.81</b>	755.07
Fair Value of Plan Assets as at the end of the period	<b>625.46</b>	482.22
Funded Asset recognised in the Balance Sheet Included in provision (Schedule )	-	-
Present Value of Unfunded Obligation as at the end of the period	<b>327.35</b>	272.85
Unrecognised Actuarial gains / (losses)	-	-
Unfunded Liability recognised in the Balance Sheet Included in provision (Schedule )	<b>327.35</b>	272.85

**D. Amount recognised in the Balance Sheet:**

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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	<b>952.81</b>	<b>399.66</b>	755.07	314.35
Fair Value of Plan Assets as at the end of the period	<b>625.46</b>	-	482.22	-
Liability/ (Net Asset) recognised in the Balance Sheet	<b>327.35</b>	<b>399.66</b>	272.85	314.35

**E. Expenses recognised in Profit and Loss Account:**

(₹ in lacs)

Particulars	Year Ended on 31.03.2011		Year Ended on 31.03.2010	
	Funded Scheme (Gratuity)	Non Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Current Service Cost	<b>151.51</b>	<b>85.31*</b>	233.04	115.75
Past Service Cost	<b>63.37</b>	-	-	-
Interest Cost	<b>67.16</b>	-	66.82	-
Expected Return on Plan Assets	<b>(42.97)</b>	-	(37.69)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	<b>(13.23)</b>	-	(147.40)	-
Total Expenses recognised in the Profit and Loss Account*	<b>225.84</b>	<b>85.31</b>	114.77	115.75

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

**SCHEDULE "P-II" (Contd.)****F. Actual Return on Plan Assets:***(₹ in lacs)*

Particulars	As at 31.03.2011	As at 31.03.2010
Expected Return on Plan Assets	<b>42.97</b>	37.69
Actuarial gain / (losses) on Plan Assets	<b>8.21</b>	(9.58)
Actual Return on Plan Assets	<b>51.18</b>	28.11

**G. Recognition of Actuarial (Gain) / Loss***(₹ in lacs)*

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Actuarial (Gain) / Loss on Obligation	<b>(5.02)</b>	(156.98)
Actuarial (Gain) / Loss on Asset	<b>(8.21)</b>	9.58
Actuarial (Gain) / Loss in P&L A/c	<b>(13.23)</b>	147.40

**H. Experience Adjustment***(₹ in lacs)*

Particulars	As at 31.03.2011	As at 31.03.2010
On Plan Liability (Gain) / Loss	<b>42.28</b>	(107.72)
On Plan Liability (Loss) / Gain	<b>8.21</b>	(9.58)

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.

29. There is no subsequent event to the balance sheet date, which would materially affect the accounts and the related disclosure for the year ended 31<sup>st</sup> March, 2011.
30. 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** *Sr. Vice President & Company Secretary*

Place: Mumbai

Date : 30<sup>th</sup> May, 2011



# SKNL

*S. Kumars Nationwide Limited*

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