



Spice Islands

Apparels Ltd.

12th
ANNUAL
REPORT
1999 - 2000

ANNUAL REPORT 1999-2000



*Spice Islands
Apparels Limited*

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

Report Junction.com

AUDITORS

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

REGISTERED OFFICE

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

**ADMINISTRATIVE OFFICE
& SHARE TRANSFER DEPARTMENT**

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 Twelfth Annual General Meeting of the members of SPICE ISLANDS APPARELS LIMITED will be held on Monday, the 29th May, 2000, at 3.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, (Behind Prince of Wales Museum) Kala Ghoda, Mumbai - 400 001, to transact following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the financial year ended 31st March, 2000, 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. B. K. Khare who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in the place of Shri. O. V. Kuruville who retires by rotation and being eligible, offer himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

1. To consider and, if thought fit, to pass with or without modification(s), the following, resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Associations of the Company be and are hereby altered as under :

After Article 76(e), a new Article 76(f) be inserted as under :

- 76 (f) : Nomination : - Notwithstanding anything stated in Articles 76(a) and 76(b), a Holder or Joint Holders of shares or debentures, may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956 and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holder/s. Any nominations so made shall be dealt with by the Company in accordance with the provisions of Section 109 B of the Companies Act, 1956."

For and on behalf of the Board :

SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI
DATE : 28th April, 2000.

UMESH M. KATRE
(MANAGING DIRECTOR)

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

Item No. 6 :

The Companies (Amendment) Act, 1999 has, interalia, made a provision through Section 109A whereby a holder or joint holders of shares or debentures can nominate a person to whom all the rights in the shares or debentures or the Company shall vest in the event of the death of such holder/s. Such a nominee can elect either to be registered himself as the holder of the shares or debentures or make such transfer of the shares or debentures as the deceased holder/s of shares or debentures could have made. It is, therefore, proposed to incorporate the provisions of Sections 109A and 109B of the Companies Act, 1956 in the Articles of Association of the Company.

A copy of the Articles of Association of the Company together with the proposed alteration is open for inspection by the Members at the Administrative Office of the Company between 10.00 a.m. to 12.00 p.m. on all working days of the Company upto and including the day of the Meeting.

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

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

PLACE : MUMBAI;
DATE : 28th April, 2000.

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 Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
4. The Dividend as recommended by the Directors, if approved at the Annual General Meeting is payable on or after 29th May, 2000 to those members whose name appear on the Register of Members of the Company as on the date of the Twelfth 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 15th May, 2000 to 29th May, 2000. [Both the days inclusive]
6. Members who have not encashed the dividend warrant(s) so far for the year ending on 31-3-1996 or any subsequent dividend payment(s) are requested to make their claims to the Company. Under Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years from the date of payment shall be transferred to the Investor Education and Protection Fund. Thereafter no claim shall lie against the Company or the said Fund in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the date of payment.
7. Members are requested to notify immediately any change in their address to the company.
8. 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.
9. Individual shareholders can now take the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Members who are interested in availing the nomination facility are requested to write to the Company.

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

PLACE : MUMBAI;
DATE : 28th April, 2000.

UMESH M. KATRE
(MANAGING DIRECTOR)

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DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(RS. IN LACS) 1999-2000	(RS. IN LACS) 1998-99
Sales & Operating Income	1203.24	1714.58
Other Income	93.35	65.72
Profit before Taxation	139.87	378.55
Less : Provision for Taxation	29.00	21.47
Prior Period Adjustments	2.56	2.26
Profit after Taxation	113.43	359.34
Add : Brought forward profit	243.59	152.50
	<u>357.02</u>	<u>511.84</u>

APPROPRIATION

General Reserve	20.00	150.00
Proposed Dividend	64.50	107.50
Tax on distribution of Dividend	7.09	10.75
Balance carried forward	265.43	243.59
	<u>357.02</u>	<u>511.84</u>

OPERATIONS

During the year under review the gross revenue of the company has declined considerably. The sales & operating Income has reduced to Rs. 1203.24 lacs as against 1714.58 lacs in the preceeding year. This is on account of uncertain market condition in the European Countries and decline in the trading activities. During Second half of the year under review, the projected sales could'nt be achieved due to certain unexpected mergers and acquisition amongst some major Clients resulting in loss of business and consequent decline in revenue. Since situation as stated, take some time to settle, before the normal business picks up again, it's quite likely that the downward trend would continue for a while during first half of next financial year. However full efforts are on to offset the loss of business at the soonest not only in terms of adjustment to the changed scenario and adequate servicing of the Clients in hand but also to rope in newer Clients from Europe and U.S.A.

Decline in gross revenue has resulted into lower profit before tax of Rs. 139.87 lacs as against 378.55 lacs in the previous year. The decline in profitability is much sharper on account of change in product mix. The Company has diversified in manufacturing of T-shirts, which is a low margin product.

All efforts are being made to widen the customer base, control the expenses and effective monitoring of sales promotion efforts. Your Director expects improvement in the performance during the current financial year.



SUBSIDIARY COMPANY

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

DIVIDEND

Your Directors are pleased to recommend a 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. B. K. Khare and Shri. O. V. Kuruville 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.

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.

YEAR 2000 - COMPLIANCE

Your directors are pleased to report a smooth change over to the new millenium. No Y2K problems were encountered while switching over to the year 2000.

NOMINATION

With the amendment of the Companies Act, 1956, it has been decided by the Board to allow a holder or Joint holders of shares to nominate a person to whom all the rights in the shares/debentures of the Company shall vest in the event of death of such holder/s. A suitable modification in the Articles of Associations of the Company is proposed for the approval of the members.

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.

For and on behalf of the Board,

PLACE : MUMBAI

DATE : 28th April, 2000.

MOHAN KATRE
CHAIRMAN

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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, 2000.
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 fully paid up
- 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, 2000 : NIL
- b) Not dealt with in the accounts of the Company for the year ended 31st March 2000 : (Rs. 6,20,772)
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 2000 : NIL
- b) Not dealt with in the accounts of the Company for the year ended 31st March 2000 : (Rs. 3,58,018)

For and on behalf of the Board,

PLACE : MUMBAI;
DATE : 28th April, 2000.

MOHAN KATRE
CHAIRMAN



ANNEXURE TO THE 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	145277	Units
	Total Amount	Rs. 5.65	Lacs
	Rate per unit (Rs.)	Rs. 3.89	
b)	Own Generation	Nil	
	(Through 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 Indian 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).	1033.99
	ii) Foreign Exchange Outgo (includes raw material, spare parts, capital goods and other expenditure in foreign currency including dividends)	
	a) Raw Material	30.24
	b) Capital Goods (Machinery)	Nil
	c) Components, Spares and Accessories	55.20
	d) Dyes & Chemicals	Nil
	e) Travelling & Other Expenses	19.96

For and on behalf of the Board,

PLACE : MUMBAI
DATE : 28th April, 2000.

MOHAN KATRE
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Directors.

NAME	DESIGNATION	QUALIFICATION	AGE	EXPERIENCE (YEARS)	DATE OF APPOINTMENT	REMUNERATION (RS.)	LAST EMPLOYMENT HELD
SHRI. U. M. KATRE	Managing Director	B. Com., MBA	42	19	01.11.1994	9,74,987	Mafatlal Apparels Mfg. Co. Ltd.
SHRI. B. K. SEN	Wholetime Director	B. Sc.(Tex), MBA	63	32	14.08.1997	8,01,887	Tata Exports Ltd.
SHRI. J. CHIDWICK	Business Development Manager	City & Guilds in Gents Tailoring. SCOTEC Degree in Clothing	40	17	01.05.1998	18,27,337	Falmer Jeans Ltd. U.K.

NOTES :

1. Appointment of Managing Director Shri. U. M. Katre is for a period of five years from 01.11.1999.
2. Appointment of Whole time Director Shri. B. K. Sen is for a period of five years from 14.08.1997.
3. Remuneration includes Salary, Bonus, Commission, Perquisites and other allowances as per the Company's Rules and terms of appointment.

For and on behalf of the Board,

PLACE : MUMBAI
DATE : 28th April, 2000.

MOHAN KATRE
CHAIRMAN