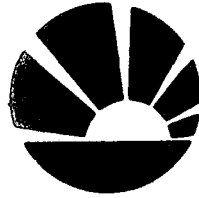


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TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			



Spice Islands
Apparels Ltd.



10th
ANNUAL REPORT
1997-98





BOARD OF DIRECTORS

MOHAN KATRE *Chairman*

UMESH KATRE *Managing Director*

BILIN KUMAR SEN *Whole Time Director*

O. V. KURUVILLA *Director*

B. K. KHARE *Director*

L. A. MEHTA *Director*

KARL DANTAS *Director*

BANKERS

VIJAYA BANK

AUDITORS

P. R. GANDHI & CO. *Chartered Accountants*

REGISTRAR AND SHARE TRANSFER AGENTS

N. D. Management Services 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.

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the members of SPICE ISLANDS APPARELS LIMITED will be held on Tuesday, the 11th August 1998, at 4.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, (Behind Price of Wales Museum), Kala Ghoda, Mumbai - 400 001, 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, 1998 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 Karl Dantas who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in the place of Shri O. V. Kuruvilla 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(s), the following resolution as a Ordinary Resolution:
 "RESOLVED that Shri Bilin Kumar Sen be and is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), the following, resolution as a Ordinary Resolution:
 "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII 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), and on the basis of remuneration as may be approved by the Board from time to time subject to the limits specified in Schedule XIII to the said Act, the approval of the members be and is hereby accorded for the appointment of Shri Bilin Kumar Sen as Wholetime Director of the Company for a period of five years with effect from 14th August, 1997 to 13th August, 2002 and the remuneration to be paid by way of salary, commission, perquisites and other allowances immediately on and from 14th August, 1997 shall be as follows

A Basic Salary - per month : Rs. 30,000-2000-40,000

B Commission :

1% of the amount of the net profit as appearing in the audited Annual Profit & Loss Account for each corporate financial year of the Company, unless otherwise decided by the Board for any financial year subject, however, that the total remuneration (i.e. salary, commission and perquisites) in any one financial year shall not exceed the limits prescribed or to be prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Act, as may for the time being be in force.

C Perquisites : As follows

i House Rent Allowances	:	Rs. 12,000 per month
ii Driver's Salary (Reimbursement)	:	Rs. 3,500 per month
iii Leave Travel Allowance	:	Once in a block of two years of gross salary.
iv Leave Salary	:	Once in the year of gross salary.
v Bonus	:	Once in the year of gross salary.

D Other benefits like contribution to Provident Fund etc. will be applicable as per the rules of the Company.

"RESOLVED FURTHER THAT notwithstanding anything contained herein above, where in any financial year, if the Company incurs losses or its profits are inadequate, the Board of Directors may determine the remuneration payable to the Wholetime Director within the limits stated in Section II of the Part II of the Schedule XIII to the Companies Act, 1956."

For and on behalf of the Board of Directors,

SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI
 DATE : 17th JUNE, 1998

UMESH M. KATRE
 (MANAGING DIRECTOR)

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 11th August, 1998 to those members whose name appear on the Register of Members of the Company as on the date of the Tenth 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 3rd August, 1998 to 11th August, 1998. [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

PLACE : MUMBAI;
DATE : 17th JUNE, 1998

UMESH M. KATRE
(MANAGING DIRECTOR)

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956 the following Explanatory Statement sets out the material facts relating to Item No. 6 & 7 mentioned under the heading SPECIAL BUSINESS:

Item No. 6 & 7

Appointment of Shri Bilin Kumar Sen as a Director and Wholetime Director of the Company.

Shri Bilin Kumar Sen was appointed Additional Director of the Company at the Board Meeting held on 14th August, 1997. Shri Bilin Kumar Sen holds the office of Director up to the date of next Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. It is proposed to appoint Shri Bilin Kumar Sen as Director of the Company. The Company has received notice in writing as required by Section 257 of the Companies Act, 1956 from a member proposing the candidature of Shri Bilin Kumar Sen for the office of Director.

Shri Bilin Kumar Sen is a Textile Engineer and MBA from IIM, Ahmedabad. He has an experience of over 30 years in Textile & Garments. He was associated with Mafatal Apparels for about 20 years having been Chief Executive of the Garment Division of Stanrose Group of companies before joining Tatas as Vice President (Marketing) for group garment activities. Subsequently he was advisor in Textile and Garments division of Tata Exports. Through his entire career, Shri Sen has been actively involved in the development of fabrics in India and marketing of Garments all over in Europe, USA & Japan.

Having regard to Shri Sen's brilliant academic background and rich experience in the Textile Industry, the Board appointed him as Wholetime Director of the Company with effect from 14th August 1997.

The Board is of the opinion that his appointment as Director and as Wholetime Director would be in the interest of your Company.

The remuneration and perquisites proposed are considered reasonable having regard to qualification, experience and value which he is expected to add to the business of the Company.

The terms of appointment are in strict conformity with Schedule XIII to the Companies Act, 1956.

Your Directors recommend this resolution for your approval.

None of the Directors except Shri Bilin Kumar Sen is concerned or interested in this resolution.

A copy of the proposed agreement is available for inspection at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on any working day of the Company. The agreement will be executed after the approval of the members.

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

PLACE : MUMBAI
 DATE : 17th JUNE, 1998

UMESH M. KATRE
 (MANAGING DIRECTOR)

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Tenth Annual Report of the Company for the year ended 31st March, 1998.

<u>FINANCIAL RESULTS</u>	(Rs. in Lacs) <u>1997-98</u>	(Rs. in Lacs) <u>1996-97</u>
Sales & Operating Income	615.37	1020.02
Other Income	83.87	47.10
Profit before Taxation	172.92	232.39
Less : Provision for Taxation	8.50	30.00
Prior Period Adjustments	0.56	5.50
Profit after Taxation	164.97	207.89
Add : Brought forward profit	108.48	45.37
	<u>273.45</u>	<u>253.26</u>
	<u>273.45</u>	<u>253.26</u>
 <u>APPROPRIATION</u>		
General Reserve	50.00	50.00
Proposed Dividend	64.50	86.00
Tax on distribution of Dividend for earlier year	6.45	8.60
Short provision of dividend for earlier year	---	0.18
Balance carried forward	152.50	108.48
	<u>273.45</u>	<u>253.26</u>
	<u>273.45</u>	<u>253.26</u>

OPERATIONS

During the year under review, sales & operating Income has declined to Rs. 615.37 lacs as against 1020.02 lacs in the preceeding year. This is on account of severe recessionary trend in our major markets. The fall in turnover resulted in lower profits from the core activities, as expenses did not reduce in the same proportion on account of substantial selling & marketing efforts. For these reasons the Company could not achieve the projected income of Rs. 1428.12 lacs and projected profit after Tax of Rs. 302.82 lacs.

The continuous efforts by the Company in promoting its products resulted in better performance in the second half of the financial year 97-98. The same improved trend has continued in the first 3 months of the current financial year. The Board expects order booking of about Rs. 500 lacs in the first half.

SUBSIDIARY

A statement under section 212 of the Companies Act, 1956 is enclosed.

DIVIDEND

Your Directors are pleased to recommend Dividend of Rs. 1.50 per share. Dividend, if approved by the Shareholders at the Annual General Meeting, will absorb Rs. 64.50 lacs.

DIRECTORS

Shri. Karl Dantas and Shri. O. V. Kuruvilla retire by rotation and being eligible, offer themselves for re-appointment. During the year Shri. Bilin Kumar Sen was co-opted as Additional Director and was appointed wholetime Director of the Company. The Board recommends his appointment in the forthcoming Annual General Meeting.

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.

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 & Company, 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 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.

For and on behalf of the Board of Directors

PLACE : MUMBAI
DATE : 17th JUNE, 1998

MOHAN KATRE
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY :

- Name of the subsidiary : BHUPCO ALLOYS LIMITED
1. Financial Year of the subsidiary ended on : 31st March, 1998.
2. Shares of the subsidiary held by the Company on the above date
- a) Number and face value : 6,08,600 equity shares of Rs. 10/- each
- b) Extent of holding : 99.93%
3. Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the company.
- a) Dealt with in the accounts of the Company For the year ended 31st March, 1998 : NIL
- b) Not dealt with in the accounts of the Company for the year ended 31st March 1998 : (Rs. 30,442)
4. Net aggregate amount of profits/(losses) for previous financial years of the subsidiary so far as they concern members of the company.
- a) Dealt with in the accounts of the Company for the year ended 31st March 1998 : NIL
- b) Not dealt with in the accounts of the Company for the year ended 31st March 1998 : (Rs. 3,52,068)

For and on behalf of the Board of Directors,

PLACE : MUMBAI
 DATE : 17th JUNE, 1998

MOHAN KATRE
 CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

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

A POWER AND FUEL CONSUMPTION IN RESPECT OF MANUFACTURING UNITS

a)	Purchased Units	106,694	Units
	Total Amount	Rs. 6.01	Lacs
	Rate per unit (Rs.)	Rs. 5.63	
b)	Own Generation	Nil	
	(Throught D.G. set) :		

B TECHNOLOGY ABSORPTION

FORM B

1. RESEARCH AND DEVELOPMENT

- a. 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.
- b. Benefits derived : The Company has established itself in the Export Market and also proposes to enter the domestic market at an appropriate time.
- c. Plan of Action : The Company is continuously making improvements in quality of its products.
- d. Expenditure on R & D : Commensurate with the requirements of the industry.

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATIONS

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

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

b. EARNING AND OUTGO

	<u>Rs. in Lacs</u>
i) Foreign Exchange Earning Export Sales (FOB).	516.10
ii) Foreign Exchange Outgo (includes raw material, spare parts, capital goods and other expenditure in foreign currency including dividends)	Nil
a) Raw Material	Nil
b) Capital Goods (Machinery)	Nil
c) Components, Spares and Accessories	3.02
d) Dyes & Chemicals	Nil
e) Travelling & Other Expenses	9.88

For and on behalf of the Board of Directors

PLACE : MUMBAI
DATE : 17th JUNE, 1998

MOHAN KATRE
CHAIRMAN