



*Spice Islands
Apparels Limited*

Report  Junction.com

**21st Annual Report
2008-2009**



BOARD OF DIRECTORS

Chairman & Managing Director

UMESH KATRE

Director

BILIN KUMAR SEN (Upto 31/10/2008)

ASHOK DARYANANI

KARL DANTAS

CHARUCHANDRA PATANKAR

Bankers

VIJAYA BANK

Auditors

M/S. OSTAWAL & JAIN (Chartered Accountants)

REGISTERED OFFICE	ADMINISTRATIVE OFFICE
62-B, Mittal Tower, 210, Nariman Point, Mumbai - 400 021. Tel.: 2284 4368 • Fax: 2283 1564	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.: 2596 8069 / 6607 8883

REGISTRAR & SHARE TRANSFER AGENT LINK INTIME INDIA PRIVATE LIMITED (Formerly known as Intime Spectrum Registry Limited)	
C-13, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078. Ph.: 2596 3838 Fax : 2594 6969 E-mail : mumbai@linkintime.co.in	O R
	203, Daver House, Near Central Camera, Dr. D. N. Road, Fort, Mumbai - 400 001. Ph.: 2269 4127 Fax : 2265 6929

NOTICE

Notice is hereby given that Twenty First Annual General Meeting of the members of SPICE ISLAND 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 Monday, 31st August, 2009 at 10.30 a. m. to transact the following business:

1. To receive and adopt the audited Profit & Loss Account for the year ended 31st March, 2009, the Balance Sheet as at that date and Reports of the Board of Directors and Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. Ashok Daryanani who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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

PLACE : MUMBAI
DATE : 5th JUNE, 2009.

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. The Dividend for the year ended 31st March 2009 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 up to the close of business hours on 17th August 2009. 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 17th August 2009 by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
3. The Register of Members and Share Transfer books of the Company will remain closed from Monday, 17th August 2009 to Monday, 31st August 2009 both days inclusive.
4. In terms of Section 205 A and 205C of the Companies Act, 1956, the dividends for the year ended 31st March 1997 and thereafter which remains unclaimed for a period of 7 years from the date of transfer to the Unpaid Dividend account are required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. According to the relevant provisions of the Companies Act, 1956, as amended, no claims shall remain against the said Fund or the Company for the amount of dividends so transferred to the said Fund.
Unclaimed dividend for the year ended 31st March 2001 was transferred to the "Investor Education and Protection Fund" of the Central Government during the year.
5. Members are requested to furnish 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 Transfer Agents, M/s. Link Intime India Private Ltd., C-13, Bhandup Industrial Estate, Pannalal Silk Mills compound, Bhandup (W), Mumbai - 400078.
6. 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.
7. 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 Transfer Agent.
8. Pursuant to the directors/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. no. 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 20 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.
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 : 5th JUNE, 2009.

UMESH M. KATRE
(Chairman & Managing Director)

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the Twenty First Annual Report of the Company for the year ended 31st March, 2009.

	(Rs. IN LACS) 2008-2009	(Rs. IN LACS) <u>2007-2008</u>
FINANCIAL RESULTS		
Sales & Operating Income	1441.40	1336.60
Other Income	125.12	21.37
Profit / (Loss) before Taxation / Extra Ordinary item	191.95	161.69
Less : Impairment loss	---	66.24
Profit (Loss) after Extra Ordinary item	191.95	95.38
Prior Period Adjustments	---	(1.71)
Provision for Taxation - Current Year (Reversal of deferred tax)	1.46	20.47
Excess Provision for Tax - for earlier years	0.50	0.01
Profit / (Loss) after Taxation	<u>193.91</u>	<u>114.15</u>
	193.91	114.15
APPROPRIATION		
General Reserve	10.00	---
Proposed Dividend	43.00	---
Tax on distribution of dividend	7.31	---
Balance Profit / (Loss) carried forward	<u>133.60</u>	<u>114.15</u>
	193.91	114.15

OPERATIONS

During the year under review, the turnover of the Company increased by approx 8% to Rs. 1441.40 lacs as against Rs. 1336.60 lacs in the preceeding year. The modest increase in turnover was achieved by consolidating business in the knitwear division. As mentioned in the previous year's report, your company's decision to temporarily stay away from American market & concentrate sales effort in the European market as well as prudent management of resources has resulted in a profit before tax of appox Rs. 194 lacs as aginst Rs. 114 lacs for the previous year.

The above profit has been achieved despite having to write off losses pertaining to sale of machinery at Bangalore after finally shutting down operations there & providing for degradation in investments (as per legally prescribed norms) to the extent of Rs. 138 lacs. Despite the recessionary trend in the overseas market & specific downtrend of exports from India, your Directors hope to maintain the current performance perhaps with lower nett returns.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1/- Share. Dividend, if approved by the shareholders, at the Annual General Meeting, will absorb Rs. 43 lacs.

TAXATION

Provision of Rs. 18,25,000/- is made to meet the liability of Income Tax and Fringe Benefit Tax.



DIRECTORS' REPORT Contd..

DIRECTORS

During the year under review, Mr. Bilin Kumar Sen resigned as a Director of the Company. The Board places on record their sincere appreciation for the valuable services rendered by Mr. Sen during his long association with the Company and wish him good health in the years to come.

Mr. Ashok Daryanani retires by rotation and being eligible offers himself 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 faire view of the state of affairs of the company as at March 31, 2009 and of the Profit of the company for the year ended on 31st March, 2009.
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 Auditors of the Company 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 dematerialised form. Since dematerialisation facilitates quick share transfers and prevents forging of documents, those shareholders who have not opted for this facility are advised to dematerialise their shares with either of the Depositories.

SUBSIDIARY COMPANY

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

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.

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.

DIRECTORS' REPORT Contd..**AUDITORS**

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

AUDITOR'S REMARKS :

400 Equity shares of Bhupco Alloys Ltd. are lodged for transfer and the company will soon get the certificates duly endorsed.

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.

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 of Directors,

SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI

DATE : 5th JUNE, 2009.

UMESH M. KATRE

(Chairman & Managing Director)



ANNEXURE TO 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, 2009.
2. Shares of the subsidiary held by the Company on the above date		
a) Number and face value	:	6,09,000/- equity shares of Rs.10/- each fully paid up
b) Extent of holding	:	100%
3. Net aggregate amount of profits / (losses) of the subsidiary for the above financial year so far as they concern members of the company.		
a) Dealt with in the accounts of the Company for the year ended 31st March, 2009.	:	NIL
b) Not dealt with in the accounts of the Company for the year ended 31st March, 2009.	:	Rs. 6,12,858
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, 2009.	:	NIL
b) Not dealt with in the accounts of the Company for the year ended 31st March, 2009.	:	(Rs. 27,29,480)

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

PLACE : MUMBAI
DATE : 5th JUNE, 2009

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	69,078
	Total Amount (Rs.)	4,69,894
	Rate per unit (Rs.)	6.80
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 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	1270.79
	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 (Machinery)	Nil
c)	Components, Spares and Accessories	26.39
d)	Dyes & Chemicals	Nil
e)	Travelling & Other Expenses	2.45
f)	Commission	70.69

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

PLACE : MUMBAI
DATE : 5th JUNE, 2009

UMESH M. KATRE
(Chairman & Managing Director)



ANNEXURE TO DIRECTORS' REPORT

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 & regulation 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 2009, the strength of Board was four Directors, of which, one was an Executive Directors and three were Non-Executive Independent Directors. The composition of Board of Directors as on 31st March 2009, attendance of Directors at the Board meetings and at the Annual General Meeting held during the year under review alongwith the number of out side 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	
			Chairman	Member	Board Meeting	Last Annual General Meeting 4/8/2008
Umesh M. Katre Chairman & Managing Director	Executive	None	2	---	6	Yes
Ashok G. Daryanani	Non Executive Independent	None	1	1	3	Yes
C. G. Patankar	Non Executive Independent	12	1	1	4	Yes
Karl Dantas	Non Executive Independent	None	---	4	2	No
Bilinkumar Sen*	Non Executive Independent	None	---	2	5	Yes

* Mr. Bilin Kumar Sen resigned on 31st October 2008 and accordingly ceased to be a Director.

** 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 10th April 2008, 7th June 2008, 31st July 2008, 25th August 2008, 31st October 2008 and 31st January 2009.

The Board is regularly appraised 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.