



Spice Islands
Apparels Ltd.

REPORT JUNCTION.COM



9th
ANNUAL
REPORT 1996-97





*Spice Islands
Apparels Limited*

MD	✓		BKC	✓
CS	MU		DPY	✓
RC	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		

BOARD OF DIRECTORS

MOHAN KATRE

Chairman

UMESH KATRE

Managing Director

O. V. KURUVILLA

B. K. KHARE

L. A. MEHTA

KARL DANTAS

Directors

BANKERS

Vijaya Bank

AUDITORS

P. R. GANDHI & ASSOCIATES

Chartered Accountants

REGISTRAR AND SHARE

TRANSFER AGENTS

N. D. Management Service Pvt. Ltd.,

516, Vithaldas Chambers,

Bombay Samachar Marg,

Fort, Mumbai-400 023.

REGISTERED OFFICE

62-B, Mittal Tower,

210, Nariman Point,

Mumbai-400 021.

ADMINISTRATIVE OFFICE

125-A, Mittal Tower,

210, Nariman Point,

Mumbai-400 021.

FACTORY

Unit Nos. 41 to 47

Bhandup Industrial Estate,

Pannalal Silk Mill Compound,

Bhandup (W), Mumbai-400 078.





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NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the members of SPICE ISLAND APPARELS LIMITED will be held on Thursday, the 14th August 1997, at 4.00 p.m. at Ashoka Hall, Arcadia, behind N.C.P. A. (Tata Theatre), Nariman Point, Mumbai-400021, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the financial year ended 31st March, 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri M. G. Katre who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B. K. Khare who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

“RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (herein after referred to as the “Board”), the consent of the Company be and is hereby accorded to the Board to acquire / purchase any of its own fully paid Shares on such terms and conditions and upto such limits as may be prescribed by law from time to time; Provided that acquisition / purchase of such fully paid Equity shares of the Company be not construed as reduction of Equity Share Capital which is subject to the controls as stipulated in Sections 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force and that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary or proper to implement this resolution”.

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Articles of Association of the Company be and are hereby altered by deleting Article No. 12(a) and inserting in its place and stead the following as new Articles 12(a) and 12(b) with the marginal note ‘Buy Back by the Company of its own Shares’;

12(a) The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

12(b) Except to the extent permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.”

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

UMESH M. KATRE.
 (MANAGING DIRECTOR.)

PLACE : MUMBAI;
 DATE : 14th June, 1997.

ANNUAL REPORT 1996-97

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. The Instrument appointing a proxy should be deposited at the Administrative Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in support of item no. 6 & 7 above is annexed herewith.
4. The Dividend as recommended by the Directors, if approved at the Annual General Meeting is payable on or after 14th August, 1997 to those members whose name appear on the Register of members of the Company as on the date of the Ninth Annual General Meeting, subject to the provisions of Section 206 A of the Companies Act, 1956.
5. The Register of Members will remain close from 4th August, 1997 to 14th August, 1997. [Both days inclusive]
6. Members are requested to notify immediately any change in their address to the company.
7. Members holding more than one Share Certificate in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.



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

UMESH M. KATRE
(MANAGING DIRECTOR)

PLACE : MUMBAI;
DATE : 14th June, 1997.



ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

To the Members of

SPICE ISLANDS APPARELS LTD.

The following Explanatory Statement relating to Item No 6 & 7 of the Special Business sets out all material facts as required under Section 173 of the Companies Act, 1956.

Item No 6 :

Members are aware that the Companies Act, 1956, presently restricts the purchase of own shares by a company unless the same is done with a view to reduce its capital. Reduction of capital is subject to the controls as stipulated in Section 100 to 104 and 402 of the Companies Act, 1956.

Flexibility to buy back own shares by a company would give a clear signal to the market that the company believes that the share at a point of time is undervalued. Further it provides a company to use "Surplus funds" advantageously with minimum risk as compared to investments in the shares of other companies. It sends a positive message to the investment community that the management believes strongly that the share is undervalued.

Of late, there have been discussions on this subject and the Directors feel that it would be desirable to have an enabling power from the shareholders for the purpose. It will be in the fitness of things if shareholders approve the resolution set out at item No. 6 of this Notice, should the provisions of the Companies Act, 1956, be modified or amended permitting such purchases.

It must be clearly understood that acquisition/ purchase of the shares of the Company, as proposed in the Resolution at this item of the Notice and the consequential amendments to the Articles of Association as proposed in the Resolution at item 7 of this Notice, should not be construed as reduction of capital which is subject to the controls as stipulated in Sections 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force.

Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No 7. :

Article No.12(a) of the existing Articles of Association of the Company lays down restriction on purchase by the company of its own Shares. It is proposed to delete this Article and to add new Clause (a) and (b) to the existing Article 12 as set out at Item no. 7 of the Notice, to enable the Company to purchase any of its own shares, in accordance with law as may be then prevailing. In the event that it is permitted by law to purchase by a company of its own shares, the resolution confers authority to the Board for the purpose.

As per provisions of Section 31 of the Companies Act, 1956, a company may by special resolution alter its Articles of Association.

Accordingly, the Directors recommend the resolution for approval of the shareholders.

A copy of the Articles of Association of the Company showing proposed alterations is available for inspection at the Registered Office of the Company on any of the working days except Saturdays, Sundays and holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

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

UMESH M. KATRE
MANAGING DIRECTOR

PLACE : MUMBAI;

DATE : 14th June, 1997.

ANNUAL REPORT 1996-97

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting the Ninth Annual Report of the Company for the year ended 31st March, 1997.

	(Rs. IN LACS)	(Rs. IN LACS)
	<u>1996-97</u>	<u>1995-96</u>
FINANCIAL RESULTS		
Sales & Operating Income	1020.02	1237.42
Other Income	47.10	31.97
Profit before Taxation	232.39	237.56
Less. Provision for Taxation	30.00	14.00
Add. Prior Period Adjustments	5.50	—
Profit after Taxation	207.89	223.56
Add. Depreciation Recredited	—	10.84
Add. Brought forward profit	45.37	20.64
	<u>253.26</u>	<u>255.04</u>
 APPROPRIATION		
General Reserve	50.00	125.00
Proposed Dividend	86.00**	84.67*
Tax on distribution of dividend	8.60	—
Short Prov. for Dividend for earlier year	0.18	—
Balance carried forward	108.48	45.37
	<u>253.26</u>	<u>255.04</u>

* Subject to Tax.

** Free of Tax.

OPERATIONS

During the year under review, the turnover from garment exports, the core business activity was Rs.892.08 lacs as compared to Rs.785.64 lacs for the year ended March,1996, thereby representing an increase of 13.55%.

The Profit before tax and extraordinary items is Rs.312.13 lacs as compared to Rs.237.56 lacs for the previous year. This was achieved despite a fall in turnover by Rs.220.01 lacs due to discontinuation of export of Marine products.

The above was achievable as the company could realise better prices and utilise optimum capacities, even though the Textile and Garment industry is facing a recessionary trend both in overseas and domestic markets.



INVESTMENT ABROAD

During the financial year the Company has invested 75000 Sterling Pound (INRs.41,98,642/-) by way of Equity and Preference Share in Portrush Ltd,U.K.,after obtaining necessary approval from the Reserve Bank of India.

SUBSIDIARY COMPANY

During the year under review, the Company has acquired further 293,600 Equity Shares of BHUPCO ALLOYS LTD. and thereby the Company's holding in BHUPCO ALLOYS LTD. has increased to 99.93% from 51.00% in the preceding year. A statement under section 212 of the Companies Act, 1956 is enclosed.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2/- per share. Dividend, if approved by the Shareholders at the Annual General Meeting will absorb Rs.86 lacs.

DIRECTORS

Shri M.G. Katre and Shri B.K. Khare retire by rotation and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

The particulars required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 form part of this Report

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.

UTILISATION OF FUNDS.

As against projected utilisation of Rs.490 Lacs, the Company has utilised Rs. 447.45 Lacs for acquiring various fixed assets.

AUDITORS

Members are requested to appoint Auditors for the current year and to authorise the Board of Directors to fix their remuneration. Messrs. P.R.Gandhi & Associates, the retiring Auditors, have furnished a Certificate of their eligibility for reappointment under section 224 (1B) of the Companies Act, 1956.

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 for 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.

For and on behalf of the Board,

PLACE : MUMBAI;
DATE : 14th June, 1997

MOHAN KATRE
CHAIRMAN