



Spice Islands Apparels Limited

**23rd Annual Report
2010-2011**



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Twenty Third Annual General Meeting

Day : Tuesday, 23rd August, 2011
Time : 10.00 A.M.
Venue : M. C. Ghia Hall,
Bhogilal Hargovindas Building,
18/20, K. Dubash Marg,
(Behind Prince of Wales Museum),
Kala Ghoda, Mumbai - 400 001.



*Spice Islands
Apparels Limited*

BOARD OF DIRECTORS

Chairman & Managing Director
UMESH KATRE

Whole-time Director
SEEMA KATRE
[w.e.f. 12/11/2010]

Director
ASHOK DARYANANI
KARL DANTAS
CHARUCHANDRA PATANKAR
RAHUL MEHTA

Bankers
VIJAYA BANK

Auditors
M/s. T. D. JAIN & D. I. SAKARIA
(Chartered Accountants)

REGISTERED OFFICE

125-A, Mittal Tower, 210, Nariman Point, Mumbai - 400 021.
Tel.: 6740 0800 Fax : 2282 6167

FACTORY

S. F. No. 287, Kuthampalayam,
Thirumurgan Poondi (P. O.),
P. N. Road, Tirupur - 641 652.
Tel.: 0421-2350492/3

Unit 43-48, Bhandup Industrial Estate,
Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W),
Mumbai - 400 078.
Tel.: 61992900

FOR LODGING INVESTOR GRIEVANCES : grievance_redressal@spiceislandsindia.com

REGISTRAR & SHARE TRANSFER AGENT
LINK INTIME INDIA PRIVATE LIMITED

C-13, Bhandup Industrial Estate,
Pannalal Silk Mills Compound, L. B. S. Marg,
Bhandup (W), Mumbai - 400 078.
Ph.: 022- 2594 6970
Fax : 022-2594 6969
E-mail : helpdesk@linkintime.co.in

203, Daver House,
Near Central Camera,
Dr. D. N. Road, Fort,
Mumbai - 400 001.
Telefax : 022 - 2269 4127



NOTICE

Notice is hereby given that Twenty Third Annual General Meeting of the members of SPICE ISLANDS APPARELS LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, (Behind Prince of Wales Museum), Kala Ghoda, Mumbai - 400 001 on Tuesday, 23rd August 2011, at 10.00 a.m. to transact the following business:

1. To receive and adopt the audited Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as on that date and Reports of the Board of Directors and Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. Charuchandra Patankar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To appoint Mrs. Seema Katre as a Director of the Company.

“RESOLVED THAT Mrs. Seema Katre be and is hereby appointed a Director of the Company, liable to retire by rotation.”

6. To consider and if thought fit, to pass, with or without modification (s), the following resolution as SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 198, 309, 310, read with Schedule XIII and other applicable provisions of the Companies Act, 1956, and modifications thereof, Mrs. Seema Katre be and is hereby appointed as Whole Time Director of the Company for a period of three years with effect from 12th November, 2010 at a remuneration as under :

I. Salary (Basic) per month Rs.40,000/- – 10,000/- – 70,000/- Annual increment of Rs. 10,000/- shall be payable on 1st April each year.

II. Allowance

a) Leave Travel Allowance The yearly payment in the form of allowance shall be equivalent to one month's salary (basic)

b) Gas/Electricity/Maintenance allowance Rs. 1,20,000/- per annum

c) Magazine / Book Allowance Rs. 50,000/- per annum

d) Soft Furnishings Total amount payable over a period of three years shall not exceed Rs. 7,50,000/-

III. Perquisites :

a) Contribution to Provident Fund and Superannuation / Annuity Fund will be as per Scheme of the Company.

b) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.

c) Encashment of unvested leaves at the end of the tenure or at specified intervals will be as per Scheme of the Company.

d) Provision of car with driver for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year the remuneration payable to Mrs. Seema Katre be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 including any statutory modifications or reenactments thereof for the time being in force, as may be approved by the Board from time to time”

NOTICE

“RESOLVED FURTHER THAT any one of the Director of the Company be and is hereby authorized to sign such documents and papers and file necessary forms with the Ministry of Corporate Affairs, and such other authorities as is required to give effect to the above”

7. To consider and, if thought fit, to pass with or without modification the following resolution as a “SPECIAL RESOLUTION.”

“RESOLVED THAT subject to the provisions of Section 17 (C) of the Companies Act 1956, the new sub clause no 80 be inserted after the existing sub clause no 79 of ‘Other Objects’ Clause III (C) of the Memorandum of Association of the Company as follows:

80. To carry on the activity and / or business of power generation by undertaking projects / installation of windmills, wind turbine generators or any other eco-friendly power generation systems using resources – natural or otherwise, distribution, transmission, sale, purchase, barter and / or deal in power / electricity and to purchase, acquire, lease, hire or procure in any manner whatsoever land, plant & machinery, equipments, transmission systems, sub-stations or the like to undertake any of the above activities.

To become members and participate in trading / selling / buying in carbon credit units & settlement, in spot markets and in futures for itself or for clients, trades and clearing / settlement of trades in spots, in futures and in derivatives of all other commodities permitted under the laws of India.

For and on behalf of the Board of Directors,
SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI
DATE : 27th May, 2011.

UMESH M. KATRE
(Chairman & Managing Director)



NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself, only on a poll and a proxy need not be a member. Proxies in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. Relevant explanatory statement pursuant to section 173(2) of the Companies Act 1956 in respect of Special Business at item no 5, 6 and 7 of the Notice is annexed herewith.
3. All documents referred to in accompanying notice and explanatory statement are open to inspection at the Registered Office of the Company between 2 pm and 4 pm on all working days up to the day of the Annual General Meeting.
4. The Dividend for the year ended 31st March 2011 as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear in the Company's Register of Members after effecting valid transfers received upto the close of business hours on 9th August 2011. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details provided as at the close of business hours on 9th August 2011 by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
5. The Register of Members and Share Transfer books of the Company will remain closed from Tuesday, 9th August, 2011 to Tuesday, 23rd August, 2011 both days inclusive.
6. The Company has transferred unclaimed amount of dividends paid upto 31st March, 2002 to the Investor Education and Protection Fund of the Central Government as required under section 205C of the Companies Act 1956. Members may please note that if unpaid dividend is not claimed from the Company for seven years from the date when it became due, it shall be transferred to the Investor Education and Protection Fund as stated above and it cannot be claimed from that fund.

Members who have not encashed their dividend warrants within the validity period may write to the Company at its registered office for obtaining payment in lieu of such warrants.

7. Members are requested to notify immediately any change of address, details of their bank accounts viz. name of bank, full address of the branch, account number and folio number for incorporation on the dividend warrant, to the Company's Registrar and Share Transfer Agents, M/s. Link Intime India Private Ltd., C-13, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078
8. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. In terms of Section 109A of the Companies Act, 1956, Members are entitled to make nominations in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their request in Form 2B, in duplicate, to the Secretarial Department at the Registered Office of the Company or to the Registrar and Share Transfer Agent.
- 10 Pursuant to the direction / notifications of SEBI and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number either at the time of opening of the account or subsequently. In case, they have not furnished the Income Tax Permanent Account Number either to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN card (with original PAN card for verification) so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated.

Securities and Exchange Board of India, vide Circular ref # MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the current circular, all share transfer requests received after 20th May, 2009 should therefore be accompanied with PAN details.

REQUEST TO THE MEMBERS

1. Members desiring any relevant information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.

NOTES

3. Members who hold shares in demat mode are requested to bring their Client ID and DP ID numbers for easy identification of membership at the Meeting.
4. For the convenience of Members, an Attendance Slip is annexed to the Proxy Form. Members are requested to fill in and affix their signatures at the space provided therein and hand over the Attendance Slip at the entrance of the place of the Meeting. Proxy / Representative of a Member should mark on the Attendance Slip as "Proxy" or "Representative", as the case may be.

For and on behalf of the Board of Directors,
SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI
DATE : 27th May, 2011.

UMESH M. KATRE
(Chairman & Managing Director)



ANNEXURE TO THE NOTICE

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

ITEM NO 5.

Appointment of Mrs. Seema Katre as a Director of the Company.

Mrs. Seema Katre was appointed as an Additional Director of the Company at the Board Meeting held on 12th November, 2010. Mrs. Katre holds the office of Director upto the date of next Annual General Meeting pursuant to provision of section 260 of the Companies Act, 1956. It is proposed to appoint Mrs. Katre as Director of the Company. The Company has received notice in writing as required by section 257 of the Companies Act 1956 from some members proposing the candidature of Mrs. Seema Katre for the office of Director.

Apart from the obvious interest of Mrs. Seema Katre, Mr. Umesh Katre, being relative may be considered as interested in the resolution. No other Director is considered to be concerned or interested in the Resolution.

ITEM NO. 6 :

Mrs. Seema U. Katre was appointed as Whole Time Director of the Company for a period of three years, from 12th November 2010 to 11th November 2013 on the following terms and conditions.

- I. Salary (Basic) per month Rs.40,000/- – 10,000/- – 70,000/- Annual increment of Rs. 10,000/- shall be payable on 1st April each year.
- II. Allowance
 - a) Leave Travel Allowance The yearly payment in the form of allowance shall be equivalent to one month's salary (basic)
 - b) Gas/Electricity/Maintenance allowance Rs. 1,20,000/- per annum
 - c) Magazine / Book Allowance Rs. 50,000/- per annum
 - d) Soft Furnishings Total amount payable over a period of three years shall not exceed Rs. 7,50,000/-

III. Perquisites

- a) Contribution to Provident Fund and Superannuation / Annuity Fund will be as per Scheme of the Company.
- b) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.
- c) Encashment of unvested leaves at the end of the tenure or at specified intervals will be as per Scheme of the Company.
- d) Provision of car with driver for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

For the purpose of calculating the ceiling, perquisites and allowances shall be evaluated as per Income Tax Rule, wherever applicable and in the absence of any such Rule, Perquisites and Allowances shall be evaluated at actual cost.

In addition, she will be entitled for a contribution to the Provident Fund and Pension Fund as per applicable law in force from time to time.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of Mrs. Seema U. Katre, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified by the provision of Section II of part II of schedule XIII.

Leave

In accordance with the Rules and Regulations of the Company.

Sitting Fees :

Mrs. Seema U. Katre shall not be entitled to sitting fees for attending meeting of the Board of Directors or Committees thereof.

Tenure

The tenure of employment of Mrs. Seema U. Katre as Whole Time Director of the Company is terminable by either side with a notice period of three months or payment of basic salary in lieu thereof.

Memorandum of Concern or Interest

Apart from the obvious interest of Mrs. Seema Katre, Mr. Umesh Katre, being relative may be considered as interested in the Resolution. No other Director is considered to be concerned or interested in the Resolution.

In compliance with the requirement, as laid down in Schedule XIII, Part II, Section II (B) of the Companies Act 1956, some of the information required are furnished herein below:

The company is engaged in the business of export of garments (100% exports). The entire earning of the Company is in foreign exchange.

Mrs. Seema Katre is entrusted with the job of back office work of the Company. This ensures consistency in administration and implementation of major work ideas. The whole aim is to ensure co-ordination among various functional heads, execution and smooth functioning of work flow. Ultimate aim is to have effective cost control and thereby improve financial performance.

Remuneration proposed is comparable to a senior executive of the company and is commensurate with the responsibility assigned, although the same is much lower than the industry standard.

Mrs. Katre's appointment as a Whole Time Director will strengthen the hands of the Management in the back office work and also in cost control.

In compliance with the provisions of Section 269, 309 and 310 of the Companies Act, 1956, the terms of appointment specified above are now being placed before the shareholders in the General Meeting for their approval, which the Director commend for acceptance.

The draft agreement between the Company and Mrs. Seema Katre is available for inspection at the Registered Office between 2.00 pm and 4.00 pm on any working day.

ITEM NO 7

The proposed addition of new object Clause at No. 80 in other object Clause III (C) of the Memorandum of Association is mainly to facilitate sale / distribution of carbon credit units. It is proposed to add in the existing clauses of the Memorandum of Association, thereby making provision.

The Board of Directors recommend to pass these resolutions as Special Resolution. None of the Directors are concerned or interested in this resolution.

For and on behalf of the Board of Directors,
SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI

DATE : 27th May, 2011.

UMESH M. KATRE
(Chairman & Managing Director)



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report of the Company for the year ended 31st March, 2011.

	(Rs. in lacs) <u>2010-2011</u>	(Rs. in lacs) 2009-2010
<u>FINANCIAL RESULTS</u>		
Sales & Operating Income	1923.42	2039.36
Other Income	73.32	165.19
Profit before Taxation / Extra Ordinary item	177.79	390.47
Prior period expense	1.19	--
Profit after prior period expense	176.60	390.46
Provision for Taxation - Current Year (Nett)	66.61	60.92
Short / (excess) Provision for Tax	1.46	(0.43)
Profit after Taxation	<u>108.53</u>	<u>329.98</u>
<u>APPROPRIATION</u>		
General Reserve	10.00	20.00
Proposed Dividend	43.00	64.50
Tax on distribution of dividend	7.14	10.96
Balance Profit carried forward	48.39	234.52
	<u>108.53</u>	<u>329.98</u>

OPERATIONS

Sales and operating income has declined by about 6% over the previous year i.e. from 2039.36 lacs to Rs. 1923.42 lacs. To restrict the fall to 6%, by itself is a big achievement having regard to the fact that global downturn is percolating down in the consumer market and is affecting purchasing power in European / US market. The financial position of the Company's major customers is under stress due to market conditions in their countries and as such the Company has to be cautious in its dealings with current customers as well as new ones.

However the 6% fall in sales and operating income has a considerable impact on the operating profit, as major part of Rs. 115.94 lacs would have straight away added up in operating profit. Thus, lower operating profit coupled with provision of Rs. 45.69 lacs on account of diminution in the value of investments and reduction in short term gain by Rs. 33.89 lacs and actual loss of Rs. 25.69 lacs on account of sale of some investments has pulled down profitability. In addition, write back of Rs. 68.04 lacs on account of write-off of irrecoverable advances had also improved profitability in the previous financial year. However, unfortunately, the same is not the case for the year 2010-11.

All this has a major impact and the profit before tax has declined to Rs. 176.60 lacs as against Rs. 390.47 lacs in the previous year. Despite having low profit, the provision for tax has increased to Rs. 75.75 lacs as against Rs. 68.50 lacs in the previous year on a substantially large profit before tax. This is mainly because the tax shield is not available to the Company now on account of full utilization of earlier years carried forward losses. Thus the profit after tax has declined to Rs. 108.53 lacs as against Rs. 330.00 lacs in the previous year.

As had mentioned in previous years report, about the speculative trend in the cotton trade as well as global currencies, this in fact reached its peak during the year 2010-11 where the Company's main raw material e.g. cotton yarn, prices rose to the extent of 70 –

DIRECTORS' REPORT Contd..

80% and that too bulk of it happening in the last quarter which therefore had a clear impact on the margins and will continue to have an impact in the forthcoming year as sales contracts are usually firm up 6-8 months ahead of actual execution. The year ahead is also likely to see turmoil in the overseas market on account of bankruptcy, self liquidation etc filed by major importers / brands on account of general slowdown in the off take of merchandise. In short, the year ahead is going to be a difficult one and would pose a challenge to the Management to keep its head above water.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.00 per Share. Dividend, if approved by the shareholders, at the Annual General Meeting, will absorb Rs. 43.00 lacs.

TAXATION

Provision of Rs. 75,75,000/- is made to meet the liability for Tax.

DIRECTORS

During the year under review, Mrs. Seema Katre was co-opted as an Additional Director of the Company. The Board recommends her appointment as a Director in the forthcoming Annual General Meeting.

Subsequently, Mrs. Seema Katre was appointed as WHOLE TIME DIRECTOR to strengthen the back office work of the Company and to assist in cost control and related activity. Suitable resolution is proposed at the Annual General Meeting for her appointment as a Whole Time Director.

Mr. Charuchandra Patankar retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS RESPONSIBILITY

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

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed.
2. Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at 31st March, 2010 and of the Profit of the company for the year ended on 31st March, 2010.
3. 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. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A report on the Corporate Governance Code along with a certificate from the Practicing Company Secretary regarding the compliance of conditions of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreements are annexed to this Report.

DEPOSITORY SYSTEM

Trading in Equity Shares of your Company is permitted in dematerialised form in terms of notification issued by Securities and Exchange Board of India [SEBI]. Your Company has entered into agreements with National Securities Depository Ltd. [NSDL] & Central Depository Services India) Ltd. [CDSL], to enable shareholders to hold shares in dematerialized form. Since dematerialization facilitates quick share transfers and prevents forging of documents, those shareholders who have not opted for this facility are advised to dematerialize their shares with either of the Depositories.



DIRECTORS' REPORT Contd..

SUBSIDIARY COMPANY

The Company has sold all 6,09,000 Equity Shares of Bhupco Alloys Ltd. Accordingly Bhupco Alloys Ltd. ceases to be a Subsidiary Company w.e.f. 17th March 2011.

POSTAL BALLOT

The Company had, during the financial year 2010 – 2011, taken approval of Members through the postal Ballot to the following items :

1. Insertion of new Clause 79 after existing Clause no. 78 of clause III (c) of Other Object of Memorandum of Association of the Company, pursuant to the provisions of section 17 (e) : Regarding business of electricity generation.
2. Commencement of new business activities as stated in clause 79 of Clause III (c) of the Other Object of the Memorandum of Association of the Company. [Section 149 (2A)]
3. Authorising Board of Directors to create charge by way of mortgages on immovable / movable properties of the Company [Section 293 (1) (a)]
4. Authorising Board of Directors to borrow money in excess of paid up capital and free reserves of the Company [Section 293 (1) (d)]
5. Insertion of new Article No. 219 after the existing Article No. 218 of the Articles of Association of the Company [Section 31]
6. Authorising Board to invest, give loan, provide security and guarantee beyond the limit laid down u/s 372 A.

The said results were declared on 4th January, 2011 at the Registered Office of the Company.

PARTICULARS OF EMPLOYEES

The particulars required under section 217 (2A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rule, 1975 are not furnished since none of the employees of the Company are drawing remuneration in excess of the limit laid down under the said provisions.

ADDITION TO OTHER OBJECTS

Clause No. 80 under 'other objects' in the Memorandum of Association is added to facilitate distribution / sale of electricity. At present the Company does not intend to start this activity but in future, the Company may venture into this line of activity.

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

The details as required under the Companies (disclosure of particulars in the Report of Board of Directors) Rules 1988, are set out in the annexure forming part of this Report.

COMPLIANCE CERTIFICATE

Compliance Certificate obtained pursuant to provisions of Sec 383 A of the Companies Act, 1956 from a Secretary in Whole Time practice, Mr. P. V. Ramaswamy, in the prescribed form regarding the compliance of all the provisions of the said Act, is enclosed herewith.

AUDITORS

Members are requested to appoint Auditors for the current year and to authorize the Board of Directors to fix their remuneration. M/s. T. D. Jain & D. I. Sakaria, Chartered Accountants, have furnished a certificate of their eligibility for re-appointment under section 224 (1B) of the Companies Act, 1956

NOMINATION

Articles of Association of the Company were suitably amended to permit nomination facility. Members of the Company are requested to avail themselves of the nomination facility.

DIRECTORS' REPORT Contd..

APPRECIATION

Your Directors acknowledge with gratitude the co-operation extended by Bankers of the Company, Stock Exchange, SEBI, and other Government / Semi Government Authorities.

Your Directors also wish hereby to place on record their appreciation of the efficient and loyal services rendered by all the staff and workmen of the company, without whose whole hearted efforts, the overall satisfactory performance would not have been possible.

The Board also thanks the Shareholders of the Company for their whole hearted support.

For and on behalf of the Board of Directors,
SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI
DATE : 27th May, 2011.

UMESH M. KATRE
(Chairman & Managing Director)



ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1998.

A) POWER AND FUEL CONSUMPTION IN RESPECT OF MANUFACTURING UNITS

a) Purchased Units	79,653
Total Amount	5,26,080
Rate per unit (Rs.)	6.60
b) Own Generation	Nil
(Through D. G. set)	

B) TECHNOLOGY ABSORPTION

FORM B.

1. RESEARCH AND DEVELOPMENT

- Special Areas : Our research and development activities are concentrated mainly on development of new designs / colours for improving existing products and developing new product line for exports.
- Benefits derived : The company has established itself in the Export Market and also proposes to enter the domestic market at an appropriate time.
- Plan of Action : The Company is continuously making improvements in quality of its products.
- Expenditure on R & D : Commensurate with the requirements of the industry.

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATIONS

- Efforts made : Continuous efforts are being made in improving the quality of Shirts, Jackets, Skirts, Blouses, produced by the Company on existing production methods. Improving labour productivity and installation of new machinery is also a part of these efforts.
- Benefits : Company could make its impact in the items manufactured by adopting changing technology.
- Imported Technology : The company is presently using Indian Technology.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Efforts : The Company has been constantly endeavoring to get an increased share of the world textile market and has met with remarkable success in this area.

b) EARNING AND OUTGO	Rs. In Lacs.
i) Foreign Exchange Earning	1687.25
Export Sales (FOB)	
ii) Foreign Exchange Outgo (includes raw material, spare parts, capital goods and other expenditure in foreign currency including dividends)	
a) Raw Material	Nil
b) Capital Goods (Spares)	2.23
c) Components, Spares and Accessories	5.03
d) Dyes & Chemicals	Nil
e) Travelling & Other Expenses	3.50
f) Commission	92.03

For and on behalf of the Board of Directors,
SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI

DATE : 27th May, 2011.

UMESH M. KATRE
(Chairman & Managing Director)

ANNEXURE TO DIRECTORS' REPORT

P. V. Ramaswamy M. Com., LLB., FCS
Company Secretary

103, Ashok Kumar Towers,
47, Union Park, Chembur,
Mumbai 400 071
Tel. : 25207302 Mob. : 9833039832
Email: perinkolamramaswamy@yahoo.co.in

COMPLIANCE CERTIFICATE

(u/s 383A (1) of the Companies Act 1956)

The Members

Spice Islands Apparels Ltd.

125 A, Mittal Towers,
210, Nariman Point,
Mumbai 400 021.

I have examined the registers, records, books and papers of Spice Islands Apparels Ltd. Having Registered Office at 125 A, Mittal Towers, 210, Nariman Point, Mumbai 400 021, Maharashtra having its Registration No. 11-50197 (CIN No. L17121MH1988PLC050197) hereinafter referred to as 'Company' as required to be maintained under Companies Act 1956 (hereinafter referred to as the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year;

- 1) The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions of the Act and rules made there under and all entries therein have been duly recorded.
- 2) The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies / Regional Director / Central Government / Company Law Board or other Authorities within the time prescribed under the Act and the rules made hereunder, in case of delay if any, with the payment of additional filing fees thereon as prescribed under the Act and the rules made thereunder.
- 3) The company being a Public Limited Company has maintained the minimum prescribed paid up capital.
- 4) The Board of Directors duly met six times respectively on 20th April 2010, 21st May 2010, 13th August 2010, 12th November 2010, 4th January 2011 and 4th February 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
- 5) The Company closed its Register of Members from 12th July 2010 to 26th July 2010 and necessary compliance of section 154 of the Act, has been made.
- 6) The Annual General Meeting for the financial year ended 31st March 2010 was held on 26th July, 2010 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
- 7) That during the financial year under report, no Extra Ordinary Meeting of the shareholders of the Company was held.
- 8) The company has not advanced any loans to any of the parties mentioned in section 295 of the Act during the year under review.
- 9) The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section. As regards default u/s 297 for earlier years, the same was compounded vide order dated 8th February 2011 from the Regional Director, Western Region.
- 10) The Company has maintained a Register required to be maintained u/s 301 of the Act and entries have been duly made.
- 11) The company has not employed any person falling within the purview of Section 314 of the Act and as such the question of obtaining any approvals from the Board of Directors, its Members or from the Central Government does not arise.
- 12) The company has not issued any duplicate certificates during the financial year.



ANNEXURE TO DIRECTORS' REPORT Contd..

13) The Company has

- i) Delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
- ii) Deposited the amount of dividend declared including interim dividend in a separate Bank Account on 3rd August 2010, which is within seven days from the date of declaration of such dividend.
- iii) Paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with AXIS BANK LTD.
- iv) Details of unclaimed / unpaid dividend.

Dividend for the year ended on	Declared on	Unclaimed amount	Due date for transfer to investor education and protection fund
31/03/2009	31/08/2009	Rs. 1,20,425/-	31/08/2016
31/03/2010	26/07/2010	Rs. 1,90,241/-	26/07/2017

- v) The Company has duly complied the requirement of section 217 of the Act.

14) The Board of Directors of the company is duly constituted and the appointment of directors, additional directors alternate directors and directors to fill casual vacancies have been duly made

- i) During the year Mrs. Seema Katre was appointed as an additional director. She was also co-opted as Whole Time Director w.e.f. 12th November 2010.

15) The appointment of Managing Director/Whole time Director/Manager has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act, No approval from Central Government was required.

- i) During the year, Mrs. Seema Katre was appointed as Whole Time Director for a period of three years. This is w.e.f. 12th November 2010.

16) The Company has not appointed any sole selling agent during the financial year under report.

17) The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act during the financial year under report.

18) The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19) During the financial year under report, the Company has not issued any shares, debentures or other securities.

20) During the financial year under report, the company has not bought back any shares.

21) The Company has not issued any Preference shares and hence the question of redemption of Preference Shares during the year did not arise.

22) There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.

23) The Company has not accepted any deposit during the year.

24) The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March 2011 are within the borrowing limits of the company.

25) During the financial year under report, the Company has not given any loan or given any guarantee or provided securities to other bodies corporate.

ANNEXURE TO DIRECTORS' REPORT Contd..

26) The Company has not altered the provisions of the Memorandum with respect to the situation of the company's registered office from one state to another during the financial year under report.

However Registered Office of the Company has shifted

From : 62-B Mittal Tower, 210 Nariman Point, Mumbai 400 021

To: 125-A Mittal Tower, 210 Nariman Point, Mumbai 400 021

This was w.e.f. 4th February 2011.

27) The Company has inserted clause No 79 [under Other Objects : Clause III (C)] in the Memorandum of Association to facilitate carrying out of the following activity :

79. To carry on all or any of the business of purchase, creators, generators, manufactures, producers, procures, suppliers, distributors, converters, processors, developers, stores, carries and dealers in, design or otherwise acquire to use, sell or transfer or otherwise dispose of electricity, steam, hydro or tidal, water, wind, eco-thermal, biomass, biofuel, solar, hydrocarbon fuels, fuel handling, equipments and machinery and fuel handling facilities thereto and any products or by products derived from any such business (including without limitation distillate fuel oil and natural gas whether in liquefied or vaporized form) or other energy of every kind and description and stoves, cookers, heaters, geysers, biogas, plant gas and steam lupines, boilers, generators, alternators, diesel generating sets and other energy devices and appliances of every kind and description.

28) The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the financial year under report.

29) The company has not altered the provisions of the Memorandum with respect to the share capital of the company during the financial year under report.

30) The company has inserted article no. 219 in its Articles of Association to provide for passing of Resolution by postal ballot

219 Voting by Postal Ballot or Electronic Mode.

The Company may get resolution passed by means of postal ballot by SMS and online voting on internet or any other electronic mode as may be prescribed by the Companies Act, 1956 from time to time, instead of transacting the businesses at General Meeting of the Company.

31) On verification of the records of the Company and as informed to me, there was no prosecution initiated against or show cause notices received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the Company. The Company had applied for compounding of offence in respect of some defaults u/s 297 in earlier years, in response to notice form the Registrar of Companies. This has since been compounded vide order dated 8th February, 2011.

32) The company has not received any money as security from its employees during the financial year under report.

33) The company has deposited both employees and employers contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

P. V. RAMASWAMY

Practicing Company Secretary

F.C.S. No. : 1708

C. P. No. : 2087

Place : Mumbai

Date : 27th May, 2011.



ANNEXURE TO DIRECTORS' REPORT Contd..

ANNEXURE 'A'

1. Register of Investment u/s 49 of the Act.
2. Register of Charges u/s. 143 of the Act.
3. Register of Members u/s 150 and Index of members u/s 151 of the Act.
4. Minutes Book of Board of Directors.
5. Minutes Book of the General Meeting.
6. Books of Accounts u/s 209 of the Act.
7. Register of particulars of Contracts u/s 301 of the Act.
8. Register of Directors u/s 303 of the Act.
9. Register of Directors Shareholding u/s 307 of the Act.
10. Register of Investments or loans made, guarantees given or securities provided u/s 372 A of the Act.
11. Register of Transfers

ANNEXURE 'B'

Forms and Returns filed by the Company with the Register of Companies, Regional Director, Central Government, Company Law Board or other Authorities during the year ended on 31st March 2011.

A) To the Register of Companies.

Sr. No.	Form & particulars	For the year	Delay in filing	Form no.	ROC receipt / date
1.	Donation up to a limit of Rs. 30,00,000/- u/s 293 (1)(e)	--	Yes	23	25/05/2010 [A85310225]
2.	A copy of Notice of Annual General Meeting	31.03.2010	No	67	23/08/2010 [A92144450]
3.	Compliance certificate	31-03-2010	No	66	25/08/2010 [P49805641]
4.	Balance Sheet	31-03-2010	Yes	23AC	04/10/2010 [P52956125]
5.	Appointment of Mrs. Seema U. Katre as an Additional Director	--	No	32	26/11/2010 [A99096257]
6.	Annual return for 26/07/2010	--	Yes	20B	26/11/2010 [P61504841]
7.	Submission of calendar of events in respect of Postal Ballot Notice pursuant to section 192 A of the Company's Act.	--	No	62	13/12/2010 [B00487413]
8.	Appointment of Mrs. Seema Katre as a Whole Time Director	--	Yes	23	15/12/2010 [B00671065]
9.	Return of appointment [Appointment of Mrs. Seema Katre as a Whole Time Director]	--	No	25C	06/11/2010 [B01883487]
10.	Insertion of Clause 79 in Clause III (C) of Other Objects of Memorandum of Association of the Company	--	No	23	28/01/2011 [B04139523]

ANNEXURE TO DIRECTORS' REPORT Contd..

Sr. No.	Form & particulars	For the year	Delay in filing	Form no.	ROC receipt / date
11.	Change of registered office	--	No	18	17/02/2011 [B05267877]
12.	Creation of charge on movable / immovable assets of the Company	--	Yes	8	05/02/2011 [B04876769]
13.	Altered Memorandum of Association & Article of Association of the Company.	--	No	67	--
14.	Petition u/s 141	--	--	61	05/02/2011 [B07049828]
15.	Commencing activity as laid down under Clause 79 of Other Objects of Memorandum of Association	--	No	20A	05/03/2011 [B07088271]

B) To Central Government / Regional Director: NIL.

P. V. RAMASWAMY

Place : Mumbai
Date : 27th May 2011.

Practicing Company Secretary
F.C.S. No. : 1708
C. P. No. : 2087



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) INDUSTRY STRUCTURE & DEVELOPMENTS

The Textile and Garment Industry is booming - there are excitements all around and new opportunities to surge further ahead.

2) OPPORTUNITIES AND THREATS

Market is sure growing both locally and internationally. There's an unprecedented retail boom on domestic front the possibilities are immense although with consequent keen price war.

3) SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Mens and Ladies Tops still dominate the market although bottom wears also have made deep inroads. A lot of young fashion wears are surfacing to form a major block in between.

4) OUTLOOK

It's a bright future ahead. The young fashion segment will sure dominate a fair segment of the emerging market.

5) RISK AND CONCERNS

Compliances are very much in place for overall required international expectations.

6) INTERNAL CONTROL SYSTEMS AND ADEQUACY

As an extension of above, there's a machinery function to regulate and control the expected parameters to ensure a first class work situation and consequent quality output.

7) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Against an emerging market and consequent changes of product movements, we too have had to go through a different product mix to flow along with. The impact, financial and / or otherwise, is being investigated.

8) MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATION FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

In the field that we are in, it's a must that we tune well with the changes around which not only mean changes in product lines as required but also realignment of the human resources available in order that the Company moves ahead in the competitive environment.

For and on behalf of the Board of Directors,
SPICE ISLANDS APPARELS LIMITED

PLACE: MUMBAI
DATE :27th May,2011

UMESH M. KATRE
(Chairman & Managing Director)

ANNEXURE TO DIRECTORS' REPORT Contd..

CORPORATE GOVERNANCE

Your Company has complied in all material respects with the requirements of Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below :

1) Corporate Governance is the combination of voluntary practices and compliance with laws & regulations leading to effective control and management of the organization. Good Corporate Governance leads to a long term shareholder value and enhances interest of other stake holders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

2) BOARD OF DIRECTORS

a) Composition and other related matters :

The Board of Directors of the Company has optimum combination of Executive and Non-Executive Directors. As on 31st March, 2011, the strength of Board was six Directors, of which, two were Executive Directors and four were Non-Executive Independent Directors. The composition of Board of Directors as on 31st March 2011, attendance of Directors at the Board meetings and at the Annual General Meeting held during the year under review alongwith the number of outside Directorship and Committee position are given in the table below :

Name of Director	Category of Directorship	No of Directorship held in other companies	No of Committee positions in other Companies		Attendance At	
			Chairman	Member	Board meeting	Last Annual General Meeting [26-07-2010]
Umesh M. Katre Chairman & Managing Director	Executive	None	--	--	6	Yes
Ashok G. Daryanani	Non Executive Independent	None	--	--	5	Yes
C. G. Patankar	Non Executive Independent	8	--	4	5	Yes
Karl Dantas	Non Executive Independent	None	--	--	5	No
Rahul Mehta	Non Executive Independent	2	--	--	6	Yes
Seema Katre Whole Time Director	Executive	1	--	--	2	NA

* Mrs. Seema Katre was appointed as an additional director and Whole Time Director on 12th November 2010

** The number of other Directorships are calculated as per section 275 of the Companies Act 1956. It excludes private limited companies, foreign companies, companies u/s 25 of the Companies Act 1956 and alternate directorship. This includes the Chairmanship / membership only in the audit committee, shareholder grievance committee, remuneration committee, share transfer committee and of all listed and unlisted public limited companies.

b) Board Meetings

Board meetings are held at least once in every quarter and the time gap between two meetings was not more than four months. During the financial year under review, six board meetings were held on 20th April 2010, 21st May 2010, 13th August 2010, 12th November 2010, 4th January 2011 and 4th February 2011.

The Board is regularly apprised and informed of important business related information. The Agenda papers are circulated in advance to all the Board Members. Quarterly/ half yearly results, internal audit report, limited review reports, compliance report of applicable law and minutes of the meeting of the Audit Committee, Investor Grievance Committee and other Board Committees are placed before the Board at regular intervals.



ANNEXURE TO DIRECTORS' REPORT Contd..

c) Details of Directors seeking appointment / re-appointment.

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting as required under clause 49(IV) (G) of the Listing Agreement is as under :

Mr. Charuchandra G. Patankar

Mr. Patankar is a Chartered Accountant having a total experience of over 31 years. He is an Executive Director of Kalyani Steels Limited from July 1999 and also serves on Board of various Public as well as Private Companies and has vast commercial experience. He is associated with the Company since January 2006.

Being an independent Director and having a vast commercial experience, appointment of Mr. Charuchandra Patankar is in the interest of the Company.

The details of other directorships and committee memberships of Mr. Patankar is as follows:

Name	Directorships	Committee Memberships
Mr. C. G. Patankar	8	4

Mrs. Seema U. Katre

Mrs. Seema Katre has rich experience of over 15 years in coordinating efforts of various departments and ensuring smooth flow of work. This is required to ensure effectiveness in functioning of any organisation. Back office work is the backbone for outside image and it is here that the Company is expecting her performance. The whole aim behind appointment of Mrs. Katre as a Whole Time Director is to ensure cost cutting and improvement in organisational set up.

3) AUDIT COMMITTEE

The Audit committee held four meetings on 21st May 2010, 13th August 2010, 12th November 2010 and 4th February 2011.

The details of composition of the committee and attendance of Members are as follows:

<u>Name of the Director</u>	<u>Category of Director</u>	<u>No. of Committee Meetings attended</u>
Karl Dantas	Non-Executive-Independent	4
C. G. Patankar	Non-Executive-Independent	3
Ashok Daryanani	Non-Executive-Independent	3
Rahul Mehta	Non-Executive-Independent	4

The terms of reference of the Audit Committee were set out in accordance with the requirements of the securities and Exchange Board of India. The Statutory Auditor of the company, M/s. T. D. Jain & D. I. Sakaria were invitees and participated at few meetings.

4) SHAREHOLDERS / INVESTORS GRIEVANCE

The shareholders/Investors Grievance Committee comprises of Mr. Umesh M. Katre, Chairman, Mr. Ashok Daryanani and Mr. Karl Dantas a Non-Executive Independent Director. The committee held one meeting on 12th November 2010.

The committee was constituted to specifically to look into the redress of shareholder and investor complaints like transfer of shares, non-receipt of dividends declared, non-receipt of Annual Reports etc. During the financial year 2010 - 2011, the Committee met on 12th November 2011.

No. of shareholders complaints received during the year	:	15
No. of complaints not resolved to the satisfaction of the Shareholders.	:	Nil
No. of pending share transfers	:	Nil

ANNEXURE TO DIRECTORS' REPORT

5) REMUNERATION COMMITTEE

The Remuneration Committee reviews and approves the annual salary, bonus, performance commission, service agreements and other employment conditions of executive directors. The committee takes into consideration remuneration practices of comparable companies and past performances. During the financial year 2010 - 11, the Remuneration Committee met once, i.e. on 12th November 2011. The details of composition of the committee and attendance of Members are as follows:

Name of the Director	Category of Director	No. of Committee Meetings attended
Karl Dantas	Non-Executive-Independent	1
Rahul Mehta	Non-Executive-Independent	1
Ashok Daryanani	Non-Executive-Independent	1

6) SHARE TRANSFER COMMITTEE

The Committee deals with matters relating to Transfer of shares, Transmission of shares, Issue of duplicate share certificates, Review of dematerialised shares, at all other matters relating to shares. Members: Mr. U. M. Katre, Mr. Ashok Daryanani and Mr. Karl Dantas, two senior executives of the Company and one or two representatives of Registrar & Share transfer agent - M/s. Link Intime India Private Limited. The Share Transfer Committee meets at regular intervals. During the financial year 2010 – 2011 eleven meetings were held.

7) REMUNERATION TO DIRECTORS :

The policy of Remuneration Committee is to ensure that the remuneration practices of the Company are competitive thereby enabling the Company to attract and retain executives of high caliber. In framing its remuneration policy, the Remuneration Committee takes into consideration the remuneration practices of garment manufacturing company of a size and standing similar to the Company.

A. Remuneration to Non-executive Directors for the year ended March 31st, 2011.

The non executive directors are paid only sitting fees of Rs. 5000/- for each meeting of the Board attended by them.

No sitting fees are paid for Committee meetings (except Audit Committee) attended by the Directors.

Remuneration paid for the year ended 31st March 2011.

Sitting fees for Board meetings/ Audit Committee Meetings.

Directors

C. G. Patankar	Rs. 27,500/
Karl Dantas	Rs. 35,000/
Ashok Daryanani	Rs. 22,500/
Rahul Mehta	Rs. 35,000/

8) DISCLOSURE BY MANAGEMENT

A. The Company has complied with all requirement of the Listing Agreement entered into with the Stock Exchange as well as SEBI regulation and guidelines. No penalties were imposed or strictures were passed against the Company with regard to the Capital Market in the last three years.

B. As required by SEBI (prohibition of insider Trading) Regulations 1992, the Company has adopted a policy for corporate disclosures practice for prevention of the insider trading w.e.f. June 2002. Mr. Umesh M. Katre Managing Director, has been appointed as the Compliance Officer.

REMUNERATION PAID TO EXECUTIVE DIRECTOR OF THE COMPANY.

Remuneration paid to executive director of the company is fixed by the Remuneration Committee and thereafter duly approved by shareholders at the Annual General Meeting.



ANNEXURE TO DIRECTORS' REPORT

Details of payment to the Executive Director is given herein below :

Name of the Director	Relationship with other Directors	Sitting Fees	Commission on Profits	Salary	Other allowance incl Contribution to PF	Perquisite	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Umesh M. Katre	Husband	NIL	NIL	15,00,00	15,83,703	1,64,579	32,42,282
Seema U. Katre	Wife	NIL	NIL	1,85,333	57,573	--	2,42,906

Materially significant related party transactions :

There have been no materially significant transactions, pecuniary transactions or relationship between Spice Islands Apparels Ltd. and its Directors for the year ended on 31st March 2011, that may have potential conflict with the interest of the Company at large. However, details of all transactions by the Company with its Directors, or with a Private Company in which Director of the Company is a Director is given herein below;

a)	Lease rent payment to Mr. Umesh M. Katre, Managing Director for leasing of house facility to the Company.	Rs. 1,20,000
----	---	--------------

The necessary details have been duly recorded in the Register of Contracts, pursuant to section 301 of the Companies Act 1956.

9) CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The Certificate from Mr. P. V. Ramaswamy, Practicing Company Secretary regarding compliance of conditions of Corporate Governance for the year ended on 31st March 2011 forms part of this report.

ANNEXURE TO DIRECTORS' REPORT

GENERAL SHAREHOLDERS INFORMATION

1. General Body Meeting

Details of the last three Annual General Meetings are given herein below:

Financial Year (ended)	Date	Time	Venue
31st March, 2010	26th July, 2010	10.30 a.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001.
31st March, 2009	31st August, 2009	10.30 a.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001.
31st March, 2008	4th August, 2008	11.30 a.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001.

- 2) Record Date for taking list of members** : a) Last record date 26th July, 2010
b) The Share Transfer Register will remain closed from Tuesday, 9th August 2011 to Tuesday, 23rd August 2011 (Both days inclusive)
- 3) Financial Calender Period** : **Board meeting to approve quarterly / financial results**
Year ending March 31, 2011 : End May 2011
Quarter ending June 30, 2011 : By 15th August 2011
Quarter ending September 30, 2011 : By 15th November 2011
Quarter ending December 31, 2011 : By 15th February 2012
Year ending March 31, 2012 : End May 2012
Annual General Meeting for the year ending March 31, 2011 : August, 2011
- 4) Dividend Payment date** : Dividend, if approved by the members, will be paid within 30 days from the date of Annual General Meeting.
- 5) Listing of equity shares on Stock exchanges** : The shares of the company are listed at the following stock exchanges.
1) Bombay Stock Exchange Ltd.
2) Ahmedabad Stock Exchange Ltd.
3) Poona Stock Exchange Limited.
- 6) Listing Fees** : The Company has paid listing fees to all the above stock exchanges for the year 2010 – 2011.
- 7) Stock Code**
a) Bombay Stock Exchange Ltd.(BSE) : 526827
b) ISIN Number : INE882D01017
c) Corporate Identity Number (CIN) : L17121MH1988PLC050197



ANNEXURE TO DIRECTORS' REPORT

8) Stock Price Data

	Bombay Stock Exchange (BSE)	
	(in Rs.)	
	High	Low
April 2010	35.75	28.10
May 2010	32.75	25.00
June 2010	30.00	26.25
July 2010	36.95	28.20
August 2010	33.40	27.00
September 2010	29.50	25.20
October 2010	31.80	24.25
November 2010	46.00	25.80
December 2010	33.25	25.50
January 2011	29.00	24.50
February 2011	28.00	18.85
March 2011	21.65	16.45

9) Registrar & Share Transfer Agent

LINK INTIME INDIA PRIVATE LIMITED.

Pannalal Silk Mill Compound,
C-13, Bhandup Industrial Estate, L. B. S. Marg,
Bhandup (W), Mumbai - 400 078.
Tel. : 022- 2594 6970 • Fax : 022- 2594 6969
Email : helpdesk@linkintime.co.in

10) Email ID for lodging Investor grievances

grievance_redressal@spiceislandsindia.com

11) Share Transfer System

Shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agent within 30 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. The Share Transfer Committee meets generally on weekly basis to consider the transfer proposal. All requests for dematerialisation of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) within 15 days.

12) Distribution of shareholding as on 31st March, 2011.

	Shareholders		Share Amount	
	No.	%	(in Rs.)	%
Upto - 2,500	1310	62.6794	1495540	3.4780
2,501 - 5,000	378	18.0861	1452740	3.3785
5,001 - 10,000	223	10.6699	1739210	4.0447
10,001 - 20,000	76	3.6364	1152770	2.6809
20,001 - 30,000	30	1.4354	758560	1.7641
30,001 - 40,000	16	0.7656	550560	1.2804
40,001 - 50,000	8	0.3828	373260	0.8680
50,001 - 1,00,000	16	0.7656	1209100	2.8119
1,00,001 - Above	33	1.5789	34268260	79.6936
** Total**	2090	100.0000	43000000	100.0000

ANNEXURE TO DIRECTORS' REPORT**13) Categories of shareholding as on 31st March, 2011**

Category	No. of Shareholders	No. of Shares held	% Shareholding
1) Indian promoters	8	2,679,312	62.31%
2) Directors	3	35,586	0.83%
3) Indian Public	1979	1,046,506	24.34%
4) Private corporate bodies	81	529,958	12.32%
5) NRIs / OCBs	5	915	0.02%
6) Clearing members	12	7,723	0.18%
	2088	4,300,000	100.00%

14) Dematerialisation of shares and liquidity

70.70% of total equity capital is held in dematerialised form with NSDL & CDSL as on 31st March 2011. Trading in equity shares of the company is permitted in dematerialised form as per notification issued by the Security and Exchange Board of India [SEBI]

15) Means of Communication

Quarterly results including the half yearly results are published in leading newspapers such as Free Press Journal and Navshakti. The half yearly report has not been sent to each household of the shareholders. With effect from 1st April 2004, these results are simultaneously posted on the website of the Company at www.spiceislandsindia.com

16) Registered office and address for correspondence

a) Registered Office : 125-A, Mittal Towers, 210, Nariman Point, Mumbai - 400 021. • Tel.: 6740 0800
Web.: www.spiceislandsindia.com
Email : sales@spiceislandsindia.com

17) Plant Location

S. F. No. 287, Kuthampalayam, (Near Switzer Prem School) Thirumurugan Poondi Post, P. N. Road, Tirupur - 641652.
• Tel.: 0421 - 235 0492 / 235 0493

Pannalal Silk Mills Compound, Unit 43-48, Bhandup Industrial Estate, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.
Tel. : 2596 8069 / 6607 8883 • Fax : 2596 3343

18) The Management Discussion and Analysis Report forms part of the Annual Report.

19) Certificate on Corporate Governance from a practicing Company Secretary, as required by clause 49 of the Listing Agreement, is given as an annexure to the Directors Report.

or and on behalf of the Board of Directors,
SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI

DATE : 27th May, 2011.

UMESH M. KATRE
(Chairman & Managing Director)



ANNEXURE I TO CORPORATE GOVERNANCE REPORT

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT AND BUSINESS ETHICS.

Pursuant to the requirements of clause 49(1)(D) of the Listing Agreement, I hereby affirm that all the Board Members and the Senior Management Personnel have affirmed compliance with code of conduct and business ethics for the financial year ended 31st March 2011.

or and on behalf of the Board of Directors,
SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI

DATE : 27th May, 2011.

UMESH M. KATRE
(Chairman & Managing Director)

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Spice Islands Apparels Limited

We have examined the compliance of Corporate Governance by **Spice Islands Apparels Limited** the Company for the year ended March 31st, 2011, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations, made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreements.

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.

P. V. RAMASWAMY

Place : Mumbai
Date : 27th May 2011.

Practicing Company Secretary
F.C.S. No. : 1708
C. P. No. : 2087



AUDITORS' REPORT

To,
The Members of

SPICE ISLANDS APPARELS LIMITED

We have audited the attached Balance Sheet of **Spice Islands Apparels Limited** as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to 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 purposes 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 accounts;
- (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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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 together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the company as at 31 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 the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For **T. D. Jain & D. I. Sakaria**
Chartered Accountants

Place: Bangalore
Date : 27 May, 2011

Dhanpal I Sakaria
(Partner)
M. No. 213666

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date on the accounts of Spice Islands Apparels Limited for the year ended 31 March 2011:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such verification.
(c) Substantial part of fixed assets has not been disposed off during the year, which will affect its status as going concern.
2. (a) The management has conducted physical verification of inventory during the year. 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 the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) As per the records of the Company, it has granted interest-free unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. The Company has granted interest-free unsecured advance to its subsidiary Company. The maximum amount involved during the year was Rs.14,19,665/- and the year-end balance was Rs. NIL.
(b) Based on the information received and the explanations given, the terms and conditions of the advance are prima facie not prejudicial to the interest of the Company.
(c) As informed to us, there is no overdue amount as at 31 March 2011.
(d) As per records of the Company, it 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 Sub-Clauses (f) and (g) of clause 4(iii) of the order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In our opinion, and according to the information and explanations given by the management, we are of the opinion that contracts and arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section and such transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As informed to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise duty, Cess and any other material statutory dues during the year with the appropriate authorities.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no amounts in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty and Cess that have not been deposited with appropriate authorities on account of any dispute other than those mentioned in Annexure 1 to this report.



ANNEXURE TO THE AUDITORS' REPORT

10. The Company has no accumulated losses. The Company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to its bankers or to any financial institution. The Company did not have any outstanding debentures during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
13. The Company is not a chit fund, nidhi or mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable.
14. In respect of dealing or trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records of the transactions and contracts have been maintained and timely entries have been made therein. The shares, securities, debentures and other investments are held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, clause 4(xv) of the Order is not applicable.
16. The Company has not taken any term loan during the year. Accordingly, clause 4(xvi) of the Order is not applicable.
17. According to the information and explanations given to us, and on an overall examination of the Balance Sheet and Cash Flow statement of the Company, funds raised by the Company on short-term basis have not been used to finance Long Term Investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, clause (xviii) of the Order is not applicable.
19. The Company has not issued any debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books of account 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 T. D. Jain & D. I. Sakaria

Chartered Accountants

Dhanpal I Sakaria

(Partner)

M. No. 213666

Place: Bangalore

Date: 27 May 2011

Annexure 1 as referred to in para 9(c) of annexure to the auditor's report:

Name of the Statute	Nature of dues	Amount in (Rs.)	Period to which Amount relates	Forum where dispute is pending
Apparel Export promotion council	Non fulfillment of export obligation	Rs. 7,26,310/-	F.Y. 1998-1999	High court, Bombay

BALANCE SHEET AS AT 31 MARCH 2011

	Schedule		<u>31-3-2011</u>		<u>31-3-2010</u>
			₹		₹
I SOURCES OF FUNDS:					
Shareholders' Fund					
Share Capital	1	43,000,000		43,000,000	
Reserves & Surplus	2	<u>104,857,382</u>	<u>147,857,382</u>	<u>99,018,211</u>	142,018,211
Loan Funds					
Secured Loans	3		<u>14,970,660</u>		11,996,163
Deferred Tax Liability (Net)			-		655,861
(Refer Schedule 22, Note No. 11)					
	Total		<u><u>162,828,042</u></u>		<u><u>154,670,235</u></u>
II APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	4	49,032,567		46,152,667	
Less: Depreciation/Impairment		<u>19,983,736</u>		<u>17,812,995</u>	
Net Block			<u>29,048,831</u>		28,339,672
Investments					
Deferred Tax Asset (Net)	5		<u>22,025,165</u>		30,178,331
(Refer Schedule 22, Note No. 11)			<u>258,415</u>		-
Current Assets, Loans and Advances					
Inventories	6	9,244,709		5,705,593	
Sundry Debtors	7	43,541,796		15,699,596	
Cash and Bank Balances	8	47,768,907		65,118,481	
Loans & Advances	9	18,758,424		16,677,882	
Other Current Assets	10	<u>21,546,390</u>		<u>15,711,981</u>	
Total Current Assets	[A]	<u>140,860,226</u>		<u>118,913,533</u>	
Current Liabilities and Provisions					
Current Liabilities	11	16,775,408		8,365,123	
Provisions	12	<u>12,589,187</u>		<u>14,396,178</u>	
Total Current Liabilities	[B]	<u>29,364,595</u>		<u>22,761,301</u>	
Net Current Assets	[A] - [B]		<u>111,495,631</u>		96,152,232
	Total		<u><u>162,828,042</u></u>		<u><u>154,670,235</u></u>
Notes to Accounts					
	22				

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

AS PER OUR REPORT OF EVEN DATE ATTACHED
For T D JAIN and D I Sakaria
Chartered Accountants

Dhanpal I Sakaria
Partner

M. No. 213666
Place: Bangalore
Date: 27th May 2011

On behalf of the Board
Umesh Katre
Karl Dantas

Directors

Place: Mumbai
Date: 27th May 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Schedule	31-3-2011		31-3-2010
		₹		₹
I. INCOME				
Export Sales		174,017,662		187,574,471
Local Sales		733,172		535,114
Operating Income	13	17,591,181		15,827,024
Other Income	14	7,332,310		16,519,277
		<u>199,674,325</u>		<u>220,455,886</u>
II. EXPENDITURE				
(Increase) /Decrease in stock of Finished Goods/ Work in process	15	1,849,797		(1,931,346)
Raw Materials & Accessories consumed	16	67,819,100		66,177,392
Manufacturing Expenses	17	55,984,774		58,311,498
Administrative & Selling Expenses	18	40,962,057		44,455,487
Payments to and Provisions for Employees	19	7,500,425		8,453,259
Remuneration to Directors	20	3,326,609		2,104,911
Interest	21	1,662,808		1,221,974
Depreciation		2,789,623		2,615,807
		<u>181,895,193</u>		<u>181,408,982</u>
III. PROFIT / (LOSS) BEFORE TAX		17,779,133		39,046,904
Less:- Prior Period Expenses		118,714		-
IV. PROFIT / (LOSS) BEFORE TAX AFTER PRIOR PERIOD ADJUSTMENT		17,660,419		39,046,904
(Add)/Less : Provision For Taxation				
Current Tax		7,575,000	6,850,000	
Deferred Tax (Refer Schedule 22, Note No.11)		(914,276)	(758,155)	
(Excess)/Short provision for tax of earlier years		146,337	(42,880)	
V. PROFIT / (LOSS) AFTER TAX		<u>10,853,358</u>		<u>32,997,939</u>
VI. APPROPRIATION				
a) Proposed Dividend		4,300,000		6,450,000
b) Tax on Proposed Dividend		714,187		1,096,178
c) Transfer to General Reserve		1,000,000		2,000,000
d) Balance carried to Balance Sheet		4,839,171		23,451,762
		<u>10,853,358</u>		<u>32,997,940</u>
Net-Profit / (LOSS) After Tax Attributable To Equity Share-Holders		10,853,358		32,997,940
Weighted Average Number of Equity Shares		4,300,000		4,300,000
Basic & Diluted Earnings Per Share		2.52		7.67
Face-Value Per Equity Share		10.00		10.00

Notes to Accounts 22

The Schedules referred to above form an integral part of the Profit & Loss Account.

AS PER OUR REPORT OF EVEN DATE ATTACHED
For T D JAIN and D I Sakaria
Chartered Accountants

Dhanpal I Sakaria
Partner

M. No. 213666
Place: Bangalore
Date: 27th May 2011

On behalf of the Board
Umesh Katre
Karl Dantas

Directors

Place: Mumbai
Date: 27th May 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

	<u>31-3-2011</u>	<u>31-3-2010</u>
	₹	₹
SCHEDULE-1		
SHARE CAPITAL		
Authorised		
50,00,000 (P.Y. 50,00,000) Equity Shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and Paid up		
43,00,000 (P.Y.43,00,000) Equity shares of Rs.10/- each fully paid up	<u>43,000,000</u>	43,000,000
	<u>43,000,000</u>	<u>43,000,000</u>
SCHEDULE - 2		
RESERVES & SURPLUS		
a) Securities Premium	34,914,240	34,914,240
b) General Reserve :		
Opening Balance	15,876,795	13,876,795
Add : Transferred from Profit & Loss A/c	<u>1,000,000</u>	<u>2,000,000</u>
c) Profit and Loss Account :		
Opening Balance	48,227,176	24,775,414
Add : Transferred from Profit & Loss A/c	<u>4,839,171</u>	<u>23,451,762</u>
	<u>53,066,347</u>	<u>48,227,176</u>
	<u>104,857,381</u>	<u>99,018,211</u>
SCHEDULE-3		
SECURED LOANS		
Cash Credit (Post Shipment credit)	12,678,386	10,262,960
From Vijaya Bank		
(Secured by hypothecation of plant & machinery, readymade garments meant for export including Export bills drawn under DP/DA basis and mortgage of the property bearing Gala No. 43 to 47 at Bhandup Industrial Estate Co-Op Soc. Ltd.)		
Car Loan from Kotak Mahindra Prima Ltd.,	2,292,274	1,733,203
(Secured by a specific charge on assets purchased)		
(Repayable within 1 year Rs. 4,17,328/-)		
(Previous Year Rs. 7,65,000/-)		
	<u>14,970,660</u>	<u>11,996,163</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 4

FIXED ASSETS														
Particulars	GROSS BLOCK						DEPRECIATION / IMPAIRMENT LOSS						NET BLOCK	
	Cost as at 1-4-2010 ₹	Additions during the year ₹	Deductions during the year ₹	Cost as at 31-3-2011 ₹	As at 1-4-2010 ₹	For the Year ₹	Deductions during the year ₹	Impairment Loss Reversed ₹	Total as at 31-3-2011 ₹	As at 31-3-2011 ₹	As at 31-3-2010 ₹			
Building	2,718,402	-	-	2,718,402	301,567	44,311	-	-	345,878	2,372,524	2,416,835			
Factory Building(Galas)	2,671,491	-	-	2,671,491	1,310,809	89,226	-	-	1,400,035	1,271,456	1,360,682			
Plant & Machinery	8,669,860	8,000	-	8,677,860	3,030,042	373,389	-	-	3,403,431	5,274,429	5,639,818			
Electrical Installation	3,817,810	-	-	3,817,810	1,581,407	160,647	-	-	1,742,054	2,075,756	2,236,403			
Furniture & Fixtures	10,536,840	218,140	57,684	10,697,296	5,088,008	565,103	1,691	-	5,651,420	5,045,876	5,448,832			
Office Equipment	4,137,370	218,783	47,850	4,308,303	1,400,491	180,320	11,249	-	1,569,562	2,738,741	2,736,879			
Vehicles	9,499,676	7,732,248	5,323,583	11,908,341	1,871,980	1,023,688	582,011	-	2,313,657	9,594,684	7,627,696			
Computers	4,101,218	157,546	25,700	4,233,064	3,228,691	352,939	23,931	-	3,557,699	675,365	872,527			
Total	46,152,667	8,334,717	5,454,817	49,032,567	17,812,995	2,789,623	618,882	-	19,983,736	29,048,831	28,339,672			
Previous year	45,305,624	10,866,457	1,019,414	46,152,667	16,844,846	2,615,807	1,647,658	-	17,812,995	28,339,672	28,460,778			

SCHEDULES FORMING PART OF THE BALANCE SHEET

	<u>31-3-2011</u>	<u>31-3-2010</u>
	₹	₹
SCHEDULE-5		
INVESTMENTS :		
I. Long Term Investments		
(At cost/Diminuted Value)		
A. Investments in Shares		
Quoted, Non Trade:		
9,000 (P.Y.9,000) Equity Shares of Rs. 10/- each fully paid up of Sushant Capital Ltd.	45,000	45,000
Unquoted, Non Trade:		
50000 (P.Y. 50000) Equity Shares of Rs. 10/- each fully paid up of Imperial Spirits Pvt. Ltd.	6,804,000	6,804,000
B. Investment in Subsidiary Company		
Nil (P.Y. 6,09,000) Equity Shares of Rs.10/- each fully paid up of Bhupco Alloys Ltd.	-	15,659,890
	<u>6,849,000</u>	<u>22,508,890</u>
Less: Provision for permanent diminution Sushant Capital Limited	45,000	45,000
Bhupco Alloys Limited	-	4,100,000
[A]	<u>6,804,000</u>	<u>18,363,890</u>
C. Investment in Mutual Funds		
Quoted , Non-Trade		
Nil (P.Y. 23591.623) Units of Reliance Mutual Fund Growth Plan	-	300,000
Nil (P.Y. 17465.023) Units of B292G Birla Top 100 Mutual Fund Growth Plan	-	300,000
1542.945 (P.Y.1109.026) Units of Reliance Vision Fund-Retail Plan Growth Plan	320,000	200,000
1742.482 (P.Y. 1306.686) Units of HDFC Equity Fund Growth Plan	320,000	200,000
(Market value as on 31.03.2011 Rs. 9,10,621/-) (P.Y.Rs.12,96,176)	-	-
[B]	<u>640,000</u>	<u>1,000,000</u>
Unquoted, Non Trade:		
250000.000 (P.Y. Nil) Units of Reliance Alternative Invest. Fund Pvt. Equity Scheme	2,610,300	-
[C]	<u>2,610,300</u>	<u>-</u>
II Current Investments (At lower of cost and fair market value)		
A. Investment in Mutual funds		
Quoted, Non-trade		
134061.569 (P.Y. Nil) Units of L & T Mutual Fund Growth Plan	2,543,147	-
60000.000 (P.Y. Nil) Units of Axis Triple Advantage Fund Option Growth	600,000	-
35264.484 (P.Y. Nil) Units of L & T Opportunities Mutual Fund	602,317	-
23946.360 (P.Y. Nil) Units of L & T Mid-Cap Mutual Fund	500,000	-
Nil (P.Y. 70120.394) Units of Taurus Starshares Fund Dividend Plan	-	2,447,202
Nil (P.Y. 48899.756) Units of Shinesei Mutual Fund Dividend Plan	-	500,000
(Market value as on 31.03.2011 Rs.43,07,082/-) (P.Y. Rs. 29,62,116/-)	-	-
[D]	<u>4,245,464</u>	<u>2,947,202</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-3-2011	31-3-2010
	₹	₹
B. Investment in Shares		
Quoted, Non Trade		
7000 (P.Y. Nil) Equity Shares of Rs. 2/- each of Anant Raj Industries Ltd.	583,100	-
8000 (P.Y.Nil) Equity Shares of Rs. 10/- each of Aptech Ltd.	786,800	-
12000 (P.Y.4000) Equity Shares of Rs. 10/- each of Bharati Shipyard Ltd.	1,743,600	1,000,600
Nil (P.Y.2500) Equity Shares of Rs. 2/- each of PrajIndustries Ltd.	-	215,500
3000 (P.Y.Nil) Equity Shares of Rs. 10/- each of Comson Bio Technologies Ltd.	346,800	-
3000 (P.Y.Nil) Equity Shares of Rs. 10/- each of Aurionpro Solutions Ltd.	572,700	-
8000 (P.Y.Nil) Equity Shares of Rs. 10/- each of CEBBCO Ltd.	352,000	-
15000 (P.Y.Nil) Equity Shares of Rs. 1/- each of Ferro Alloys Corporation Ltd.	244,500	-
Nil (P.Y.5000) Equity Shares of Rs. 10/- each of Fortis Healthcare Ltd.	-	839,521
Nil (P.Y.8000) Equity Shares of Rs. 2/- each of Graphite India Ltd.	-	708,000
Nil (P.Y.11000) Equity Shares of Rs. 2/- each of Kirloskar Oil Engine Ltd.	-	1,795,932
Nil (P.Y.10000) Equity Shares of Rs. 10/- each of Spicejet Ltd.	-	583,000
10000 (P.Y.10000) Equity Shares of Rs. 1/- each of Usha Martin Ltd.	286,000	1,009,921
Nil (P.Y.10000) Equity Shares of Rs. 1/- each of Vikas WSP Ltd.	-	326,000
Nil (P.Y.25000) Equity Shares of Rs. 10/- each of Prism Cement Ltd.	-	1,388,765
5000 (P.Y.Nil) Equity Shares of Rs. 2/- each of Gulf Oil Corporation Ltd.	401,500	-
15000 (P.Y.Nil) Equity Shares of Rs. 1/- each of JM Financial Ltd.	360,001	-
10000 (P.Y.Nil) Equity Shares of Rs. 10/- each of JSW Energy Ltd.	717,000	-
7500 (P.Y.Nil) Equity Shares of Rs. 10/- each of Nitesh Estate Ltd.	202,125	-
8000 (P.Y.Nil) Equity Shares of Rs. 10/- each of Saregama India Ltd.	220,800	-
5000 (P.Y.Nil) Equity Shares of Rs. 10/- each of Technocraft Industries (India) Ltd.	279,000	-
500 (P.Y.Nil) Equity Shares of Rs. 5/- each of VA Tech Wabag Ltd.	629,475	-
Total Market value as on 31.03.2011 Rs. 7,725,401/- (P.Y.Rs. 7,980,450/-)	[E] 7,725,401	7,867,239
	[A]+[B]+[C]+[D]+[E] 22,025,165	30,178,331

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-3-2011	31-3-2010
	₹	₹
SCHEDULE-6		
INVENTORIES		
[As valued and certified by the Management]		
Raw Materials	8,690,560	3,162,570
Accessories	239,492	378,569
Work in process	182,070	687,245
Finished Goods	132,587	1,477,209
	9,244,709	5,705,593
SCHEDULE-7		
SUNDRY DEBTORS		
(Unsecured Considered Good)		
Debts outstanding for more than six months	1,736,118	1,124,800
Other debts	41,805,678	14,574,796
	43,541,796	15,699,596
	43,541,796	15,699,596
SCHEDULE-8		
CASH & BANK BALANCES		
a. Cash on hand	371,072	168,965
b. <u>Bank balances with Scheduled Banks</u>		
In Current Accounts	41,995,635	64,069,118
In Margin Account	194,390	181,578
In EEFC Account	4,931,550	673,820
In Deposit Account	276,260	25,000
	47,768,907	65,118,481
	47,768,907	65,118,481
SCHEDULE- 9		
LOANS AND ADVANCES		
(Unsecured Considered Good)		
Advances receivable in cash or in kind or for value to be received	3,385,008	3,286,846
Staff Advance	3,002,117	2,674,225
Prepaid Taxes	7,186,799	7,682,311
Intercorporate Loans/Deposits	5,184,500	3,034,500
Considered Doubtful		
Intercorporate Loans/Deposits	4,000,000	4,000,000
Less: Provision for Doubtful Loan/Advance	4,000,000	4,000,000
	18,758,424	16,677,882
	18,758,424	16,677,882
SCHEDULE- 10		
OTHER CURRENT ASSETS		
Duty Drawback Receivable	2,439,427	2,940,595
DEPB Receivable	248,153	248,153
Prepaid Expenses	829,101	1,039,555
Interest Receivable	1,074,328	992,614
Security Deposit for Premises	9,500,000	4,975,000
Other Deposits*	4,842,329	3,837,559
Duties and Taxes	2,613,052	1,678,505
	21,546,390	15,711,981
	21,546,390	15,711,981
* Other Deposit Includes:		
Paid To Managing Director	2,000,000	2,000,000
Maximum Amount outstanding during the year	2,000,000	2,000,000
SCHEDULE-11		
CURRENT LIABILITIES		
Sundry Creditors for Goods	2,557,411	2,878,161
Unclaimed Dividend	310,665	122,024
Outstanding Liabilities	13,907,332	5,364,938
	16,775,408	8,365,123
	16,775,408	8,365,123



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	<u>31-3-2011</u>		<u>31-3-2010</u>
	₹		₹
SCHEDULE -12			
PROVISIONS			
Provision for Taxes	7,575,000		6,850,000
Proposed Dividend	4,300,000		6,450,000
Provision for Tax on Proposed Dividend	714,187		1,096,178
	<u>12,589,187</u>		<u>14,396,178</u>
SCHEDULE-13			
OPERATING INCOME			
Export Incentives	15,088,003		15,827,024
Foreign Exchange Fluctuation (Net)	2,503,178		-
	<u>17,591,181</u>		<u>15,827,024</u>
SCHEDULE -14			
OTHER INCOME			
Interest :			
From Bank (TDS Rs.Nil) (P.Y. Rs. 1,177/-)	3,952		11,771
On ICDs (TDS Rs.4,24,716/-)			
(Previous Year Rs. 3,90,210/-)	<u>4,253,623</u>	<u>4,257,575</u>	<u>3,624,657</u>
On Income Tax Refund	-		99,523
Dividend Received	518,505		156,300
Discount (Net)	-		6,430
Income from Speculative Commodity Trading	66,507		-
Profit/(Loss) on Sale of Investments (Net)	2,242,320		5,630,889
Sundry balances/provisions written back	247,403		6,989,707
	<u>7,332,310</u>		<u>16,519,277</u>
SCHEDULE -15			
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS/WORK IN PROCESS			
Finished goods			
Opening Stock	1,477,209		233,108
Less: Closing Stock	<u>132,587</u>	<u>1,344,622</u>	<u>1,477,209</u>
			(1,244,101)
Work in process			
Opening Stock	687,245		-
Less: Closing Stock	<u>182,070</u>	<u>505,175</u>	<u>687,245</u>
			(687,245)
		<u>1,849,797</u>	<u>(1,931,346)</u>
SCHEDULE -16			
MATERIAL CONSUMPTION			
a) <u>Raw Materials Consumed</u>			
Opening Stock	3,162,570		2,141,708
Add : Purchases	62,302,850		55,137,072
	<u>65,465,420</u>		<u>57,278,780</u>
Less: Closing Stock	<u>8,690,560</u>	<u>56,774,860</u>	<u>3,162,570</u>
			54,116,210
b) <u>Accessories Consumed</u>			
Opening Stock	378,569		476,439
Add : Purchases	10,732,342		11,718,025
	<u>11,110,911</u>		<u>12,194,464</u>
Less: Closing Stock	<u>239,492</u>	<u>10,871,419</u>	<u>378,569</u>
			11,815,895
c) <u>Sample Purchase</u>			
		172,821	245,287
		<u>67,819,100</u>	<u>66,177,392</u>

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	31-3-2011	31-3-2010
	₹	₹
SCHEDULE -17		
MANUFACTURING EXPENSES		
Labour Charges	29,015,315	28,741,099
Workers' Emoluments (includes contribution to ESIC & PF)	10,361,972	11,300,316
Processing Charges	8,618,723	8,760,676
Loading & Unloading Charges	15,141	13,103
Freight Inward	426,793	370,777
Fabric Testing Charges	260,978	405,345
Factory General Expenses	146,569	190,045
Embroidery Charges	6,537,693	7,937,788
Electricity Charges	601,590	592,349
	55,984,774	58,311,498
SCHEDULE -18		
ADMINISTRATIVE & SELLING EXPENSES		
1) Advertisement & Sales Promotion	724,144	707,580
2) Clearing, Forwarding, Octroi & Transport Charges	5,286,880	5,830,533
3) Postage, Telephone & Telex Charges	1,635,106	1,466,643
4) Printing & Stationery	790,013	608,587
5) Rates & Taxes	302,582	248,305
6) Service Charges	2,010,561	1,894,624
7) Office Electricity Charges	482,002	455,985
8) Travelling & Conveyance	3,981,266	3,124,482
9) Computer Expenses	144,156	142,733
10) Exchange Loss (Net)	-	3,168,317
11) Bank Charges	1,249,648	2,041,341
12) Insurance	219,222	282,172
13) ECGC Premium	680,679	736,809
14) <u>Repairs:</u>		
Building	17,642	573,383
Machinery	125,172	102,287
Others	517,727	635,147
15) Commission Paid	9,394,252	11,007,498
16) Directors' Sitting Fees	120,000	112,500
17) Legal & Professional Charges	1,778,054	1,153,804
18) Lease Rentals (Refer Schedule 22, Note No.10)	1,891,680	1,634,968
19) Diminution in the value of Current Investments	4,569,126	707,089
20) <u>Auditor's Remuneration:</u>		
Audit Fees	275,750	165,450
Certification and Other Services	27,575	33,090
21) Listing Fees	45,024	45,026
22) Sundry Expenses	558,615	954,812
23) Loss on Sale of Fixed Assets (Net)	780,733	3,185,584
24) Loss on Sale of Investment in Subsidiary	2,559,890	-
25) Donations	37,100	2,511,000
26) Guest house maintenance	632,173	717,296
27) Advances / Balances written off	125,285	208,442
	40,962,057	44,455,487



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	<u>31-3-2011</u>	<u>31-3-2010</u>
	₹	₹
<u>SCHEDULE -19</u>		
<u>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</u>		
Salary and Bonus	5,264,147	5,165,350
Performance Bonus	-	1,712,000
L T A, Leave Salary, EPF & ESIC etc.	1,159,178	1,069,360
Gratuity	795,286	106,004
Staff Welfare Expenses	281,814	400,545
	<u>7,500,425</u>	<u>8,453,259</u>
<u>SCHEDULE -20</u>		
<u>REMUNERATION TO DIRECTORS</u>		
(Refer Schedule 22, Note No.1)		
Salary including Bonus & Leave Salary	2,224,369	1,473,531
Provident Fund Contribution	202,240	100,380
H R A	900,000	531,000
	<u>3,326,609</u>	<u>2,104,911</u>
<u>SCHEDULE -21</u>		
<u>INTEREST</u>		
Bank Interest	1,377,919	1,118,184
Hire Purchase Interest	284,889	103,790
	<u>1,662,808</u>	<u>1,221,974</u>

SCHEDULE - 22**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ANNEXED****TO AND FORMING PART OF THE ACCOUNTS AS ON 31 MARCH 2011****I. SIGNIFICANT ACCOUNTING POLICIES****(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

"The financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under section 211(3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use."

The Management evaluates and adopts all recently issued or revised accounting standards on an ongoing basis.

(B) USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenditure for the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(C) FIXED ASSETS

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use and all pre-operative expenses till the commencement of commercial production are capitalized.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost fixed assets not ready for their intended use before such date are disclosed under capital work-in-progress.

(D) DEPRECIATION

Depreciation on fixed assets is provided for on the straight line method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act 1956. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

(E) IMPAIRMENT OF ASSETS

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation), had no impairment loss been recognised for the asset in prior years.

(F) INVESTMENTS

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

(G) INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The methods of determining cost of various categories of inventories are as follows:

Raw materials and Accessories	First in-first-out (FIFO)
Work-in-process and finished goods (manufactured)	FIFO and including an appropriate share of production overheads.

(H) REVENUE RECOGNITION

Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

All other items of income are accounted on accrual basis except interest on Income Tax refund and dividend income which are accounted on receipt basis.



Export entitlements/incentives are recognized as income when the right to receive credit as per the terms of the relevant scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and then carrying value of the investment.

(I) EXPENSES

Expenses are accounted on accrual basis.

(J) RETIREMENT BENEFITS

"Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of the employment are recorded in accordance with Accounting Standard (AS) 15 " Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006."

A. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees of the Company. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Contributions to Gratuity fund are made to recognized funds managed by the Life Insurance Corporation of India. The Company accounts for the liability for future gratuity benefits on the basis of an independent actuarial valuation.

Contributions payable to the recognised provident fund, which is defined contribution scheme, are charged to the profit and loss account.

B. Short Term Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered. These benefits include leave travel allowance, bonus/performance incentives and leave encashment.

(K) INCOME TAX EXPENSE

Income tax expense comprises current tax and deferred tax charge or credit

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and is written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

(L) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account.

Current Assets and liabilities at the end of the year are translated at the year end exchange rate. Profit or loss so determined and also the realised exchange gains/losses are recognised in the Profit & Loss Account.

(M) LEASES

Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(N) EARNING PER SHARE

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

(O) PROVISIONS AND CONTINGENT LIABILITIES

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

II. NOTES TO ACCOUNTS**1 Remuneration to Directors**

	<u>31-3-2011</u>	<u>31-3-2010</u>
	₹	₹
Salary including Bonus & Leave Salary	2,224,369	1,281,579
PF Contribution	202,240	100,380
H R A	900,000	531,000
Commission	-	191,952
Perquisites	164,579	164,579
	<u>3,491,188</u>	<u>2,269,490</u>

Computation of net profit in accordance with Section 349 & 350 read with section 198 of Companies Act, 1956:

Particulars	<u>31-3-2011</u>	<u>31-3-2010</u>
	₹	₹
Net Profit before Taxation as per Profit and Loss account	17,660,417	39,046,905
Add: Directors Remuneration (including commission)	3,491,188	2,269,490
Directors Sitting Fees	120,000	112,500
Depreciation provided in the accounts	2,789,623	2,615,807
Loss on Sale of fixed assets	780,733	3,185,584
	<u>7,181,544</u>	<u>8,183,381</u>
	24,841,963	47,230,285
Less: Depreciation under section 350 of the Act	2,789,623	2,615,807
	<u>22,052,340</u>	<u>44,614,478</u>
Net Profit for the purpose of section 269	22,052,340	44,614,478
Managerial remuneration to Managing Director and Whole Time Director under Section 198 of Companies Act, 1956 @ 10% of the profits computed above	2,205,234	2,232,414
Actual Managerial remuneration	3,491,188	2,269,490

The Remuneration paid to Mr. Umesh Katre Managing Director is in accordance with the stipulations under schedule XIII, Part II, Section II (B) of the Companies Act, 1956.

The Remuneration paid to Mrs. Seema Katre, Wholetime Director is in accordance with the stipulations under schedule XIII, Part II, Section II (B) of the Companies Act, 1956 however, subject to shareholders approval by way of special resolution at the ensuing 23rd Annual General Meeting.

	<u>31-3-2011</u>	<u>31-3-2010</u>
	₹	₹
Presentation For Effective Capital, (Read with section 309 & Part II of Schedule XIII)		
Paid-up Share Capital	43,000,000	42,965,696
Securities Premium Account	34,914,240	34,914,240
Profit and Loss Account	48,227,176	24,775,414
General Reserve Fund	15,876,795	13,876,795
	<u>Total - A</u>	<u>116,532,145</u>
Less :		
Investments	30,178,331	17,596,623
Accumulated Losses	-	-
	<u>Total - B</u>	<u>17,596,623</u>
Effective Capital	[A-B]	98,935,522



2 Statement of Investments purchased and sold during the year:

Name of the Company / Institution	Nature of Investments	Quantity	Value	Quantity	Value
		(in Units) 31.03.2011	(in ₹.) 31.03.2011	(in Units) 31.03.2010	(in ₹.) 31.03.2010
Reliance Equity Fund - Growth (Sold)	Units	(23591.62)	(357830.14)	-	-
Birla Top Fund - Growth (Sold)	Units	(17465.02)	(379125.59)	-	-
HDFC Equity Fund - Growth	Units	1,427.775	320,000	1,306.686	200,000
Reliance Vision Fund - Growth	Units	1,224.360	320,000	1,109.026	200,000
Taurus Income Fund - Dividend	Units	-	-	167,865.224	2,500,000
Taurus Income Fund - Dividend (Sold)	Units	-	-	(167,865.224)	(2,443,262)
Taurus Infrastructure Fund - Dividend	Units	-	-	209,362.601	2,443,262
Taurus Infrastructure Fund - Dividend (Sold)	Units	-	-	(209,362.601)	(2,694,363)
Taurus Starshare Fund - Dividend	Units	-	-	70,120.394	2,694,026
Taurus Starshare Fund - Dividend (Sold)	Units	(70,120.394)	(2671903.05)	-	-
Shinsei Mutual Fund	Units	-	-	48,899.756	500,000
Shinsei Mutual Fund (Sold)	Units	(48,899.756)	(518,504)	-	-
Taurus MIP Advantage Fund	Units	267,190.305	2,671,903	-	-
Taurus MIP Advantage Fund (Sold)	Units	(267,190.305)	(2,740,758)	-	-
L & T Mid Cap Fund Dividend	Units	23,946.360	500,000	-	-
L&T Opportunities Fund	Units	35,264.484	700,000	-	-
L&T Growth Fund Qtly Dividend	Units	134,061.569	2,700,000	-	-
Axis Triple Advantage Fund	Units	60,000.000	600,000	-	-
Reliance Alternative Invest Fund Pvt Eq. Sch.	Units	-	2,610,300	-	-
Alok Industries Ltd. (Sold)	Shares	-	-	(50,000)	(1,144,650)
JSW Steel Ltd. (Sold)	Shares	-	-	(3,000)	(894,079)
Reliance Communication Ltd. (Sold)	Shares	-	-	(2,500)	(768,069)
Reliance Industries Ltd.	Shares	-	-	500	543,046
Reliance Industries Ltd. (Sold)	Shares	-	-	(500)	(822,584)
Sujana Tower Ltd.	Shares	-	-	20,000	322,678
Sujana Tower Ltd. (Sold)	Shares	-	-	(30,000)	(754,494)
Divi's Laboratories Ltd. (Sold)	Shares	-	-	(500)	(488,530)
Kirloskar Electric Co. Ltd.	Shares	-	-	10,000	315,621
Kirloskar Electric Co. Ltd. (Sold)	Shares	-	-	(10,000)	(511,272)
Sunil Hi-Tech Engineers Ltd.	Shares	-	-	10,000	842,607
Sunil Hi-Tech Engineers Ltd. (Sold)	Shares	-	-	(10,000)	(890,620)
Gayatri Project Ltd.	Shares	-	-	2,500	208,495
Gayatri Project Ltd. (Sold)	Shares	-	-	(2,500)	(448,678)
Electrosteel Castings Ltd.	Shares	-	-	20,000	478,665
Electrosteel Castings Ltd. (Sold)	Shares	-	-	(20,000)	(655,260)
Shivani Oil & Gas	Shares	-	-	5,000	788,820
Shivani Oil & Gas (Sold)	Shares	-	-	(5,000)	(910,106)
Opto Circuit	Shares	-	-	5,000	633,473
Opto Circuit (Sold)	Shares	-	-	(5,000)	(731,094)
Orbit Corporation Ltd.	Shares	-	-	15,000	2,091,572
Orbit Corporation Ltd. (Sold)	Shares	-	-	(15,000)	(2,973,878)
3I Infotech Ltd.	Shares	-	-	5,000	362,696
3I Infotech Ltd. (Sold)	Shares	-	-	(5,000)	(412,797)
Emco Ltd.	Shares	-	-	12,000	954,513
Emco Ltd. (Sold)	Shares	-	-	(12,000)	(1,073,707)
Nav Bhar Venturess Ltd.	Shares	-	-	2,000	567,887
Nav Bhar Venturess Ltd. (Sold)	Shares	-	-	(2,000)	(686,006)
Deccan CHR.	Shares	-	-	5,000	382,626
Deccan CHR. (Sold)	Shares	-	-	(5,000)	(458,887)
Biocon Ltd.	Shares	-	-	5,000	1,081,078
Biocon Ltd. (Sold)	Shares	-	-	(5,000)	(1,219,271)
SREI Infrastructure Finance Ltd.	Shares	-	-	5,000	354,936
SREI Infrastructure Finance Ltd. (Sold)	Shares	-	-	(5,000)	(390,314)

REI Agro Ltd.	Shares	-	-	5,000	366,430
REI Agro Ltd. (Sold)	Shares	-	-	(5,000)	(384,779)
NIIT Ltd.	Shares	-	-	10,000	735,481
NIIT Ltd. (Sold)	Shares	-	-	(10,000)	(744,230)
Apollo Tyers Ltd.	Shares	-	-	15,000	582,075
Apollo Tyers Ltd. (Sold)	Shares	-	-	(15,000)	(589,208)
Ruchi Soya Industries Ltd.	Shares	5,000	554,665	25,000	1,847,219
Ruchi Soya Industries Ltd. (Sold)	Shares	(5,000)	(661,451)	(25,000)	(2,107,151)
Glenmark Pharmaceuticals Ltd.	Shares	-	-	8,000	1,964,169
Glenmark Pharmaceuticals Ltd. (Sold)	Shares	-	-	(8,000)	(1,877,969)
Kirloskar Oils	Shares	-	-	16,000	2,124,234
Kirloskar Oils (Sold)	Shares	(11,000)	(1,816,764)	(5,000)	(334,016)
Kirloskar Industries Ltd.	Shares	300	264,731	-	-
Kirloskar Oil Engines Ltd.	Shares	4,500	718,000	-	-
Kirloskar Industries Ltd. (Sold)	Shares	(300)	(114,016)	-	-
Kirloskar Oil Engines Ltd. (Sold)	Shares	(4,500)	(983,168)	-	-
Prakash Industries	Shares	-	-	2,000	296,544
Prakash Industries (Sold)	Shares	-	-	(2,000)	(298,964)
Ster Technologies Ltd.	Shares	-	-	7,000	1,777,968
Ster Technologies Ltd. (Sold)	Shares	-	-	(7,000)	(2,142,467)
FSL Software Technologies Ltd.	Shares	-	-	25,000	862,335
FSL Software Technologies Ltd. (Sold)	Shares	-	-	(25,000)	(909,237)
ESS DEE Aluminium Ltd.	Shares	5,000	2,109,575	1,500	548,456
ESS DEE Aluminium Ltd. (Sold)	Shares	(5,000)	(2,419,460)	(1,500)	(527,349)
Marg Ltd.	Shares	-	-	5,000	779,377
Marg Ltd. (Sold)	Shares	-	-	(5,000)	(983,664)
KPIT Cummins Infrastructure Ltd.	Shares	-	-	10,000	1,110,044
KPIT Cummins Infrastructure Ltd. (Sold)	Shares	-	-	(10,000)	(1,311,274)
Max India Ltd.	Shares	5,000	823,107	5,000	1,008,935
Max India Ltd. (Sold)	Shares	(5,000)	(855,261)	(5,000)	(1,115,550)
Kalyani Steels Ltd.	Shares	-	-	10,000	1,947,662
Kalyani Steels Ltd. (Sold)	Shares	-	-	(10,000)	(2,139,138)
Time Technoplast Ltd.	Shares	-	-	5,000	244,929
Time Technoplast Ltd. (Sold)	Shares	-	-	(5,000)	(238,067)
PSL Ltd.	Shares	-	-	5,000	883,228
PSL Ltd. (Sold)	Shares	-	-	(5,000)	(802,509)
Shobha Developers Ltd.	Shares	-	-	2,000	495,300
Shobha Developers Ltd. (Sold)	Shares	-	-	(2,000)	(587,778)
Prism Cement Ltd.	Shares	-	-	25,000	1,447,058
Prism Cement Ltd. (Sold)	Shares	(25,000)	(1,482,245)	-	-
Praj Industries Ltd.	Shares	-	-	2,500	254,320
Praj Industries Ltd. (Sold)	Shares	(2,500)	(234,215)	-	-
Graphit India Ltd.	Shares	1,000	102,600	8,000	738,336
Graphit India Ltd. (Sold)	Shares	(9,000)	(943,037)	-	-
Bharati Shipyard Ltd.	Shares	8,000	2,012,184	4,000	1,234,930
Vikas WSP Ltd.	Shares	-	-	10,000	349,089
Vikas WSP Ltd. (Sold)	Shares	(10,000)	(310,232)	-	-
Fortis Healthcare India Ltd.	Shares	-	-	5,000	839,521
Fortis Healthcare India Ltd. (Sold)	Shares	(5,000)	(905,010)	-	-
Spicejet Ltd.	Shares	-	-	10,000	616,017
Spicejet Ltd. (Sold)	Shares	(10,000)	(584,518)	-	-
Usha Martin Ltd.	Shares	-	-	10,000	1,009,921
Usha Martin Ltd. (Sold)	Shares	(5,000)	(439,355)	-	-
Escorts Ltd.	Shares	10,000	1,746,055	-	-
Escorts Ltd. (Sold)	Shares	(10,000)	(1,789,383)	-	-
Aurionpro Solution Ltd.	Shares	3,000	(917,386)	-	-
Sarda Exmin	Shares	12,000	3,136,117	-	-
Sarda Exmin (sold)	Shares	(12,000)	(3,324,417)	-	-
Shri Lakshmi Cotsyn Ltd.	Shares	3003	495505	-	-
Shri Lakshmi Cotsyn Ltd. (sold)	Shares	(3003)	(480399)	-	-



JSW Energy Ltd.	Shares	20,000	2,255,271	-	-
JSW Energy Ltd. (Sold)	Shares	(10,000)	1,238,942	-	-
Gokul Refoil & Solvant Ltd.	Shares	5,000	402,029	-	-
Gokul Refoil & Solvant Ltd. (Sold)	Shares	(5,000)	(448,352)	-	-
Bank of Rajashtan	Shares	10,000	988,983	-	-
Bank of Rajashtan (Sold)	Shares	(10,000)	(1,573,780)	-	-
Welspun Crop Ltd.	Shares	15,000	3,582,350	-	-
Welspun Crop Ltd. (Sold)	Shares	(15,000)	(4,487,680)	-	-
Ferro Alloys Corporation Ltd.	Shares	15,000	433,785	-	-
Gujarat NRE Coke Ltd.	Shares	5,000	323,970	-	-
Gujarat NRE Coke Ltd. (Sold)	Shares	(5,000)	(314,068)	-	-
Future Capital Holding Ltd.	Shares	3,000	612,728	-	-
Future Capital Holding Ltd. (Sold)	Shares	(3,000)	(708,835)	-	-
Provogue (IND) Ltd.	Shares	10,000	591,360	-	-
Provogue (IND) Ltd. (Sold)	Shares	(10,000)	(561,645)	-	-
Exide Industries Ltd.	Shares	5,000	636,353	-	-
Exide Industries Ltd. (Sold)	Shares	(5,000)	(682,958)	-	-
GIC Housing Finance Ltd.	Shares	5,000	601,376	-	-
GIC Housing Finance Ltd. (Sold)	Shares	(5,000)	(768,701)	-	-
Nitco Ltd.	Shares	5,000	287,339	-	-
Nitco Ltd. (Sold)	Shares	(5,000)	(381,599)	-	-
Anant Raj Industries Ltd.	Shares	7,000	883,833	-	-
Nitesh Estate Ltd.	Shares	17,000	767,842	-	-
Nitesh Estate Ltd. (Sold)	Shares	(9,500)	(423,354)	-	-
Parsvnath Developers Ltd.	Shares	5,000	707,663	-	-
Parsvnath Developers Ltd. (Sold)	Shares	(5,000)	(698,498)	-	-
Saregama India Ltd.	Shares	8,000	1,178,487	-	-
Saregama India Ltd. (Sold)	Shares	(4,000)	(478,986)	-	-
Sonata Software Ltd.	Shares	5,000	288,431	-	-
Sonata Software Ltd. (Sold)	Shares	(5,000)	(287,023)	-	-
Technocraft Industries Ltd.	Shares	5,000	468,004	-	-
Ansal Properties & Infrastructure Ltd.	Shares	3,000	262,411	-	-
Ansal Properties & Infrastructure Ltd. (Sold)	Shares	(3,000)	(276,678)	-	-
Tata Global Beverages Ltd. (Sold)	Shares	10,000	1,252,457	-	-
Tata Global Beverages Ltd. (Sold)	Shares	(10,000)	(1,319,244)	-	-
Aptech Ltd.	Shares	8,000	1,271,064	-	-
JM Financial Ltd.	Shares	15,000	693,806	-	-
VA Tech Wabag Ltd.	Shares	500	848,818	-	-
Pipavav Shipyard Ltd.	Shares	10,000	822,847	-	-
Pipavav Shipyard Ltd. (Sold)	Shares	(10,000)	(818,585)	-	-
Alembic Ltd.	Shares	10,000	722,904	-	-
Alembic Ltd. (Sold)	Shares	(10,000)	(680,410)	-	-
Gulf Oil Corporation Ltd.	Shares	5,000	680,516	-	-
Camson BIO Technologies Ltd.	Shares	3,000	484,679	-	-
Marg Ltd.	Shares	3,000	382,673	-	-
Marg Ltd. (Sold)	Shares	(3,000)	(461,564)	-	-
Commercial Engineers & Body Builders Co. Ltd.	Shares	8,000	396,379	-	-

Note: Figures in the bracket indicates shares sold during the year.

- 3 Balances of Sundry Debtors, Sundry Creditors, Loans and Advances, Receivables and Payable are subject to confirmation/reconciliation, if any.
- 4 In the opinion of the Board of Directors adequate provision has been made in the accounts for all known liabilities and the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the value stated in the Balance Sheet.

5 Gratuity Plan:-

The following table set out the status of the plan as required under AS 15(revised):

	(Amount in ₹)	
	AS AT 31.03.2011	AS AT 31.03.2010
Change in defined benefit obligation		
Opening defined benefit obligation	1221707	1027301
Interest cost	103845	86736
Current Service Cost	119328	91873
Benefits paid	(10720)	-
Actuarial losses	261341	15797
Past Service Cost (Vested Benefit) incurred during the year	425644	-
Closing defined benefit obligation	2121145	1221707
Change in plan assets		
Plan Assets at beginning of the year, at fair value	1115703	1023581
Expected Return on plan Assets (estimated)	89256	81886
Contributions	165961	-
Benefits settled	(10720)	-
Actuarial gain/(loss) on plan assets	25616	10236
Plan Assets at end of the year, at fair value	1385816	1115703
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	1385816	1,221,707
Present value of the defined benefit obligation at the end of the year	2121145	1,115,703
Assets/(Liability) recognized in the balance sheet	(735329)	(106,004)
Gratuity cost for the period		
Current Service Cost	119328	91,873
Past Service Cost (Vested Benefit) incurred during the year	425644	-
Interest cost	103845	86,736
Expected Return on plan Asset	(89256)	(81,886)
Net Actuarial (Gain)/Loss recognized for the year	235725	5,561
Opening liability recognised during the year	-	3,720
Expenses recognised in statement of profit and loss account	795286	106,004
Movements in the liability recognized in Balance sheet		
Opening Liability	106004	-
Expenses recognised	795286	106,004
Contribution paid	(165961)	-
Closing Liability	735329	106,004
Assumptions at the valuation date		
Discount factor	8.25%	8.50%
Salary Escalation rate	4%	5%
Rate of Return (Expected) on plan Asset	8%	8%
Retirement age	58	58

6 Following Contingent Liabilities are not provided for:

As per the order of Hon'ble Bombay High Court, the Claim of Apparel Export Promotion Council has been guaranteed by furnishing Bank guaranty of equivalent amount

31-3-2011

726,310

31-3-2010

726,310



The Company is also involved in other lawsuits, claims, investigations and proceedings, which arise in the ordinary course of business, however, there are no such matters pending that the company expects to be material in relation to its business.

- 7 Based on the information available with the Company, no supplier of the company is registered under the Micro, Small and Medium Enterprise Development Act, 2006. Hence, the balance due to Micro & Small enterprises as defined under MSMED Act, 2006 is Rs. Nil (Previous Year Rs. Nil) further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

8 Operating Lease

The Company's significant leasing arrangements are in respect of operating leases for Guesthouses and Office Premises. These are cancelable operating leases and these lease agreements are normally renewed on expiry. The aggregate lease rentals payable are charged as Lease Rentals under Schedule 18.

The company uses motor car and speed boat that is leased under non-cancellable operating leases. The company has commitment under non-cancellable operating leases as follows :

Minimum Lease Payment	As at 31st March 2011	As at 31st March 2010
Due within one year	922,197	1,843,143
Due later than one year and not late than five years	1,641,215	3,850,192
Due later than five years	-	-

Lease payment recognised in the statement of profit & loss account as lease rentals under schedule 18

On account of Non-cancellable lease	1,728,180	(Previous year ₹.1,400,968/-)
On account of Cancellable Lease	163,500	(Previous year ₹.2,34,000/-)

The company conduct its factory operations from facility that is leased under a 72 month non cancelable lease expiring in December, 2016 for which lump sum interest free deposit of Rs. 50 lacs has been given, repayable after the expiry of the lease period.

9. DEFERRED TAX

In compliance with the accounting standard - AS 22 relating to "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has credited a sum of ₹.19,26,338 (Previous Year ₹.7,58,155/- Cr) as Deferred Tax arising out of timing differences, in the Profit & Loss Account.

Major components of Deferred Tax Assets & Liabilities on account of timing differences are :

	31-3-2011		31-3-2010	
	Assets	Liabilities	Assets	Liabilities
Depreciation and other differences in the block of Fixed Assets	-	148,888	-	817,062
Disallowances u/s 43B of the I.T. Act, 1961	407,303	-	161,201	-
Total	407,303	148,888	161,201	817,062

10 INCOME TAX

Provision of ₹. 75,25,000/- (P.Y. 68,00,000/-) is made towards liability for income tax and ₹. 50,000/- (P.Y. 50,000/-) towards liability for wealth tax.

11 Related Party Disclosures

Related parties with whom transactions have taken place during the year : (As identified by the Management and relied upon by Auditors)

I Subsidiary Company
Bhupco Alloys Ltd.

II Key Management Personnel

Mr. Umesh M. Katre	Managing Director
Mr. Ashok Daryanani	Director
Mr. Karl Dantas	Director
Mr. Charuchandra Patankar	Director
Mr. Rahul L Mehta	Director
Mrs. Seema Katre	Wholetime Director

Particulars of Related party transactions:

	31 March 2011		31 March 2010	
	Transaction Value (₹.)	Outstanding Balance (₹.)	Transaction Value (₹.)	Outstanding Balance (₹.)
Purchase of services (Guest house)				
-- Mr. Umesh Katre	120,000	-	120,000	-
Loans & Advances				
-- Bhupco Alloys Ltd.	1,419,665	-	569,999	-
Remuneration				
-- Key management personnel	3,326,609	-	1,263,360	-
Directors Sitting Fees				
-- Mr. Ashok Daryanani	22,500	-	40,000	-
-- Mr. Karl Dantas	35,000	-	32,500	-
-- Mr. C. G. Patankar	27,500	-	35,000	-
-- Mr. R. L. Mehta	35,000	-	5,000	-
Deposit - (Guest house)				
-- Mr. Umesh Katre	-	2,000,000	1,063,568	2,000,000
Sale of shares of subsidiary of the company				
-- Bhupco Alloys Ltd	9,000,000	-	-	-

14 Disclosures requirements of Clause 32 of Listing agreement issued by SEBI

	31 March 2011		31 March 2010	
	Closing Balance	Maximum Outstanding	Closing Balance	Maximum Outstanding
<u>Investments In Bhupco Alloys Ltd.</u>				
Carrying Cost of Investment	-	11,559,890	11,559,890	11,559,890
Number of Shares	-	609,000	-	609,000
Loan given to Bhupco Alloys Ltd.	-	1,419,665	-	569,999

- 15 During the year, the company sold all the shares of M/s. Bhupco Alloys Limited, its subsidiary Company, to M/s. Emer Hotels & Suits Pvt. Ltd., pursuant to approval of the same by the board of Directors of the Company vide its resolution dated 04/02/2011 for an amount of ₹ 116,20,843/- against which an amount of ₹ 70 lacs was received from M/s Emer Hotels & Suits Pvt. Ltd., during the year. Out of balance consideration, an amount of ₹20,00,000/- shall be received during the year 2011-2012. The remaining balance of ₹ 26,20,843/- is to be received from them only on receipt of rental deposit from landlord in Bhupco Alloys Ltd. Since the consideration of ₹ 26,20,843/- is contingent on happening of an event in future, the outcome of which cannot be ascertained accurately as at the balance sheet date, the same has not been recognised in the books of accounts as at 31st March 2011.



16 Segment Reporting

The Company's operations predominantly comprises of export of manufactured garments. Company also deploys its surplus funds in financial activities. Accordingly, garments & finance have been identified as primary basis for segment information. The Company does not have any secondary segment.

		31 March 2011			31 March 2010		
		Garment	Finance	Total	Garment	Finance	Total
I	Business Segment						
	Segment Revenue	192,589,418	7,084,907	199,674,325	211,032,269	9,423,617	220,455,886
	Less : Inter Segment Revenue	-	-	-	-	-	-
II	Segment Results	37,574,079	7,084,907	44,658,986	52,610,424	9,423,617	62,034,041
	Less: Extraordinary Items	-	-	-	-	-	-
		37,574,079	7,084,907	44,658,986	52,610,424	9,423,617	62,034,041
	Unallocated corporate Expenses (Net of unallocable income)			22,427,422			19,149,354
	Financial Expenses	-	-	1,662,808	-	-	1,221,974
	Depreciation	2,789,623	-	2,789,623	2,615,807	-	2,615,807
III	Profit Before Tax			17,779,131			39,046,906
	Less : Provision For Tax			7,575,000			6,850,000
	Less : Short Provision for tax of Earlier Years			146,338			(42,880)
	Less : Provision For Deferred Tax (Net)			(914,276)			(758,155)
	Less : Prior Period Adjustments			118,714			-
IV	Profit After Tax			10,853,358			32,997,941
V	Segment Assets	108,694,523	6,258,828	114,953,351	70,425,299	4,027,115	74,452,414
	Unallocable Assets			76,980,871			102,979,123
	Total Assets			191,934,222			177,431,537
VI	Segment Liabilities	15,235,797	-	15,235,797	13,141,121	-	13,141,121
	Unallocable Liabilities			29,099,457			22,272,204
	Total Liabilities			44,335,254			35,413,325
VII	Other Information						
	Capital Expenditure	8,334,717	-	8,334,717	10,866,457	-	10,866,457
	Depreciation	2,789,623	-	2,789,623	2,615,807	-	2,615,807
	Loss on sale of Fixed Assets	780,733	-	780,733	3,185,584	-	3,185,584

17 Quantities and sale value in respect of each class of goods, dealt with by the Company :

	Units	31-3-2011		31-3-2010	
		Qty	Value (₹.)	Qty	Value (₹.)
-- Class of Goods : Readymade Garments					
A) MANUFACTURING					
(a) Licensed Capacity	--	N.A.	--	N.A.	--
(b) Installed Capacity	(Pcs)	850,000	--	850,000	--
(c) Opening Stock	(Pcs.)	9,942	1,477,209	5,685	233,108
(d) Production	(Pcs.)	841,557	-	827,726	-
(e) Closing Stock	(Pcs.)	4,587	132,587	9,942	1,477,209
(f) Sales	(Pcs.)	846,912	174,325,394	823,469	187,574,471

* Installed Capacity is certified by the Management and relied upon by the Auditors, it being a technical matter.

-- Class of Goods : Raw Materials & Accessories**A) CONSUMPTION OF RAW MATERIALS**

i) Fabrics	(Mts.)	1,722,216	56,774,860	1,480,480	54,116,210
ii) Accessories	--	--	10,871,419	--	11,815,895

B) VALUE OF IMPORTS (Calculated on CIF basis)

Accessories			503,705		806,307
Capital Goods & Spare Parts			222,510		--
			<u>726,215</u>		<u>806,307</u>

C) VALUE OF FABRICS CONSUMED

	% of total consumption	₹.	% of total consumption	₹.
Indigenous	100%	56,774,860	100%	54,116,210
	100%	56,774,860	100%	54,116,210

D) VALUE OF ACCESSORIES CONSUMED

	% of total consumption	₹.	% of total consumption	₹.
Imported (Inclusive of custom duty and other incidental expenses)	4.63	503,705	6.82	806,307
Indigenous	95.37	10,367,714	93.18	11,009,588
	100.00	10,871,419	100.00	11,815,895

18 Earnings in Foreign Exchange:

F.O.B. Value of Export Sales	₹.	₹.
	168,725,491	181,713,471

19 Expenditure in Foreign Currency

Accessories	₹.	₹.
	503,705	806,307
Traveling Expenses		266,782
	349,534	
Commission		10,849,364
	9,203,436	
Components & Spare Parts		-
	155,370	
	<u>10,212,045</u>	<u>11,922,453</u>

**20 Earnings Per Share**

	<u>31 March 2011</u>	<u>31 March 2010</u>
a. Profit / (Loss) after Tax	10,853,358	32,997,939
b. Number of Shares (weighted average)	4,300,000	4,300,000
c. Earning Per Share (Rs.)	2.52	7.67

21 Unclaimed Dividends on Equity Shares:

<u>Year</u>	<u>₹.</u>
2008-2009	120,425
2009-2010	190,241

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

For T D JAIN and D I Sakaria
Chartered Accountants

Dhanpal I Sakaria
Partner
M. No. 213666
Place: Bangalore
Date: 27th May 2011

On behalf of the Board

Umesh Katre
Karl Dantas

Directors

Place: Mumbai
Date: 27th May 2011

To,

The Board of Directors,
Spice Islands Apparels Limited,
125-A, Mittal Tower,
210, Nariman Point,
Mumbai-400 021.

We have examined the attached Cash Flow statement of Spice Islands Apparels Limited for the year ended 31 March 2011. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the Listing Agreements with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and the Balance Sheet of the Company, covered our report of 27 May 2011 to the members of the Company.

For T D JAIN and D I Sakaria
Chartered Accountants

Dhanpal I Sakaria
Partner
M. No. 213666

Place: Bangalore
Date: 27 May 2011



CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

	<u>Year Ended</u> <u>31-03-2011</u> ₹		<u>Year Ended</u> <u>31-03-2010</u> ₹
(A) CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit After Tax & Prior Period Adjustments as per profit and loss account		10,853,355	32,997,939
Adjusted for			
Provision for Taxation (including Deferred Tax)	6,807,061		6,048,965
Prior Period items/adjustments	118,714	6,925,775	-
Net Profit Before Tax & Prior Period Adjustments		<u>17,779,131</u>	<u>39,046,904</u>
Adjusted For:			
Depreciation	2,789,623		2,615,807
Interest on Borrowings	1,377,919		1,118,184
Dividend Received	(518,505)		(156,300)
Profit on Sale of Investment	(2,242,320)		(5,630,889)
Loss on Sale of Fixed Assets	780,733		3,185,584
Diminution in the value of Current Investments	4,569,126		707,089
Loss on Sale of Investment in Subsidiary	2,559,890		-
Prior Period items/adjustments	(118,714)	9,197,752	-
Operating Profit Before Working Capital Changes		<u>26,976,885</u>	<u>40,886,379</u>
Adjusted for			
Movements In:			
Trade & Other Receivables	(34,102,663)		14,718,771
Inventories	(3,539,116)		(2,854,338)
Inter -Corporate Deposits & Bills Discounted	(2,150,000)		500,000
Trade Payables	(6,710,893)	(46,502,672)	(13,752,128)
Cash Generated from Operations		<u>(19,525,787)</u>	<u>39,498,684</u>
Less: Direct Taxes Paid/(Refund)		<u>(1,074,174)</u>	<u>(1,554,543)</u>
Net Cash Flow From Operating Activities		<u>(18,451,613)</u>	<u>41,053,227</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES			
Sale of Fixed Assets		4,055,202	5,186,172
Purchase of Fixed Assets		(8,334,717)	(10,866,457)
Sale of Investments		48,638,223	38,778,484
Purchase of Investments		(45,371,752)	(46,436,391)
Dividend Received		518,505	156,300.00
Net Cash Flow from Investing Activities		<u>(494,539)</u>	<u>(13,181,892)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES			
Working Capital Loan		2,415,426	(8,286,501)
Movement In Vehicle Loans		559,071	1,187,905
Interest on Borrowings		(1,377,919)	(1,118,184)
Calls-in arrears received		-	34,304
Net Cash Flow from Financial Activities		<u>1,596,578</u>	<u>(8,182,477)</u>
*NET INCREASE IN CASH AND CASH EQUIVALENTS {(A)+(B)+(C)}		<u>(17,349,574)</u>	<u>19,688,858</u>
Opening Balance of Cash & Cash Equivalents		65,118,481	45,429,623
Closing Balance of Cash & Cash Equivalents		<u>47,768,907</u>	<u>65,118,481</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(17,349,574)</u>	<u>19,688,858</u>

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

Notes:-

- 1 Interest earned, discounting charges, provision for doubtful inter-corporate deposits, movements in inter-corporate deposits and bills of exchange have been considered as part of "Cash Flow From Operating Activities"
- 2 Direct Taxes Paid is treated as arising from Operating Activities and is not bifurcated between Operating, Investing and Financing Activities.
- 3 Previous year figures have been regrouped/reclassified wherever necessary.

**AS PER OUR REPORT ATTACHED TO BALANCE SHEET
For T D JAIN AND D I SAKARIA
Chartered Accountants**

Dhanpal I Sakaria
Partner
Membership No.: 213666
Place : Bangalore
Date: 27 May 2011

**On behalf of the Board
UMESH M. KATRE
KARL DANTAS**

Directors
Place : Mumbai
Date: 27 May 2011



Statement Pursuant to Part IV to the Companies Act , 1956
Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No State Code Balance sheet Date

II CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSAND)

Public Issue <input type="text" value="NIL"/>	Rights Issue <input type="text" value="NIL"/>
Bonus Issue <input type="text" value="NIL"/>	Private Placement <input type="text" value="NIL"/>

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUND (AMOUNT RS. IN THOUSAND)

Total Liabilities <input type="text" value="162828"/>	Total Assets <input type="text" value="162828"/>
--	---

SOURCES OF FUNDS

Paid-up-Capital <input type="text" value="43000"/>	Reserves & Surplus <input type="text" value="104857"/>
Secured Loans <input type="text" value="14971"/>	Unsecured Loan <input type="text" value="NIL"/>

APPLICATION OF FUNDS

Net Fixed Assets <input type="text" value="29049"/>	Investments <input type="text" value="22025"/>
Net Current Asset <input type="text" value="111496"/>	Misc. Expenditure <input type="text" value="NIL"/>
Accumulated Losses	<input type="text" value="NIL"/>

IV PERFORMANCE OF THE COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover <input type="text" value="199674"/>	Total Expenditure <input type="text" value="182014"/>
+ (-)Profit/Loss Before Tax <input type="text" value="17660"/>	+ (-)Profit/Loss After Tax <input type="text" value="10853"/>
Earnings per share (In Rs.) <input type="text" value="2.52"/>	Dividend Rate (%) <input type="text" value="10"/>

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICE OF COMPANY (AS PER MONETARY TERMS)

<u>Product Description</u>	<u>Item Code No. (ITC Code)</u>	<u>Product Description</u>	<u>Item Code No. (ITC Code)</u>
Mens Jackets	62033200	Mens Shorts	62034200
Mens Shirts	62052000	Womens	62063000
Womens Jackets	62043200	Blouses / Shirts	
Womens Skirts	62045200	Womens Dresses	62044200

On behalf of the Board

**UMESH KATRE
KARL DANTAS**

Directors

PLACE : MUMBAI
DATE : 27 May, 2011.



Spice Islands Apparels Limited,
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