

# SKNL

S. Kumars Nationwide Limited

22<sup>ND</sup> ANNUAL REPORT 2011-12



CLOTHIERS TO INDIA TODAY...THE WORLD TOMORROW!



**BOARD OF DIRECTORS**

<b>Late Dr. A.C Shah</b>	: Chairman (up to 16th January, 2012)
<b>Nitin S. Kasliwal</b>	: Chairman & Managing Director (w.e.f 13th February, 2012) Vice Chairman & Managing Director (up to 12th February, 2012)
<b>Jyoti N. Kasliwal</b>	: Director
<b>Anil Channa</b>	: Deputy Managing Director
<b>Suresh N. Talwar</b>	: Director
<b>M. Damodaran</b>	: Director
<b>Jitender Balakrishnan</b>	: Director
<b>Amita Narain</b>	: Director (Nominee of IDBI Bank Ltd.)
<b>Dr. Vinayshil Gautam</b>	: Director (Nominee of EXIM Bank Ltd.) (up to 18th April 2012)
<b>Sujeet Bhale</b>	: Director (Nominee of EXIM Bank Ltd.) (w.e.f. 18th April, 2012)
<b>Anish Modi</b>	: Director (Nominee of IDM Pvt. Ltd.) (up to 12th November, 2011)
<b>Susheel Kak</b>	: Director (Nominee of IDM Pvt. Ltd.) (w.e.f. 12th November, 2011)
<b>Denys Firth</b>	: Director (Nominee of IDM Pvt. Ltd.)
<b>Alexander Shaik</b>	: Director (Alternate to Denys Firth)
<b>Martin Henry</b>	: Director (up to 3rd January, 2012)
<b>Vijay Kalantri</b>	: Director
<b>Dara D. Avari</b>	: Director

**SR. VICE PRESIDENT & COMPANY SECRETARY**

Nimesh S. Shah

**AUDITORS**

M/s. Haribhakti &amp; Co.

**SOLICITORS**

M/s. Little &amp; Co.

**REGISTRAR & TRANSFER AGENTS**

M/s. Bigshare Services Pvt. Ltd.  
E - 2, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka,  
Andheri (East), Mumbai 400 072

**REGISTERED OFFICE**

B2, 5<sup>th</sup> Floor,  
Marathon NextGen,  
Off Ganpatrao Kadam Marg,  
Lower Parel (West), Mumbai 400 013

**BANKERS**

Bank of India  
IDBI Bank Ltd.  
EXIM Bank Ltd.  
The Jammu & Kashmir Bank Ltd.  
Indian Bank  
Union Bank of India  
Indian Overseas Bank  
State Bank of India  
Punjab National Bank  
Central Bank of India  
Corporation Bank  
ICICI Bank Ltd.  
Wells Fargo Capital Finance  
Banca Intesa, Italy

**MAJOR PLANTS****Menswear and Home Textiles Complex**

3B Industrial Area No. 2, Agra Bombay Road,  
Dewas, (M.P.)

**Worsted Fabrics Complex**

Thandavapura, Nanjangud Taluka,  
Mysore Dist., Karnataka.

**Spinning and Weaving Complex**

Chamunda Standard Mills,  
Balgargh, Dewas, (M.P.).

**Total Wardrobe Solutions**

No. 121/52, Hosahalli Gollarahatti,  
Magadi Road, Bengaluru.  
Karnataka.

**Baruche Superfine Cottons (BSFC) & Home Textiles**

Jhagadia Industrial Estate, GIDC,  
Ankleshwar, Gujarat.

**Suit Factory**

Plot # 28C, Opp. Asian Paints Godown,  
Peenya, 2<sup>nd</sup> Phase, (Near NTTF Circle),  
Bengaluru - 560 058.

**HMX LLC**

1680, East Touhy Avenue  
Des Plaines, IL 60018, USA

**Hickey Freeman**

1155 Clinton Avenue North, Rochester,  
Monroe County, NY 14621, USA

**Coppley Corp**

56, York Boulevard  
Hamilton ON, L8N 3S6, Canada

**Marling & Evans Limited**

Vernon House, 40 New North Road  
Huddersfield, West Yorkshire, HD1 5LS, UK

**Leggiuno S.p.A.**

Via Dante Alighieri, 1  
21038 Leggiuno (VA) - Italy

## CONTENTS

Particulars	Page Nos.
Notice	3
Consolidated Key Financials	9
Directors' Report	11
Management Discussion And Analysis	18
Auditors' Report	20
Balance Sheet	24
Statement of Profit & Loss	25
Cash Flow Statement	26
Significant Accounting Policies	27
Notes to Financial Statements	30
Report on Corporate Governance	55
Statement pursuant to Section 212 of the Companies Act, 1956	72
Financial Statements of Subsidiary Company - Reid & Taylor (India) Ltd.	75
Consolidated Financial Statements	119

## NOTICE

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the members of **S. Kumars Nationwide Limited** will be held on Thursday, the 27<sup>th</sup> September, 2012 at 11.00 a.m. at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the audited Statement of Profit and Loss for the year ended as on that date together with the reports of the Auditors and Directors thereon.
2. To declare Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Shri M. Damodaran, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Jitender Balakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Denys Firth, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) if any, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** M/s. Haribhakti & Co., Chartered Accountants (Firm Registration No. 103523W) be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration aggregating ₹ 50 Lacs (excluding service tax and other out of pocket expenses, if any)”.

### SPECIAL BUSINESS:

7. **To consider and if thought fit, to pass with or without modification(s), if any, the following Resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to Section 198, 269, 309, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded for re-appointment of Shri Nitin S. Kasliwal as the Chairman and Managing Director of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2017, on the terms and conditions mentioned hereunder:

**Period:** From 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2017

### REMUNERATION:

- A. SALARY:** ₹ 3,85,32,000/- per annum.

He shall be paid basic salary of ₹ 32,11,000/- per month.

**B. PERQUISITES:**

In addition to the salary, he shall be entitled to the following perquisites which shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

**(i) Medical Allowance:**

Reimbursement of actual medical expenses for self and family.

**(ii) Leave / Holiday Travel Expenses:**

Once in a year for self and family subject to a ceiling of one month's basic salary.

**(iii) Provident Fund & Gratuity:**

Contribution to the Provident Fund & Gratuity as per applicable laws and rules of the Company.

**(iv) Leave Encashment:**

His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.

**(v) Club Fees:**

Reimbursement of club membership fees and annual charges.

**C. AMENITIES:**

**(i) Conveyance Facilities:**

The Company shall provide suitable vehicle/s. All the repairs, maintenance and running expenses including drivers' salary shall be borne by the Company.

**(ii) Telephone and other communication facilities:**

The Company shall provide telephone and other communication facilities as may be required. All the expenses shall be borne by the Company.

**D. COMMISSION:**

In addition to the salary, perquisites and amenities as mentioned above, he shall be entitled to receive his share in the commission, not exceeding in the aggregate 1% of the net earned annual profits of the Company, calculated in the manner as prescribed under the Companies Act, 1956.

**E. OVERALL REMUNERATION:**

The aggregate of salary, perquisites, amenities and commission in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may be for the time being in force.

The annual increment may be decided by the Board of Directors in their absolute discretion from time to time.

The nomenclature of allowance/ reimbursement and corresponding amount thereof can be revised as per the rules of the Company.

The Company shall not pay any sitting fees to Shri Nitin S. Kasliwal for attending the meetings of the Board or any Committee thereof so long as he functions as the Chairman & Managing Director of the Company.

**F. MINIMUM REMUNERATION:**

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Shri Nitin S. Kasliwal, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section I of Part II of Schedule XIII of the Companies Act, 1956 as may be for the time being in force.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

**8. To consider and if thought fit, to pass with or without modification(s), if any, the following Resolution as an Ordinary Resolution:**

**"RESOLVED THAT** Shri Susheel Kak be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**9. To consider and if thought fit, to pass with or without modification(s), if any, the following Resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting the following three new Articles i.e. 88A, 135A and 166(d) after existing Article 88, Article 135 and 166(c) respectively:

**88A: Participation in General Meeting(s) of the Members through electronic mode**

Notwithstanding anything contained herein, the member(s) of the Company are allowed to participate in the General Meeting(s) of the members through electronic mode i.e. through video conferencing and the members so participating shall be deemed to be present in such General Meeting(s) for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard by following the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines etc. issued/ to be issued from time to time by any competent/ statutory authority(ies).

**135A: Participation in Meeting(s) of Directors through electronic mode**

Notwithstanding anything contained herein, the Director(s) may participate in the meeting(s) of the Board or any Committee thereof through electronic mode like video conferencing and the Director(s) so participating shall be deemed to be present in the Meeting for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard by following the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines etc. issued/ to be issued from time to time by any competent/ statutory authority(ies).



**166 (d): Serving of documents through electronic mode:**

As per circulars issued by the Government of India in the matter of Green Initiative in Corporate Governance, a Company may serve copy of the Balance Sheet, Statement of Profit and Loss, Auditors Report, Directors Report, Notice of the Annual General Meeting along with explanatory statements etc. and any other document to the members through electronic mode, i.e email etc. provided the members have registered their email addresses with the Company/Registrar and Transfer Agent.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things to give effect to the aforesaid resolution.”

By order of the Board  
For **S. KUMARS NATIONWIDE LIMITED**

**Nimesh S. Shah**  
Sr. Vice President & Company Secretary

Place : Mumbai

Date : 30<sup>th</sup> May, 2012

**NOTES:**

1. **A member who is entitled to attend and vote is also entitled to appoint proxy / proxies to attend and vote instead of himself / herself and the proxy need not be a member of the Company.**

**Proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.**

Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising such representative to attend and vote on their behalf at the Meeting.

2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22<sup>nd</sup> September, 2012 to Thursday, 27<sup>th</sup> September, 2012 (Both Days Inclusive).
4. Members desiring any information as regards the Accounts are requested to write to the Company at least 15 days before the date of the Meeting to enable the management to keep the information ready.
5. Re-appointment of Directors: At the ensuing Annual General Meeting, Shri M. Damodaran, Shri Jitender Balakrishnan and Shri Denys Firth retire by rotation and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments.
6. All members who have either not received or have not yet encashed their dividend warrant(s) for the financial year 2010-11, are requested to write to the Company Secretary for obtaining duplicate dividend warrant. As on 30<sup>th</sup> May, 2012, there are about 4000 nos. of shareholders who have not claimed their dividend and amount lying in unclaimed dividend account is approximately ₹ 7,50,000/-.
7. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched as per the provisions of the Companies Act, 1956, to those members whose names appear on the Company's Register of Members on Saturday, 22<sup>nd</sup> September, 2012 in respect of the shares held in dematerialized form. The dividend will be paid to those members whose names are furnished by NSDL and CDSL as beneficial owners on that date.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for crediting the dividend. The Company or the Registrar and Transfer Agents will not be able to act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandate to their Depository Participants with whom they are maintaining their Demat Accounts.

Members holding shares in physical form are requested to advise any change of address immediately to the Company / Registrar & Transfer Agents, M/s. Bigshare Services Pvt. Ltd., at its office at E / 2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072.

10. Members holding shares in the physical form are requested to submit their PAN details to the Company / Registrar & Transfer Agents, M/s. Bigshare Services Pvt. Ltd. at their respective offices as mentioned herein.
11. 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.
12. Members holding physical shares in single name, are advised to make nomination in respect of their shareholding. The nomination form can be downloaded from the Company's website, [www.sknl.co.in](http://www.sknl.co.in)
13. Non-Resident Indian members are requested to immediately inform to M/s Bigshare Services Pvt. Ltd. about:
  - i) Change in their residential status on return to India for permanent settlement.
  - ii) Details of their Bank Account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

**Details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting:**

**i) Shri Nitin S. Kasliwal**

Date of Birth	22 <sup>nd</sup> November, 1960
Date of Appointment	1 <sup>st</sup> April, 1992
Qualification	B.Sc. MBA (European University, Switzerland)
Expertise in specific functional area	Expertise in Textiles Industry
Directorships held in other public limited companies including foreign companies and excluding private limited companies.	1) Reid & Taylor (India) Limited 2) Brandhouse Retails Limited 3) S. Kumar Enterprises (Synfabs) Limited
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	Nil
Number of shares held in the Company	14,82,453

**ii) Shri M. Damodaran**

Date of Birth	4 <sup>th</sup> May, 1947
Date of Appointment	28 <sup>th</sup> March, 2011
Qualification	B.A. (HONS), LL.B., IAS (Retired)
Expertise in specific functional area	40 years of Administration / Management
Directorships held in other public limited companies including foreign companies and excluding private limited companies.	1) Hero MotoCorp Ltd. 2) Sobha Developers Ltd. 3) ING Vysya Bank Ltd. 4) Tech Mahindra Ltd. 5) TVS Automobiles Solutions Ltd. 6) RSB Transmissions (I) Limited
Memberships / chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Hero MotoCorp Ltd. Audit Committee - Member Shareholder's Grievance Committee - Member 2) Tech Mahindra Ltd. Audit Committee - Member
Number of shares held in the Company	Nil

**iii) Shri Jitender Balakrishnan**

Date of Birth	8 <sup>th</sup> May, 1949
Date of Appointment	30 <sup>th</sup> July, 2010
Qualification	B.E. (Mech), PGD in Industrial Management
Expertise in specific functional area	Advisor - Banking and Finance



Directorships held in other public limited companies including foreign companies and excluding private limited companies.	<ol style="list-style-type: none"> <li>1) Bharti AXA Life Insurance Company Ltd.</li> <li>2) Bharti AXA General Insurance Co. Ltd.</li> <li>3) Bhoruka Power Corporation Ltd.</li> <li>4) Usha Martin Ltd.</li> <li>5) Binani Industries Ltd.</li> <li>6) Aditya Birla Finance Ltd.</li> <li>7) Polyplex Corporation Ltd.</li> <li>8) Sarda Energy &amp; Minerals Ltd.</li> <li>9) IL &amp; FS Investment Managers Ltd.</li> <li>10) India Glycols Ltd</li> <li>11) Essar Steel India Ltd.</li> <li>12) Magus Estates &amp; Hotels Ltd.</li> <li>13) Shree Rajasthan Syntex Ltd.</li> <li>14) Essar Services India Ltd.</li> </ol>
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	<ol style="list-style-type: none"> <li>1) Usha Martin Ltd. Audit Committee - Chairman</li> <li>2) IL &amp; FS Investment Managers Ltd. Audit Committee - Member</li> <li>3) Magus Estates and Hotels Ltd. Audit Committee - Member</li> <li>4) Binani Industries Limited Audit Committee - Member</li> <li>5) Sarda Energy &amp; Minerals Ltd. Investor Grievance Committee - Member</li> </ol>
Number of shares held in the Company	Nil

**iv) Shri Denys Firth**

Date of Birth	26 <sup>th</sup> May, 1951
Date of Appointment	9 <sup>th</sup> October, 2007
Qualification	B.A in Physics (Oxon)
Expertise in specific functional area	Finance and Derivatives
Directorships held in other public limited companies including foreign companies and excluding private limited companies.	<ol style="list-style-type: none"> <li>1) Brandhouse Retails Limited</li> <li>2) Saurashtra Cement Limited</li> </ol>
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	NIL
Number of shares held in the Company	NIL

**v) Shri Susheel Kak**

Date of Birth	15 <sup>th</sup> February, 1954
Date of Appointment	12 <sup>th</sup> November, 2011
Qualification	B.A, LL.B.
Expertise in specific functional area	Corporate and Commercial Banking experience
Directorships held in other public limited companies including foreign companies and excluding private limited companies.	<ol style="list-style-type: none"> <li>1) Clarence Investments Limited</li> <li>2) Brandhouse Retails Limited</li> <li>3) Saurashtra Cement Limited</li> </ol>
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	<ol style="list-style-type: none"> <li>1) Saurashtra Cement Limited. Audit Committee - Member</li> <li>2) Brandhouse Retails Limited Audit Committee - Member</li> </ol>
Number of shares held in the Company	NIL

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

**Item No. 7**

The tenure of office of Shri Nitin S. Kasliwal as the Managing Director expired on 31<sup>st</sup> March, 2012. Re-appointment of Shri Nitin S. Kasliwal as the Chairman and Managing Director of the Company for a further period of 5 years starting from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2017 was made by the Board of Directors, by passing a resolution by circulation on 15<sup>th</sup> March, 2012, on the same terms and conditions and remuneration as recommended by the Compensation & Remuneration Committee as mentioned in the Resolution.

The members are requested to consider the Resolution and approve the same.

None of the Directors of the Company are deemed to be concerned or interested in the proposed Resolution except Shri Nitin S. Kasliwal himself and Smt. Jyoti N. Kasliwal.

**Item No. 8**

The Board has appointed Shri Susheel Kak as a Nominee Director of the Company in place of Shri Anish Modi with effect from 12<sup>th</sup> November, 2011. Shri Susheel Kak will hold office upto the date of Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act, 1956 with the requisite deposit proposing the appointment of Shri Susheel Kak as a Director.

Shri Susheel Kak aged 58, holds degrees of Bachelor of Arts and Law.

He is having Corporate and Commercial Banking experience of more than 30 years.

The members are requested to consider the resolution and approve the same.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution except Shri Susheel Kak himself.

**Item No 9.**

The members are informed that the Ministry of Corporate Affairs (MCA) vide its General Circulars No. 27/2011 and 28/2011 dated 20<sup>th</sup> May, 2011 has clarified that the Meeting of the Board of Directors/Committee of the Board and the General Meeting(s) of the Members of the Company could be convened through electronic mode i.e. via video conferencing.

Further, the members may be aware that the Government has taken a Green Initiative in the Corporate Governance and in that process, paperless compliances by the companies are encouraged. Recently Ministry of Corporate Affairs has come out with a Circular No.18/2-11, dated 29<sup>th</sup> April, 2011 by which sending Notice of the Annual General Meeting and Balance Sheet and other documents to the members of the Company is permitted as part of the Green Initiative provided the members have registered their email addresses with the Company. Accordingly, sending of the notices of Annual General Meeting and Balance Sheet by electronic mail is considered to be in compliance with Section 219(1) of the Companies Act, 1956.

For such purpose, it has been proposed to amend the Articles of Association (AOA) of the Company thereby providing the necessary authorizations to hold the meetings of the Board/Committee and General Meetings through electronic mode i.e. video conferencing and to send all the prescribed documents to the members through electronic mode i.e through e-mails etc.

The members are requested to consider the said Resolutions and approve the same.

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

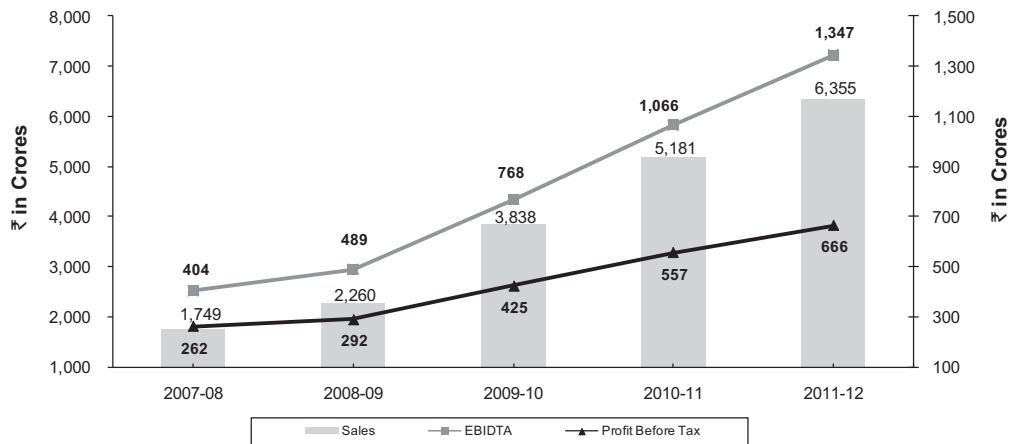
By order of the Board  
For **S. KUMARS NATIONWIDE LIMITED**

**Nimesh S. Shah**  
Sr. Vice President & Company Secretary

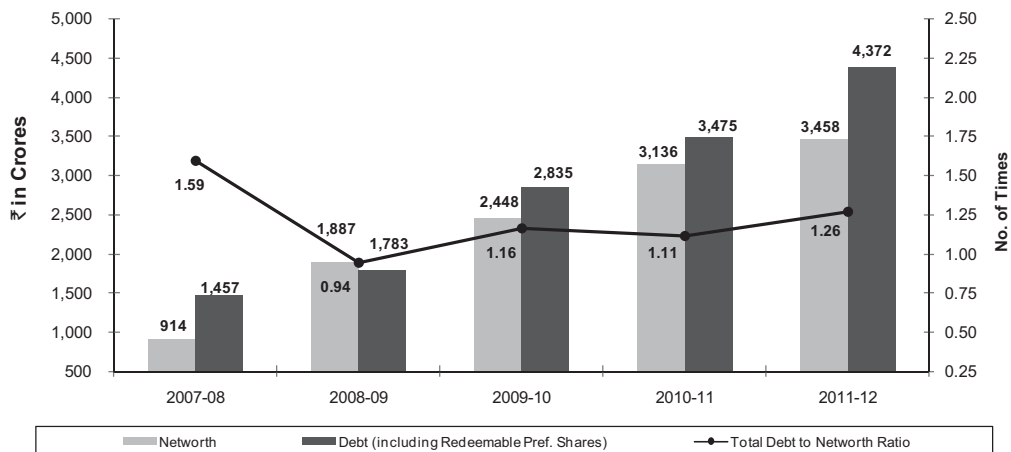
Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

## CONSOLIDATED KEY FINANCIALS

### REVENUE & PROFITABILITY GROWTH

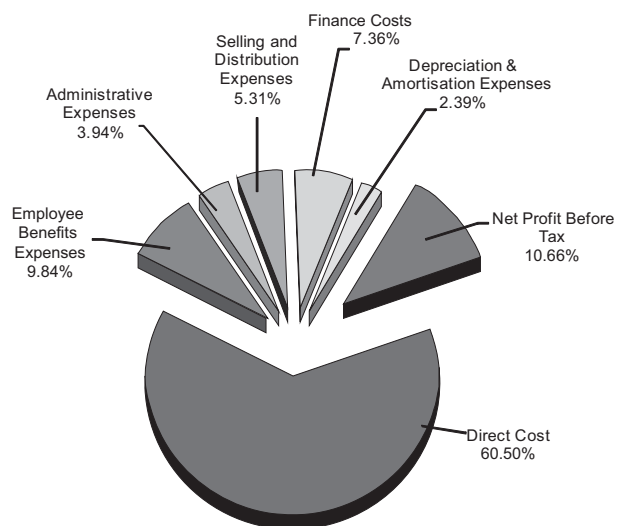


### FINANCIAL LEVERAGE

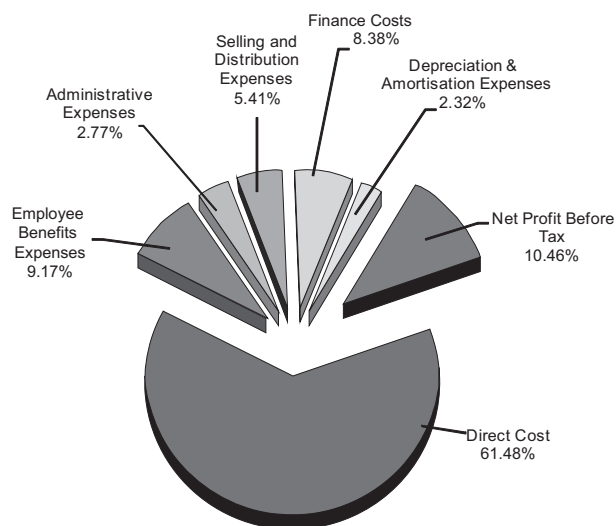


Note : Figures are based on Consolidated Financial Statements for a proper comparison of the trends.

### COST AS A % OF TOTAL INCOME

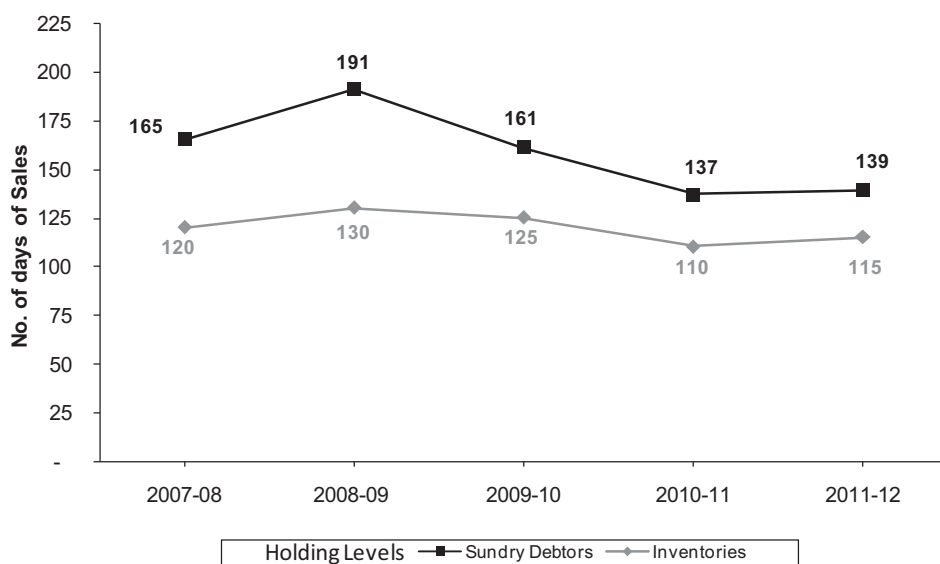


2010-2011



2011-2012

### CURRENT ASSETS HOLDING LEVELS



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Second Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2012. Your Company has achieved yet another year of satisfactory performance in turnover and profitability.

### FINANCIAL HIGHLIGHTS

(₹ in Lacs)

Particulars	2011-12 Consolidated	2010-11 Consolidated	2011-12 Standalone	2010-11 Standalone
1 Revenue from Operations (Net)	6,35,462	5,18,082	3,51,083	2,75,762
2 Other Income	967	4,206	201	355
3 Profit From Operations (PBIDT)	1,34,701	1,06,578	77,501	59,350
Less: Finance Costs	53,331	38,458	40,356	31,891
Depreciation and Amortisation expenses	14,777	12,468	9,222	7,400
4 Profit Before Tax	66,593	55,652	27,923	20,059
5 Provision For Taxation	19,508	16,403	9,966	2,789
6 Profit After Tax	47,085	39,249	17,957	17,270
Less: Minority Interest *	7,591	6,155	-	-
7 Amount Available For Appropriation	39,494	33,094	17,957	17,270
8 Balance b/f from Previous Year	57,401	29,204	17,421	5,048
<b>Appropriations:</b>				
9 Transfer to Debenture Redemption Reserve	203	950	203	950
10 Balance in Restructured Financial Cost written Off	16,288	-	14,310	-
11 Provision for Preference Dividend	32	535	32	535
12 Tax on Preference Dividend	5	89	5	89
13 Proposed Equity Dividend	2,974	2,850	2,974	2,850
14 Tax on proposed Equity Dividend	494	473	494	473
15 <b>Surplus / (Deficit) carried to Balance Sheet</b>	<b>76,899</b>	<b>57,401</b>	<b>17,360</b>	<b>17,421</b>

\*The minority interest pertains to investment in Company's subsidiaries, namely Reid & Taylor (India) Ltd. upto 25.61%, HMX Corporation upto 5% and SKNL (UK) Ltd. upto 20% and Marling & Evans Ltd. UK upto 35%.

### DIVIDEND

Your Directors are pleased to recommend a dividend on equity shares of ₹1 for every share of ₹10 i.e. @ 10% aggregating payout of ₹2,974.03 lacs excluding Dividend Tax, which will be paid after obtaining approval of members in general meeting and other necessary permissions. The Directors are also recommending the payment of dividend on preference shares which will be aggregating ₹31.65 lacs excluding Dividend Tax.

### YEAR IN RETROSPECT

The financial highlights reflect a continued and steady growth for your Company at all levels. Your Company's performance is to be viewed against the background of a slowdown in the world economy and a hesitantly progressing economy on the Indian front. Your Company has achieved and demonstrated its ability to deliver substantial performance through variable and challenging environments which reflects upon the strength and diversity of its business model. Your Company has been able to develop its reputation and image across a number of products and brands in the domestic and international markets. Operating in various product categories and in multiple markets ensures the Company's consistent growth.

Your Company manufactures worsted and viscose blended suitings, yarn dyed shirtings, workwear fabric, home textiles and ready-to-wear garments. The Company has achieved consistent revenue growth with satisfactory profit margins - consolidated Sales rose by 22.7% over the previous year and Consolidated Net Profit after Minority interest recorded a 19.3% growth. This is despite not so favourable market conditions and a sluggish economic climate. This is essentially because your Company is present in all product categories - Fabrics, Apparels, Home Textiles, and has brands catering to different socio-economic segments. Your Company is a customer-led, design-centric player with focused brands for each market segment and having manufacturing units in India, Italy, UK, USA and Canada. Your Company's strength is derived from diversity in products and markets. Furthermore, your Company historically has a multi-format distribution network.

Because of the extension of fabrics brands into garments and launch of new garment brands, the share of Ready-to-Wear in total revenues is gradually increasing. In the Home Textiles market, however, the growth is stunted. The Baruche Shirt division continued to perform better. Luxury Textiles also grew smartly. On the international front, the progress of Leggiuno in Italy and HMX in USA has improved inspite of the sluggish economies in Europe and USA.

In the overall scheme of things, the Sales contribution of SKNL (Standalone) was 55%, RTIL 24% and International Business 21% while proportion of EBIDTA was 57%, 38% and 5% respectively.

The performance of Belmonte Uniformity Division was at par compared to the previous year. The sharp rise in input costs was offset by an increase in selling price. Your Company was able to maintain its market share.

Belmonte Ready-to-Wear is now well-positioned in the fashion business. It delivers high quality products at a reasonable price and in line with changing trends. With more and more top-of-the-line international brands entering the Indian market, the competition in the branded apparel industry continues to be getting sharper by the day. However, our in-house teams of designers track national and international trends to create innovative fashionable products that customers would relate and we are able to capitalize on the rebound in customer confidence.

The TWS factory in Bangalore is making shirts and trousers largely for domestic market. The Suit factory which is relatively new has focused and developed customers in the domestic market with the brands and also institutional orders.

In the Luxury Textiles division, in order to neutralize the steep increase in wool prices, selling prices were suitably increased. New and innovative products were developed and introduced such as Showcase suiting fabric, pure wool suiting with Jacquard designs, designing with Laser engraving, etc.

The International Business segment includes HMX of USA, Leggiuno of Italy and DKNY related operations in the U.K. International acquisitions facilitate transfer of technical know-how for high value shirting and garmenting.

## **EXPORTS**

The ongoing volatility on the Europe front and lack of economic spark in the American market has caused greater pressure on the country's exports. This has affected India's foreign trade in the past year.

The slowdown has also been more obvious in the emerging and developing economies. The overall consumption of textile fabric and apparel in the world markets reportedly went down. Though, your Company is predominantly a domestic player, it was able to almost maintain its exports at ₹66.92 crores as against ₹68.50 crores in the previous year. Additionally, exports from the Company's subsidiary Reid & Taylor (India) Ltd. reached ₹37.47 crores (previous year ₹42.47crores). New markets in Africa, South America and Japan are being explored so that we can establish our presence with our premium brand image and quality products.

## **CURRENT BUSINESS OUTLOOK AND PLANS**

'Belmonte' in the Consumer Textiles segment and 'Reid & Taylor' in the Luxury Textiles segment remain key contributors to the overall performance of the Company.

Going forward, the management is confident about your Company's continued progress. Strong synergies between domestic and international business through 'back-end front-end' model, enhanced distribution network, a comprehensive portfolio of 45 brands addressing all demographic segments, vertically and laterally integrated business, seamless supply chain and presence across the value chain have provided for a strong foundation to step up growth over the coming years.

We anticipate healthy demand for the textiles and apparel industry in India driven by growth in organized retailing, increasing consumerism, expanding middle class and heightened brand consciousness among the youth. We plan to expand the retail network through exclusive brand outlets largely in the tier 1 & 2 cities. Your Company will also increase presence of its products in Large Format Stores in the current financial year.

Your Company is engaged in capacity expansion to keep up with the increasing demand for its products. Expansion of weaving and finishing capacity is under implementation and suit factory has been set up and part production has commenced. This will help cater to the increasing demand in the Ready-to-Wear segment.

Luxury Cotton division is growing at a rapid pace registering noticeable growth in revenues and profitability with improved assets utilization and productivity levels. Additionally, the 'World Player' brand which addresses the economy segment, witnessed strong traction. We anticipate significant volumes from the brand as the market penetration and operational efficiencies improve. Plans for the nationwide unveiling of Kruger, a premium casual brand, have been progressing well with the launch expected soon.

Raw material prices are expected to be stable although at higher levels. The outlook for the current year looks bright as more Corporates as well as Government institutions are looking for reliable and good brands for their consumption. We are poised very favourably in the garment and apparel space given the depth and diversity of our operations.



**Reid & Taylor (India) Ltd. (RTIL) Initial Public Offering (IPO):**

Members are aware that the Company's subsidiary Reid & Taylor (India) Ltd. had completed all the required formalities to make an Initial Public Offering of issue size ₹1000 crores, of which ₹500 crores was primary issue for funding growth and ₹500 crores was secondary issue being offer for sale of equity shares by existing shareholders. However, because of the sluggish market conditions throughout the past months and an uncertain IPO climate, RTIL management has decided to defer its IPO for the time being.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company is committed to support CSR initiatives and contribute towards the welfare and social upliftment of the community. In the year under review, your Company donated sums upto ₹40,25,000 towards educational activities of youth and tribals. Furthermore, your Company's subsidiary Anjaneya Foundation, which is set up in order to promote and support charitable activities, donated a sum of ₹32,75,000/- towards educational and medical assistance.

**SHARE CAPITAL**

The equity share capital of the Company as at 31<sup>st</sup> March, 2012 has gone up by ₹12,42,50,000/- from the previous year-end. This is as a result of allotment of 1,24,25,000 equity shares of ₹ 10/- each to Sansar Exim Private Limited, a promoter group Company on 13<sup>th</sup> December, 2011 on conversion of 1,24,25,000 Equity Share Warrants into equivalent numbers of equity shares of ₹ 10/- each at a premium of ₹ 54.53 per share. The said Equity Share Warrants were issued pursuant to the Special Resolution passed by the shareholders through Postal Ballot Notice dated 19<sup>th</sup> April, 2010 and Postal Ballot result declared on 31<sup>st</sup> May, 2010.

**EMPLOYEES STOCK OPTION SCHEME (ESOP)**

As at 31<sup>st</sup> March, 2012 there were 9,11,820 nos. of options in force to the senior employees at a price of ₹ 89.60 per option.

No options were exercised during the year under report.

The Company cancelled / withdrew 5,75,080 ESOPs granted under Employees Stock Option Scheme to the ex-employees of the Company who did not subscribe shares under ESOP Scheme.

**HUMAN RESOURCE**

Your Company recognizes that employees play a key role in making our business successful and we achieve that through empowering our employees. Your Company maintained an environment dedicated to maintaining high employees' sense of pride, morale and teamwork. The Human Resource Development activities focused on multi-skills training and performance management workshops. The functioning and activities were further aligned to Company's business objectives. The ongoing thrust on rationalization of manpower with focus on proper utilization continued with implementation of Zero-base manpower budget.

**CORPORATE GOVERNANCE**

To comply with the conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Management Discussion and Analysis and Corporate Governance together with a certificate from the Company's Auditors confirming compliance is included in the Annual Report.

**INFORMATION TECHNOLOGY**

Your Company is in the process of Enterprise Resource Planning (ERP) implementation. Keeping in mind our business requirements, Management evaluated and decided to implement combination of two ERP's, i.e. NOW from Datatex for all operational areas and ORACLE FINANCIALS for financial accounting. Several modules of the above two ERP's are being implemented for the Company's Textile and Apparel business in India. In totality, the Company will have 16 implementation locations including Mysore as base location, where the connectivity through dedicated lease lines and video conference facility has been given.

**DIRECTORATE**

The management is sad to inform about the demise of Dr. A.C.Shah, the then Chairman of the Company, who passed away on 16<sup>th</sup> January, 2012 due to ill-health. He was Chairman of the Company from 8<sup>th</sup> July, 2005. The Board placed on record the invaluable contribution to the deliberations, advice and guidance given by late Dr. A. C. Shah during his tenure as Chairman. The Board unanimously appointed Shri Nitin S. Kasliwal, Vice Chairman and Managing Director to be the Chairman of the Board w.e.f from 13<sup>th</sup> February, 2012.

Vide letter dated 15<sup>th</sup> September, 2011, India Debt Management Private Limited appointed Shri Susheel Kak as Nominee Director vice Shri Anish Modi. The Board placed on record the guidance, advice and support given by Shri Anish Modi during his tenure as Director. We look forward to the guidance and experience of Shri Susheel Kak to help the Company in achieving its objectives.

Vide letter dated 18<sup>th</sup> April, 2012, Exim Bank appointed Shri Sujeet Bhale as Nominee Director vice Dr. Vinayshil Gautam. The Board placed on record the guidance, advice and support given by Dr. Vinayshil Gautam during his tenure as Director. We look forward to the guidance and experience of Shri Sujeet Bhale to help the Company in achieving its objectives.

In accordance with the Companies Act, 1956 and the Company's Articles of Association, Shri M. Damodaran, Shri Jitender Balakrishnan and Shri Denys Firth retire by rotation and being eligible offer themselves for re-appointment.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- 1) that in preparation of the Annual accounts the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- 2) that such accounting policies have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the Statement of Profit and Loss of the Company for the year ended on that date;
- 3) that 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) that the annual accounts have been prepared on a going concern basis.

#### **DEPOSITS**

Fixed Deposits received from the shareholders and the public stood at ₹ Nil as on 31<sup>st</sup> March, 2012 (Previous year ₹ Nil).

There is no deposit or interest claimed but remained unpaid. All the claimed deposits with interest have been repaid in time. Members are aware that the fixed deposit schemes have been discontinued with effect from 1<sup>st</sup> April, 2001, as benefits were not commensurate with administrative costs.

#### **STATUTORY INFORMATION**

##### **FINANCE AND ACCOUNTS**

The observations made by the Auditors in their Report and included in the relevant notes forming part of the Accounts, are self explanatory.

##### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared by your Company in accordance with the applicable Accounting Standards (AS 21, AS 23 and AS 27) issued by the Institute of Chartered Accountants of India and the same together with Auditors Report thereon form part of the Annual Report.

##### **SUBSIDIARY COMPANIES**

The statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the Company's subsidiaries is attached. Pursuant to direction under section 212(8) of the Companies Act, 1956 by Government of India, Ministry of Corporate Affairs, New Delhi vide General Circular No. - 2/2011 No. 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011, the Board of Directors, by passing resolution on 30<sup>th</sup> May, 2012, gave consent for not publishing / attaching copies of the Balance Sheets, Statement of Profit & Loss, Reports of the Board and the Auditors of all the Subsidiary Companies with the audited financial statements of the Company as at 31<sup>st</sup> March, 2012.

The annual accounts of the subsidiary companies are kept for inspection by any shareholder at the registered office of the Company and shall be made available to shareholders seeking such information at any point of time.

##### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Additional information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy and Technology Absorption is given in the prescribed forms which are given in Annexure '1' to the Directors' Report.

##### **PARTICULARS OF EMPLOYEES**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219 (1) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees under Section

217 (2A) of the Companies Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

#### **AUDITORS**

The Board, on the recommendation of the Audit Committee, has proposed that M/s. Haribhakti & Co. Chartered Accountants, Mumbai, be re-appointed as the Statutory Auditors of the Company and to hold office till the conclusion of the next Annual General Meeting of the Company. M/s. Haribhakti & Co., have forwarded their certificate to the Company stating that their re-appointment, if made, will be within the limit specified in that behalf in sub-section (1B) of section 224 of the Companies Act, 1956.

In respect of observations made by the Auditors, please refer to notes to Financial Statements, note no. 27 in respect of Standalone Financial Statements and notes no. 27 to 31 in respect of Consolidated Financial Statements which are self - explanatory and hence in the opinion of the Directors, do not require any further explanation. With respect to other observations, these are receiving the management's attention and will be satisfactorily resolved.

#### **ACKNOWLEDGEMENT**

Your Directors wish to place on record the excellent support, assistance and guidance provided by the financial institutions, banks, customers, suppliers and other business associates. Thanks are also due to your Company's employees for their tireless efforts and high degree of commitment and dedication. Your Directors especially appreciate the continued understanding and confidence of the Members.

By Order of the Board  
For **S. KUMARS NATIONWIDE LIMITED**

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

**Nitin S. Kasliwal**  
Chairman & Managing Director

## ANNEXURE (1) TO THE DIRECTORS REPORT

### A. CONSERVATION OF ENERGY

#### Energy Conservation measures taken

Energy resources are essential part of our life and its availability is also inadequate. We are committed for most advantageous utilization of various forms of energy in cost effective methods for conservation of the precious energy resources.

We at SKNL, are continuously committed to adopt Energy Conservation measures and practices in all our processes, activities, products and services.

Practicing Continuous implementation of energy conservation measures has resulted in a steady decline of specific Energy consumption.

Some major energy conservation measures carried out during the year are as under:

#### (i) Utilizing Yarn dyeing cooling return water, as feed water to Boiler

Yarn dyeing process water (having average temperature of around 50 Deg ) is used as feed water to Boiler for Steam generation.

Considering average rise of 15 Deg C and 30 KLD water, saving per day will be 450 Kcal / Day, i.e 47 Kg of Furnace Oil.

#### (ii) Installation of VFD in Compressor & STP Plant

Variable frequency drive has been installed in Compressor Water pump (18.5 KW) and STP Air blower ( 3.7 Kw ), to run plant with required flow.

Total Power consumption are

Without VFD 426 Kwh per day

With VFD 340 Kwh per day

Saving in power consumption is 86 units per day i.e 30960 units per Year

#### (iii) Rain Water Harvesting

We have set up water harvesting system in the plant, whereby we collect whole rain water & use the same in manufacturing process.

Total quantity collected during season was over 10000 KL.

#### (iv) Recycle of Pad dry and Stenter Cooling cylinders

We are collecting process water of Pad dry and stenter cooling cylinders and after filtration it is being reused again in process .

Total Water recovered per day will be around 30 m3 /day.

Total Water recycled per year will be 10800 m3.

#### (v) Utilising Singeing Burner cooling water & CRP vapour condensate .

Hot water from Singeing Burner and CRP vapour condensate is being utilized in Pre treatment range . This in turn reduces water & steam consumptions for PTR .

(Average Water temperature gain of 10 deg )

Total soft water saving will be around 5000 Kl / Year

Total Steam saving will be around 75 Tons /Year

#### (vi) Optimization of Stenter m/c chamber temperature and Exhaust gas settings

Optimized Stenter m/c process temperature requirements achieved by reduction of 20 Deg C Temperature .

Also exhaust gas requirements has been optimized and reduction of 20% exhaust air is achieved in Stenter process This has resulted in saving of around 5 Gms of Gas / Mt of Fabric.

### B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption - As per Form "B" given below:

Research & Development (R & D)

#### FORM "B"

#### 1. Specific areas in which R&D carried out by the Company:

Focus is given on Continual Product development and research.

#### 2. Benefits derived as a result of the above R & D

As a result we are able to cater high end market ,improved product quality and customer satisfaction .

### 3. Future plan of action

Same as above

### 4. Research and Development

#### Technology Absorption, Adoption and Innovation

The Company has absorbed the technology of manufacturing exclusive high value super fine cotton shirting fabric

#### 1. Efforts, in brief, made towards technology absorption, adoption and innovation:

Latest state of the art technology machines and testing equipments have been imported from Western Europe, which give consistent high value end product and are being tested and maintained regularly for consistent quality.

Additional Equipments for testing and new product developments have been installed for faster and accurate product manufacturing.

#### 2. Benefits derived as a result of the above efforts

With continuous product and design developments, two new complete product range of High value added Shirting is being offered to high end brands.

#### 3. Information regarding Imported Technology

All testing and manufacturing equipments have been imported from Europe. Latest technology machinery with automation has been adopted.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### a) Activities relating to export, initiatives to increase exports, Developments of new export markets for Products and Services and Export Plan:

The company has continued to maintain focus on and avail of export opportunities based on economic consideration During the year the Company has exports (FOB value) worth ₹ 6,692.53 Lacs.

#### b) Total Foreign exchange earned and used

(₹ in Lacs)

	Current Year 2011-12	Previous Year 2010-11
a. Total Foreign Exchange earned	6,692.53	6,850.46
b. Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
<b>Sub Total (a + b)</b>	6,692.53	6,850.46
c. Total Foreign Exchange used	7,149.14	11,774.09

### FORM A

#### FORMING PART OF ANNEXURE (1)

#### Form for Disclosure of particulars with respect to conservation of Energy

##### Part A - POWER AND FUEL CONSUMPTION

Electricity Purchased	Current year	Previous year
Units in lacs	275.30	224.64
Total Amount ₹ lacs	1,566.46	1,130.32
Rate / Units ₹	5.69	4.62
<b>Own generation</b>		
Through Deisel generator		
Units (D. G. Units) in lacs	4.52	6.02
Unit / Liter of Diesel Oil	4.79	4.71
Cost / Unit ₹	5.97	5.89

##### Part B - CONSUMPTION PER UNIT OF PRODUCTION

Electricity	Current year	Previous year
Fabrics KWH / Mts	0.32	0.33

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## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2011-12 was again a very challenging year both globally and domestically. The world output growth dropped to 3.9% in 2010-11 from 5.3% during 2009-10, mainly due to the depressed performance of European countries on account of continued and protracted Sovereign Debt crisis. India witnessed moderate growth, high inflation, a slowdown in reforms and heightened concerns around governance.

The country's annual GDP growth has been dragged down to 6.5%, the lowest since 2002-03 (previous year 8.4%). The slowdown in manufacturing to 2.5% for the year, compared to 7.6% for the previous year is particularly depressing. The fiscal deficit for 2011-12 was 5.9% higher than the estimated 4.6%. Economists have attributed the fall this time to a poor performance in manufacturing, mining and construction, a high interest rate regime, environmental issues, land acquisition problems and an uncertain global economy. Industry captains believe that the reform process should be given top priority, subsidies should be cut and FDI in various sectors be allowed.

The indifferent business sentiment has been keeping the private investment in the country low. During this period, it is extremely important to restore the confidence levels of investors. And for this the government needs to ensure that the reform process is continuous and very comprehensive. The Monetary Policy stance by the RBI during the year 2011-12 continued to remain tight, aiming at controlling inflation and containing inflationary expectations.

While the global growth rate is likely to remain subdued, the world economy is expected to continue on the path of recovery. Industry Captains are still positive about the India story and have ranked the country as the fourth most favourable nation for overall growth prospects in the next 12 months, just behind China, the US and Brazil. The domestic market opportunities remain large.

Indian economy has been immensely benefited by the Textile sector's contribution to the growth of manufacturing sector through continued innovation and modernization. The sector has vast growth potential in view of its inherent strengths of strong raw material base and traditional craftsmanship and designing skills. Indian Textiles and Clothing Industry, is one of the mainstays of the national economy. The profile of the Indian consumer is changing because of rapid urbanization, changing preferences due to rise in income and a young workforce.

### Opportunities / Threats / Challenges

SKNL continued to perform above par in the face of global and domestic economic uncertainty. 'Belmonte' and 'Reid & Taylor' remain key contributors to the overall performance of the Company.

### SKNL's key strengths are:

1. Only Indian Company to operate 45 globally well-established textile and apparel brands.
2. Not dependent on one raw material source as inputs include wool, polyester, rayon, linen and cotton.
3. Manufacturing units in India, Italy, UK, USA and Canada with cost-effective outsourcing.
4. Strong synergy between Indian and International operations through back-end, front end model.
5. Rapidly expanding franchise / distribution network in India through exclusive brand outlets.

Higher raw material costs, slowdown in global as well as domestic economy and competition from other countries in the neighbourhood could adversely impact the profitability and the competitiveness. However, the Company's operations are resilient enough to withstand unfavorable conditions.

### A brief review of some of the SBU's is given hereunder:

#### Blended and Uniform fabrics

Consumer Textiles division focuses on the economy and mid-price strata of the society and deals in fabrics for work wear, uniforms and daily wear. The Company is market leader in Uniforms with 30% market share and is one of the largest institutional suppliers of textiles to defence and police forces in India.

#### Total Home Expressions

Though the Carmichael House brand has been well-accepted, the market for Home Textiles has been generally lukewarm and therefore the growth in the Division has been subdued.



**Baruche Superfine Cottons (BSFC)**

The Luxury Cotton division manufacturing high quality shirting fabric, primarily for export, is a high margin business and is achieving good growth with high capacity utilization at the state-of-the-art plant near Bharuch in Gujarat.

**Luxury Textiles**

The Reid & Taylor (India) Ltd. subsidiary continued to be a prime revenue driver reporting consistent growth over a period of time. Despite increased selling expenses and rising raw material prices for both polyester and wool, EBIDTA margins remained fairly steady due to expanding volumes and better realizations in polyester-wool as well as polyester-viscose fabrics. The subsidiary plans to soon launch 'Kruger', a premium casual brand.

**Ready to Wear**

This Division consists of garments / apparel represented by Reid & Taylor, Belmonte and World Player and has achieved significant improvement in revenues and profitability with good market penetration extending to several districts in India.

**International Businesses**

This segment includes HMX, Leggiuno and DKNY related operations. Despite the worldwide economic uncertainty, revenues and margins have been improving.

**Growth Prospects**

The Company historically has followed a well-planned growth strategy. Capacity expansion at Dewas, Mysore and Bharuch have been implemented and the suit factory at Bangalore has been set up and part production has commenced. The Company plans to capture more value from direct retailing and increasing the share of ready-to-wear in revenue composition.

**Financial Performance**

The Company's performance is consistently on a growth trajectory. It continues to maintain healthy financial ratios with conservative leverage providing flexibility for expansion.

**Risks and Concerns**

The domestic, regional and global economic environment directly influences the consumption of textile products. Any economic slowdown can adversely impact demand-supply dynamics and profitability of all industry players including our Company. However, with some exception, the Company's operations have historically shown significant resilience to the fluctuations of economic and industry cycles. The Company's diverse product portfolio and broad product mix basket is an added asset, providing a buffer against market fluctuations.

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates, commodity prices, business risk and compliance risks. Business risk evaluation and management is an ongoing process within the Company which is managed by regular monitoring and corrective actions. The Company adopts a prudent and conservative risk-mitigating strategy to minimize any adverse impact. The Company's strong reputation for quality product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price rise of raw materials.

**Adequacy of Internal Control**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly.

The internal control systems are supplemented by an extensive programme of internal audits, reviews by management and documented guidelines and procedures. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

**Cautionary Statement**

Statements made in this report in describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized by the Company. Actual results could differ materially from those expressed in the statement or implied due to the influence of external and internal factors, which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

## AUDITORS' REPORT

To

**The Members of S. Kumars Nationwide Limited**

1. We have audited the attached Balance Sheet of S. Kumars Nationwide Limited ('the Company') as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss and also 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.
2. 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 misstatement. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss 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. Pursuant to Circular No. 8/2002 dated March 22, 2002 issued by the Department of Company Affairs, Ministry of Law, Justice & Company Affairs, Government of India, directors nominated by the Public Financial Institutions / Banks / Central & State Government are not liable to be disqualified for appointment as directors under the provisions of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956. In respect of other directors, on the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi. Without qualifying our opinion, we draw attention to Note No.27 regarding the change in accounting policy with respect to amortization of recompense expense amounting to ₹ 14,310.31 lacs as on 1<sup>st</sup> April, 2011 pertaining to earlier years which has been adjusted against accumulated surplus under the head 'Reserves & Surplus.'
  - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes there on, 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 the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 ;
    - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**Rakesh Rathi**  
Partner  
Membership No.45228

Place: Mumbai  
Date: 30<sup>th</sup> May, 2012

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of S. Kumars Nationwide Limited on the financial statements for the year ended 31<sup>st</sup> March, 2012]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of verification of fixed assets wherein all fixed assets are verified once in a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventories (excluding stocks with third parties) have been physically verified by the management during the year. In respect of inventories lying with third parties, these have substantially been confirmed by them along with certification of physical verification of such inventories from an independent CA firm. 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 no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of loans granted to such company was ₹ 41.35 lacs.
- (b) In our opinion and according to the information and explanations given to us, the terms and conditions for such interest free loans are not, prima facie, prejudicial to the interest of the Company and the said loan is repayable on demand. Accordingly, the provision stated in paragraph 4(iii)(c) of the order is not applicable.
- (d) There is no overdue amount of loans granted to the Company listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The Company has taken loans or advances in the nature of loans amounting to ₹ 8,921.05 lacs during the year from two companies listed in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 66,702 lacs (including interest bearing loan amounting to ₹ 27,500 lacs) and the year ended balances of all loans or advances in the nature of loans taken from the said companies were ₹ 31,231.05 lacs.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have not been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, such undisputed dues of the Company which were outstanding, at the year end for a period of more than six months from the date they became payable aggregate ₹ 4,917.26 lacs.

- (b) According to the records of the Company, the statutory dues of ₹ 546.95 lacs that have not been deposited on account of disputes pending before appropriate authorities are as under:

Name of the Statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	29.75	FY 2008-09	CIT (A)
Income Tax Act, 1961	TDS	517.20	FY 2006-07, 07-08 and 08-09	CIT (A) (TDS)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company has defaulted in repayment of dues to banks and financial institution. As at balance sheet date, the dues include principal aggregating ₹ 7,033.54 lacs and interest aggregating ₹ 3,340.29 lacs which are for a period ranging from one to six months, out of which ₹ 5,431.10 lacs have since been repaid.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

- (xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to a company covered in the register maintained under section 301 of the Act. In our opinion, the price, at which shares have been issued, is not prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, no debentures have been issued by the Company during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, 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 **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

Place: Mumbai  
Date: 30<sup>th</sup> May, 2012

**Rakesh Rathi**  
Partner  
Membership No.45228

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

	Note No.	Current Year As At 31.03.2012	Previous Year As At 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	34,973.79	33,731.29
Reserves & Surplus	2	120,769.72	114,258.86
Money received against Share Warrants	1.5	-	3,254.46
		<b>155,743.51</b>	151,244.61
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	3	80,132.67	104,685.99
Deferred Tax Liabilities (Net)	4	3,960.20	2,692.35
Other Long Term Liabilities	5	41.51	23.92
Long Term Provisions	6	148.26	96.80
		<b>84,282.64</b>	107,499.06
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	7	162,435.14	117,864.42
Trade Payables	8	25,739.09	8,166.66
Other Current Liabilities	9	80,061.13	68,043.68
Short Term Provisions	10	8,319.63	4,280.25
		<b>276,554.99</b>	198,355.01
<b>Total</b>		<b>516,581.14</b>	457,098.68
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	11		
(i) Tangible Assets		109,103.68	76,391.67
(ii) Intangible Assets		21.73	27.28
(iii) Capital Work-in-Progress		2,363.63	5,451.21
Non-Current Investments	12	51,686.58	50,417.58
Long Term Loans and Advances	13	58,520.88	49,341.89
Other Non-Current Assets	14	4,772.65	20,481.68
		<b>226,469.15</b>	202,111.31
<b>CURRENT ASSETS</b>			
Inventories	15	116,210.45	94,069.81
Trade Receivables	16	149,376.03	118,872.53
Cash and Bank Balances	17	1,080.00	2,076.84
Short Term Loans and Advances	18	20,626.04	35,478.44
Other Current Assets	19	2,819.47	4,489.75
		<b>290,111.99</b>	254,987.37
<b>Total</b>		<b>516,581.14</b>	457,098.68

Significant Accounting Policies and the accompanying notes form an integral part of the Financial Statements.

As per our report of even date  
For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Chairman and Managing Director  
**ANIL CHANNA** Deputy Managing Director

**J. S. SHETTY** Director Finance and Group CFO

**NIMESH S. SHAH** Sr. Vice President & Company Secretary

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

( ₹ in lacs)

	Note No.	Current Year ended on 31.03.2012	Previous Year ended on 31.03.2011
<b>INCOME</b>			
Revenue from Operations (Gross)	20	351,524.15	275,762.04
Less : Excise Duty		441.21	-
Revenue from Operations (Net)		351,082.94	275,762.04
Other income	21	200.68	355.24
<b>Total Revenue</b>		<b>351,283.62</b>	<b>276,117.28</b>
<b>EXPENSES</b>			
Cost of Materials consumed	22	258,841.75	204,774.66
Changes in inventories of finished goods and work-in-progress	23	(13,291.10)	(11,809.23)
Employee benefits expenses	24	8,844.64	5,751.16
Finance costs	25	40,355.50	31,891.26
Depreciation and Amortization expenses	11	9,221.93	7,400.26
Other Expenses	26	19,388.27	18,050.26
<b>Total Expenses</b>		<b>323,360.99</b>	<b>256,058.37</b>
<b>Profit/(Loss) before tax</b>		<b>27,922.63</b>	<b>20,058.91</b>
<b>Tax expenses:</b>			
Current tax		8,463.92	5,227.75
MAT credit entitlement		-	(3,564.55)
Deferred tax		1,267.84	985.83
Short/(Excess) provision of earlier years		234.00	139.53
<b>Total Tax Expenses</b>		<b>9,965.76</b>	<b>2,788.56</b>
<b>Profit/(Loss) for the year</b>		<b>17,956.87</b>	<b>17,270.35</b>
<b>Earnings per equity share:</b>	40		
- Basic		₹ 6.21	₹ 6.57
- Diluted		₹ 6.20	₹ 6.25

(Nominal Value of Share ₹ 10/- each)

Significant Accounting Policies and the accompanying notes form an integral part of the Financial Statements.

As per our report of even date  
For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Chairman and Managing Director  
**ANIL CHANNA** Deputy Managing Director  
**J. S. SHETTY** Director Finance and Group CFO  
**NIMESH S. SHAH** Sr. Vice President & Company Secretary

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2012

( ₹ in lacs)

		Current Year ended on 31.03.2012	Previous Year ended on 31.03.2011
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	<i>Net Profits Before Tax and Extraordinary Items</i>	27,922.63	20,058.91
	Adjustments for:		
	a) Depreciation	9,221.93	7,400.26
	b) Deferred Revenue Expenditure	-	1,596.27
	c) Profit/Loss on sale of fixed assets(net)	6.11	23.44
	d) Sundry balances written back	(24.47)	(148.64)
	e) Sundry balances written off	0.01	3.87
	f) ESOP Compensation (credited)/debited to P & L a/c	(220.83)	(60.88)
	g) Provision for doubtful debts	50.67	50.75
	h) Finance Costs	40,355.50	30,294.99
	i) Interest Income	(63.08)	(54.83)
	j) Exchange rate fluctuation	551.83	66.91
	<i>Operating Profit before Working Capital Changes</i>	77,800.30	59,231.05
	Movements in Working Capital		
	a) Trade & other receivables	(14,988.59)	(51,410.59)
	b) Inventories	(22,140.64)	(21,475.94)
	c) Trade and other payables	24,995.98	3,940.57
	<i>Cash Generated from / (Used in) Operating Activities</i>	65,667.05	(9,714.91)
	a) Direct Taxes	(1,305.45)	(2,869.80)
	<i>Net cash Flow from / (Used in) Operating Activities</i> <b>Total (A)</b>	64,361.60	(12,584.71)
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	a) Acquisition of Fixed assets (Including CWIP and Capital Advances)	(49,223.53)	(14,099.96)
	b) Sale of Fixed Assets	6.08	25.41
	c) Non-Current Investments	(1,269.00)	(7,848.77)
	d) Proceeds/(Investments) from/to fixed deposits	83.29	9.12
	e) Interest Income	63.08	54.83
	<i>Net cash Flow from / (Used in) Investing Activities</i> <b>Total (B)</b>	(50,340.08)	(21,859.37)
<b>C</b>	<b>Cash Flow from Financing activity</b>		
	a) Proceeds from Long Term Borrowings	2,368.60	16,209.40
	b) Repayment of Long Term Borrowings	(21,602.17)	(6,232.88)
	c) Short Term Borrowings (Net)	44,570.72	27,437.97
	d) Proceeds from Equity Shares/ Shares to be allotted	4,763.39	29,398.71
	e) Redemption of Preference Shares	-	(2,404.84)
	f) Dividend paid (including dividend tax)	(3,946.64)	-
	g) Finance Costs	(40,355.50)	(30,294.99)
	<i>Net cash Flow from / (Used in) Financing Activities</i> <b>Total (C)</b>	(14,201.60)	34,113.37
	<i>Net Increase in Cash and Cash Equivalents</i> <b>Total (A+B+C)</b>	(180.08)	(330.71)
	Cash & Cash Equivalent (Opening Balance)	231.75	562.46
	Cash & Cash Equivalent (Closing Balance)	51.67	231.75
	<i>Net Change in Cash &amp; Cash Equivalent</i>	(180.08)	(330.71)

**Notes :**

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 (AS-3) "Cash Flow Statement".
- Cash and cash equivalents comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less. (Refer Note 17)
- Figures in brackets represent outflows.
- Previous Year figures have been recast/restated wherever necessary.

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** *Chairman and Managing Director*  
**ANIL CHANNA** *Deputy Managing Director*

**J. S. SHETTY** *Director Finance and Group CFO*

**NIMESH S. SHAH** *Sr. Vice President & Company Secretary*

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Corporate Information

S. Kumars Nationwide Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Company's shares are listed on two stock exchanges in India. The Company is engaged in textile business and operates in several product categories including blended suitings, high value fine cotton ("HVFC"), uniform fabrics, work-wear, home textiles and furnishings and ready-to-wear garments and in all fibre categories (natural, blended and man-made fibers). The Company caters to both domestic and international markets.

### 2. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Financial statements have been prepared on an accrual basis and under the historical cost convention, except for freehold land, Building and Plant & Machinery having revalued amount as disclosed in Note -11 of the Financial Statements. The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year.

### 3. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the value of assets and liabilities as well as revenues and expenses as reported in the financial statements. The difference between the actual result and estimates are recognized during the period in which they are materialized / known.

### 4. Tangible Assets

Tangible Assets are stated at their original cost, net of Cenvat/value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost includes interest, financial charges, freight, taxes and other incidental expenses incurred for acquisition and installation of the assets. Tangible Assets revalued are stated at values determined by the independent valuers.

### 5. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

### 6. Depreciation and Amortisation

- a) Depreciation on Tangible Assets including revalued assets have been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. Depreciation on additions to Tangible Assets is provided for on pro-rata basis from the date of addition/acquisition till the end of the year and on assets sold/discarded/demolished to the date of disposal. The depreciation on revalued portion of assets is adjusted against the revaluation reserve.
- b) Depreciation on assets whose actual cost does not exceed ₹ 5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- c) Computer software/System Development: Amortised over a period of five years.

### 7. Capital Work-In-Progress

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, interest and other financing costs payable on funds specifically borrowed to the extent they relate to the period till assets are ready for intended use.

### 8. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**9. Valuation of Inventories**

- a) Raw materials (including goods-in-transit) are valued at cost, on first-in-first-out basis.
- b) Work-in-process is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.
- d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first-in-first-out basis.

**10. Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

**11. Recognition of Income and Expenditure**

- a) Domestic sales are recognized on transfer of risk and reward which generally coincides with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of date of bill of lading.
- c) Sales are inclusive of dyeing charges, conversion charges and are net of shortage and discounts, excluding value added tax.
- d) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognized on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being immaterial, are accounted for on cash basis.
- f) The claims against the company are accounted for on acceptance basis.

**12. Foreign Exchange Transactions**

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the Statement of profit and loss. In case of forward contracts (non speculative), the exchange differences are dealt with in the statement of profit and loss over the period of contracts.

**13. Employee Benefits**

- a) Employee benefits comprise both defined contribution and defined benefit plans.

**Defined contribution plan :**

Contribution to defined contribution plans are recognised as expenses in the Statement of Profit and Loss, as they are incurred.

**Defined benefit plan :**

The Company's liability towards gratuity & leave encashment is accounted for on the basis of an actuarial valuation, applying Projected Unit Credit Method done at the year end and is charged to Statement of profit and loss.

- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.

**14. Research & Development**

Revenue expenditure, including overheads on Research and Development, is charged off as an expense in the year in which incurred. Expenditure which results in the creation of capital assets during development stage is taken as Fixed assets.

**15. Investments**

Investments are classified into Current and Non Current Investments. Current Investments are stated at lower of cost and fair value. Non Current Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Non Current Investments.

**16. Borrowing costs**

Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

**17. Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognized as an expense, as applicable, over the lease period.

**18. Segment Reporting**

The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one reportable business segment i.e. Textiles and as such there are no separate reportable business segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

**19. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**20. Income Tax**

Tax expense comprises of current tax and deferred tax. Current tax and deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", issued by the Institute of Chartered Accountants of India. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred Tax is measure based on the tax rate and tax laws, enacted or substantively enacted at the Balance Sheet date.

**21. Employee Stock Option Schemes**

The Company has granted Stock Options to its employees under Employees Stock Option Scheme, 2007 - Series 'A' ("ESOP, 2007"). In respect of Options granted under the Employees Stock Options Plan, in accordance with guidelines issued by the SEBI and in compliance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accounts of India in the year 2005 and applicable for the period on or after 1st April 2005, the cost of stock options granted to employees are accounted by the Company using the intrinsic value method and the cost based on excess of market value over the exercise price is recognized in Statement of Profit & Loss, over vesting period on time proportion basis and included in the 'Employee benefit expenses' in Note 24 of the Financial Statements. Should any employee leave in the subsequent year, before exercise of the Option, the value of Option accrued in their favour is written back to the General Reserve.

**22. Provisions and Contingent Liabilities**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

**Current Year**  
**As at 31.03.2012**

**Previous Year**  
**As at 31.03.2011**

**NOTE 1 - SHARE CAPITAL**

	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised Capital</b>				
Preference shares of ₹ 100 each	9,000,000	9,000.00	9,000,000	9,000.00
Equity Shares of ₹ 10 each	370,000,000	37,000.00	370,000,000	37,000.00
<b>Total</b>	<b>379,000,000</b>	<b>46,000.00</b>	<b>379,000,000</b>	<b>46,000.00</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>				
6% Cumulative Redeemable Preference Shares of ₹ 100 each, fully paid up	527,500	527.50	527,500	527.50
0.01% Redeemable Preference Shares of ₹ 100 each, fully paid up	4,705,947	4,705.95	4,705,947	4,705.95
Equity Shares of ₹10 each, fully paid up	297,403,377	29,740.34	284,978,377	28,497.84
<b>Total</b>	<b>302,636,824</b>	<b>34,973.79</b>	<b>290,211,824</b>	<b>33,731.29</b>

**Note 1.1 - Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

(₹ in lacs)

Particulars	6% Cumulative Redeemable Preference Shares			
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	527,500	527.50	1,982,500	1,982.50
Shares redeemed during the year	-	-	1,455,000	1,455.00
Shares outstanding at the end of the year	527,500	527.50	527,500	527.50

(₹ in lacs)

Particulars	0.01% Redeemable Preference Shares			
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	4,705,947	4,705.95	5,655,785	5,655.79
Shares redeemed during the year	-	-	949,838	949.84
Shares outstanding at the end of the year	4,705,947	4,705.95	4,705,947	4,705.95

(₹ in lacs)

Particulars	Equity Shares			
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	284,978,377	28,497.84	236,513,838	23,651.39
Shares issued during the year	12,425,000	1,242.50	48,464,539	4,846.45
Shares outstanding at the end of the year	297,403,377	29,740.34	284,978,377	28,497.84



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

**Note 1.2 - Details of Preference shareholders holding more than 5% in 6% Cumulative Redeemable Preference shares of the Company**

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anjaneya Holdings Private Limited	372,500	70.62	372,500	70.62
SICOM Limited	155,000	29.38	155,000	29.38

**Details of Preference shareholders holding more than 5% in 0.01% Redeemable Preference shares of the Company**

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IDBI Limited	4,306,627	91.51	4,306,627	91.51
Indian Bank	319,800	6.80	319,800	6.80

**Details of Equity shareholders holding more than 5% in equity shares of the Company**

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anjaneya Holdings Private Limited	102,515,168	34.49	102,515,168	35.97
Morgan Stanley Mauritius Company Limited	-	-	14,661,515	5.14
Copthall Mauritius Investment Limited	17,359,445	5.84	14,072,445	4.94

**Note 1.3 - Details of shares issued for consideration other than cash**

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
<b>0.01% Redeemable Preference Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	77,267

**Note 1.4 - Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The Dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31<sup>st</sup> March, 2012, the amount per share dividend recognised as distribution to equity share holder was ₹ 1 (31<sup>st</sup> March, 2011 : ₹ 1 )

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

**Note 1.5 - Equity Shares allotted during the year**

During the year the Company has received ₹ 4,763.39 lacs from Sansar Exim Pvt. Ltd., a promoter group company, being the balance 59% of the subscription amount towards 1,24,25,000 Number of warrants of ₹ 64.53 each aggregating ₹ 8,017.85 lacs with an option to convert into equal nos. of Equity shares of ₹ 10/- each at a premium of ₹ 54.53 per share within 18 months from the date of allotment, which was issued on preferential basis and allotted, in its meeting held on 15th June, 2010. The investor has opted for the conversion of above Equity warrants and the Company has allotted 1,24,25,000 nos. of Equity Shares of ₹ 10/- each at a premium of ₹ 54.53 per share on 13<sup>th</sup> December, 2011 against receipt of full amount.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### Note 1.6 - Terms of Redemption of Preference shares

6% Cumulative Redeemable Preference Shares redeemable by 1<sup>st</sup> October, 2013.

0.01% Redeemable Preference Shares amounting to ₹ 79.50 lacs is to be redeemed @ 25% in each year between Oct'16 to Sep'20.

0.01% Redeemable Preference Shares amounting to ₹ 4,626.43 lacs has been fully settled by the Company as per the Corporate Debt Restructuring exit approval, by keeping in Fixed Deposit with the Preference Shareholders an amount equivalent to the Net Present Value of such Preference Shares. However, these Preference Shares are continued to be shown as Preference Shares not redeemed and the amount of such Fixed Deposits which are ₹ 2,693.29 lacs (Previous Year ₹ 2,453.93 lacs), assigned to the Preference Shareholders, continue to be shown on the assets side in Note No 14 - other non-current Asset.

### Note 1.7 - Shares reserved for issue under options

The Company has issued stock options to the permanent employees exercisable into 19,11,000 numbers of equity shares of the Company under 'Employees Stock Option Scheme 2007 - Series A' ("ESOP 2007"). Each option when exercised would be convertible into one equity share of a face value of ₹ 10 each fully paid-up. The important features of the ESOP scheme are as follows:

	Parameters/Terms	Explanation		
I	Vesting period	Minimum period of one year and a maximum period of five years from the date of grant i.e. 31.10.2007.		
II	Vesting schedule	The actual Vesting Schedule of Options will be as follows:		
		Year	Period and Date	% of Vesting
		1st Year	31.10.2007 to 30.10.2008	30%
		2nd Year	31.10.2008 to 30.10.2009	30%
		3rd Year	31.10.2009 to 30.10.2010	40%
III	Exercise price	30% discount on the prevailing market price of ₹ 128/- of the shares as on the date prior to the date of the Compensation Committee resolution.		
IV	Exercise Period	Exercise period will be three years from the date of vesting.		
V	ESOP Price per share	₹ 89.60		

	Particulars	As at 31.03.2012	As at 31.03.2011
a)	Number of Options outstanding at the beginning of the year	1,486,900	1,784,200
b)	Options exercised	NIL	NIL
c)	Total number of shares arising as a result of exercise of Options	NIL	NIL
d)	Options Lapsed/cancelled	575,080	297,300
e)	Money realised by exercise of options	NIL	NIL
f)	Total number of options in force at the end of year	911,820	1,486,900

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

	<b>Current Year As at 31.03.2012</b>	<b>Previous Year As at 31.03.2011</b>
<b>NOTE 2 - RESERVES &amp; SURPLUS</b>		
<b>a. Capital Reserve</b>		
Opening Balance	2,206.25	2,206.25
Closing Balance	2,206.25	2,206.25
<b>b. Capital Redemption Reserve</b>		
Opening Balance	13,267.49	13,267.49
Closing Balance	13,267.49	13,267.49
<b>c. Securities Premium Account</b>		
Opening Balance	75,142.64	49,246.28
(+) Securities Premium credited on Share issue (Refer Note 1.5)	6,775.35	27,714.54
(-) Premium Utilised for various reasons		
- On account of share issue expenses	-	1,031.80
- Premium on Redemption of Debentures (Refer Note 31)	167.65	786.38
Closing Balance	81,750.34	75,142.64
<b>d. Debenture Redemption Reserve</b>		
Opening Balance	4,550.60	3,600.15
(+) Current Year Transfer (Refer Note 31)	202.20	950.45
Closing Balance	4,752.80	4,550.60
<b>e. Revaluation Reserve</b>		
Opening Balance	1,099.68	1,117.36
(-) Written Back on account of depreciation on revalued portion of fixed assests	17.68	17.68
Closing Balance	1,082.00	1,099.68
<b>f. Employee Stock Options outstanding Account</b>		
Opening Balance	570.97	631.84
(+) Total Employee Compensation cost pertaining to share based payment plans	-	51.11
(-) Written back due to lapse/cancellation of employee shared based payment plan (Refer Note 24)	220.83	111.98
Closing Balance	350.14	570.97
<b>g. Surplus</b>		
Opening balance	17,421.23	5,047.97
(+) Net Profit/(Loss) for the year	17,956.87	17,270.35
(-) Balance in Restructured Financial Cost written off (Refer Note 27)	14,310.31	-
(-) Proposed Preference Dividend	31.65	534.74
(-) Tax on Proposed Preference Dividend	5.26	88.81
(-) Proposed Equity Dividend	2,974.03	2,849.78
(-) Tax on Proposed Equity Dividend	493.95	473.31
(-) Transfer to Debenture redemption Reserves	202.20	950.45
Closing Balance	17,360.70	17,421.23
<b>Total</b>	<b>120,769.72</b>	<b>114,258.86</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

**Current Year**      **Previous Year**  
**As at 31.03.2012**   **As at 31.03.2011**

**NOTE 3 - LONG TERM BORROWINGS**

**SECURED**

**(a) Term loans**

Term Loans Under Technology Upgradation Fund Scheme (Refer Note 3.1)	<b>33,659.66</b>	37,833.77
Term Loan Under Overseas Investment Finance Programme (Refer Note 3.2)	<b>13,085.56</b>	19,264.20
Rupee Term Loans from Banks (Refer Note 3.3)	<b>14,674.13</b>	25,633.37
Equipment Finance (Refer Note 3.4)	<b>100.31</b>	184.79

**(b) Loans and advances from Subsidiary**

(Refer Note 3.5)	<b>13,750.00</b>	16,500.00
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(Current maturities of the above all secured loans amounting to ₹ 31,955.63 Lacs  
(P.Y. ₹ 28,057.41 Lacs) is shown in Note 9 - other current liabilities)

<b>Total (A)</b>	<b>75,269.66</b>	99,416.13
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**UNSECURED**

**(a) Term loans**

from Banks (in Foreign Currency) (Refer Note 3.6)	<b>289.59</b>	738.28
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(Current maturities of the above loan amounting to ₹ 1,256.78 Lacs  
(P.Y. ₹ 695.25 Lacs) is shown in Note 9 - Other Current Liabilities)

**(b) Funded Interest Term loans**

from Banks (in Foreign Currency) (Refer Note 3.7)	<b>573.42</b>	531.58
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**(c) Loans and advances from Subsidiary**

(Refer Note 3.8)	<b>4,000.00</b>	4,000.00
------------------	-----------------	----------

<b>Total (B)</b>	<b>4,863.01</b>	5,269.86
<b>Total (A + B)</b>	<b>80,132.67</b>	104,685.99

**Notes :**

**3.1**

- a) Out of the total Loan of ₹ 33,659.66 lacs under Technology Upgradation Fund scheme (TUFs), Loans of ₹ 19,970.22 lacs with Current Maturities of ₹ 4,828.73 lacs are secured by first *pari passu* charge on the Fixed Assets of existing Jhagadia Unit, second *pari passu* charge on all other Fixed Assets and Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd.

These Loans are repayable in 32 Equal Quarterly Installment (EQI) starting from April 2010 to January 2018 and applicable interest rate is in the range of 13.5%-15.0% p.a.

- b) The balance Loan of ₹ 13,689.44 lacs under Technology Upgradation Fund scheme (TUFs), with Current Maturities of ₹ 2,000.00 lacs is secured by specific charge on the Fixed Assets of proposed project, first *pari passu* charge on all other Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit), second *pari passu* charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd.

These Loans are repayable in 32 EQI starting from June 2012 to March 2020 and applicable interest rate is 15.0% p.a. There is delay in repayment of loan amounting to ₹ 672.92 lacs for a period of one to five months, out of which ₹ 513.95 lacs have since been repaid.

**3.2**

- a) Out of the total Loan of ₹ 13,085.56 lacs under Overseas Investment Finance Programme (OIFP), Loan of ₹ 9,125.00 lacs with Current Maturities of ₹ 3,437.50 lacs is secured by first *pari passu* charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, both present and future, specific charge on Debt Service Reserve Account

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(DSRA) opened for this Loan, pledge of promoter's shares held in the Company, pledge of shares of acquired/ subsidiary Company and personal guarantee of Chairman & Managing Director.

This Loan is repayable in 24 EQI starting from December 2010 to September 2016 and applicable interest rate is 13.5% p.a.

- b) The balance Loan of ₹ 3,960.56 lacs under Overseas Investment Finance Programme (OIFP), with Current Maturities of ₹ 3,714.36 lacs is secured by first *pari passu* charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, second *pari passu* charge on the Fixed Assets of existing Jhagadia Unit, second *pari passu* charge on Current Assets of the Company, both present and future, pledge of promoter's shares held in the Company, pledge of shares of acquired/ subsidiary Company and personal guarantee of Chairman & Managing Director.

This Loan is repayable in 42 Equal Monthly Installment (EMI) starting from January 2011 to May 2014 and applicable interest rate is 15.25% p.a. There is delay in repayment of loan amounting to ₹ 973.22 lacs for a period of one month, out of which ₹ 285.72 lacs have since been repaid.

### 3.3

- a) Out of the total Rupee Term Loan of ₹ 14,674.13 lacs, Loan of ₹ 10,336.00 lacs with Current Maturities of ₹ 5,510.42 lacs is secured by first *pari passu* charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, second *pari passu* charge on the Fixed Assets of existing Jhagadia Unit, second *pari passu* charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Reid & Taylor (India) Ltd., first *pari passu* charge on the Fixed Assets of the guarantor Company, second *pari passu* charge on Current Assets of the guarantor Company and pledge of promoter's shares held in guarantor Company.

This Loan is repayable in 20 unequal quarterly instalments starting from December 2009 to September 2014 and applicable interest rate is 13.5% p.a.

- b) Term Loan of ₹ 500.87 lacs with Current Maturities of ₹ 590.00 lacs is secured by specific first charge on Registered Office property, second *pari passu* charge on Current Assets of the Company, both present and future, and personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd.

This Loan is repayable in 20 EQI starting from January 2010 to October 2014 and applicable interest rate is 15.0% p.a.

- c) Term Loan of ₹ 3,750.00 lacs with Current Maturities of ₹ 6,250.00 lacs is secured by first *pari passu* charge on the Fixed Assets (excluding assets having specific charge) of the Company, and second *pari passu* charge on Current Assets of the Company, both present and future.

This Loan is repayable in 8 EQI starting from March 2012 to December 2013 and applicable interest rate is 14.4% p.a.

- d) Term Loan of ₹ 87.26 lacs with Current Maturities of ₹ 30.00 lacs is secured by first *pari passu* charge on the Fixed Assets of the Company and second *pari passu* charge on Current Assets of the Company, both present and future.

This Loan is repayable in 101 EMI starting from November 2005 to March 2014 and applicable interest rate is 10.0% p.a. There is delay in repayment of loan amounting to ₹ 1,302.42 lacs for a period of one month, out of which ₹ 52.42 lacs have since been repaid.

- 3.4 Equipment Finance Loans of ₹ 100.31 lacs with Current Maturities of ₹ 94.62 lacs are secured by hypothecation of specific equipments / assets.

These Loans are repayable in 36 EMI starting from commencement of every new Loan and applicable interest rate is in the range of 6.75%-15.0% p.a.

- 3.5 Loan of ₹ 13,750.00 lacs with Current Maturities of ₹ 5,500.00 lacs from Company's Indian Subsidiary is secured by second *pari passu* charge on the Fixed Assets of the Company, both present and future.

This Loan is repayable in 16 EQI starting from September 2009 to June 2013, further extended to June 2014 and applicable interest rate is 12.0% p.a.

- 3.6 Unsecured Term Loan of ₹ 289.59 lacs with Current Maturities of ₹ 1,256.78 lacs is repayable in 20 EQI starting from January 2009 to October 2013 and applicable interest rate is 4.5% p.a. There is delay in repayment of loan amounting to ₹ 751.98 lacs for a period of one to six months.

- 3.7 Unsecured Funded Interest Term Loan of ₹ 573.42 lacs is repayable in 5 EQI starting from October 2013 to October 2014 and applicable interest rate is 2% p.a.

- 3.8 Unsecured Interest Free Loan of ₹ 4,000 lacs from Company's Indian Subsidiary is repayable after complete repayment of Secured Loan from Subsidiary mentioned in point 3.5 above i.e. after June 2014.

- 3.9 Non-Convertible Debentures (NCDs) issued to India Debt Management Pvt. Ltd. with Current Maturities of ₹ 15,078.81 lacs are secured by first *pari passu* charge on the all the Fixed Assets of the Company and on all the Fixed Assets of Company's Indian Subsidiary, simple mortgage on the property situated at Mehsana, Gujarat, pledge of major promoter's shares held in the Company, pledge on entire shareholding (present and future) held by the Company in Sansar Holding Inc., pledge and guarantee in respect of shares held by Company in Brandhouse Retails Ltd., non-disposal undertaking for "Reid & Taylor" trade mark and first *pari passu* charge on brands held by Company except "S.Kumars" brand.

Balance NCDs are due for redemption on 30<sup>th</sup> September, 2012 and having effective rate of interest of 19.0% p.a.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

**Current Year**      **Previous Year**  
**As at 31.03.2012**      **As at 31.03.2011**

**NOTE 4 - DEFERRED TAX LIABILITIES (NET)**

**Deferred Tax Liabilities on account of**

Difference between book and tax depreciation

Opening balance 2,868.91 1,822.90

Current year Charge/(Credit) 1,276.00 1,046.01

**Closing Balance (A)** 4,144.91 2,868.91

**Deferred Tax Assets on account of**

Disallowance under section 43B of Income Tax Act

Opening Balance 176.56 116.38

Current year Charge/(Credit) 8.15 60.18

**Closing Balance (B)** 184.71 176.56

**Total (A - B)** 3,960.20 2,692.35

**NOTE 5 - OTHER LONG TERM LIABILITIES**

Deposits received from Customers/dealers

41.51 23.92  
**Total** 41.51 23.92

**NOTE 6 - LONG TERM PROVISIONS**

**(a) Provision for employee benefits**

Leave Encashment (unfunded)

148.26 96.80  
**Total** 148.26 96.80

**NOTE 7 - SHORT TERM BORROWINGS**

**Secured**

**(a) Repayable on Demand**

**Working Capital Loans from banks**

Cash credit loan (Refer Note 7.1) 148,328.14 103,064.42

Credit facility for pre-cum-post shipment - 3,500.00

**(b) Other Short term loans from banks and Financial Institutions**

13,333.00 11,300.00

(Of the above, loan amounting to ₹ 3,333 lacs is repayable on 31.03.2012, hence delayed for one day as on 31.03.12, out of which ₹ 3,076.22 lacs have since been repaid and for Balance loan amounting to ₹ 10,000 lacs is repayable on 31.08.2012. Applicable rate of interest on both the loans is @ 15% p.a. (Refer Note 7.2)

161,661.14 117,864.42

**Unsecured**

Loans and advances from related party

774.00 -

(Interest free loan received from Anjaneya Holdings Pvt. Ltd., repayable on demand)

774.00 -

**Total** 162,435.14 117,864.42

**Note 7.1**

Working Capital loans from bank amounting to ₹ 1,48,328.14 lacs are secured primarily by first *pari passu* charge on current assets and collateral second *pari passu* charge on Company's all movable and immovable properties. In addition to above, corporate guarantee from Anjaneya Holding Pvt. Ltd. and personal guarantee of Chairman & Managing Director has also been provided. Average Interest rate on above Working Capital loans is in the range of 12% p.a. to 16.75% p.a.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

**Note 7.2**

- Of the short term Loan amounting to ₹ 13,333, ₹ 3,333 lacs is secured against first *pari passu* charge on current assets of the Company, collateral second *pari passu* charge on Fixed Assets of the Company (both present and future) with other working capital loans and personal guarantee of Chairman & Managing Director along with corporate guarantee of Anjaneya Holdings Pvt. Ltd.
- Balance ₹ 10,000 lacs short term loan is secured against first *pari passu* charge on all fixed assets of the Company (excluding exclusively charged fixed assets), second *pari passu* charge on exclusively charged fixed assets, second *pari passu* on all current assets (both present and future), Demand Promissory Note, personal guarantee of Chairman & Managing Director along with pledge of shares held by S. Kumars Nationwide Limited in equity holding of Reid and Taylor (India) Ltd.

(₹ in lacs)

Current Year	Previous Year
As at 31.03.2012	As at 31.03.2011

**NOTE 8 - TRADE PAYABLES**

**Trade Payables (for goods)**

Total outstanding due of Micro, Small and Medium Enterprises (Refer note 8.1)

Others

	-	-
	25,739.09	8,166.66
<b>Total</b>	<b>25,739.09</b>	<b>8,166.66</b>

**Note : 8.1**

Payment against supplies from Micro Small and Medium Enterprises (MSME) and ancillary undertakings are made in accordance with the agreed credit terms and to the extent ascertained from available information, the Company does not have any MSME creditors beyond the stipulated credit period.

**NOTE 9 - OTHER CURRENT LIABILITIES**

Current maturities of long-term debt

**Secured (Refer Note 3.1 to 3.5)**

Term Loans Under Technology Up gradation Fund Scheme	6,828.73	3,475.43
Term Loan Under Overseas Investment Finance Programme	7,151.86	6,866.14
Rupee Term Loans from Banks	12,380.42	6,608.70
Equipment Finance	94.62	107.14
Debentures redeemable (Refer Note 3.9)	15,078.81	15,078.81
Loans and advances from Subsidiary Company	5,500.00	11,000.00

**Unsecured (Refer Note 3.6 to 3.8)**

Unsecured Term Loan from banks (in foreign currency)	1,256.78	695.25
Interest accrued but not due on borrowings	1,915.77	676.38
Interest accrued and due on borrowings (Refer Note 9.1)	3,340.29	3,790.91
Unclaimed dividends	7.53	-
Deposits Payable to IDBI	4,880.02	-
Advance received from Subsidiary company	7,207.05	8,549.67
Debentures Redemption premium payable	3,932.73	3,765.08
Payables for expenses	8,283.01	5,692.53
Trade payables for Capital goods	305.52	491.38
Other liabilities*	1,897.99	1,246.26
<b>Total</b>	<b>80,061.13</b>	<b>68,043.68</b>

\*Other liabilities includes Statutory liabilities, Advance/deposit received from customers/dealers.

**Note : 9.1**

There is delay in Interest payment of ₹ 3,340.29 lacs for a period of one to three months, out of which ₹ 1,659.04 lacs have since been paid.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in lacs)

**Current Year**      Previous Year  
As at 31.03.2012      As at 31.03.2011

### NOTE 10 - SHORT TERM PROVISIONS

#### (a) Provision for employee benefits

Gratuity (Funded)	215.57	203.41
Leave Encashment (Unfunded)*	64.00	128.65

#### (b) Others

Provision for taxation (Net of Advance Tax and MAT Credit utilised ₹ 14,003.45 lacs, P. Y. ₹ Nil)	4,533.62	-
Provision for FBT (Net of Advance Tax ₹ 69.21 lacs, P. Y. ₹ 69.21 lacs)	1.55	1.55
Proposed Preference Dividend	31.65	534.74
Tax on Proposed Preference Dividend	5.26	88.81
Proposed Equity Dividend	2,974.03	2,849.78
Tax on Proposed Equity Dividend	493.95	473.31
<b>Total</b>	<b>8,319.63</b>	<b>4,280.25</b>

\* Previous year short term provision has been taken on the basis of actual payment made during the current year.

### NOTE 11 - FIXED ASSETS

(₹ in lacs)

Particulars	Gross Block				Accumulated Depreciation				Net Block		
	Balance as at 1.04.2011	Additions	(Disposals)	Balance as at 31.03.2012	Balance as at 1.04.2011	Depreciation/ Amortisation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31.03.2012	Balance as at 31.03.2012	Balance as at 31.03.2011
<b>Not under lease, unless stated otherwise</b>											
<b>a Tangible Assets</b>											
Land											
Freehold	777.07	-	-	777.07	-	-	-	-	777.07	777.07	777.07
Leasehold	826.53	-	-	826.53	2.77	0.16	-	-	2.93	823.60	823.76
Buildings	14,653.87	4.58	-	14,658.45	1,409.79	436.06	17.68	-	1,863.53	12,794.92	13,244.08
Plant and Equipment	85,358.89	41,149.55	(0.26)	126,508.18	27,661.54	8,241.89	-	(0.15)	35,903.28	90,604.90	57,697.35
Furniture and Fixtures	2,092.85	364.59	-	2,457.44	360.11	150.96	-	-	511.07	1,946.37	1,732.74
Vehicles	1,378.09	49.51	(19.39)	1,408.21	403.16	126.27	-	(10.37)	519.06	889.15	974.93
Office equipment	462.51	42.15	(2.43)	502.23	69.05	23.66	-	(0.43)	92.28	409.95	393.46
Leasehold Improvements	686.80	319.73	-	1,006.53	140.29	173.08	-	-	313.37	693.16	546.51
Computers	488.39	28.15	(1.21)	515.33	286.62	64.30	-	(0.15)	350.77	164.56	201.77
<b>Total</b>	<b>106,725.00</b>	<b>41,958.26</b>	<b>(23.29)</b>	<b>148,659.97</b>	<b>30,333.33</b>	<b>9,216.38</b>	<b>17.68</b>	<b>(11.10)</b>	<b>39,556.29</b>	<b>109,103.68</b>	<b>76,391.67</b>
<i>Previous year Total</i>	<i>88,086.56</i>	<i>18,722.05</i>	<i>(83.61)</i>	<i>106,725.00</i>	<i>22,953.65</i>	<i>7,393.56</i>	<i>17.68</i>	<i>(31.56)</i>	<i>30,333.33</i>	<i>76,391.67</i>	
<b>b Intangible Assets</b>											
Computer software	68.30	-	-	68.30	41.02	5.55	-	-	46.57	21.73	27.28
<b>Total</b>	<b>68.30</b>	<b>-</b>	<b>-</b>	<b>68.30</b>	<b>41.02</b>	<b>5.55</b>	<b>-</b>	<b>-</b>	<b>46.57</b>	<b>21.73</b>	<b>27.28</b>
<i>Previous year Total</i>	<i>40.57</i>	<i>27.73</i>	<i>-</i>	<i>68.30</i>	<i>34.32</i>	<i>6.70</i>	<i>-</i>	<i>-</i>	<i>41.02</i>	<i>27.28</i>	
<b>c Capital Work In Progress</b>										2,363.63	5,451.21
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,363.63</b>	<b>5,451.21</b>

#### Notes :-

1 Gross Block includes certain fixed assets for which revaluation was carried out as on 30th September, 1997, by the valuer. The amounts of revalued fixed assets are as under :-

	Current Year	Previous Year
a) Freehold Land	₹ 695.58 lacs	₹ 695.58 lacs
b) Building	₹ 642.83 lacs	₹ 642.83 lacs
c) Plant & Machinery	₹ 2,484.50 lacs	₹ 2,484.50 lacs

2 Based on the internal estimates and assessments, the management is of the opinion that there is no impairment in relation to its assets and hence no provision is considered necessary.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

- 3 During the year the Company has capitalized interest of ₹ 1,415.41 Lacs (Previous Year ₹ 993.27 Lacs) which has been paid to TUFs Lenders. The borrowing was exclusively used for the HVFC/HT project, process house & stitching unit at Jhagadia and weaving unit at Dewas.

(₹ in lacs)

**Current Year**      Previous Year  
As at 31.03.2012      As at 31.03.2011

### NOTE 12 - NON CURRENT INVESTMENTS

#### Other Non trade Investments (Refer Note below)

Investment in Equity instruments	51,686.58	50,417.58
Less : Provision for diminution in the value of Investments	-	-
<b>Total</b>	<b>51,686.58</b>	<b>50,417.58</b>

Particulars		
Aggregate amount of quoted investments [Market value of ₹ 120 lacs (Previous Year ₹ 238.50 Lacs)]	100.00	100.00
Aggregate amount of unquoted investments	51,586.58	50,317.58

#### Details of Other Non-Trade Investments

(₹ in Lacs)

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost Yes / No	If Answer to Column (11) is 'No' - Basis of Valuation
		2012	2011			2012	2011	2012	2011		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Investment in Equity Instruments</b>											
Reid & Taylor (India) Limited, Equity Shares of ₹ 10 each	Subsidiary	100,125,000	100,125,000	Unquoted	Fully Paid	74.39	74.39	4,005.00	4,005.00	Yes	NA
SKNL Italy S.p.A, Equity shares of Euro 1 each	Wholly owned foreign Subsidiary	18,200,000	18,200,000	Unquoted	Fully Paid	100.00	100.00	12,147.64	12,147.64	Yes	NA
SKNL International B.V, Equity shares of Euro 1 each	Wholly owned foreign Subsidiary	4,964,910	4,964,910	Unquoted	Fully Paid	100.00	100.00	33,622.68	32,353.68	Yes	NA
SKNL Europe B.V, Equity shares of Euro 1 each	Wholly owned foreign Subsidiary	2,573,604	2,573,604	Unquoted	Fully Paid	100.00	100.00	1,801.31	1,801.31	Yes	NA
Anjaneya Foundation, Equity Shares of ₹ 10 each	Subsidiary	49,500	49,500	Unquoted	Fully Paid	99.00	99.00	4.95	4.95	Yes	NA
Brandhouse Retails Limited, Equity Shares of ₹ 10 each	Having Significant influence	1,000,000	1,000,000	Quoted	Fully paid	0.19	0.19	100.00	100.00	Yes	NA
Belmonte Retails Limited, Equity Shares of ₹ 10 each	Subsidiary	50,000	50,000	Unquoted	Fully Paid	100.00	100.00	5.00	5.00	Yes	NA
<b>Total</b>								<b>51,686.58</b>	<b>50,417.58</b>		

Investment held in the shares of Subsidiaries companies and Company under the same management, being of long term and strategic in nature is stated at cost of acquisition and no adjustment in respect of appreciation / depreciation of such investments has been made in the accounts.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

	Current Year As at 31.03.2012	Previous Year As at 31.03.2011
<b>NOTE 13 - LONG TERM LOANS AND ADVANCES</b>		
Unsecured, considered good, unless stated otherwise		
a. Capital Advances	56,661.53	46,308.68
b. Security Deposits	644.61	719.08
c. Loans and advances to Subsidiary -Anjaneya Foundation (Section 25 Company)	41.35	7.25
d. <b>Other loans and advances</b>		
Loan and advances to Staff	70.44	83.14
Advance recoverable in cash or kind for value to be received	620.58	1,337.09
Prepaid Expenses	209.56	574.06
Service Tax Receivable	203.52	259.36
VAT Receivable	69.29	53.23
<b>Total</b>	<b>58,520.88</b>	<b>49,341.89</b>

**NOTE 14 - OTHER NON CURRENT ASSETS**

**Others**

Unsecured, considered good, unless stated otherwise		
Restructured Financial Cost /Prepaid Interest on NPV Basis (Refer Note 27)		
	-	12,714.04
Fixed Deposits (assigned against 0.01% Redeemable Preference Shares)	2,693.29	2,453.93
Interest receivable on Fixed deposits (assigned against 0.01% Redeemable Preference Shares)	1,933.13	4,626.42
Advance tax and Tax deducted at source and MAT Credit availed (Net of Provision of Tax of ₹ Nil, P. Y. ₹ 9,837.15 lacs for Income Tax and ₹ 69.21 lacs for FBT)	-	485.50
MAT Credit Entitlement*	-	2,373.35
Bank Deposits against Margin Money	125.27	244.27
Interest receivable on fixed deposits with Banks	20.96	38.10
<b>Total</b>	<b>4,772.65</b>	<b>20,481.68</b>

\*During the year the Company has fully utilised the MAT credit of ₹ 2,373.35 lacs (Previous Year ₹ 3,564.55 lacs), closing balance as on 31st March, 2012 is Nil (Previous Year ₹ 2,373.35 lacs).

**NOTE 15 - INVENTORIES**

a. Raw Materials and components (Valued at Cost on FIFO basis)	45,283.41	36,477.67
b. Work-in-progress (Valued at cost)	22,179.78	17,935.19
c. Finished goods (Valued at lower of cost or net realisable value)	48,323.10	39,424.09
Goods-in transit	147.50	-
d. Stores and spares, fuel and packing materials (Valued at Cost on FIFO basis)	276.66	232.86
<b>Total</b>	<b>116,210.45</b>	<b>94,069.81</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

	Current Year As at 31.03.2012		Previous Year As at 31.03.2011	
NOTE 15.1				
Particulars				
Raw Material				
Grey Fabrics	37,071.58		28,911.39	
Fabric for Garments	7,607.21		6,846.62	
Yarn	578.59		701.39	
Fibre	<u>26.03</u>	45,283.41	<u>18.27</u>	36,477.67
Work-in-Progress				
Fabrics		22,179.78		17,935.19
Finished Goods				
Fabrics	46,610.62		37,317.67	
Garments/Made-ups	<u>1,859.98</u>	48,470.60	<u>2,106.42</u>	39,424.09
Stores and spares, fuel and packing materials		276.66		232.86
Total		<u>116,210.45</u>		<u>94,069.81</u>

**NOTE 16 - TRADE RECEIVABLES**

Trade receivables outstanding for a period less than six months from the date they are due for payment

Unsecured, considered good	141,635.64	111,899.09
	<b>141,635.64</b>	<b>111,899.09</b>

Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	7,740.39	6,973.44
Unsecured, considered doubtful	157.21	106.54
(-) Provision for doubtful debts	157.21	106.54
	<b>7,740.39</b>	<b>6,973.44</b>
<b>Total</b>	<b>149,376.03</b>	<b>118,872.53</b>

**NOTE 17 - CASH AND BANK BALANCES**

**A Cash and cash equivalents**

Cash on hand	4.19	27.08
With Banks		
in current accounts	47.48	204.67
	<b>51.67</b>	<b>231.75</b>

**B Other bank balances**

Bank Deposit against Margin money (with maturities more than 3 months and less than 12 months)	204.50	284.34
Bank Deposits against Bank Guarantees (with maturities more than 3 months and less than 12 months)	238.80	123.25
with Bank (Earmarked for Dividend)	7.53	-
Earmarked Balances (DSRA)*	577.50	1,437.50
	<b>1,028.33</b>	<b>1,845.09</b>
<b>Total</b>	<b>1,080.00</b>	<b>2,076.84</b>

\*Earmarked Balances (DSRA) represents balances maintained with EXIM bank for servicing of interest on secured loan, ₹ 577.50 lacs (Previous year ₹ 577.50 Lacs) and with ICICI Bank for servicing of interest and installment of principal repayment of its secured loan ₹ Nil (Previous Year ₹ 860 Lacs)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

	Current Year		(₹ in lacs)	
	As at 31.03.2012		Previous Year	
			As at 31.03.2011	
NOTE 18 - SHORT-TERM LOANS AND ADVANCES				
Unsecured, considered good, unless stated otherwise				
Advances recoverable in cash or kind for value to be received				
Considered good	19,870.24		34,578.23	
Doubtful	31.19		19.62	
(-) Provision for doubtful advances	31.19	19,870.24	19.62	34,578.23
Others				
Deposits	9.64		12.07	
Prepaid Expenses	476.11		628.75	
Loan and advances to staff	51.96		60.56	
Cenvat Receivable	154.33		100.83	
Export Incentives	63.76	755.80	98.00	900.21
Total		20,626.04		35,478.44

**NOTE 19 - OTHER CURRENT ASSETS**

Restructured Financial Cost /Prepaid Interest on NPV Basis (Refer Note 27)	-	1,596.27
Interest receivable on TUF Loan	2,759.98	2,852.59
Interest receivable on fixed deposits with Banks	59.49	40.89
<b>Total</b>	<b>2,819.47</b>	<b>4,489.75</b>

		(₹ in lacs)
	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
NOTE 20 - REVENUE FROM OPERATIONS		
Sale of products	350,779.62	275,043.31
Sale of services	657.25	692.37
Other Operating Revenue:		
Export Benefits	87.28	26.36
Revenue from operations (Gross)	351,524.15	275,762.04
(-) Excise duty	441.21	-
Total	351,082.94	275,762.04

**NOTE 20.1 - SALE OF PRODUCTS AND SERVICES**

a) Sale of Products		
Fabrics	301,689.10	244,022.20
Grey	148.50	118.69
Yarn	1,769.42	2,925.38
Garments/Made-ups	47,172.60	27,977.04
b) Sale of Services		
Conversion Charges	657.25	692.37
Total	351,436.87	275,735.68

Note : Excise duty on sales amounting to ₹ 441.21 lacs (Previous year ₹ Nil) has been reduced from sales in the statement of Profit & Loss and excise duty on increase or decrease in stock has been charged to manufacturing expenses.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
<b>NOTE 21 - OTHER INCOME</b>		
Interest Income	63.08	54.83
Balances written back	24.47	148.64
Other Non Operating income	113.13	151.77
<b>Total</b>	<b>200.68</b>	<b>355.24</b>

**NOTE 22 - COST OF MATERIALS CONSUMED**

Opening stock	36,477.67	26,910.64
(+) Purchases	267,647.49	214,341.69
(-) Closing stock	45,283.41	204,774.66
<b>Total</b>	<b>258,841.75</b>	<b>204,774.66</b>

**NOTE 22.1 - DETAIL OF MATERIALS CONSUMED**

Fibre	1,363.90	2,224.56
Yarn	4,701.63	5,942.47
Fabric/Grey	225,637.09	179,941.99
Fabric for Garments	27,139.13	16,665.64
<b>Total</b>	<b>258,841.75</b>	<b>204,774.66</b>

**NOTE 23 - CHANGES IN INVENTORIES**

Closing stock of :			
- Semi-finished Fabrics	22,179.78	17,935.19	
- Finished fabrics	46,610.62	37,317.67	
- Garments and made ups	1,859.98	2,106.42	57,359.28
Opening stock of :			
- Semi-finished Fabrics	17,935.19	13,918.19	
- Finished fabrics	37,317.67	30,143.08	
- Garments and made ups	2,106.42	1,488.78	45,550.05
<b>(Increase)/Decrease in stock</b>	<b>(13,291.10)</b>	<b>(11,809.23)</b>	

**NOTE 24 - EMPLOYEE BENEFITS EXPENSES**

Salaries and incentives	8,496.86	5,162.48
Contributions to -		
(i) Provident fund	381.27	330.72
(ii) ESIC Fund	56.55	53.99
Gratuity fund contributions	64.29	118.79
Expense on Employee Stock Option Scheme (ESOP) (Refer Note 2(f))	(220.83)	(60.88)
Staff welfare expenses	66.50	146.06
<b>Total</b>	<b>8,844.64</b>	<b>5,751.16</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

		(₹ in lacs)
	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
<b>NOTE 25 - FINANCE COST</b>		
Interest to banks and institutions	36,458.54	27,044.96
Interest on Debentures	2,691.86	2,342.87
Other interest expenses	89.54	264.85
Other borrowing costs	1,115.56	642.31
Restructured Financial Cost Amortised	-	1,596.27
<b>Total</b>	<u><u>40,355.50</u></u>	<u><u>31,891.26</u></u>
<b>NOTE 26 - OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Conversion charges	2,110.02	2,871.48
Freight and Octroi	377.58	480.07
Water, Power & fuel	2,054.24	1,583.35
Stores and Spares	266.51	154.33
Excise and Entry tax	337.09	3.02
Other materials/expenses	628.18	545.96
Insurance	25.36	37.10
<b>Total (A)</b>	<u><u>5,798.98</u></u>	<u><u>5,675.31</u></u>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	778.12	508.77
Rates & Taxes	149.76	108.83
Repairs and Maintenance		
- to buildings	37.41	52.23
- to machinery	12.28	18.39
- to others	54.68	21.65
Travelling expenses	388.89	374.75
Electricity Charges	71.14	71.45
Vehicles maintenance	176.80	130.36
Commission to Non-Executive Directors	90.00	-
Directors' Sitting Fees	15.50	10.70
Remuneration to Auditors		
- Audit fees	38.61	38.61
- Other services	35.68	22.57
- Reimbursement of expenses	2.59	5.78
Bank charges	660.28	1,247.42
Conveyance expenses	55.16	64.46
Legal & Professional charges	571.57	544.57
Listing fees	6.15	6.19
Printing and stationery	116.30	97.77
Telephone expenses	109.51	93.15
Postage and telegrams	53.61	47.35
Sales tax	1.64	1.90
License and registration fees	101.34	77.51



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
		(₹ in lacs)
Sundry balances written off	0.01	3.87
Loss on sale of assets (Net)	6.11	23.44
Service Tax	2.80	3.56
Exchange Rate Fluctuation	551.83	66.91
Other Miscellaneous expenses	523.99	638.45
Prior period (Income)/expenses	1.26	0.86
<b>Total (B)</b>	<b>4,613.02</b>	<b>4,281.50</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Dealers incentives	522.34	483.95
Discounts, Rebates and allowances	3,641.28	2,675.76
Commission and brokerage	897.10	816.08
Conference/Publicity and Business Promotion Expenses	3,102.08	3,536.14
Other Selling Expenses	813.47	581.52
<b>Total (C)</b>	<b>8,976.27</b>	<b>8,093.45</b>
<b>Total (A + B+ C)</b>	<b>19,388.27</b>	<b>18,050.26</b>

27. The recompense expense incurred in connection with the CDR and exit thereof was deferred and was to be amortized over a period upto FY 2020 and accordingly the Company charged off such amortized portion to profit and loss account till 31<sup>st</sup> March, 2011. To conform with Generally Accepted Accounting Principles (GAAP), the balance amount of such Unamortized expense of ₹ 14,310.31 lacs as on 1<sup>st</sup> April, 2011 has been adjusted against accumulated Surplus. Had there been no such change, the profit for the year 2011-12 would have been reduced by ₹ 14,310.31 lacs.
28. As per Accounting Standard –19 “Leases”, the total of future minimum lease payment commitments under operating lease agreements for a period of 2 to 5 years to use offices, warehouses and guest house, are as under:

(₹ in Lacs)

Period	As at 31.03.2012	As at 31.03.2011
i) not later than one year	348.01	548.78
ii) later than one year but not later than five years	116.69	653.4
iii) later than five years	Nil	Nil

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹ 778.12 Lacs (Previous year ₹ 508.77 Lacs) as rent in respect of the above leases.

29. In the opinion of the management the other current & non current assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
30. The confirmation, reconciliation and adjustment of balances pertaining to trade receivables & trade payables through the accounts of collecting agents and loans & advances is an ongoing process. Such adjustments made and balances as on 31<sup>st</sup> March, 2012 have been independently confirmed. As regards outstanding trade receivables and loans & advances, the Company is of the opinion that the same are fully recoverable and hence, no additional provision is required to be made.
31. The Company has issued 3,04,50,000 Non-Convertible Debentures (NCDs) of ₹ 100/- each i.e. aggregating to ₹ 30,450 lacs to India Debt Management Private Limited on 27<sup>th</sup> June, 2007. During the year ₹ 202.20 lacs (Previous Year ₹ 950.45 lacs) is transferred to Debenture Redemption reserve. The Company has provided ₹ 167.65 lacs (Previous Year ₹ 786.38 lacs) towards the redemption premium on the above NCDs from the Securities Premium Account. The amount of Debenture Redemption Reserve as on 31<sup>st</sup> March, 2012 is ₹ 4,752.80 Lacs (Previous Year ₹ 4,550.60 lacs) towards the balance NCDs. During the year India Debt Management Pvt. Ltd. has agreed to revise date of redemption of the outstanding NCDs to 30<sup>th</sup> September, 2012.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

32. The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one business segment i.e. Textiles and as such there are no separate reportable segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

**33. Disclosure as per clause 32 of the Listing agreement:**

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others :

Name of the Company	Relationship	Amount outstanding as at 31.3.2012 (₹ in lacs)	Maximum balance outstanding during the year (₹ in lacs)	Investment in Shares of the Company (No. of Shares )
Anjaneya Foundation	Subsidiary Company	41.35 (P.Y. 7.25)	41.35 (P.Y. 7.25)	49,500 (P.Y. 49,500)
Belmonte Retails Ltd. (nee Belmonte Lifestyles Ltd.)	Enterprise over which Key Managerial Personnel are able to exercise significant influence	Nil (P.Y. Nil)	Nil (P.Y. 1.81)	50,000 (P.Y. 50,000)

34. Trade receivables and advances due from firms and companies in which some of the Directors are/were interested:

(₹ in Lacs)

Name of the Company	As at 31.03.2012	As at 31.03.2011
<b>(A) Trade Receivables:</b>		
Brandhouse Retails Ltd.	1,735.46	4,991.43
Leggiuno S.p.A.	550.51	155.2
HMX LLC	218.08	Nil
<b>Total</b>	<b>2,504.05</b>	<b>5,146.63</b>
<b>(B) Advances:</b>		
Anjaneya Foundation	41.35	7.25
<b>Total</b>	<b>41.35</b>	<b>7.25</b>
<b>Grand Total</b>	<b>2,545.40</b>	<b>5,153.88</b>

35. Related parties Disclosures required under Accounting Standard 18 -"Related Party Transactions"

**(a) Related parties**

Sr. No.	Name of the Related Party	Relationship
1	Reid & Taylor (India) Limited	Subsidiary
2	Anjaneya Foundation	
3	Brandhouse Retails Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
4	Brandhouse Oviessse Limited	
5	S. Kumars Enterprises (Synfabs) Limited	
6	S. Kumars Textiles Limited	
7	N'Essence Holdings Limited	
8	Rosewood Holdings Pvt. Limited	
9	Anjaneya Holdings Pvt Limited (Formerly Anjani Finvest Pvt. Ltd)	
10	Verve Properties & Investment Pvt. Limited	

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

Sr. No.	Name of the Related Party	Relationship
11	Ingenious Finance & Investment Pvt. Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
12	Natty Finance & Investment Pvt. Limited	
13	S. K. Worsteds Pvt. Limited	
14	Tulja Enterprises Pvt. Limited	
15	Sansar Exim Pvt. Limited	
16	Chamundeshwari Mercantile Pvt. Limited	
17	Maverick Mercantile Pvt. Limited	
18	SKNL Foundation	
19	Belmonte Retails Limited	Wholly Owned Subsidiary
20	SKNL International B.V.	
21	SKNL Europe B.V.	
22	SKNL Italy S.p.A.	
23	SKNL Global Holdings B.V.	Wholly Owned Subsidiary of SKNL International B.V.
24	SKNL North America B.V.	Wholly Owned Subsidiary of SKNL Global Holdings B.V.
25	SKNL (UK) Ltd.	Subsidiary of SKNL Global Holdings B.V.
26	Global Apparel (US) Ltd.	Wholly Owned Subsidiary of SKNL (UK) Ltd.
27	Global Apparel (France) Ltd.	
28	7172931 Canada Ltd.	
29	Global Apparel (Hong Kong) Ltd.	
30	Leggiuno S.p.A.	Wholly Owned Subsidiary of SKNL Italy S.p.A.
31	Marling & Evans Ltd.	Subsidiary of Leggiuno S.p.A.
32	Remala Trading B.V.	Subsidiary of SKNL North America B.V.
33	Coppley Corp.	Wholly Owned Subsidiary of Remala Trading B.V.
34	HMX Poland sp. Z.o.o	
35	HMX Acquisition Corp.	Wholly Owned Subsidiary of HMX Poland sp Z.o.o
36	HMX Des Plaines LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
37	Quartet Real Estate LLC	
38	HMX LLC	
39	HMX DTC Co.	

**(b) Key Management Personnel**

Shri Nitin S. Kasliwal - Chairman &amp; Managing Director

Shri Anil Kumar Channa - Deputy Managing Director

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

**(c) Details of Transactions**

(₹ in Lacs)

Nature of Transactions	As at 31.03.2012	As at 31.03.2011
<b>Purchases</b>		
Goods		
Reid & Taylor (India) Ltd.	116.03	Nil
Leggiuno S.p.A.	Nil	14.54
<b>Total</b>	<b>116.03</b>	<b>14.54</b>
Services		
Reid & Taylor (India) Ltd. (Interest on Term loans)	2,690.01	3,818.88
<b>Total</b>	<b>2,690.01</b>	<b>3,818.88</b>
<b>Sales</b>		
Goods		
Leggiuno S.p.A.	509.58	452.34
Reid & Taylor (India) Ltd.	1,204.18	11,735.98
Brandhouse Retails Ltd. (Net of returns and discount)	23,255.31	25,935.75
HMX LLC	700.01	5.95
<b>Total</b>	<b>25,669.08</b>	<b>38,130.02</b>
Services		
Reid & Taylor (India) Ltd.	124.88	1.58
<b>Total</b>	<b>124.88</b>	<b>1.58</b>
<b>Investment</b>		
SKNL International, B.V.	1,269.00	7,880.07
Belmonte Retails Ltd	Nil	5.00
<b>Total</b>	<b>1,269.00</b>	<b>7,885.07</b>
<b>Advances taken and repaid</b>		
S. Kumars Textiles Ltd.	Nil	3,311.33
<b>Total</b>	<b>Nil</b>	<b>3,311.33</b>
<b>Advances given and received back</b>		
S. Kumars Textiles Ltd.	50.00	Nil
Anjaneya Holdings Pvt. Ltd.	1,190.00	500.00
<b>Total</b>	<b>1,240.00</b>	<b>500.00</b>
<b>Advances given</b>		
HMX, LLC	507.22	Nil
<b>Total</b>	<b>507.22</b>	<b>Nil</b>
<b>Loan Taken</b>		
Anjaneya Holdings Pvt Ltd	1,714.00	Nil
<b>Total</b>	<b>1,714.00</b>	<b>Nil</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

Nature of Transactions	As at 31.03.2012	As at 31.03.2011
<b>Loan Repaid</b>		
Anjaneya Holdings Pvt Ltd	940.00	Nil
<b>Total</b>	<b>940.00</b>	Nil
<b>Advances for expenses</b>		
SKNL (UK) Ltd.	Nil	1,267.72
<b>Total</b>	<b>Nil</b>	1,267.72
<b>Loans repaid</b>		
Reid & Taylor (India) Ltd.*	8,250.00	11,000.00
<b>Total</b>	<b>8,250.00</b>	11,000.00
<b>Outstanding at the year end</b>		
Debtors - Refer Note No. 34 (A)	2,504.05	5,146.63
Creditors - SKNL (UK) Ltd.	4,225.15	2,433.84
Advances Receivable - Refer Note No. 34 (B)	41.35	7.25
Loan Taken - Reid & Taylor (India) Ltd.*	23,250.00	31,500.00
Loan Taken - Anjaneya Holdings Pvt Ltd	774.00	Nil
Advances Payable - Reid & Taylor (India) Ltd.	7,207.05	8,549.67
Advances from customer - HMX LLC	Nil	14.29
<b>Managerial Remuneration</b>		
Nitin S. Kasliwal –Chairman and Managing Director	459.91	372.95
Anil Channa – Deputy Managing Director	140.35	103.23

\* The repayment of the loan has been deferred till 30<sup>th</sup> September, 2012.

(Related party relationships are as identified by the Management and have been relied upon by the Statutory Auditor. There is no write off or write back of any balances due from/to related parties).

**36. VALUE OF RAW MATERIALS, SPARES AND COMPONENTS CONSUMED:**

(₹ in Lacs)

Particulars	Current Year ended 31.03.2012		Previous Year ended 31.03.2011	
	%	Amount	%	Amount
Raw Material / Fabric Purchases				
Indigenous	100.00	2,58,818.63	100.00	2,04,766.02
Imported	0.00	23.12	0.00	8.64
<b>Total</b>	<b>100.00</b>	<b>2,58,841.75</b>	<b>100.00</b>	<b>2,04,774.66</b>

**37. VALUE OF IMPORTS ON CIF BASIS:**

(₹ in Lacs)

Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
i) Raw material	22.86	8.64
ii) Stores & spares, Dyes and Chemicals	23.83	52.67
iii) Finished fabrics	5229.38	21.38
iv) Capital goods	13.30	3232.33

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

**38. EXPENDITURE IN FOREIGN CURRENCY:**

(₹ In Lacs)

Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Foreign Travelling	339.44	336.50
Interest	19.18	91.40
Professional Fees	107.34	3.88
Commission and Brokerage	124.81	147.22

**39. EARNINGS IN FOREIGN CURRENCY:**

(₹ in Lacs)

Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
F.O.B. Value of Exports	6,692.53	6,850.46

**40. COMPUTATION OF EARNING PER SHARE:**

Basic	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Net Profit attributable to Equity Shareholders (Net of Preference dividend and tax on Preference dividend) (₹ in Lacs)	17,919.97	16,646.46
Weighted average number of Equity Shares of ₹ 10 each outstanding during the year (Nos. in Lacs)	2,887.13	2,532.14
Basic Earnings per Share	₹ 6.21	₹ 6.57

Diluted	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Net Profit attributable to Equity Shareholders (Net of Preference dividend and tax on Preference dividend) (₹ in Lacs)	17,919.97	16,646.46
		(Nos. in Lacs)
Number of shares outstanding on the beginning of the year	2,849.78	2,365.14
Add : Weighted average number of equity shares on issue of Shares to QIBs	Nil	153.05
Add : Weighted average number of potential equity shares on conversion of FCCBs	Nil	70.96
Add : Weighted average number of potential equity shares on conversion of Equity Warrants	37.35	42.87
Add : Weighted average number of potential equity shares those could arise on conversion of Equity Warrants	Nil	26.64
Add : Weighted average number of potential equity shares on account of employee stock options	2.73	4.46
Weighted average number of shares outstanding at the year end	2,889.86	2,663.12
Diluted Earnings per Share	₹ 6.20	₹ 6.25

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### 41. PARTICULARS OF DERIVATIVE INSTRUMENTS.

- No derivative instruments are acquired for hedging purposes
- No derivative instruments are acquired for speculation purposes
- Foreign Currency exposures that are not hedged by derivative instruments or otherwise are:

(Figures in Lacs)

Particulars / Currency	As at 31.03.2012	As at 31.03.2011
<b>Unsecured Foreign Currency Loan</b>		
- Euro	30.87	30.87
- Equivalent to INR	2,119.79	1,965.11
<b>Receivables</b>		
- Euro	8.02	2.67
- Equivalent to INR	550.59	169.71
- USD	4.25	25.25
- Equivalent to INR	218.16	1,131.80
<b>Payables</b>		
- Euro	0.05	0.04
- Equivalent to INR	3.64	2.83

42. The Company has adopted the Accounting Standard -15 (Revised 2005) "Employee Benefits" effective from 1<sup>st</sup> April, 2007. The Company has classified the various benefits provided to employees as under:

#### I. Defined Contribution Plans:

- Provident Fund & Employees' Pension Scheme 1995
- Employers' Contribution to Employees' State Insurance

The Company has recognised the following amounts in the Statement of Profit and Loss:

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Employer's contribution to Provident Fund & Pension Scheme	381.27	330.72
Employer's contribution to Employees' State Insurance	56.55	53.98

#### II. Defined Benefit Plans:

- Contribution to Gratuity Fund (Funded Scheme)
- Leave Encashment (Non - Funded Scheme)

In accordance with the Accounting Standard -15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	As at 31.03.2012	As at 31.03.2011
Discount Rate (% per annum)	8.75	8.25
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8.60	8
Expected Average remaining working lives of the employees (years)	18	17



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**
**A. Change in the Present Value of Obligation:**

(₹ in Lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave encashment)
Present Value of Defined Benefit Obligation as at the beginning of the period	639.11	225.45	529.65	180
Interest Cost	59.14	-	49.13	-
Current Service Cost	94.28	(13.19)*	107.45	45.45*
Past Service Cost (Vested Benefit)	32.01	-	32.01	-
Benefits Paid	(33.18)	-	(45.83)	-
Actuarial (gain) / loss on Obligations	(86.40)	-	(33.30)	-
Present Value of Defined Benefit Obligation as at the end of the period	704.96	212.26	639.11	225.45

\* Net of benefits paid during the year included under salary and incentives.

**B. Changes in the Fair Value of Plan Assets (For Funded Scheme):**

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Present Value of Plan Assets as at the beginning of the period	435.70	367.25
Expected Return on Plan Assets	37.70	33.77
Contributions	52.13	77.78
Benefits Paid	(33.18)	(45.83)
Actuarial gains / (losses)	(2.95)	2.73
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	489.39	435.70

**C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:**

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Present Value of Funded Obligation as at the end of the period	704.96	639.11
Fair Value of Plan Assets as at the end of the period	489.39	435.70
Funded Asset recognised in the Balance Sheet included in provisions	-	-
Present Value of Unfunded Obligation as at the end of the period	215.57	203.41
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet included in provisions	215.57	203.41

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### D. Amount recognised in the Balance Sheet:

(₹ in Lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the end of the period	704.96	212.26	639.11	225.45
Fair Value of Plan Assets as at the end of the period	489.39	-	435.70	-
Liability/ (Net Asset) recognised in the Balance Sheet	215.57	212.26	203.41	225.45
Current Liability	215.57	64.00	203.41	128.65
Non Current Liability	-	148.26	96.80	

### E. Expenses recognized in the Statement of Profit and Loss:

(₹ in Lacs)

Particulars	Current Year ended 31.03.2012		Previous Year ended 31.03.2011	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Current Service Cost	94.28	(13.19*)	107.45	45.45*
Past Service Cost	32.01	-	32.01	-
Interest Cost	59.14	-	49.13	-
Expected Return on Plan Assets	(37.70)	-	(33.77)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	(83.44)	-	(36.03)	-
Total Expenses recognised in Statement of Profit and Loss*	64.29	(13.19)	118.79	45.45*

\*Net of Benefits paid during the year included under Salary &amp; incentives.

### F. Actual Return on Plan Assets :

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Expected Return on Plan Assets	37.70	33.77
Actuarial gain / (losses) on Plan Assets	(2.96)	2.73
<b>Actual Return on Plan Assets</b>	<b>34.74</b>	<b>36.50</b>

### G. Recognition of Actuarial (Gain) / Loss

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Actuarial (Gain) / Loss on Obligation	(86.40)	(33.30)
<b>Actuarial (Gain) / Loss on Asset</b>	<b>2.96</b>	<b>(2.73)</b>
Actuarial (Gain) / Loss in the Statement of Profit and Loss	(83.44)	(36.03)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

**H. Experience Adjustment**

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
On Plan Liability (Gain) / Loss	(43.55)	(1.57)
On Plan Liability (Loss) / Gain	(2.96)	2.73

The Company has own managed funds as well as insurer managed funds for certain divisions and hence it is not possible to give a break-up of investments in debt instruments and bank deposits.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long term government bonds is taken as reference for this purpose.

It is estimated that the contribution during financial year 2012-13 would be ₹ 277.85 lacs (Previous year : ₹ 220.09 lacs) on account of the funded benefits.

**43. Contingent Liabilities:**

**a. Guarantees:**

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
i) In respect of concessional custom duty availed under EPCG Scheme (Covered by Bank Guarantee)	22.50	632.31
ii) Guarantees extended by the banks based on the Company's counter guarantees	2,836.74	3,449.78
iii) Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Limited	28,294.00	27,032.00
iv) Corporate Guarantees given to the lenders of Reid & Taylor (India) Ltd. & SKNL International B.V. - Subsidiary Company	96,681.69	71,217.05
v) Corporate Guarantees given to the lenders of Brandhouse Retails Ltd.	18,627.40	18,045.00

**b. Claims not acknowledged as debts:**

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
i) Income Tax, Sales Tax, Service Tax and Entry Tax demand - disputed in appeal	3,326.03	3,296.28
ii) Demand Order of Central Excise Authorities disputed by the Company	137.87	137.87
iii) Labour matter pending in court	144.90	144.87
iv) Civil matter pending in court	2.56	22.47
v) Writ petition filed before Hon'ble High Court, Indore against the order of Industrial Court	14.19	22.00
vi) Matter in respect of Gratuity pending before controlling authorities	3.20	3.77

**c. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance), as certified by the management is ₹ 1,367.09 lacs (Previous Year ₹ 2,298.95 lacs).**

- 44 'As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1<sup>st</sup> April, 2011. Accordingly, the financial Statements for the year ended 31<sup>st</sup> March, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosure included in the financial statements of the previous year have been reclassified to conform to the requirement of the Revised Schedule VI'.

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL**

*Chairman and Managing Director*

**ANIL CHANNA**

*Deputy Managing Director*

**J. S. SHETTY**

*Director Finance and Group CFO*

**NIMESH S. SHAH**

*Sr. Vice President & Company Secretary*

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is the mechanism by which the values, principles, policies and procedures of an organization are inculcated and manifested.

The basic philosophy of Corporate Governance at S. Kumars Nationwide Limited is to achieve business excellence and to create and enhance value for its Shareholders, Customers, Employees and Business Associates and thereby make a significant contribution to the economy. The Board of Directors of the Company continues to lay great emphasis on the broad principles of Corporate Governance.

For S. Kumars Nationwide Limited, Corporate Governance is a continuous journey, seeking to provide an enabling environment to harmonize the goals of maximizing stakeholder value and maintaining a customer-centric focus.

### COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

The Company has complied with the provisions of the amended Clause 49 of the Listing Agreements with the stock exchanges as stated below.

### 2. BOARD OF DIRECTORS:

#### Composition of the Board:

The Board of Directors of your Company represents experienced professionals from diverse fields. It is the Company's belief that the Board members possess the requisite skills, experience and expertise to guide the Company. The day-to-day management of the Company is in the hands of the Chairman and Managing Director and the Deputy Managing Director subject to the guidance, supervision and control of the Board of Directors.

As on 31<sup>st</sup> March, 2012 the Company's Board consisted of 12 members and one Alternate. Of these, two (2) are Executive Directors including Chairman and Managing Director who is a Promoter Director, Eight (8) are Independent Directors, One (1) is Non-Executive Director, One (1) is Alternate Director and One (1) is Non-Executive Promoter Director.

The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

#### Number of Board Meetings:

The Board of Directors met 4 times during the year on 30<sup>th</sup> May 2011, 11<sup>th</sup> August 2011, 12<sup>th</sup> November 2011 and 13<sup>th</sup> February 2012. The maximum time gap between any two consecutive meetings did not exceed four months.

In compliance with Clause 49 of the Listing Agreement, Board Meetings for consideration of unaudited financial results of the Company for each quarter are held within 45 days from the end of the quarter. However, Board Meeting for consideration of audited financial results of the Company for the last quarter of financial year ended 31<sup>st</sup> March is held within 60 days.

#### Directorship held and Directors' attendance Record:

The composition of the Board of Directors and their directorship / chairmanship on the Board / Committees of other Companies are as under:

Director	Category of Directorship	No of other Directorship in Public Ltd. Cos.	No. of other Board Committees # (Other than SKNL) in which he is Chairman / Member.	
			Chairman	Member
Shri Nitin S. Kasliwal Chairman & Managing Director	Promoter & Executive	3	-	-
Smt. Jyoti N. Kasliwal	Promoter & Non-Executive	2	-	-
Smt. Amita Narain (Nominee Director of IDBI)	Independent, Non-Executive	-	-	-
Dr. Vinayshil Gautam (Nominee Director of EXIM)	Independent, Non-Executive	6	2	-
Shri Susheel Kak (Nominee Director of IDM)	Independent, Non-Executive	2	-	2

Director	Category of Directorship	No of other Directorship in Public Ltd. Cos.	No. of other Board Committees # (Other than SKNL) in which he is Chairman / Member.	
			Chairman	Member
Shri Denys Firth (Nominee Director of IDM)	Independent, Non-Executive	2	-	-
Shri Alexander Shaik (Alternate Director to Shri Denys Firth)	Independent, Non-Executive	2	-	-
Shri Jitender Balakrishnan	Independent, Non-Executive	14	1	4
Shri M. Damodaran	Independent, Non-Executive	6	-	3
Shri Suresh N. Talwar	Independent, Non-Executive	13	4	4
Shri Vijay G. Kalantri	Independent, Non-Executive	13	-	5
Shri Dara D. Avari	Non-Executive	3	-	2
Shri Anil Channa Deputy Managing Director	Executive, Non Promoter	3	-	-

1. # Relates to Audit Committee and Shareholders Grievance Committee only.
2. Excludes Directorship in Indian Private Limited Companies, Foreign Companies and Section 25 Companies.

#### Board Procedure

The Board meets at least once a quarter to review the quarterly performance and the financial results, to formulate the strategy and to consider other items on the agenda.

Board Meetings are held at the Registered Office of the Company.

The attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) is as under:

Name of the Director	No. of Board Meetings attended during the year	Attendance at the 21 <sup>st</sup> Annual General meeting held on 28 <sup>th</sup> September, 2011
Dr. A. C. Shah <sup>1</sup>	2	Yes
Shri Nitin S. Kasliwal	4	Yes
Smt. Jyoti N. Kasliwal	2	No
Smt. Amita Narain	2	No
Dr. Vinayshil Gautam	3	Yes
Shri Anish Modi <sup>2</sup>	2	No
Shri Susheel Kak <sup>3</sup>	2	NA
Shri Denys Firth	-	No
Shri Jitender Balakrishnan	4	Yes
Shri M. Damodaran	3	Yes
Shri Suresh N. Talwar <sup>4</sup>	4	No
Shri Martin Henry <sup>5</sup>	1	Yes
Shri Vijay G. Kalantri	4	Yes
Shri Dara D. Avari	4	Yes
Shri Anil Channa	4	Yes
Shri Alexander Shaik (Alternate to Denys Firth)	4	No

<sup>1</sup>Chairman till 16<sup>th</sup> January, 2012 (sad demise on that date)

<sup>2</sup>Resigned w.e.f. 12<sup>th</sup> Novemeber, 2011

<sup>3</sup>Appointed w.e.f. 12<sup>th</sup> Novemeber, 2011

<sup>4</sup>Appointed w.e.f. 01<sup>st</sup> April, 2011

<sup>5</sup>Resigned w.e.f. 13<sup>th</sup> February, 2012

As mandated by the revised Clause No 49, the independent Directors on the Company's Board;

- ❖ Apart from receiving Directors' remuneration, do not have material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates which may affect the independence of the Director.
- ❖ Are not related to the promoters or persons occupying the management positions at the Board level or at one level below the Board;
- ❖ Have not been executives of the Company in the immediately preceding three financial years.
- ❖ Are not partners or executives or were not a partner or executive during the preceding three years of the:
  - Statutory Audit Firm or the Internal Audit Firm that is associated with the Company,
  - Legal Firm(s) and consulting firm(s) that have a material association with the Company.
- ❖ Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence.
- ❖ Are not substantial shareholders of the Company, i.e., do not own two percent or more of the block of voting shares.
- ❖ Are not less than 21 years of age.

The Company does not have any pecuniary relationship with any non-executive or independent Director except for payment of sitting fees and reimbursement of travelling expenses for attending the Board Meetings.

**Shareholding of Directors as at 31<sup>st</sup> March, 2012 was as follows:**

Sr. No.	Name of the Director	No. of Shares
1	Shri Nitin S. Kasliwal (Chairman & Managing Director)	14,82,453
2	Smt. Jyoti N. Kasliwal	32,11,839
3	Smt. Amita Narain (IDBI) Nominee	Nil
4	Dr. Vinayshil Gautam (EXIM) Nominee	Nil
5	Shri Susheel Kak (IDM) Nominee	Nil
6	Shri Denys Firth (IDM) Nominee	Nil
7	Shri Jitender Balakrishnan	Nil
8	Shri M. Damodaran	Nil
9	Shri Suresh N. Talwar (Non-Executive)	45,000
10	Shri Vijay G. Kalantri (Non-Executive)	8,000
11	Shri Dara D. Avari	Nil
12	Shri Anil Channa (Deputy Managing Director)	Nil
13	Shri Alexander Shaik (Alternate Director to Shri Denys Firth)	Nil

### 3. BOARD COMMITTEES:

#### A. AUDIT COMMITTEE:

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements / other management information,

adequacy of provisions for liabilities and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statutes and other facets of Company's operation that are of vital concern to the Company.

The Committee oversees the work carried out by the management, internal auditors on the financial reporting process and the safeguards employed by them.

The Terms of Reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

The Audit Committee of the Company comprises of four Directors, out of whom three (3) are Independent Directors and one (1) is Non-Executive Director. All the Directors of the Committee are financial literate and are experienced in finance and accounts / legal matters and general business practices.

**The composition of Audit Committee is as under:**

Name	Position	Category
Shri Vijay G. Kalantri	Chairman (w.e.f. 13 <sup>th</sup> February, 2012)	Independent
Smt. Amita Narain (Nominee of IDBI)	Member	Independent
Shri Susheel Kak (Nominee of IDM)	Member	Independent
Shri Dara D. Avari	Member	Non-Executive

The Company Secretary acts as Secretary to the Committee.

The Statutory Auditors and Internal Auditors of the Company, CEO/Managing Director, Deputy Managing Director, Director Finance & Group CFO & President Finance and Head of Internal Audit Department of the Company are Invitees to the meeting.

**Meetings and Attendance details**

During the financial year ended 31<sup>st</sup> March, 2012, four Audit Committee Meetings were held on 30<sup>th</sup> May, 2011, 11<sup>th</sup> August, 2011, 12<sup>th</sup> November, 2011 and 13<sup>th</sup> February, 2012.

The Audit Committee also met prior to the finalization of accounts for the year ended 31<sup>st</sup> March, 2012.

The attendance at the Audit Committee Meetings is as under:

Name of the Member	No. of meetings attended
Dr. A. C. Shah <sup>1</sup>	2
Shri Vijay G. Kalantri <sup>4</sup>	4
Smt. Amita Narain (Nominee of IDBI)	2
Shri Anish Modi (Nominee of IDM) <sup>2</sup>	2
Shri Susheel Kak (Nominee of IDM) <sup>3</sup>	1
Shri Dara D. Avari	4

<sup>1</sup>Chairman till 16<sup>th</sup> January, 2012 (sad demise on that date)

<sup>2</sup>Resigned w.e.f. 12<sup>th</sup> Novemeber, 2011

<sup>3</sup>Appointed w.e.f. 12<sup>th</sup> Novemeber, 2011

<sup>4</sup>Chairman w.e.f. 13<sup>th</sup> February, 2012

The Company Secretary was present at all the above meetings.

**B. REMUNERATION COMMITTEE:**

**Brief description of terms of reference**

- ❖ The Committee is responsible for recommending the remuneration and periodic revision of remuneration of the Directors, subject to the overall ceiling fixed by the shareholders.
- ❖ Payment of remuneration to the Managing Director and Executive Director is governed by Remuneration Committee, Board and shareholders' resolution. The remuneration structure comprises of salary, perquisites, allowances and commission upto 1% p.a. of the net profits of the Company.



### Composition

The Remuneration Committee comprises of three Directors, two (2) of whom are Independent Directors and one (1) is Non-Executive Director. The Chairman of the Committee is an independent, non-executive Director nominated by the Board.

**The composition of the Remuneration Committee is as follows:**

Name of the Director	Position	Category
Dr. A. C. Shah <sup>1</sup>	Chairman	Independent
Shri Vijay G. Kalantri	Member	Independent
Shri Dara D. Avari	Member	Non-Executive

<sup>1</sup>Chairman till 16<sup>th</sup> January, 2012 (sad demise on that date)

### Meetings and Attendance

During the financial year ended 31<sup>st</sup> March, 2012, Remuneration Committee Meeting was held once on 1<sup>st</sup> April, 2011.

## C. COMPENSATION COMMITTEE:

The Compensation Committee comprises of the following members:

Name of Director	Position	Category
Dr. A. C. Shah <sup>1</sup>	Chairman	Independent
Shri Vijay G. Kalantri	Member	Independent
Shri Dara D. Avari	Member	Non-Executive

<sup>1</sup>Chairman till 16<sup>th</sup> January, 2012 (sad demise on that date)

During the financial year 2011 - 12, Compensation Committee Meetings were held twice on 28<sup>th</sup> September, 2011 and 13<sup>th</sup> December, 2011.

### COMPENSATION & REMUNERATION COMMITTEE:

With effect from 13<sup>th</sup> February, 2012, the Compensation Committee and Remuneration Committee were merged as decided by the Board at its meeting held on that date.

**The composition of the Compensation & Remuneration Committee is as follows:**

Name of Director	Position	Category
Shri Jitender Balakrishnan <sup>1</sup>	Chairman	Independent
Shri Vijay G. Kalantri	Member	Independent
Shri Dara D. Avari	Member	Non-Executive

<sup>1</sup>Appointed w.e.f. 13<sup>th</sup> February, 2012

### Meetings and attendance details

During the financial year ended 31<sup>st</sup> March, 2012 one (1) meeting of Compensation and remuneration committee was held on 14<sup>th</sup> March, 2012. The attendance at the meeting was as under.

Name of the Director	No of meetings attended
Shri Jitender Balakrishnan	1
Shri Vijay G. Kalantri	1
Shri Dara D. Avari	1

The Company Secretary acts as a Secretary to the Committee.

### Remuneration Policy

#### A. Remuneration to Non-Executive Directors:

The non-executive Directors of the Company do not draw any remuneration from the Company except sitting fees. The sitting fee for each meeting of the Board, Audit Committee, Committee of Directors is ₹ 20,000/- and of Remuneration Committee and Shareholders Grievance Committee is ₹ 10,000/-.

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company,

except sitting fees, commission and reimbursement of expenses (if any).

The details of sitting fees paid to Non-Executive Directors during the financial year 2011 - 12 are as follows:

Name	Sitting fees paid during FY 2011 - 12 (In ₹)					Total (In ₹)
	Audit Committee Meeting	Board Meeting	Committee of Directors Meeting	Compensation & Remuneration Committee Meeting	Shareholders Grievance Committee Meeting	
Dr. A. C. Shah <sup>1</sup>	40,000	40,000	N. A.	20,000	N. A.	1,00,000
Smt. Jyoti N. Kasliwal	N. A.	40,000	N. A.	N. A.	N. A.	40,000
Smt. Amita Narain* (Nominee of IDBI)	40,000	40,000	N. A.	N. A.	N. A.	80,000
Dr. Vinayshil Gautam	N. A.	60,000	N. A.	N. A.	N. A.	60,000
Shri Anish Modi <sup>2</sup>	40,000	40,000	N. A.	N. A.	10,000	90,000
Shri Susheel Kak <sup>3</sup>	20,000	40,000	N. A.	N. A.	N. A.	60,000
Shri Denys Firth	N. A.	-	N. A.	N. A.	N. A.	-
Shri Jitender Balakrishnan	N. A.	80,000	N. A.	10,000	N. A.	90,000
Shri M. Damodaran	N. A.	60,000	N. A.	N. A.	N. A.	60,000
Shri Suresh N. Talwar	N. A.	80,000	N. A.	N. A.	N. A.	80,000
Shri Martin Henry <sup>4</sup>	N. A.	20,000	N. A.	N. A.	N. A.	20,000
Shri Vijay G. Kalantri	80,000	80,000	1,60,000	20,000	20,000	3,40,000
Shri Dara D. Avari	80,000	80,000	1,80,000	30,000	1,10,000	4,80,000
Shri Alexander Shaik (Alternate Director to Shri Denys Firth)	N. A.	80,000	N. A.	N. A.	N. A.	80,000
<b>Grand Total</b>						<b>16,00,000</b>

<sup>1</sup>Chairman till 16<sup>th</sup> January, 2012 (sad demise on that date)

<sup>2</sup>Resigned w.e.f. 12<sup>th</sup> November, 2011

<sup>3</sup>Appointed w.e.f. 12<sup>th</sup> November, 2011

<sup>4</sup>Resigned w.e.f. 13<sup>th</sup> February, 2012

\*Amount paid/payable to IDBI Bank Ltd.

#### B. Remuneration paid to Chairman & Managing Director and Deputy Managing Director.

The appointment of Managing Director and Deputy Managing Director is governed by resolutions passed by the Board of Directors and shareholders of the Company. Remuneration paid to Managing Director and Deputy Managing Director is recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at the Annual General Meeting. The remuneration package of Managing Director and Deputy Managing Director comprises of salary, perquisites and allowances, and contributions to Provident Fund and Gratuity as per rules as approved by the shareholders at the Annual General Meeting.

The details of the remuneration paid to Managing Director and Deputy Managing Director during the financial year 2011 - 12 are as under:

<b>Name and Designation</b>	Shri Nitin S. Kasliwal, Chairman <sup>1</sup> & Managing Director	Shri Anil Channa, Deputy Managing Director
<b>Tenure of Appointment</b>	Five Years (From 1 <sup>st</sup> April, 2007 to 31 <sup>st</sup> March, 2012)	Five Years (From 12 <sup>th</sup> January, 2010 to 11 <sup>th</sup> January, 2015)
<b>Salary (2011 - 12) (₹ in Lacs)</b>	385.32	84.62
<b>Other perquisites such as Leave travel expenses, leave encashment, gratuity, club fees, etc., (including contribution to Provident Fund) (₹ in Lacs)</b>	74.59	55.73
<b>Total</b>	<b>459.91</b>	<b>140.35</b>

<sup>1</sup> Appointed w.e.f. 13<sup>th</sup> February, 2012

During the year 2011 - 12 the Company did not advance any loans to any of its Directors.

Managing Director and Deputy Managing Director so long as they function as such, shall not be paid any sitting fees for attending the meetings of Board or any Committee thereof.

Company Secretary acts as Secretary to the Compensation & Remuneration Committee.

**Code of Conduct:**

The Board of Directors of the Company has adopted the Code of Business Conduct & Ethics for Directors/Management Personnel ('the Code'). The Code is a comprehensive Code applicable to both, executive and non-executive Directors and senior management personnel.

The Code while laying down, in detail, the standards of business conduct, ethics and governance, centers around the following theme:

"The Company's Board of Directors and Management Personnel are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit."

A copy of the code is available on Company's website i.e. [www.sknl.co.in](http://www.sknl.co.in), The Code has been circulated to all the Directors and Senior Management Personnel and the Managing Director has affirmed that they have complied with the same for the year ended 31<sup>st</sup> March, 2012.

**D. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE:**

**Terms of Reference**

The Shareholders'/Investors' Grievances Committee of the Company deals with various matters relating to:

1. Review of shares dematerialized and all other related matters.
2. Monitoring expeditious redressal of investor grievances.
3. Transfer / transmission of shares.
4. Issue of duplicate share certificates.
5. Non-receipt of Annual Reports and dividend if any.
6. All the matters related to Shares / Debentures investors relations.

The Terms of Reference of the Committee cover the matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Share Transfer Committee meetings are held generally once in a month. All valid transfer / transmission and other requests received during the year were approved and attended to by the Committee. There were no pending requests for transfer of Equity Shares as on 31<sup>st</sup> March, 2012.

The Committee also oversees the performance of Registrar and Transfer Agents of the Company M/s. Bigshare Services Pvt. Ltd. and looks into the investor complaints, if any and tries to resolve them immediately.

The main object of the Shareholders'/Investors' Grievance Committee is to strengthen investor relations.

**Composition**

The Committee comprises of the following three Directors:

Name of Director	Position	Category
Shri Dara D. Avari	Chairman	Non-Executive
Shri Vijay G. Kalantri <sup>1</sup>	Member	Independent
Shri Anil Channa	Member	Executive

<sup>1</sup>Appointed w.e.f. 12<sup>th</sup> November, 2011

The Board has designated Shri Nimesh S. Shah, Company Secretary of the Company as the Compliance Officer under the provisions of Listing Agreement entered into with the Stock Exchanges.

### Meetings and Attendance

During the financial year 2011-12, the Committee met eleven times.

Name of the Member	No. of meetings attended
Shri Dara D. Avari	11
Shri Vijay G. Kalantri <sup>1</sup>	2
Shri Anil Channa	11
Shri Anish Modi <sup>2</sup>	1

<sup>1</sup>Appointed w.e.f. 12<sup>th</sup> November, 2011

<sup>2</sup>Resigned w.e.f. 12<sup>th</sup> November, 2011

### Details of Shareholders Complaints.

During the year under review, a total of 25 complaints were received by the Company from the Shareholders / Investors. All the complaints were resolved by the Company to the satisfaction of the investors and as on 31<sup>st</sup> March 2012, there were no pending letters of any requests or complaints.

### Name and address of the Compliance Officer is as follows:

Shri Nimesh S. Shah  
Sr. Vice President & Company Secretary & Compliance Officer  
S. Kumars Nationwide Limited  
Corporate Division  
Inga Complex, 2<sup>nd</sup> Floor, Next to Onida House,  
Mahakali Caves Road, Andheri (East), Mumbai 400 093  
Tel No. 2825 0797 Fax No. 2820 7578  
e-mail id: nimesh.shah@sknl.co.in  
abhishek.juvekar@sknl.co.in

### E. COMMITTEE OF DIRECTORS:

The Committee comprises of the following members:

Name of the Director	Position	Category
Shri Nitin S. Kasliwal	Chairman	Executive
Shri Vijay G. Kalantri	Member	Independent
Shri Dara D. Avari	Member	Non-Executive
Shri Anil Channa	Member	Executive

There were 18 meetings of the Committee of Directors during the financial year 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012.

Name of the Member	No. of meetings attended
Shri Nitin S. Kasliwal	16
Shri Vijay G. Kalantri	16
Shri Dara D. Avari	18
Shri Anil Channa	17

The minutes of the Committee of Directors are submitted to the Board for noting and taking on record.

### The Employees Stock Option Scheme:

As the ex employees of the Company did not show any interest in subscribing shares under ESOP Scheme, the Company cancelled / withdrew 5,75,080 Nos. of ESOPs granted under the Employees Stock Option Scheme.

No options were exercised during the financial year 2011-12.

There were 9,11,820 nos of options in force as at 31<sup>st</sup> March, 2012.

#### 4. GENERAL BODY MEETINGS:

The details of the day, date, time and venue of the last three Annual General Meetings held are as under:

Financial Year	AGM	Day & Date	Time	Venue	No. of Special Resolutions passed
2008 - 2009	19 <sup>th</sup> AGM	Thursday, 24 <sup>th</sup> September, 2009	3.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	1
2009 - 2010	20 <sup>th</sup> AGM	Tuesday, 28 <sup>th</sup> September, 2010	3.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	2
2010 - 2011	21 <sup>st</sup> AGM	Wednesday, 28 <sup>th</sup> September, 2011	3.00 P. M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	3

#### Details of Postal Ballots conducted during the year:

The Company has not conducted any postal ballot process during the financial year 2011-12.

#### 5. SUBSIDIARY COMPANIES:

As on date the Company has 23 subsidiaries & stepdown subsidiary companies, out of which 3 companies are Indian Subsidiary companies (of which 1 company is incorporated under section 25 of the Companies Act, 1956), 3 companies are foreign subsidiary companies, and 17 companies are foreign stepdown subsidiary companies incorporated outside India.

The details of all the above subsidiary companies are as follows:

Sr. No	Name of the Subsidiary & Stepdown Subsidiary Company	Date of incorporation	Date on which the Company became subsidiary / stepdown subsidiary of SKNL
	<b>INDIAN SUBSIDIARY COMPANIES</b>		
1.	Reid & Taylor (India) Limited	19/04/2000	10/12/2007
2.	Belmonte Retails Limited	02/07/2009	12/08/2010
3.	Anjaneya Foundation (Sec. 25 Company)	21/01/2009	21/01/2009
	<b>FOREIGN SUBSIDIARY COMPANIES</b>		
4.	SKNL International B.V.	03/11/2008	03/11/2008
5.	SKNL Europe B.V.	30/01/2007	07/01/2009
6.	SKNL Italy S.p.A	15/09/2008	01/10/2008
	<b>STEPDOWN SUBSIDIARIES</b>		
7.	Leggiuno S.p.A (Subsidiary of SKNL Italy S. p. A.)	09/03/2005	01/10/2008
8.	Marling & Evans Ltd. (Subsidiary of Leggiuno S. p. A.)	28/11/2006	01/10/2008
9.	SKNL Global Holdings B. V. (Subsidiary of SKNL International B.V.)	30/01/2007	05/11/2008
10.	SKNL North America B. V. (Subsidiary of SKNL Global Holdings B. V.)	30/01/2007	05/11/2008
11.	SKNL (UK) Ltd. (Subsidiary of SKNL Global Holdings B. V.)	16/12/2008	16/12/2008
12.	7172931 Canada Limited (Subsidiary of SKNL (UK) Ltd.)	13/05/2009	13/05/2009
13.	Global Apparel (France) Limited (Subsidiary of SKNL (UK) Ltd.)	24/06/2009	24/06/2009
14.	Global Apparel (Hong Kong) Limited (Subsidiary of SKNL (UK) Ltd.)	30/03/2009	30/03/2009
15.	Global Apparel (US) Limited (Subsidiary of SKNL (UK) Ltd.)	27/02/2009	27/02/2009
16.	Remala Trading BV (Subsidiary of SKNL North America BV)	02/01/2008	07/08/2009
17.	HMX Poland sp. Z o. o (Subsidiary of Remala Trading BV)	16/12/2008	07/08/2009

Sr. No	Name of the Subsidiary & Stepdown Subsidiary Company	Date of incorporation	Date on which the Company became subsidiary / stepdown subsidiary of SKNL
18.	HMX Acquisition Corp. (Subsidiary of HMX Poland sp. Z o. o)	16/06/2009	07/08/2009
19.	HMX Des Plaines LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
20.	Quartet Real Estate LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
21.	HMX LLC (Subsidiary of HMX Acquisition Corp.)	16/06/2009	07/08/2009
22.	Coppley Corp. (Subsidiary of Remala Trading BV)	25/06/2009	07/08/2009
23.	HMX DTC Co. (Subsidiary of HMX Acquisition Corp.)	17/12/2009	17/12/2009

All the above subsidiary and step down subsidiary Companies are managed with their Boards in professional manner and in the best interest of the Company (SKNL).

The Company monitors performance of its subsidiary, inter-alia, by the following means:

- The Minutes of the Board Meetings of the subsidiary Company are placed before the Board Meeting of the Company.
- The details of any significant transactions and arrangements entered into by the unlisted subsidiary Company are placed before the Board of the Company.

As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary Companies. Pursuant to Clause 49 III (i), at least one Independent Director on the Board of Directors of the holding company shall be a Director on the Board of Directors of a material non-listed Indian subsidiary company. Dr. A. C. Shah, Independent Director of the Company who was also an Independent Director of Reid & Taylor (India) Limited, the only material non-listed Indian subsidiary of the Company, ceased to be a Director due to his demise on 16th January, 2012. Upon his demise and till the date of this report the vacancy so created could not be filled. However, the Company proposes to appoint Shri Vijay Kalantri, Independent Director of the Company as an Independent Director of Reid & Taylor (India) Limited.

## 6. DISCLOSURES:

The Company has not entered into any transaction of a material nature with the Directors or the management or the relatives during the year that may have potential conflict with the interest of the Company at large.

Transactions with related parties are disclosed in Note No. 35 in the Notes to the Financial Statements in the Annual Report.

There was no instance of non-compliance of any matters related to the capital markets during the year.

### a) Disclosure of accounting treatment in preparation of financial statements:

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements, except the qualifications included in the audit report of the Statutory Auditors.

The explanations for the Auditors qualifications are given in the Directors Report.

### b) Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties / strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to the capital market during the last three years.

### c) CEO /CFO certification

As required under Clause 49 V of the listing agreement with the Stock Exchanges, the Chairman and Managing Director and the Director - Finance & Group CFO have certified to the Board about the financial statements for the year ended 31<sup>st</sup> March, 2012.

### d) Distribution of Agenda and Board Notes

Agenda and Notes on Agenda are generally circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda.



In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance.

**e) Recording Minutes of the proceedings at Board and Committee Meetings**

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments within 15 days from the conclusion of that meeting. The circulated minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that Meeting.

**f) Post Meeting Follow-up Mechanism**

The Guidelines for Board and Committee Meetings facilitate an effective post-meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. Action taken report on the decisions/minutes of the previous meeting(s), where required, is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee.

**g) Risk Management**

The Company is revising / updating a mechanism to inform the Board about risk assessment and minimization procedures and periodic review is conducted to ensure that management controls risk through a properly defined framework.

**7. MEANS OF COMMUNICATIONS:**

- (i) Quarterly Results:** Quarterly Results of the Company are published in 'Free Press Journal (English) and Navshakti (Marathi)' and are displayed on the Company's website [www.sknl.co.in](http://www.sknl.co.in)
- (ii) News Releases, Presentations, etc.:** Official news releases and Official Media Releases are sent to the Stock Exchanges and are displayed on the Company's website [www.sknl.co.in](http://www.sknl.co.in)
- (iii) Presentations to Institutional Investors / Analysts:** Detailed Presentations are made to Institutional Investors and Financial Analysts, on the unaudited quarterly financial results as well as the annual audited financial results of the Company. These presentations are also uploaded on the Company's website [www.sknl.co.in](http://www.sknl.co.in)
- (iv) Website:** The Company's website [www.sknl.co.in](http://www.sknl.co.in), contains a separate dedicated section 'Investor Information' where shareholders information is available.
- (v) Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website [www.sknl.co.in](http://www.sknl.co.in),
- (vi) Chairman's Communique:** Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meetings. The same is also placed on the website of the Company and sent to Stock Exchange.
- (vii) Corporate Filing and Dissemination System (CFDS):** All disclosures and communications, etc are physically submitted to the Stock Exchanges i.e BSE & NSE.
- (viii) NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by NSE for corporates. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.
- (ix) SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned Companies and online viewing by investors of actions taken on the complaint and its current status.
- (x) Designated email-id of Executives of the Company:** The Company has designated the following email-ids exclusively for investor servicing. (i) [nimesh.shah@sknl.co.in](mailto:nimesh.shah@sknl.co.in) (ii) [abhishek.juvekar@sknl.co.in](mailto:abhishek.juvekar@sknl.co.in)

**8. GENERAL SHAREHOLDERS INFORMATION**

**1) Re-appointment of Directors**

Shri M. Damodaran, Shri Denys Firth and Shri Jitender Balakrishnan retire by rotation and are proposed to be re-appointed in the ensuing Annual General Meeting to be held on 27<sup>th</sup> September, 2012.

The brief particulars as per Clause 49 are given in the Notice of AGM.



**2) General Information:**

- (i) Nature of Industry:  
Textile Manufacturing, Trading and Ready to Wear Garments of various Brands.
- (ii) Date of commencement of commercial production:  
28<sup>th</sup> September, 1990
- (iii) Financial performance:  
Given in the Audited Balance Sheet.
- (iv) Export performance for the period 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012:  
₹ 6,692.53 Lacs
- (v) Foreign investments or collaboration, if any:
- (i) Collaboration: None
- (ii) Foreign Investments: ₹ 1,269.00 Lacs

- 3) Registered Office:** B2, 5<sup>th</sup> Floor, Marathon NextGen,  
Off Ganpatrao Kadam Marg,  
Lower Parel (West), Mumbai 400013, (India)  
Tel No. 24930180/24965700/24824500  
Fax No. 24931685

**Company's Corporate Website:** [www.sknl.co.in](http://www.sknl.co.in)

The Company's website is a comprehensive reference on SKNL's management, vision, mission, policies, processes, social responsibility initiatives, investor relations, updates and news.

**4) Plant Locations: -**

1	2	3	4
Menswear and Home Textiles	Spinning and Weaving	BSFC (Baruche Super Fine Cottons) & Home Textiles Division	Readymade Garment (TWS Division)
3B Industrial Area, No. 2 Agra Bombay Road, Dewas (M.P.)	Chamunda Standard Mills, Balgahr, Dewas (M.P.)	Jhagadia Industrial Estate, GIDC, Ankleshwar, Gujarat.	121 / 52, Magadi Main Road, Hosahalli, Gollarahatti, Bangalore - 91

- 5) Registrar and Share Transfer Agents:** Bigshare Services Private Limited  
**Unit: S.Kumars Nationwide Limited**  
E/2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400 072  
Tel. No. 2847 0652 / 4043 0200  
Fax No. 2847 5207  
[ansar@bigshareonline.com](mailto:ansar@bigshareonline.com)

**6) The Equity Shares of the Company are listed on following Stock Exchanges:**

Shares Listed at:	Stock Code	ISIN No.
Bombay Stock Exchange Ltd. Mumbai	514304	INE 772A01016
National Stock Exchange of India Ltd. - Mumbai	SKUMARSYNF	INE 772A01016

**7) Listing Fees of Bombay Stock Exchange & National Stock Exchange:**

Annual Listing Fees for the year 2012-13 have been duly paid to the above Stock Exchanges.

Annual Custodial fees for the year 2012-13 have been duly paid to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

## 8) Market Price Data: High, Low during each month in financial year 2011-12

Monthly share price movement during the year 2011-12 at BSE & NSE:

Month	BSE			NSE		
	High ₹	Low ₹	Volume (in no. of shares)	High ₹	Low ₹	Volume (in no. of shares)
April	70.30	54.50	1,09,42,525	70.35	54.50	66,14,615
May	69.10	55.25	72,76,801	69.15	53.55	40,01,805
June	70.65	41.65	2,60,88,766	70.60	41.65	2,09,07,524
July	58.45	51.20	1,26,66,319	58.50	51.15	80,29,565
August	59.80	39.25	1,28,05,101	59.90	39.25	56,81,649
September	52.00	41.75	69,46,213	52.10	41.55	35,06,975
October	42.50	37.70	44,29,009	42.60	37.65	35,37,555
November	40.10	25.30	97,92,119	40.10	25.30	49,03,622
December	32.15	22.10	1,29,33,268	32.20	22.25	62,64,088
January	35.60	23.50	1,18,25,878	35.70	23.55	42,22,814
February	40.00	32.00	1,90,81,716	39.85	32.00	64,39,325
March	36.40	31.05	89,04,335	36.70	31.30	35,30,158

There are no outstanding GDRs / ADRs.

## 9) Share Transfer System:

Applications for transfer of shares held in the physical form are received at the Company's Investors Services Division (Registrar and Transfer Agent). All valid transfers are processed and affected normally within 15 days from the date of receipt provided they are in order in every respect.

Shares held in the dematerialised form are electronically transferred by the Depository Participant and the Registrar and Transfer Agent is informed periodically by the Depository about the beneficiary holdings to enable the Company to send all corporate communications and dividend etc.

All valid share transfers during the year ended 31<sup>st</sup> March, 2012 have been acted upon.

Pursuant to Clause 47 (c) of the Listing Agreement with the stock exchanges, certificates on half yearly basis, have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

## 10) Dematerialisation of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31<sup>st</sup> March, 2012, 29,66,03,646 nos. of Equity Shares of the Company representing 99.73% of the Company's share capital have been dematerialized.

The Company's shares are regularly traded on the Stock Exchange (BSE), Mumbai and the National Stock Exchange (NSE), Mumbai, as is seen from the volume of shares indicated in the Table containing market information.

Under the Depository System, the International Securities identification Number (ISIN) allotted to the Company's shares is INE 772A01016

## 11) Distribution of Shareholding as on 31<sup>st</sup> March, 2012

Of 29,74,03,377 Equity Shares of ₹ 10/- each fully paid up.

[Held both in physical and demat form (NSDL+CDSL)]

Range in ₹		Total Holders	% of Total Holders	Total Holding in ₹	% of Total Capital
From	To				
10	5,000	43,431	83.7321	6,94,79,240	2.3362
5,001	10,000	4,228	8.1513	3,59,15,410	1.2076
10,001	20,000	1,899	3.6611	2,98,77,470	1.0046
20,001	30,000	628	1.2107	1,64,44,650	0.5529
30,001	40,000	291	0.5610	1,05,61,490	0.3551
40,001	50,000	308	0.5938	1,47,44,290	0.4959
50,001	1,00,000	461	0.8889	3,42,13,780	1.1504
1,00,001	99,99,99,999	623	1.2011	276,27,97,440	92.8973
<b>TOTAL</b>		<b>51,869</b>	<b>100.0000</b>	<b>297,40,33,770</b>	<b>100.0000</b>

## 12) Growth of Equity Share Capital:

### Equity Share Capital as at 31<sup>st</sup> March, 2012

YEAR OF ISSUE	NO. OF EQUITY SHARES	PAID UP CAPITAL ₹	PARTICULARS
Share Capital as on 30 <sup>th</sup> September 1993	53,54,000	5,35,40,000	
1993-1994	38,50,000	3,85,00,000	Public issue at a Premium of ₹ 26/- per Share
1995-1996	15,00,000	1,50,00,000	Private Placement of CPS Conversion of Part "A" at par
1996-1997	1,25,00,000	12,50,00,000	Equity Shares allotted on Private Placement basis at a premium of ₹ 30/- per share
1996-1997	15,00,000	1,50,00,000	Private Placement of CPS Conversion of Part "B" at par
1997-1997	4,98,000	49,80,000	Public issue of CPS Conversion of Part "A" at par
1997-1998	20,00,000	2,00,00,000	Private Placement of CPS Conversion of Part "C" at par
1997-1998	4,98,000	49,80,000	Public issue of CPS Conversion of Part "B" at par
1998-1999	3,33,00,000	33,30,00,000	Issue of Equity Shares on Private Placement at a premium of ₹ 5.09 per share
1998-1999	7,62,00,000	76,20,00,000	Issue of Equity Shares on Private Placement at a premium of ₹ 5.09 per share
1998-1999	6,64,000	66,40,000	Public Issue of CPS Conversion of Part "C" at par
2001-2002	1,68,06,800	16,80,68,000	1. Allotment of 50,06,800 Equity Shares to warrant holders as per their entitlement @ ₹ 10/- per share. 2. Issue of 1,18,00,000 Equity Shares @ ₹ 10/- per share to IDBI on private placement basis on conversion of overdue interest.
2002-2003	Nil	Nil	Nil
2003-2004	Nil	Nil	Nil
2004 -2005	Nil	Nil	Nil
2005-2006	Nil	Nil	Nil
2006-2007	39,42,105	3,94,21,050	Equity Shares allotted on 14/09/2006 upon conversion of FCCBs
	20,42,010	2,04,20,100	Equity Shares allotted on 16/10/2006 upon conversion of FCCBs

YEAR OF ISSUE	NO. OF EQUITY SHARES	PAID UP CAPITAL ₹	PARTICULARS
	15,76,842	1,57,68,420	Equity Shares allotted on 28/11/2006 upon conversion of FCCBs
	2,30,52,519	23,05,25,190	Equity Shares allotted on 28/11/2006 under QIP
	5,51,894	55,18,940	Equity Shares allotted on 16/12/2006 upon conversion of FCCBs
	12,53,589	1,25,35,890	Equity Shares allotted on 12/01/2007 upon conversion of FCCBs
	55,18,947	5,51,89,470	Equity Shares allotted on 15/02/2007 upon conversion of FCCBs
	94,610	9,46,100	Equity Shares allotted on 03/03/2007 upon conversion of FCCB
2007 - 2008	23,65,263	2,36,52,630	Equity Shares allotted on 24/04/2007 upon conversion of FCCB
	63,07,368	6,30,73,680	Equity Shares allotted on 23/05/2007 upon conversion of FCCB
	7,88,421	78,84,210	Equity Shares allotted on 13/08/2007 upon conversion of FCCB
	78,84,210	7,88,42,100	Equity Shares allotted on 22/02/2008 upon conversion of FCCB
2008-2009	53,00,000	5,30,00,000	Equity Shares allotted to 2 promoter group Companies on 16/04/2008 upon conversion of Warrants
	80,42,860	8,04,28,600	Equity Shares allotted to 6 promoter group Companies on 30/09/2008.
2009-2010	1,31,22,400	13,12,24,000	Equity Shares allotted to promoter group Company on 1/04/2009 upon conversion of FCDs
2010-2011	2,89,43,750	28,94,37,500	Equity Shares allotted on 20/09/2010 under QIP
	1,24,25,000	12,42,50,000	Equity Shares allotted to promoter group Company on 03/03/2011 upon conversion of Warrants
	70,95,789	7,09,57,890	Equity Shares allotted on 11/03/2011 upon conversion of FCCB
2011-2012	1,24,25,000	12,42,50,000	Equity Shares allotted to promoter group Company on 13/12/2011 upon conversion of Warrants
<b>TOTAL</b>	<b>29,74,03,377</b>	<b>2,97,40,33,770</b>	

**13) Distribution of Equity Shareholding as on 31<sup>st</sup> March, 2012:**

Description	No. of Shares	Voting Strength %age
Directors - Individuals	47,47,292	1.5962
Promoters - Companies	13,97,36,168	46.9854
Relatives / Friends of Directors	1,13,000	0.0380
Public - Individuals	3,67,64,839	12.3619
Public Bodies Corporate	3,53,00,387	11.8695
Mutual Funds & UTI	4,29,400	0.1444
Banks	10,000	0.0034
Financial Institutions	6,590	0.0022

Description	No. of Shares	Voting Strength %age
NRIs	32,63,560	1.0974
Foreign Companies/ OCBs	50,805	0.0171
FII	7,45,82,940	25.0780
Clearing Members	23,95,896	0.8056
Trusts	2,500	0.0009
<b>Total</b>	<b>29,74,03,377</b>	<b>100.0000</b>

**14) Schedule of listed Securities of the Company:**

Kind of Security (Shares)	Number Listed as on 31 <sup>st</sup> March, 2012	Nominal Value Per Share ₹	Paid-up Value Per Share ₹	Total Nominal Value ₹	Total Paid up Value ₹
Equity Shares of ₹ 10/- each	29,74,03,377	10/-	10/-	297,40,33,770	297,40,33,770
6% Cumulative Redeemable Preference Shares of ₹ 100/- each	5,27,500	100/-	100/-	5,27,50,000	5,27,50,000

**15) Schedule of unlisted Securities of the Company:**

Kind of Security (Shares)	Number of Shares as on 31 <sup>st</sup> March, 2012	Nominal Value Per Share ₹	Paid-up Value Per Share ₹	Total Nominal Value ₹	Total Paid up Value ₹
0.01% Redeemable Preference Shares of ₹ 100/- each	47,05,947	100/-	100/-	47,05,94,700	47,05,94,700

**16) Financial Calendar: (Tentative and subject to change)**

Board Meeting for consideration of Audited Accounts for the year ended 31 <sup>st</sup> March, 2012	30 <sup>th</sup> May, 2012
Posting of Annual Reports	On or before 3 <sup>rd</sup> September, 2012
Book Closure Dates	From Saturday, 22 <sup>nd</sup> September, 2012 To Thursday, 27 <sup>th</sup> September, 2012 (Both days inclusive)
Last date for receipt of proxy forms	25 <sup>th</sup> September, 2012
Date, Time and Venue of 22 <sup>nd</sup> Annual General Meeting	Date: 27 <sup>th</sup> September, 2012 Time: 11.00 a.m. Venue: Walchand Hirachand Hall, Indian Merchants Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020
Board Meeting for consideration of unaudited results with limited review for the first three quarters of the current financial year viz. 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> December, 2012	Within 45 days from the end of each quarter as stipulated under the Listing Agreement with the Stock Exchanges.
Audited Results for the last quarter ending 31 <sup>st</sup> March, 2013	Within 60 days from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchanges.

**17) Address for Correspondence:**

The shareholders may address their communications / suggestions / grievances / queries to:

Shri Nimesh S. Shah  
Sr. Vice President & Company Secretary & Compliance Officer  
S. Kumars Nationwide Limited  
Corporate Division  
Inga Complex, 2<sup>nd</sup> Floor, Next to Onida House,  
Mahakali Caves Road, Andheri (East), Mumbai 400 093  
Tel No. 2825 0797 Fax No. 2820 7578  
E - mail id: nimesh.shah@sknl.co.in  
abhishek.juvekar@sknl.co.in

**Auditors' Certificate on Compliance with the conditions of Corporate Governance  
under Clause 49 of the Listing Agreement**

To the Members,

**S. KUMARS NATIONWIDE LIMITED**

We have examined the compliance of conditions of Corporate Governance by S. Kumars Nationwide Limited, for the year ended on 31<sup>st</sup> March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

As per the requirement of Clause 49 III (i), at least one Independent Director on the Board of Directors of the Holding Company shall be a director on the Board of Directors of a material non listed Indian Subsidiary Company. Late Dr. A. C. Shah was Independent Director on the Board of Holding Company and material non listed Indian Subsidiary Company upto 16<sup>th</sup> January, 2012. After his death, the vacancy has not been filled in by the Board till date. Subject to this, in our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

For and behalf of **Haribhakti & Co.**

Chartered Accountants

Firm Registration No. 103523W

**RAKESH RATHI**

Partner

Membership No. 45228

Place : Mumbai

Date : 30<sup>th</sup> May, 2012

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATED TO SUBSIDIARY COMPANIES AS AT 31<sup>ST</sup> MARCH 2012**

(₹ in Lacs unless otherwise stated)

Sr. No.	Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retails Limited	SKNL International B.V.	SKNL Europe B.V.	SKNL Italy S.p.A.	Leggiuno S.p.A. @	Marlings & Evans Ltd. @@	SKNL Global Holdings B.V. *	SKNL(UK) Limited **	SKNL North America B.V. **	Remala Trading B.V. ***
1	Financial year of the Subsidiary Companies ended on	3/31/2012	3/31/2012	3/31/2012	3/31/2012	3/31/2012	12/31/2011	12/31/2011	12/31/2011	3/31/2012	3/31/2012	3/31/2012	12/31/2011
2	Shares of the Subsidiary held by SKNL on the above date												
	(a) Number of Shares Fully Paid	100,125,000	49,500	50,000	4,964,910	2,573,604	18,200,000						
	Face Value	Equity Shares of ₹ 10 /- each	Equity Shares of ₹ 10 /- each	Equity Shares of ₹ 10 /- each	Equity Shares of Euro 1 each	Equity Shares of Euro 1 each	Equity Shares of Euro 1 each	Equity Shares of Euro 1 each					
	(b) % shares held by SKNL and its subsidiaries	74.39%	99%	100%	100%	100%	100%	100%	65%	100%	80%	100%	95%
3	Net aggregate amount of the profits / (Losses) of the Subsidiary Company so far as it concerns the members of the SKNL												
I	For the Financial Year of Subsidiary ended on March 31, 2012 and December 31, 2011												
	(a) Dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-	-
	(b) Not dealt with Accounts of SKNL amounted to	29,688.44	#	(0.04)	(20.66)	(3.50)	(47.80)	13.34	(117.39)	888.73	(505.79)	(506.42)	(261.52)
II	For the previous financial year of the Subsidiary since it became subsidiary of SKNL												
	(a) Dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-	-
	(b) Not dealt with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-	-
4	Changes in the interest of the SKNL between the end of the Subsidiary's financial year and 31 <sup>st</sup> March, 2012	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Number of shares acquired												



Sr. No.	Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retails Limited	SKNL International B.V.	SKNL Europe B.V.	SKNL Italy S.p.A.	Leggiuno S.p.A. @	Marlings & Evans Ltd. @@	SKNL Global Holdings B.V. *	SKNL(UK) Limited **	SKNL North America B.V. **	Remala Trading B.V. ***
	Material changes between the end of the Subsidiary's financial year and 31 <sup>st</sup> March, 2012												
	(a) Fixed Assets (net additions)	-	-	-	-	-	-	-	-	-	-	-	-
	(b) Investments (net)	-	-	-	-	-	-	-	-	-	-	-	-
	(c) Money's lent by the Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
	(d) Moneys borrowed by the Subsidiary Company other than for the meeting current liabilities	-	-	-	-	-	-	-	-	-	-	-	-

**Notes:**

1. The Ministry of Company Affairs, Government of India, New Delhi, vide its order no.51/12/2007-CL-III dated 08.02.2011, issued under Section 212(8) of the Companies Act, 1956, has exempted the Company from attaching the accounts of subsidiaries of the Company. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company and the subsidiaries of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Registered Office of the Company and of the concerned subsidiary of the Company.

\* Subsidiary Company of SKNL International B.V.

\*\* Subsidiary Company of SKNL Global Holdings B.V. with four step down subsidiaries.

\*\*\* Subsidiary Company of SKNL North America B.V. consolidated with seven HMX Group Companies.

@ Subsidiary Company of SKNL Italy S.p.A.

@@ Subsidiary Company of Leggiuno S.p.A.

# Anjaneya Foundation is Company u/s. 25 of the Companies Act, 1956 and its financials are not consolidated with the Company's financial statements.

For and on behalf of the Board of Directors

**Nitin S. Kasliwal**

*Chairman & Managing Director*

**Anil Channa**

*Deputy Managing Director*

**J. S. Shetty**

*Director Finance & Group CFO*

**Nimesh S. Shah**

*Sr. Vice President & Company Secretary*

Place: Mumbai

Date: 30<sup>th</sup> May, 2012

Particulars of Subsidiary Companies as required by order no.51/12/2007-CL-III dated 08.02.2011, of Ministry of Corporate Affairs, Government of India issued under Section 212(8) of the Companies Act, 1956 for the financial year 2011-12 are as follows:

( ₹ in Lacs unless otherwise stated)

Name of the Subsidiary Company	Reid & Taylor (India) Ltd.	Anjaneya Foundation #	Belmonte Retail Limited	SKNL International B.V.	SKNL Europe B.V.	SKNL Italy S.p.A.	Leggiano S.p.A. @	Marlings & Evans Ltd. @@	SKNL Global Holdings B.V. *	SKNL(UK) Limited **	SKNL North America B.V. **	Remala Trading B.V. ***
Financial year of the Subsidiary Companies ended on	3/31/2012	3/31/2012	3/31/2012	3/31/2012	3/31/2012	12/31/2011	12/31/2011	12/31/2011	3/31/2012	3/31/2012	3/31/2012	12/31/2011
Exchange rate as on 31st March 2012	N.A.	N.A.	N.A.	1 Euro = ₹ 68.66	1 Euro = ₹ 68.66	1 Euro = ₹ 69.32	1 Euro = ₹ 69.32	1 Euro = ₹ 69.32	1 Euro = ₹ 68.66	1 GBP = ₹ 82.16	1 Euro = ₹ 68.66	1 USD = ₹ 53.40
(a) Share Capital (including share application money pending allotment)	13,459.75	5.00	5.00	35,109.89	1,921.52	12,616.24	2,048.41	305.48	12.36	8.22	12.36	12,028.35
(b) Share Capital Suspense	-	-	-	-	-	-	-	-	-	-	-	-
(c) Reserves and Surplus (net of debit balance of Profit and Loss Account)	169,827.84	(45.59)	(0.04)	(232.41)	(820.61)	(235.28)	669.73	(325.19)	32,944.33	(1,455.10)	14,939.33	20,708.48
(d) Total Assets (Fixed Assets + Current Assets)	342,096.24	0.87	4.96	2,592.64	2,325.86	72.61	17,571.33	495.49	15,459.22	9,156.73	1,636.52	95,786.48
(e) Total Liabilities (Debt + Current Liabilities and Provisions)	158,808.75	41.46		22.86	3,415.64	2,501.88	15,093.64	515.20	281.21	10,603.61	439.19	63,049.65
(f) Details of Investments (excluding investments in the subsidiary companies)												
- Equity / Preference Shares	-	-	-	32,307.70	2,190.69	14,810.23	240.45	-	17,778.68	-	13,754.36	-
- Government Securities	0.10	-	-	-	-	-	-	-	-	-	-	-
- Bonds / Mutual Fund Units	-	-	-	-	-	-	-	-	-	-	-	-
(g) Turnover	153,980.22	-	-	-	-	-	16,589.29	665.06	-	8,875.87	-	107,139.56
(h) Profit / (Loss) before Taxation	39,316.30	(33.18)	(0.04)	(20.66)	(3.50)	(47.80)	73.88	(117.39)	888.73	(505.79)	(506.42)	(406.72)
(i) Provision for Taxation	9,627.86	-	-	-	-	-	60.54	-	-	-	-	(145.20)
(j) Profit / (Loss) after Taxation	29,688.44	(33.18)	(0.04)	(20.66)	(3.50)	(47.80)	13.34	(117.39)	888.73	(505.79)	(506.42)	(261.52)
(k) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	-	-	-



**Reid & Taylor (India) Limited**  
**Annual Report**  
**2011-12**



## BOARD OF DIRECTORS

<b>Late Dr. A. C. Shah</b>	-	<i>Chairman (up to 11<sup>th</sup> August, 2011) Director (up to 16<sup>th</sup> January, 2012)</i>
<b>Nasser Munjee</b>	-	<i>Director (w.e.f. 4<sup>th</sup> July, 2011)</i> <i>Chairman (w.e.f. 11<sup>th</sup> August, 2011)</i>
<b>Nitin S. Kasliwal</b>	-	<i>Managing Director</i>
<b>Kunnasagaran Chinniah</b>	-	<i>Director</i>
<b>Dara P. Mehta</b>	-	<i>Director</i>
<b>Pradip P. Shah</b>	-	<i>Director</i>
<b>T. C. Venkatsubramanian</b>	-	<i>Director (w.e.f. 4<sup>th</sup> July, 2011)</i>
<b>Anil Channa</b>	-	<i>Director</i>

## COMPANY SECRETARY & COMPLIANCE OFFICER

Nihar R. Avasare (upto 31<sup>st</sup> May, 2012)  
Abhishek S. Juvekar (w.e.f. 1<sup>st</sup> June, 2012)

## BANKERS

Bank of India  
IDBI Bank Ltd.  
EXIM Bank Ltd.  
State Bank of India  
Punjab National Bank  
Indian Overseas Bank  
Union Bank of India  
ICICI Bank Ltd.  
Lakshmi Vilas Bank  
UCO Bank

## AUDITORS

M/s. Haribhakti & Co.

## SOLICITORS

M/s. Little & Co.

## REGISTERED OFFICE

B2, 5<sup>th</sup> Floor, Marathon NextGen,  
Off G. K. Marg, Lower Parel (West),  
Mumbai - 400 013.

## PLANT LOCATION

### Worsted Fabrics Complex

Thandavapura,  
Nanjangud Taluka,  
Mysore District,  
Karnataka.

### Suit Factory

Plot # 28C, Opp. Asian Paints Godown,  
Peenya, 2<sup>nd</sup> Phase, (Near NTT Circle),  
Bengaluru - 560 058.

## DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report and Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March, 2012.

### FINANCIAL HIGHLIGHTS:

(₹ In lacs)

Particulars	2011-12	2010-11
Sales Turnover	1,53,980	125,165
Other Income	3,360	4,404
<b>Profit before Depreciation Interest and Taxation (PBDIT)</b>	<b>53,660</b>	<b>46,680</b>
Finance Cost	13,297	8,356
Depreciation/Amortisation	1,047	1,074
<b>Profit before Taxation (PBT)</b>	<b>39,316</b>	<b>37,250</b>
Tax Expenses	9,628	12,997
<b>Profit After Taxation (PAT)</b>	<b>29,688</b>	<b>24,253</b>
<b>PAT brought forward from last year</b>	<b>61,670</b>	<b>37,417</b>
Appropriations	-	-
<b>PAT carried forward to next year</b>	<b>89,381</b>	<b>61,670</b>

### YEAR IN RETROSPECT:

Even though competition in the domestic market was fierce during the financial year 2011-12, your Company's turnover has increased to ₹ 1,53,980 Lacs showing growth of approximately 23% (YoY) and Profit After Tax (PAT) increased to ₹ 29,688 Lacs showing growth of approximately 22.4% (YoY). The growth in performance due to the strong brand image of 'Reid & Taylor' and extensive marketing and nationwide distribution network continues to be most encouraging for the business.

### DIVIDEND:

In order to augment the resources, your Directors do not recommend any dividend for the year under review.

### CURRENT BUSINESS OUTLOOK AND PLANS:

Your Company manufactures Reid & Taylor Worsteds Suiting and Premium natural fibre suiting. Your Company also markets premium Ready-to-Wear Garments under the brand "Reid & Taylor". Your Company has recorded a consistent growth over a period of time. Despite increased selling expenses and rising raw material prices for both polyester and wool, EBIDTA margins remained fairly steady due to expanding volumes and better realizations in polyester-wool as well as polyester-viscose fabrics. In order to neutralise the steep increase in wool prices, your Company also developed and introduced new and innovative products such as Showcase suiting fabric, pure wool suiting with jacquard designs, laser engraving etc. Plans for the nationwide unveiling of "Kruger", a premium casual brand have been progressing well with the launch expected soon.

### INITIAL PUBLIC OFFERING (IPO):

Your Company had filed the Draft Red Herring Prospectus (DRHP) with the market regulator Securities and Exchange Board of India (SEBI) on 9<sup>th</sup> December, 2010 for the proposed Initial Public Offer (IPO); and after providing necessary clarifications, SEBI granted its approval in the form of acknowledgement card on 6<sup>th</sup> June, 2011. The said approval is valid upto 5<sup>th</sup> June, 2012 i.e. one year from the date of grant of approval by SEBI. However, due to sluggish economy and dull market conditions, your Company has decided to defer its IPO for the time being.

### HUMAN RESOURCES:

Your Company has implemented a comprehensive HR Strategy to attract, retain and develop talent. During the year under review, initiatives for building competitiveness and fortifying knowledge base of the employees were taken up by your Company.

During the year the employee - employer relationship was very conducive.

### INFORMATION TECHNOLOGY:

During the year under review, multi-module Enterprise Resource Planning (ERP) implementation was started in your Company to bring in more transparency and accountability in the operations, better planning and management of the supply chain and to provide real-time information to the management to make correct business decisions.

## **DIRECTORATE:**

During the year under review, Shri Nasser Munjee and Shri T. C. Venkat Subramanian were inducted on the Board of your Company as Non-Executive Independent Additional Directors with effect from 4<sup>th</sup> July, 2011. Shri Nasser Munjee was later on appointed as the Chairman of your Company with effect from 11<sup>th</sup> August, 2011 in place of Dr. A. C. Shah who had expressed his inability to continue as the Chairman owing to his falling health.

Your Company informs you with grief about the sad demise of Dr. A. C. Shah, Director and erstwhile Chairman of your Company who passed away on 16<sup>th</sup> January, 2012 due to prolonged ill-health. Dr. A. C. Shah was a member of the Board since 27<sup>th</sup> September, 2010 and Chairman during 27<sup>th</sup> September 2010 to 11<sup>th</sup> August 2011. The Board of Directors acknowledge and appreciate the guidance, support and contribution made by Dr. A. C. Shah during his stint in your Company.

None of the Directors of your Company is disqualified to be appointed as a Director pursuant to section 274(1)(g) of the Companies Act, 1956. In terms of section 255 and 256 of the Companies Act, 1956, Shri Anil Channa and Shri Dara P. Mehta are liable to retire by rotation and, being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

## **DIRECTOR'S RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956:

1. that in the preparation of the Annual Accounts, the Applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
2. that such Accounting Policies have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the Profit And Loss Account of the Company for the year ended on that date;
3. that 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 frauds and other irregularities;
4. that the Annual Accounts for the year ended on 31<sup>st</sup> March, 2012 have been prepared on a going concern basis.

## **DEPOSITS:**

Fixed deposits received from shareholders and public stood at NIL as on 31st March, 2012 (Previous year ₹ NIL). Your Company does not have any fixed deposit scheme.

## **PARTICULARS OF EMPLOYEES:**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended forms part of this Report. However, as per the provisions of Section 219 (1) (iv) of the Companies Act, 1956 the Annual Report and Accounts are being sent to all shareholders excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of your Company.

## **CORPORATE GOVERNANCE**

A Report on Corporate Governance of your Company forms part of this Directors' Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Additional information required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, in respect of Conservation of Energy and Technology Absorption is given in the prescribed forms which are given in Annexure 'I' to the Directors' Report.

## **AUDITORS:**

M/s. Haribhakti & Co., Chartered Accountants (bearing Firm Registration Number 103523W) have furnished the required certificate under Section 224(1B) of the Companies Act, 1956 and are eligible for re-appointment.

Keeping in mind the business needs and the growing scope of the audit assignment and subject to the approval of shareholders, the Board of Directors, at its meeting held on 29<sup>th</sup> May, 2012, has appointed M/s. Malpani & Associates, Chartered Accountants (bearing Firm Registration Number 120438W) as the Joint Statutory Auditors of your Company along with M/s. Haribhakti & Co., Chartered Accountants, the existing Statutory Auditors. M/s. Malpani & Associates, Chartered Accountants have also furnished the required certificates under section 224(1B) of the Companies Act, 1956 regarding their eligibility for appointment as Statutory Auditors of your Company.



The Board of Directors accordingly recommends appointment of M/s. Haribhakti & Co., Chartered Accountants and M/s. Malpani & Associates, Chartered Accountants as the Joint Statutory Auditors of your Company. Special Notice for appointment of Joint Statutory Auditors is given under the Notice convening the ensuing Annual General Meeting.

Following the above, the Board of Directors, at its meeting held on 29<sup>th</sup> May, 2012, has appointed M/s. SMNP & Co., a firm of Chartered Accountants as the Internal Auditors of your Company.

In respect of the observations made by the Auditors in their Report, please refer to note no. 26 of the notes to accounts which is self explanatory and hence, in the opinion of the Directors, do not require any further explanation.

**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation for the continued support and co-operation from banks, financial institutions and other stakeholders. Your Directors acknowledge particularly the efforts put in by your Company's employees at all levels for their dedicated service.

By order of the Board  
For **Reid & Taylor (India) Limited**

**Nasser Munjee**  
Chairman

Place: Mumbai

Dated: 29<sup>th</sup> May, 2012

**ANNEXURE (I) to the Directors Report**

**A. CONSERVATION OF ENERGY**

a) Energy Conservation measures taken

Energy Conservation is always on priority list of the company and continuous efforts are made to conserve it.

- Cost of crude oil has gone up considerably. Hence, the Company has switched from captive power generation to grid power.
- Energy audit is being conducted regularly to establish energy saving possibilities.
- Water is recycled after ETP treatment for reuse in dyeing and finishing & watering green belt.
- Condensate is re-used in the process.
- Preheat boiler feed-water, dyeing and finishing treatment is being performed using solar energy to reduce fuel consumption.

**B. TECHNOLOGY ABSORPTION**

a) Efforts made in Technology Absorption - As per Form "B" given below:

**RESEARCH & DEVELOPMENT (R & D)**

**FORM "B"**

(See Rule 2)

- |   |   |
|---|---|
| 1. Specific areas in which R&D carried out by the Company | Product research is carried out on an ongoing basis |
| 2. Benefits derived as a result of the above R & D        | Improved product quality                            |
| 3. Future plan of action                                  | Same as above                                       |
| 4. Expenditure on R & D                                   | Not identified separately                           |
|   | ₹ in Crs.   |
| a. Capital  | -   |
| b. Recurring  | -   |
| c. Total  | -   |
| d) Total R & D Expenditure as a percentage of             |   |
| NIL % total turnover                                      | -   |

## Technology Absorption, Adoption and Innovation

### Raw Materials

Steep increase in wool prices and devaluation of Indian rupee against the dollar in international market has resulted in significant increase in product cost. High cost of products brings resistance in market.

- To neutralize the price to some extent, the Company is blending natural wools for darker shades.
- New products are developed with new blends of wool & polyester.

### Quality Assurance

- Measurement of quality at each stage in production is being carried out.
- The Company has initiated quality circle activity at each level of management starting from workmen.
- Continuous efforts are being made to get the feedback from the market/customers so that quick corrections in products can take place.
- Continuous training and development activities at all levels of employee are being carried out.

### Environment

Care for environment is a policy matter.

- The Company uses re-cycled polyester for blending with wool blended fabric.
- The Company maintains a Greenbelt which spreads over 1,15,000 sq. meters, comprising over 2000 trees.
- ETP treatment using ENZYMES which reduces sludge waste by 30%. This helps the quality of re-cycled water to improve significantly.
- The Company has implemented Rainwater harvesting.
- ZERO water discharge from plant area is being observed.

### Research and Development With Technology Absorption

We lead market through introduction of innovative products such as

- Show case suit - Suit can be cleaned under water shower.
- New fabric with Cashmere, Escorial & Silk luxurious blends.
- Jacquerette design fabric.
- Designing with laser Engraving Machine.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

### a) Activities relating to export, initiatives to increase exports, Developments of New export markets for Products and Services and Export Plan.

The Company has continued to maintain focus on and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth ₹ 3,747.19 Lacs

### b) Total Foreign exchange earned and used

(₹ in Lacs)

	Current Year 2011-12	Previous Year 2010-11
a. Total Foreign Exchange earned	3,747.19	4,247.32
b. Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
<b>Sub Total (a + b)</b>	<b>3,747.19</b>	<b>4,247.32</b>
c. Total Foreign Exchange used	4,452.34	4,763.48

**FORM A**

**FORMING PART OF ANNEXURE (I)**

**Form for Disclosure of particulars with respect to conservation of Energy**

**Part A - POWER AND FUEL CONSUMPTION**

<b>ELECTRICITY</b>	<b>Current year 2011-12</b>	<b>Previous year 2010-11</b>
<b>Purchase</b>		
Units in lacs	<b>210.57</b>	83.21
Total Amount ₹ Lacs	<b>1,170.87</b>	459.45
Rate / Units ₹	<b>5.56</b>	5.52
<b>Own generation</b>		
Through Diesel generator		
Units (D.G Units) in lacs	<b>0.47</b>	152.99
Unit / Ltr of Diesel Oil	<b>3.33</b>	4.08
Cost / Unit ₹	<b>11.92</b>	6.82

**Part B - CONSUMPTION PER UNIT OF PRODUCTION**

<b>Electricity</b>	<b>Current year 2011-12</b>	<b>Previous year 2010-11</b>
Fabrics KWH / Metre	2.65	2.97
Others (Specify)	-	-

## AUDITORS' REPORT

To  
**The Members of Reid & Taylor (India) Limited**

1. We have audited the attached Balance Sheet of Reid & Taylor (India) Limited ('the Company') as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss and also 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.
2. 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 misstatement. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 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 purpose 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, statement of profit and loss 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 the written representations received from the directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. Without qualifying our opinion, we draw attention to Note No.26 regarding the change in accounting policy with respect to amortization of recompense expense amounting to ₹ 1977.86 lacs as on 1<sup>st</sup> April, 2011 pertaining to earlier years, which has been adjusted against accumulated surplus under the head 'Reserves & Surplus.'
  - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes there on, 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 the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
    - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**Rakesh Rathi**  
Partner  
Membership No. 45228

Place: Mumbai  
Date: May 29, 2012

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Reid & Taylor (India) Limited on the financial statements for the year ended March 31, 2012]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of verification of fixed assets wherein all fixed assets are verified once in a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventories (excluding stocks with third parties) have been physically verified by the management during the year. In respect of inventories lying with third parties, these have substantially been confirmed by them along with certification of physical verification of such inventories from an independent CA firm. 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 no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 64,988.00 lacs and the year- end balance of loans granted to such company was ₹ 30,457.05 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) The party has repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company.
- (d) There is no overdue amount of loans granted to the Company listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) As informed, the Company 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, the provisions stated in paragraph 4 (iii)(f) and (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess in respect of the Mysore unit of the Company have been regularly deposited with the appropriate authorities. There have been delays in depositing of such dues in respect of other two units of the Company.

According to the information and explanations given to us, such undisputed dues of the Company which were outstanding, at the year end for a period of more than six months from the date they became payable aggregate ₹ 14,153.20 lacs.

- (b) According to the records of the Company, the statutory dues of ₹ 7,244.14 lacs that have not been deposited on account of disputes pending before appropriate authorities are as under:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6563.19 lacs	FY 2008-09	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise duty on Tow to Top conversion	436.80 lacs	FY 2008-09	CESTAT
Customs Act, 1962	Customs CVD Duty	21.16 lacs	FY. 2006-07	Commissioner of Customs
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	222.99 lacs	FY. 2002-03 to 2005-06	High Court

- (x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company has defaulted in repayment of dues to banks. As at balance sheet date, the dues include principal aggregating to ₹ 1,000.00 lacs which is for a day and interest aggregating ₹ 1,226.47 lacs which is for a period ranging from one to three months, out of which ₹ 1,726.47 lacs have since been repaid.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, 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 **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**Rakesh Rathi**  
Partner  
Membership No. 45228

Place: Mumbai

Date: 29<sup>th</sup> May, 2012

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012

( ₹ in lacs)

	Note No.	Current Year As at 31.03.2012	Previous Year As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	13,459.75	13,459.75
Reserves and Surplus	2	<u>169,827.84</u>	<u>142,117.26</u>
		<b>183,287.59</b>	155,577.01
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	3	26,731.50	1,503.25
Deferred Tax Liabilities (Net)	4	1,519.10	173.31
Long Term Provisions	5	<u>141.22</u>	<u>95.97</u>
		<b>28,391.82</b>	1,772.53
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	6	83,662.07	61,619.60
Trade Payables	7	6,660.32	5,864.58
Other Current Liabilities	8	16,203.73	10,425.85
Short Term Provisions	9	<u>23,890.81</u>	<u>17,024.93</u>
		<b>130,416.93</b>	94,934.96
<b>Total</b>		<u><b>342,096.34</b></u>	<u>252,284.50</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	10		
(i) Tangible Assets		34,012.49	9,716.24
(ii) Capital Work-in-Progress		22,283.42	420.10
Non-Current Investments	11	0.10	0.10
Long Term Loans and Advances	12	52,347.64	49,221.80
Other Non-Current Assets	13	<u>97.86</u>	<u>1,829.89</u>
		<b>108,741.51</b>	61,188.13
<b>CURRENT ASSETS</b>			
Inventories	14	52,316.13	35,651.74
Trade Receivables	15	77,959.16	55,751.09
Cash and Bank Balances	16	1,121.85	4,802.04
Short Term Loans and Advances	17	101,531.83	94,526.19
Other Current Assets	18	<u>425.86</u>	<u>365.31</u>
		<b>233,354.83</b>	191,096.37
<b>Total</b>		<u><b>342,096.34</b></u>	<u>252,284.50</u>

Significant accounting policies and the accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**NITIN S. KASLIWAL** *Managing Director*

**RAKESH RATHI**  
Partner  
Membership No. 45228

**ANIL CHANNA** *Director*

Place : Mumbai  
Date : 29<sup>th</sup> May, 2012

**NIHAR R. AVASARE** *Company Secretary*  
Place : Mumbai  
Date : 29<sup>th</sup> May, 2012



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

( ₹ in lacs)

	Note No.	Current Year Ended on 31.03.2012	Previous Year Ended on 31.03.2011
<b>INCOME</b>			
Revenue from Operations (Gross)		154,226.62	125,214.15
Less : Excise Duty		246.40	48.73
Revenue from Operations (Net)	19	153,980.22	125,165.42
Other income	20	3,359.87	4,403.58
<b>Total Revenue</b>		<b>157,340.09</b>	<b>129,569.00</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	83,222.72	66,791.64
Changes in inventories of finished goods and work-in-progress	22	(6,830.28)	(5,631.80)
Employee benefits expense	23	5,415.88	4,199.94
Finance costs	24	13,296.87	8,355.91
Depreciation and Amortization Expense	10	1,047.01	1,074.18
Other Expenses	25	21,871.59	17,529.23
<b>Total Expenses</b>		<b>118,023.79</b>	<b>92,319.10</b>
<b>Profit / (Loss) before tax</b>		<b>39,316.30</b>	<b>37,249.90</b>
<b>Tax expenses</b>			
Current tax		11,081.02	12,974.41
Deferred tax		1,345.79	20.80
Wealth tax		1.13	1.26
Short / (Excess) provision of earlier years		(2,800.08)	0.45
<b>Total Tax Expenses</b>		<b>9,627.86</b>	<b>12,996.92</b>
<b>Profit / (Loss) for the year</b>		<b>29,688.44</b>	<b>24,252.98</b>
<b>Earnings per equity share:</b>	40		
<b>Basic &amp; Diluted</b>		<b>₹ 22.06</b>	<b>₹ 18.02</b>
<b>(Nominal Value of the Shares ₹ 10/- each)</b>			

Significant accounting policies and the accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**NITIN S. KASLIWAL** Managing Director

**RAKESH RATHI**  
Partner  
Membership No. 45228

**ANIL CHANNA** Director

Place : Mumbai  
Date : 29<sup>th</sup> May, 2012

**NIHAR R. AVASARE** Company Secretary  
Place : Mumbai  
Date : 29<sup>th</sup> May, 2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2012

( ₹ in lacs)

		Current Year Ended on 31.03.2012	Previous Year Ended on 31.03.2011
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	<i>Net Profits Before Tax and Extraordinary Items</i>	39,316.30	37,249.90
	Adjustments for:		
	a) Depreciation	1,047.01	1,074.18
	b) Deferred Revenue Expenditure	-	219.76
	c) Profit/Loss on sale of fixed assets(net)	0.58	11.44
	d) Sundry balances written off	0.16	0.24
	e) Finance Costs	13,296.87	8,136.15
	f) Interest Income	(2,703.42)	(3,841.22)
	g) Exchange rate fluctuation	100.50	27.29
	<b>Operating Profit before Working Capital Changes</b>	<b>51,058.00</b>	<b>42,877.74</b>
	Movements in Working Capital		
	a) Trade & Other Receivables	(26,922.19)	(45,847.77)
	b) Inventories	(16,664.40)	(7,171.44)
	c) Trade and other payables	7,767.50	5,027.81
	<b>Cash Generated from / (Used in) Operating Activities</b>	<b>15,238.91</b>	<b>(5,113.66)</b>
	a) Direct Taxes	(1,522.16)	(9,734.20)
	<b>Net cash Flow from / (Used in) Operating Activities Total (A)</b>	<b>13,716.75</b>	<b>(14,847.86)</b>
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	a) Acquisition of Fixed Assets (Including CWIP & Capital Advances)	(53,131.66)	(8,920.78)
	b) Sale of Fixed Assets	100.11	19.63
	c) Proceeds/(Investments) from/to fixed deposits	(320.39)	2,247.23
	d) Interest Income	2,703.42	3,841.22
	<b>Net cash Flow from / (Used in) Investing Activities Total (B)</b>	<b>(50,648.52)</b>	<b>(2,812.70)</b>
<b>C</b>	<b>Cash Flow from financing activity</b>		
	a) Proceeds from Long Term Borrowings	28,200.00	7,500.00
	b) Repayment of Long Term Borrowings	(4,014.41)	(1,000.00)
	c) Short Term Borrowings (Net)	22,042.47	19,332.96
	d) Finance Costs	(13,296.87)	(8,136.15)
	e) Movement in Debt Service Reserve Account	(415.58)	-
	<b>Net cash Flow from / (Used in) Financing Activities Total (C)</b>	<b>32,515.61</b>	<b>17,696.81</b>
	<b>Net Increase in Cash and Cash Equivalents Total (A+B+C)</b>	<b>(4,416.16)</b>	<b>36.25</b>
	Cash & Cash Equivalent (Opening Balance)	4,693.57	4,657.32
	Cash & Cash Equivalent (Closing Balance)	277.41	4,693.57
	<b>Net Change in Cash &amp; Cash Equivalent</b>	<b>(4,416.16)</b>	<b>36.25</b>

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 (AS-3) "Cash Flow Statement".
- Cash and cash equivalents comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less. (Refer Note 16)
- Figures in brackets represent outflows.
- Previous Year figures have been recast/restated wherever necessary.

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place : Mumbai  
Date : 29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Managing Director

**ANIL CHANNA** Director

**NIHAR R. AVASARE** Company Secretary

Place : Mumbai  
Date : 29<sup>th</sup> May, 2012

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Corporate Information

Reid & Taylor (India) Limited (the Company) is a public limited company in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in textile industry and operates in several product categories including all wools, polyester wool, luxury, premium or super premium polyester viscose fabric and ready-to-wear garments and in all fibre categories (natural, blended and man-made fibres). The Company caters to both domestic and international markets.

### 2. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year.

### 3. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the value of assets and liabilities as well as revenues and expenses as reported in the financial statements. The difference between the actual result and estimates are recognized during the period in which they are materialized / known.

### 4. Tangible Assets

Tangible Assets are stated at their original cost, net of Cenvat/value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost includes interest, financial charges, freight, taxes and other incidental expenses incurred for acquisition and installation of the assets. Tangible Assets revalued are stated at values determined by the independent valuers.

### 5. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

### 6. Depreciation and Amortisation

- a) Depreciation on Tangible Assets including revalued assets have been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. Depreciation on additions to Tangible Assets is provided for on pro-rata basis from the date of addition/acquisition till the end of the year and on assets sold/discarded/demolished to the date of disposal. The depreciation on revalued portion of assets is adjusted against the revaluation reserve.
- b) Depreciation on assets whose actual cost does not exceed ₹5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- c) Computer software/System Development: Amortised over a period of five years.

### 7. Capital Work-In-Progress

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, interest and other financing costs payable on funds specifically borrowed to the extent they relate to the period till assets are ready for intended use.

### 8. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

## 9. Valuation of Inventories

- a) Raw materials (including goods-in-transit) are valued at cost, on first-in-first-out basis.
- b) Work-in-process is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.
- d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first-in-first-out basis.

## 10. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

## 11. Recognition of Income and Expenditure

- a) Domestic sales are recognized on transfer of risk and reward which generally coincides with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of date of bill of lading.
- c) Sales are inclusive of dyeing charges, conversion charges and are net of shortage and discounts, excluding value added tax.
- d) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognized on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being immaterial, are accounted for on cash basis.
- f) The claims against the company are accounted for on acceptance basis.

## 12. Foreign Exchange Transactions

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the Statement of profit and loss. In case of forward contracts (non speculative), the exchange differences are dealt with in the Statement of profit and loss over the period of contracts.

## 13. Employee Benefits

- a) Employee benefits comprise both defined contribution and defined benefit plans.

### **Defined contribution plan :**

Contribution to defined contribution plans are recognised as expenses in the Statement of Profit and Loss, as they are incurred.

### **Defined benefit plan :**

The Company's liability towards Gratuity & Leave encashment is accounted for on the basis of an actuarial valuation, applying Projected Unit Credit Method done at the year end and is charged to the Statement of Profit and Loss.

- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.

## 14. Research & Development

Revenue expenditure, including overheads on Research and Development, is charged off as an expense in the year in which incurred. Expenditure which results in the creation of capital assets during development stage is taken as Fixed assets.

## **15. Investments**

Investments are classified into Current and Non Current Investments. Current Investments are stated at lower of cost and fair value. Non Current Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Non Current Investments.

## **16. Borrowing costs**

Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

## **17. Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognized as an expense, as applicable, over the lease period.

## **18. Segment Reporting**

The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one reportable business segment i.e. Textiles and as such there are no separate reportable business segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

## **19. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **20. Income Tax**

Tax expense comprises of current tax and deferred tax. Current tax and deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", issued by the Institute of Chartered Accountants of India. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred Tax is measure based on the tax rate and tax laws, enacted or substantively enacted at the Balance Sheet date.

## **21. Provisions and Contingent Liabilities**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in lacs)

**Current Year**  
As at 31.03.2012

**Previous Year**  
As at 31.03.2011

### NOTE 1 - SHARE CAPITAL

	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised Capital</b>				
Equity Shares of ₹ 10 each	<u>150,000,000</u>	<u>15,000.00</u>	<u>150,000,000</u>	<u>15,000.00</u>
<b>Issued, Subscribed &amp; Fully Paid up Capital</b>				
Equity Shares of ₹ 10 each, fully paid up	<u>134,597,453</u>	<u>13,459.75</u>	<u>134,597,453</u>	<u>13,459.75</u>
<b>Total</b>	<u>134,597,453</u>	<u>13,459.75</u>	<u>134,597,453</u>	<u>13,459.75</u>

**Note 1.1 - Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :**

(₹ in lacs)

Particulars	Equity Shares			
	Current Year As at 31.03.2012		Previous Year As at 31.03.2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	134,597,453	13,459.75	53,838,981	5,383.90
Shares Issued during the year	-	-	80,758,472	8,075.85
Shares bought back/redeemed during the year	-	-	-	-
Shares outstanding at the end of the year	134,597,453	13,459.75	134,597,453	13,459.75

**Note 1.2 Out of Equity shares issued by the Company, shares held by its Holding Company are as below:**

Particulars	Nature of Relationship	Current Year As at 31.03.2012	Previous Year As at 31.03.2011
		No. of shares	No. of shares
S.Kumars Nationwide Limited	Holding company	100,125,000	100,125,000

**Note 1.3 Details of Equity shareholders holding more than 5% in the Company are as below :**

Name of Shareholder	Current Year As at 31.03.2012		Previous Year As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S.Kumars Nationwide Limited	100,125,000	74.39	100,125,000	74.39
Indivest PTE Ltd	34,472,453	25.61	34,472,453	25.61

**Note 1.4 - Aggregate number of bonus shares issued during a period of five years immediately preceeding the reporting date :**

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Equity Shares :					
Equity Shares allotted as fully paid bonus shares by capitalisation of Security Premium	-	80,758,472	-	-	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in lacs)

	Current Year As at 31.03.2012	Previous Year As at 31.03.2011
<b>NOTE 2 - RESERVES &amp; SURPLUS</b>		
<b>a. Securities Premium Account</b>		
Opening Balance	80,446.80	88,522.64
Less: Premium utilised towards issue of fully paid Bonus Shares	-	8,075.84
Closing Balance	80,446.80	80,446.80
<b>b. Surplus</b>		
Opening balance	61,670.46	37,417.48
(+) Net Profit / (Loss) for the year	29,688.44	24,252.98
(-) Restructured Financial cost written off (Refer Note 26)	1,977.86	-
Closing Balance	89,381.04	61,670.46
<b>Total</b>	<b>169,827.84</b>	<b>142,117.26</b>

## NOTE 3 - LONG TERM BORROWINGS

### Secured

<b>(a) Rupee Term Loans from Banks &amp; Institutions (Refer Note 3.1)</b>	26,731.50	1,500.00
<b>(b) Equipment Finance</b>	-	3.25
(Secured against respective Vehicle, rate of Interest is ranging between 6.75% to 15% and repayable in 36 EMI w.e.f. Commencement of Every New Loan)		
<b>Total</b>	<b>26,731.50</b>	<b>1,503.25</b>

### Notes :

#### 3.1

- Out of the total Rupee Term Loan of ₹ 26,731.50 lacs, Loan of ₹ 9,500.00 lacs with Current Maturities of ₹ 500.00 lacs is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of the Company, both present and future and personal guarantee of the Managing Director.  
This Loan is repayable in 20 Equal Quarterly Installment (EQI) starting from December 2012 to September 2017 and applicable interest rate is 13.25% p.a.
- Term Loan of ₹ 7,500.00 lacs is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of the Company, both present and future and personal guarantee of the Managing Director.  
This Loan is repayable in 3 EQI starting from June 2013 to December 2013 and applicable interest rate is 13.6% p.a.
- Term Loan of ₹ 5,343.75 lacs with Current Maturities of ₹ 356.25 lacs is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of the Company, both present and future, pledge of promoter's shares held in the Company, specific charge on Debt Service Reserve Account (DSRA) opened for this Loan and personal guarantee of the Managing Director.  
This Loan is repayable in 48 Equal Monthly Installment (EMI) starting from January 2013 to December 2016 and applicable interest rate is 15.0% p.a.
- Term Loan of ₹ 4,387.75 lacs with Current Maturities of ₹ 612.25 lacs is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of the Company, both present and future, pledge of promoter's shares held in the Company, personal guarantee of the Managing Director and corporate guarantee of S. Kumars Nationwide Ltd.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

This Loan is repayable in 49 EMI starting from October 2012 to October 2016 and applicable interest rate is 13.5% p.a.

- e) Term Loan with Current Maturities of ₹ 2,500.00 lacs is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of the Company, both present and future and personal guarantee of the Managing Director.

This Loan is repayable in 8 EQI starting from December 2010 to September 2012 and applicable interest rate is 15.25% p.a. There is delay in repayment of loan amounting to ₹ 1,000 lacs for a period of one to three months, out of which ₹ 500 lacs have since been repaid.

(₹ in lacs)

	Current Year As at 31.03.2012	Previous Year As at 31.03.2011
<b>NOTE 4 - DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Liabilities on account of</b>		
Difference between book and tax depreciation		
Opening balance	379.07	319.90
Current year Charge	1,434.33	59.17
<b>Closing Balance (A)</b>	<b>1,813.40</b>	<b>379.07</b>
<b>Deferred Tax Assets on account of</b>		
Disallowance under section 43B of Income Tax Act:		
Opening Balance	205.76	167.39
Current year Charge	88.54	38.37
<b>Closing Balance (B)</b>	<b>294.30</b>	<b>205.76</b>
<b>Total (A-B)</b>	<b>1,519.10</b>	<b>173.31</b>

## NOTE 5 - LONG TERM PROVISIONS

### Provision for employee benefits

Leave Encashment (unfunded)

	141.22	95.97
<b>Total</b>	<b>141.22</b>	<b>95.97</b>

## NOTE 6 - SHORT TERM BORROWINGS

### Secured

#### Repayable on demand

Working Capital loans from banks (Refer Note 6.1)

	83,201.10	61,619.60
<b>Total</b>	<b>83,201.10</b>	<b>61,619.60</b>

### Unsecured

#### Loans repayable on demand

from other parties

	460.97	-
<b>Total</b>	<b>460.97</b>	<b>-</b>

<b>Grand - Total</b>	<b>83,662.07</b>	<b>61,619.60</b>
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### Note 6.1

Working capital advances from Banks amounting to ₹ 83,201.10 lacs are secured by first *pari passu* charge on current assets of the company including in particular the stock and receivables, second *pari passu* charge on all the immovable properties including plant and machinery, machinery spares, tools and accessories and other movables, corporate guarantee from S. Kumars Nationwide Limited and Anjaneya Holdings Pvt. Ltd. and personal guarantee of the Managing Director. Average interest rate on above Working Capital loans is in the range of 12.0% p.a. to 16.75% p.a. There is delay in interest payment amounting to ₹ 1,139.44 lacs for a period of one to three months, which have since been paid.

## NOTE 7 - TRADE PAYABLES

### Trade Payables (for Goods)

Total outstanding due of Micro, Small and Medium Enterprises (Ref. note no. 33)

Others

	54.52	60.47
	6,605.80	5,804.11
<b>Total</b>	<b>6,660.32</b>	<b>5,864.58</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in lacs)

**Current Year**      **Previous Year**  
**As at 31.03.2012**      **As at 31.03.2011**

### NOTE 8 - OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings

#### Secured

Rupee Term Loans from Banks & Institutions (Refer Note 3.1)	<b>3,968.50</b>	5,000.00
Equipment Finance (Refer Note No. 3(b))	<b>3.25</b>	14.41
Interest accrued but not due on borrowings	<b>285.27</b>	88.50
Interest accrued and due on borrowings (Refer Note 8.1)	<b>87.03</b>	-
Advance received from customers	<b>696.47</b>	15.46
Deposits received from dealers	<b>130.35</b>	164.23
Payables for expenses	<b>10,087.81</b>	4,874.14
Trade Payables for Capital Goods	<b>441.13</b>	11.72
Trade Payables for Capital Goods - related party (Stepdown Subsidiary company)	<b>10.95</b>	-
Statutory Liabilities	<b>492.97</b>	257.39
<b>Total</b>	<b>16,203.73</b>	10,425.85

#### Note : 8.1

There is delay in Interest payment of ₹ 87.03 lacs for a period of one to three months, which have since been paid.

### NOTE 9 - SHORT TERM PROVISIONS

#### (a) Provision for employee benefits

Gratuity (Funded)	<b>269.46</b>	123.94
Leave Encashment (Unfunded) current portion	<b>41.82</b>	78.24*

#### (b) Others

Provision for taxation (Net of Advance Tax ₹ 17,640.20 lacs, PY ₹ 16,189.53 lacs)	<b>23,579.53</b>	16,822.75
<b>Total</b>	<b>23,890.81</b>	17,024.93

\* Last year short term provision has been taken on basis of actual payment made during the year.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### NOTE 10 - FIXED ASSETS

(₹ in lacs)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01.04.2011	Additions	(Disposals)	Balance as at 31.03.2012	Balance as at 01.04.2011	Depreciation for the year	On disposals/ Adjustment	Balance as at 31.03.2012	Balance as at 31.03.2012	Balance as at 31.03.2011
Not under lease, unless stated otherwise										
<b>a) Tangible Assets</b>										
Land										
Freehold	374.99	-	-	374.99	-	-	-	-	374.99	374.99
Leasehold	892.03	-	-	892.03	-	-	-	-	892.03	892.03
Buildings	2,304.57	-	-	2,304.57	315.74	106.84	-	422.58	1,881.99	1,988.83
Plant and Equipments	9,546.17	25,297.41	(54.55)	34,789.03	3,651.70	847.92	(2.40)	4,497.22	30,291.81	5,894.47
Furniture and Fixtures	238.46	42.30	(1.74)	279.02	62.12	26.43	(1.26)	87.29	191.73	176.34
Vehicles	234.25	39.91	(4.66)	269.50	50.56	26.49	41.74	118.79	150.71	183.69
Office equipments	58.35	2.61	(1.65)	59.31	18.21	5.72	-	23.95	35.38	40.14
Leasehold Improvements	101.60	44.13	-	145.73	4.04	14.83	-	18.87	126.86	97.56
Computers	104.29	17.58	-	121.87	36.10	18.78	-	54.88	66.99	68.19
<b>Total</b>	<b>13,854.71</b>	<b>25,443.94</b>	<b>(62.60)</b>	<b>39,236.05</b>	<b>4,138.47</b>	<b>1,047.01</b>	<b>38.08</b>	<b>5,223.56</b>	<b>34,012.49</b>	<b>9,716.24</b>
<i>Previous year Total</i>	<i>11,594.31</i>	<i>2,321.93</i>	<i>(61.53)</i>	<i>13,854.71</i>	<i>3,094.75</i>	<i>1,074.18</i>	<i>(30.46)</i>	<i>4,138.47</i>	<i>9,716.24</i>	
<b>b) Capital Work in Progress</b>									22,283.42	420.10
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,283.42</b>	<b>420.10</b>

Notes:

- Freehold land represents land originally leased out for 21 years (35.16 acres) by KIADB which has been converted to Freehold Land by virtue of an absolute sale deed executed on 28<sup>th</sup> September 2008 between KIADB and the Company.
- Leasehold Land represents land meant for Industrial project (17.26 acres) for which Lease Deed has been executed on 23<sup>rd</sup> April, 2009 by KIADB for a period of 10 years in favour of the Company. Management expects the said Leasehold land to be converted into Freehold based upon fulfilment of certain conditions. Hence, cost of Leasehold land is not amortised over the lease period.
- Leasehold Land Bangalore represents the land allotted by KIADB at Plot No.55, Badadi Industrial Area, Bangalore for setting up of Garment Manufacturing unit for a period of 10 years. Execution of lease deed is under process and cost of land will be amortised over lease period once legal formalities are completed.

(₹ in lacs)

### NOTE 11 - NON CURRENT INVESTMENTS

#### Other Non Trade Investments (Valued at Cost)

#### Investments in Government or Trust securities

National Saving Certificates

	Current Year As at 31.03.2012	Previous Year As at 31.03.2011
	0.10	0.10
<b>Total</b>	<b>0.10</b>	<b>0.10</b>

### NOTE 12 - LONG TERM LOANS & ADVANCES

Unsecured, considered good, unless stated otherwise

<b>a. Capital Advances</b>	33,869.63	28,045.23
<b>b. Security Deposits</b>	637.94	586.50
<b>c. Loans and advances to Holding Company</b>		
Secured, considered good	13,750	16,500
Unsecured, considered good	4,000	4,000
	<b>17,750.00</b>	<b>20,500.00</b>
<b>d. Other loans and advances</b>		
Custom and excise duty paid under protest	90.07	90.07
<b>Total</b>	<b>52,347.64</b>	<b>49,221.80</b>

### NOTE 13 - OTHER NON CURRENT ASSETS

#### Others

Unsecured, considered good, unless stated otherwise

Restructured Financial Cost / Prepaid Interest on NPV Basis (Refer Note 26)	-	1,758.10
Bank Deposit against working capital loan	78.40	58.40
Interest receivable on above bank deposit	19.46	13.39
<b>Total</b>	<b>97.86</b>	<b>1,829.89</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in lacs)

		Current Year	Previous Year
		As at 31.03.2012	As at 31.03.2011
NOTE 14 - INVENTORIES			
a.	Raw Materials and components (Valued at Cost on FIFO basis)	21,427.34	11,423.00
	Goods-in-transit	329.62	413.37
b.	Work-in-progress (Valued at cost)	9,166.22	5,699.36
	Goods-in-transit	65.91	-
c.	Finished goods (Valued at lower of cost and net realisable value)	20,972.57	17,810.04
	Goods-in-transit	134.98	-
d.	Stores and spares, fuel and packing materials (Valued at Cost on FIFO basis)	219.49	305.97
Total		52,316.13	35,651.74

### Note 14.1

#### Raw Materials

Grey Fabrics	11,860.54		2,094.69	
Yarn	1,072.39		970.18	
Wool	521.69		629.71	
Fibre	48.96		83.63	
Fabrics	8253.38	21,756.96	8,058.16	11,836.37

#### Work-in-progress

Fabrics		9,232.13		5,699.36
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#### Finished Goods

Fabrics	19,450.43		16,147.77	
Garments/Madeups	1657.12	21,107.55	1,662.27	17,810.04
Stores and spares/Stores, fuel and packing materials		219.49		305.97
<b>Total</b>		<b>52,316.13</b>		<b>35,651.74</b>

### NOTE 15 - TRADE RECEIVABLES

Trade receivables outstanding for a period less than six months from the date they are due for payment

Unsecured, considered good	63,883.46		49,626.62	
	<b>63,883.46</b>		<b>49,626.62</b>	

Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	14,075.70		6,124.47	
Unsecured, considered doubtful	92.41		91.32	
Less: Provision for doubtful debts	(92.41)		(91.32)	
	<b>14,075.70</b>		<b>6,124.47</b>	
<b>Total</b>		<b>77,959.16</b>		<b>55,751.09</b>

### NOTE 16 - CASH AND BANK BALANCES

#### a. Cash & Cash Equivalents

Cash on hand	2.47		3.50	
With Banks				
in current accounts	274.94	277.41	4,690.07	4,693.57

#### b. Other bank balances

Bank deposit against Margin Money (with maturities more than 3 months and less than 12 months)	428.86		108.47	
Earmarked Balances (DSRA)*	415.58	844.44	-	108.47
<b>Total</b>		<b>1,121.85</b>		<b>4,802.04</b>

\*Earmarked Balances (DSRA) represents balances maintained with ICICI Bank for Servicing of Interest on secured Loan.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in lacs)

	Current Year As at 31.03.2012		Previous Year As at 31.03.2011	
NOTE 17 - SHORT TERM LOANS AND ADVANCES				
Unsecured, considered good, unless stated otherwise				
a. Loans and advances to Holding Company in nature of Loan				
Secured, considered good	5,500.00		11,000.00	
b. Loans and advances to Holding Company in the nature of advances	7,207.05	12,707.05	8,549.67	19,549.67
c. Advances recoverable in cash or kind for value to be received		87,790.99		73,474.74
d. Others				
Prepaid Expenses	55.54		66.95	
Duty Draw Back and Receivable from customs/Excise	77.57		153.89	
Custom Deposits/ Modvat/ Vat receivable	561.93		943.05	
Loans and advances to staff	62.69		80.62	
Loans and advances to franchisees and others	276.06	1,033.79	257.27	1,501.78
Total		101,531.83		94,526.19

### NOTE 18 - OTHER CURRENT ASSETS

Restructured Financial Cost/Prepaid Interest on NPV Basis (Refer Note 26)		-		219.76
IPO related expenses		425.86		145.55
<b>Total</b>		<b>425.86</b>		<b>365.31</b>

(₹ in lacs)

	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
NOTE 19 - REVENUE FROM OPERATIONS		
Sale of products	154,134.74	125,200.87
Sale of services	91.88	13.28
	<hr/>	<hr/>
Revenue from operation (Gross)	154,226.62	125,214.15
	<hr/>	<hr/>
(-) Excise duty	246.40	48.73
	<hr/>	<hr/>
Total	153,980.22	125,165.42
	<hr/>	<hr/>

### Note 19.1 - SALE OF PRODUCTS AND SERVICES

<b>a) Sale of Products</b>				
Fabrics	109,799.79		92,319.73	
Garments	44,334.95		32,881.14	
<b>b) Sale of Services</b>				
Conversion Charges	91.88		13.28	
<b>Total</b>	<b>154,226.62</b>		<b>125,214.15</b>	

Note : Excise duty on sales amounting to ₹ 246.40 lacs (Previous year ₹ 48.73) has been reduced from sales in statement of Profit & Loss and excise duty on increase or decrease in stock has been charged to manufacturing expenses.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

	Current Year ended 31.03.2012	Previous Year Ended 31.03.2011
<b>NOTE 20 - OTHER INCOME</b>		
Interest Income	2,703.42	3,841.22
Balances written back	-	16.25
Other Non operating Income	656.45	546.11
<b>Total</b>	<b>3,359.87</b>	<b>4,403.58</b>

**NOTE 21 - COST OF MATERIALS CONSUMED**

Opening stock	11,836.37	10,340.69
(+) Purchases	93,143.31	68,287.32
(-) Closing stock	21,756.96	66,791.64
	<b>83,222.72</b>	<b>66,791.64</b>

**Note 21.1 - DETAIL OF RAW MATERIALS CONSUMED**

Fibre	857.58	651.88
Yarn	1,294.69	1,518.15
Grey Fabrics	42,617.43	36,066.04
Wool	6,786.28	5,669.96
Fabrics for Garments	31,666.74	22,885.61
	<b>83,222.72</b>	<b>66,791.64</b>

**NOTE 22 - CHANGES IN INVENTORIES**

Closing stock of :				
- Semi-finished Fabrics	9,232.13		5,699.36	
- Finished fabrics, Garments and made ups	21,107.55	30,339.68	17,810.04	23,509.40
Opening stock of :				
- Semi-finished Fabrics	5,699.36		5,068.97	
- Finished fabrics, Garments and made ups	17,810.04	23,509.40	12,808.63	17,877.60
<b>(Increase)/decrease in stock</b>		<b>(6,830.28)</b>		<b>(5,631.80)</b>

**NOTE 23 - EMPLOYEE BENEFITS EXPENSES**

Salaries and incentives	4,757.74	3,736.02
Contributions to Provident and other funds	354.33	268.85
Contributions to Gratuity fund	265.88	161.54
Staff welfare expenses	37.93	33.53
<b>Total</b>	<b>5,415.88</b>	<b>4,199.94</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

	<b>Current Year ended 31.03.2012</b>	<b>Previous Year ended 31.03.2011</b>
<b>Note 24 - FINANCE COST</b>		
Interest on Term Loans	2,039.18	1,152.36
Interest on working capital loan	10,371.16	6,691.96
Other Borrowing Cost	886.53	291.83
Restructured Financial Cost Amortised	-	219.76
<b>Total</b>	<b>13,296.87</b>	<b>8,355.91</b>
<b>NOTE 25 - OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Conversion charges	2,852.40	2,922.48
Excise Duty	544.20	53.45
Freight and Octroi	230.32	269.72
Water, Power & fuel	2,019.55	2,013.96
Stores and Spares	538.16	514.63
Other materials/expenses	812.75	934.02
Insurance	41.12	35.18
<b>Total (A)</b>	<b>7,038.50</b>	<b>6,743.44</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	237.38	127.24
Rates & Taxes	37.83	25.25
Repairs and Maintenance		
- to buildings	73.08	59.79
- to others	45.64	58.63
Travelling expenses	294.34	341.18
Vehicles maintenance	137.43	117.56
Directors sitting fees	7.70	9.52
Remuneration to Auditors		
- Audit fees	35.00	29.78
- other services	1.34	-
- Reimbursement of expenses	2.87	1.37
Bank charges	306.47	235.41
Conveyance expenses	15.77	11.31
Legal & Professional charges	328.22	350.32
Printing and stationery	69.54	63.36
Telephone expenses	59.57	48.77
Postage and telegrams	35.69	48.73
Sales tax	1.64	1.91
License and registration fees	-	7.29



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in lacs)

	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Sundry balances written off	0.16	0.24
Loss on sale of assets (Net)	0.58	11.44
Service Tax	3.04	-
Exchange Rate Fluctuation	100.50	27.29
Other Miscellaneous expenses	292.45	223.93
<b>Total (B)</b>	<b>2,086.24</b>	<b>1,800.32</b>

### SELLING AND DISTRIBUTION EXPENSES

Dealers incentives	2,233.10	1,849.23
Discounts, Rebates and allowances	33.12	68.53
Commission and brokerage	1,577.53	1,298.34
Conference/Publicity and Business Promotion Expenses	2,904.55	3,228.37
Other selling expenses	5,998.55	2,541.00
<b>Total (C)</b>	<b>12,746.85</b>	<b>8,985.47</b>
<b>Total (A+B+C)</b>	<b>21,871.59</b>	<b>17,529.23</b>

### 26. Restructured Finance Cost

The recompense expense incurred in connection with the CDR and exit thereof was deferred and was to be amortized over a period upto FY 2020 and accordingly charged off such amortized portion to profit and loss account till 31<sup>st</sup> March 2011, to conform with Generally Accepted Accounting Principles (GAAP), the balance amount of such un-amortized expense of ₹ 1,977.86 lacs as on 1<sup>st</sup> April 2011 has been adjusted against accumulated Surplus. Had there been no such changes, the profit for the year 2011-12 would have been reduced by ₹ 1,977.86 lacs.

27. As per Accounting Standard –19 “Leases”, the total of future minimum lease payment commitments under operating lease agreements for a period of 2 to 9 years to use offices, warehouses and guest house, are as under:

(₹ in lacs)

Period	As at 31.03.2012	As at 31.03.2011
a) not later than one year	833.33	213.40
b) later than one year but not later than five years	2,864.79	825.86
c) later than five years	915.90	311.99

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹ 237.38 lacs. (Previous year ₹ 127.24 lacs) as rent in respect of the above leases.

28. In the opinion of the management, other current & non current assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
29. The confirmation, reconciliation and adjustment of balances pertaining to trade receivables & trade payables through the accounts of collecting agents and loans & advances is an ongoing process. Such adjustments made and balances as on 31<sup>st</sup> March, 2012 have been independently confirmed. As regards outstanding trade receivables and loans & advances, the Company is of the opinion that the same are fully recoverable and hence, no additional provision is required to be made.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### 30. Disclosure as per clause 32 of the Listing agreement:

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others :

Name of the Company	Relation Ship	Amount outstanding as at 31.3.2012	Amount outstanding as at 31.3.2011	Maximum balance outstanding during the year 31.03.2012	Maximum balance outstanding during the year 31.03.2011	Investment in Shares of the Company as at 31.03.2012 (No. of Shares)	Investment in Shares of the Company as at 31.03.2011 No.of Shares
		(₹ in lacs)	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)	(in lacs)	(in lacs)
S. Kumars Nationwide Limited (Loan)*	Parent/ Holding Co	23,250.00	31,500.00	31,500.00	42,500.00	1001.25	1001.25
S. Kumars Nationwide Limited (Advances)	Parent/ Holding Co	7,207.05	8,549.67	33,488.00	23,857.77	1001.25	1001.25

\* Loan amount to be repaid in quarterly installment of ₹ 2,750 lacs. Repaid during the Year ₹ 8,250 lacs.

31. The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one reportable business segment i.e. Textiles and as such there are no separate reportable business segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

32. Trade Receivables and advances due from firms and companies in which some of the Directors are interested.

(₹ in lacs)

Name of the Company	As at 31.03.2012	As at 31.03.2011
<b>Trade Receivables :</b>		
Brandhouse Retails Limited	16,665.66	14,594.17
Copley Corp	103.91	17.31
HMX LLC	446.44	147.88
<b>Total</b>	<b>17,216.01</b>	<b>14,759.36</b>
<b>Loans and Advances :</b>		
Loan to S. Kumars Nationwide Limited	23,250.00	31,500.00
Advance to S. Kumars Nationwide Limited	7,207.05	8,549.67
<b>Total</b>	<b>30,457.05</b>	<b>40,049.67</b>
<b>Grand Total</b>	<b>47,673.06</b>	<b>54,809.03</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### 33. The Micro, Small and Medium Enterprise Development Act, 2006:

The Information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. The amount of principal & interest outstanding during 2011-12 is given below:

(₹ in Lacs)

		As at 31.03.2012		As at 31.03.2011	
i) Amounts unpaid	Principal		<b>24.08</b>		35.35
ii) Amount of interest accrued and unpaid					
Opening Balance		<b>25.12</b>		18.56	
Add: Accrued Interest		<b>5.32</b>		6.56	
Less: Paid during the year		<b>Nil</b>		Nil	
Closing Balance	Interest		<b>30.44</b>		25.12
iii) <b>Total Amount outstanding</b>			<b>54.52</b>		60.47

### 34. Related parties Disclosures required under Accounting Standard 18 - "Related Party Transactions."

#### (a) Related Parties

Sr. No.	Name of the Related Party	Relationship
1.	S. Kumars Nationwide Limited	Holding/Parent Company
2.	Brandhouse Retails Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
3.	Brandhouse Oviessie Limited	
4.	S. Kumars Enterprises (Synfabs) Limited	
5.	S. Kumars Textiles Limited	
6.	Belmonte Retails Limited	
7.	N'Essence Holdings Limited	
8.	Anjaneya Holdings Pvt. Limited (Formerly Anjani Finvest Pvt. Limited)	
9.	Rosewood Holdings Pvt. Limited	
10.	Verve Properties & Investment Pvt. Limited	
11.	Ingenious Finance & Investment Pvt. Limited	
12.	Natty Finance & Investment Pvt. Limited	
13.	S. K. Worsteds Pvt. Limited	
14.	Tulja Enterprises Pvt. Limited	
15.	Sansar Exim Pvt. Limited	
16.	Chamundeshwari Mercantile Pvt. Limited	
17.	Maverick Mercantile Pvt. Limited	
18.	Anjaneya Foundation	
19.	SKNL Foundation	

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

Sr. No.	Name of the Related Party	Relationship
20.	SKNL International B.V.	Wholly Owned Subsidiary of Parent Company
21.	SKNL Europe B.V.	
22.	SKNL Italy S.p.A.	
23.	SKNL Global Holdings B.V.	Wholly Owned Subsidiary of SKNL International B.V.
24.	SKNL North America B.V.	Wholly Owned Subsidiary of SKNL Global Holdings B.V.
25.	SKNL (UK) Ltd.	Subsidiary of SKNL Global Holdings B.V.
26.	Global Apparel (US) Ltd	Wholly Owned Subsidiary of SKNL (UK) Ltd.
27.	Global Apparel (France) Ltd	
28.	Global Apparel (Hong Kong) Ltd	
29.	7172931 Canada Ltd	
30.	Leggiuno S.p.A.	Wholly Owned Subsidiary of SKNL Italy S.p.A.
31.	Marling & Evans Ltd.	Subsidiary of Leggiuno S.p.A.
32.	Remala Trading B.V.	Subsidiary of SKNL North America B.V.
33.	Coppley Corp	Wholly Owned Subsidiary of Remala Trading B.V.
34.	HMX Poland sp. Z.o.o	
35.	HMX Acquisition Corp.	Wholly Owned Subsidiary of HMX Poland sp Z.o.o
36.	HMX Des Plaines LLC	Wholly Owned Subsidiary of HMX Acquisition Corp.
37.	Quartet Real Estate LLC	
38.	HMX LLC	
39.	HMX DTC Co.	

**(b) Key Management personnel**

Shri Nitin S. Kasliwal - Managing Director

**(c) Details of Transaction:**

		(₹ In lacs)
Nature of Transactions	As at 31.03.2012	As at 31.03.2011
<b>Purchases</b>		
Goods		
S. Kumars Nationwide Limited	1,204.18	11,735.98
<b>Total</b>	<b>1,204.18</b>	<b>11,735.98</b>
<b>Services</b>		
S. Kumars Nationwide Limited	124.88	1.58
<b>Total</b>	<b>124.88</b>	<b>1.58</b>
<b>Capital Expenditure</b>		
HMX LLC	10.95	28.33
<b>Total</b>	<b>10.95</b>	<b>28.33</b>
<b>Loans &amp; Advances</b>		
Advances to S. Kumars Nationwide Limited	7,207.05	8,549.67
<b>Total</b>	<b>7,207.05</b>	<b>8,549.67</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

		(₹ In lacs)
Nature of Transactions	As at 31.03.2012	As at 31.03.2011
<b>Loans recovered from S. Kumars Nationwide Limited</b>	<b>8,250.00</b>	11,000.00
<b>Total</b>	<b>8,250.00</b>	11,000.00
<b>Sales</b>		
Goods		
Brandhouse Retails Limited	<b>44,224.71</b>	39,354.46
Coppley Corp	<b>108.84</b>	31.63
HMX LLC	<b>347.85</b>	194.55
S. Kumars Nationwide Limited	<b>116.03</b>	Nil
<b>Total</b>	<b>44,797.43</b>	39,580.64
<b>Services</b>		
S. Kumars Nationwide Limited (Interest on Term Loan)	<b>2,690.01</b>	3,818.88
<b>Total</b>	<b>2,690.01</b>	3,818.88
<b>Outstanding as on 31<sup>st</sup> March 2012:</b>		
Trade Receivables (Refer Note 32)	<b>17,216.01</b>	14,759.36
Loans Given (S. Kumars Nationwide Ltd.) (Refer Note 32)*	<b>23,250.00</b>	31,500.00
Advances (S. Kumars Nationwide Ltd.) (Refer Note 32)	<b>7,207.05</b>	8,549.67

\* The repayment of the loan has been deferred for repayment till 30<sup>th</sup> September, 2012.

(Related party relationships are as identified by the Management and have been relied upon by the Statutory Auditor. There is no write off or write back of any balances due from/to related parties).

### 35. Particulars of Derivative Instruments.

- No derivative instruments are acquired for hedging purposes
- No derivative instruments are acquired for speculation purposes
- Foreign Currency exposures that are not hedged by derivative instruments or otherwise are:

(in lacs)

Currency	As at 31.03.2012		As at 31.03.2011	
	FC	INR	FC	INR
<b>Receivables</b>				
- Euro	<b>20.93</b>	<b>1,056.96</b>	0.27	16.91
- USD	<b>2.14</b>	<b>172.56</b>	15.21	675.98
- GBP	<b>0.11</b>	<b>7.05</b>	2.34	166.64
<b>Payables</b>				
- Euro	<b>1.96</b>	<b>134.53</b>	-	-
- AUD	<b>7.77</b>	<b>416.46</b>	11.58	527.79
- GBP	<b>1.97</b>	<b>161.7</b>	0.82	58.42
- CHF	<b>0.01</b>	<b>0.43</b>	0.01	0.31

### 36. Value of Raw Materials, Spares and Components consumed:

(₹ in lacs)

Raw Material	%	Current Year ended 31.03.2012	%	Previous Year ended 31.03.2011
Indigenous	<b>96.41</b>	<b>80,237.70</b>	96.92	64,733.72
Imported	<b>3.59</b>	<b>2,985.02</b>	3.08	2,057.92
<b>Total</b>	<b>100.00</b>	<b>83,222.72</b>	100.00	66,791.64

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### 37. Value of Imports on CIF Basis:

(₹ in lacs)

	Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
a)	Raw Material	2,981.40	2,068.68
b)	Stores & Spares	181.83	148.81
c)	Finished Goods	661.81	568.51
d)	Capital Goods	16.25	725.13

### 38. Expenditure in Foreign Currency:

(₹ in lacs)

	Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
a)	Foreign Travelling	53.49	60.59
b)	Salary	10.71	25.74
c)	Commission / Discount / Fair Expenses	121.63	191.84
d)	Professional fees	96.70	38.51
e)	Royalty	328.52	935.66

### 39. Earnings in foreign currency:

(₹ in lacs)

Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Exports (FOB Value)	3,747.19	4,247.31

### 40. Computation of Earnings per share:

Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Net Profit attributable to Equity Share holders (₹ in lacs)	29,688.44	24,252.98
Weighted average number of Equity Shares of ₹ 10 each outstanding during the year (Nos. in lacs)	1345.97	1345.97
Basic Earnings per Share	₹ 22.06	₹ 18.02

### 41. The Company has adopted the Accounting Standard - 15 (Revised 2005) "Employee Benefits" effective from April 01, 2007.

The Company has classified the various benefits provided to employees as under:

#### I Defined Contribution Plans:

- Provident Fund & Employees Pension Scheme 1995
- Employers' Contribution to Employees' State Insurance

The Company has recognized the following amounts in the Statement of Profit and Loss:

(₹ in lacs)

Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Employer's contribution to Provident Fund & Pension	287.93	217.53
Employer's contribution to Employees State Insurance	66.40	51.32

#### II Defined Benefit Plans:

- Contribution to Gratuity Fund (Funded Scheme)
- Leave Encashment (Non-Funded Scheme)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

In accordance with the Accounting Standard -15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	As at 31.03.2012	As at 31.03.2011
Discount Rate (% per annum)	8.75	8.25
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8.60	8
Expected Average remaining working lives of the employees (years)	20	21

### A. Change in the Present Value of Obligation:

(₹ in lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the beginning of the period	313.70	174.21	225.42	134.35
Interest Cost	25.88	-	18.03	-
Current Service Cost	74.83	8.33*	44.06	39.86*
Past Service Cost (Vested Benefit)	-	-	31.36	-
Benefits Paid	(3.50)	-	(33.45)	-
Actuarial (gain) / loss on Obligations	57.89	-	28.28	-
Present Value of Defined Benefit Obligation as at the end of the period	468.79	182.54	313.70	174.21

\* Net of benefits paid during the year included under salary and incentives.

### B. Changes in the Fair Value of Plan Assets (For Funded Scheme):

(₹ in lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Present Value of Plan Assets as at the beginning of the period	189.76	114.97
Expected Return on Plan Assets	15.17	9.20
Contributions	13.49	93.56
Benefits Paid	(3.50)	(33.45)
Actuarial gains / (losses)	(15.59)	5.48
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	199.33	189.76

### C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:

(₹ in lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Present Value of Funded Obligation as at the end of the period	468.79	313.70
Fair Value of Plan Assets as at the end of the period	199.34	189.76
<b>Funded Asset recognised in the Balance Sheet</b> included in provision	-	-
Present Value of Unfunded Obligation as at the end of the Period	269.46	123.94
Unrecognized Actuarial gains / (losses)	-	-
<b>Unfunded Liability recognized in the Balance Sheet</b> included in provision	269.46	123.94



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### D. Amount recognised in the Balance Sheet:

(₹ in lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the end of the period	468.79	183.04	313.70	174.21
Fair Value of Plan Assets as at the end of the Period	199.33	-	189.76	-
Liability/ (Net Asset) recognized in the Balance Sheet	269.46	183.04	123.94	174.21
- Current Liability	269.46	41.82	123.94	-
- Non Current Liability	-	141.22	-	-

### E. Expenses Recognized in the Statement of Profit and Loss:

(₹ in lacs)

Particulars	Current Year ended 31.03.2012		Previous Year ended 31.03.2011	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Current Service Cost	74.83	8.33*	44.06	39.86*
Past Service Cost	-	-	31.36	-
Interest Cost	25.88	-	18.03	-
Expected Return on Plan Assets	(15.18)	-	(9.20)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	73.48	-	22.80	-
Total Expenses recognised in the Statement of Profit and Loss*	159.01	8.33*	107.05	39.86

\* Net of Benefits paid during the year included under Salary & incentives.

### F. Actual Return on Plan Assets:

(₹ in lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Expected Return on Plan Assets	15.18	9.20
Actuarial gain / (losses) on Plan Assets	(15.57)	5.48
<b>Actual Return on Plan Assets</b>	<b>(0.39)</b>	14.68

### G. Recognition of Actuarial (Gain) / Loss

(₹ in lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Actuarial (Gain) / Loss on Obligation	57.89	28.28
Actuarial (Gain) / Loss on Asset	15.59	(5.48)
<b>Actuarial (Actual (Gain)/Loss in the Statement of Profit and Loss</b>	<b>73.48</b>	22.80

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### H. Experience Adjustment

(₹ in lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
On Plan Liability (Gain) / Loss	86.38	43.85
On Plan Asset (Loss) /Gain	(15.59)	5.48

The funds of the scheme are managed by insurer and hence it is not possible to give a break-up of investments in debt instruments and bank deposits.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long-term government bonds is taken as reference for this purpose.

### 42. CONTINGENT LIABILITIES:

#### a. Guarantees:

(₹ in lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
a) Corporate Guarantees extended to the lenders of S. Kumars Nationwide Limited	15,961.09	27,500.00
b) In respect of Custom duty availed under EPCG Scheme (Covered by bank Guarantee & Company Bond)	12.53	647.84

#### b. Claims not acknowledged as debts:

(₹ in lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
a) Income Tax for FY 2008-2009	6,563.19	NA
b) Entry Tax Liability - disputed	222.99	222.99
c) Service tax on export agency commission - disputed	-	0.94
d) Excise duty on Tow to Top conversion - disputed	436.80	436.80
e) Custom CVD duty disputed	21.16	21.16
f) Creditors for supply of goods disputed	4.80	-

c. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as certified by the management is ₹ 661.75 lacs. (Previous Year ₹ 1,397 lacs )

43. "As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1<sup>st</sup> April, 2011. Accordingly, the financial statements for the year ended 31<sup>st</sup> March, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirement of the Revised Schedule VI".

For and on behalf of the Board of Directors

NITIN S. KASLIWAL *Managing Director*

ANIL CHANNA *Director*

NIHAR R. AVASARE *Company Secretary*

Place : Mumbai  
Date : 29<sup>th</sup> May, 2012

## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION

Effective Corporate Governance is a process by which the values, principles, management policies and procedures of a Company are made manifest in the real world. The essential elements of Corporate Governance are transparency, accountability and integrity. It not only helps in building trust with all stakeholders including customers, suppliers, creditors and diverse investors but also creating value and loyalty to the Company in the heart of shareholders in the long run.

The Corporate Governance Report of your Company for the year ended 31<sup>st</sup> March 2012 is as follows:

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company believes that for a Company to be successful, it must maintain global standards of corporate conduct for all its stakeholders.

Your Company's philosophy on governance envisages highest levels of transparency, accountability and fairness in all the operations and interactions with the stakeholders. Your Company has a strong legacy and roots of Corporate Governance principles and continuously endeavors to achieve the highest levels of Corporate Governance.

#### 2. BOARD OF DIRECTORS:

##### Composition of the Board:

The Board of Directors of your Company represents an optimum mix of knowledge and experience of professionals from diverse fields. The Board members possess the requisite skills, experience and expertise to guide your Company in the right direction. The day-to-day management of your Company is looked after by the Managing Director under the overall guidance, supervision and control of the Board of Directors.

Your Company's Board was reconstituted on 4<sup>th</sup> July, 2011 as Shri Nasser Munjee and Shri T. C. Venkat Subramanian were inducted on the Board as Non-Executive Independent Additional Directors. Shri Nasser Munjee was later appointed as the Chairman of your Company w.e.f 11<sup>th</sup> August, 2011.

Dr. A. C. Shah, Director and erstwhile Chairman of your Company passed away on 16<sup>th</sup> January, 2012 due to prolonged ill-health. Dr. A. C. Shah was a member of the Board since 27<sup>th</sup> September, 2010 and Chairman during 27<sup>th</sup> September 2010 and 11<sup>th</sup> August 2011.

As on 31<sup>st</sup> March, 2012, your Company's Board comprised of seven (7) Directors, of which three (3) are Non-Executive Independent Directors, three (3) Non-Executive Non-Independent Directors and one (1) Executive Promoter Director. The composition of the Board in the tabular form is given herein below:

Name of the Director	Designation	Promoter / Non-Promoter	Executive / Non-Executive	Independent / Non-Independent
Shri Nasser Munjee * & **	Chairman	Non-Promoter	Non-Executive	Independent
Shri Nitin S. Kasliwal	Managing Director	Promoter	Executive	Non-Independent
Shri Kunnasagaran Chinniah	Director	Non-Promoter	Non-Executive	Non-Independent
Shri Anil Channa	Director	Non-Promoter	Non-Executive	Non-Independent
Shri Dara P. Mehta	Director	Non-Promoter	Non-Executive	Non-Independent
Shri Pradip P. Shah	Director	Non-Promoter	Non-Executive	Independent
Shri T. C. Venkat Subramanian *	Director	Non-Promoter	Non-Executive	Independent

\* Appointed as an Additional Director w.e.f. 4<sup>th</sup> July, 2011

\*\* Appointed as Chairman w.e.f. 11<sup>th</sup> August, 2011

##### Number of Board Meetings:

The Board of Directors met four (4) times during the year i.e. on 26<sup>th</sup> May, 2011, 11<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 and 13<sup>th</sup> February, 2012. The maximum time gap between any two consecutive Board Meetings did not exceed four months.

##### Directorship held and Directors' Attendance Record:

The composition of the Board of Directors and Directorship/Chairmanship of the Directors on the Board/Committees of other Companies are as under:

Director	Designation	No. of other Directorship in Public Limited Companies *	No. of other Board Committees # in which Chairman / Member	
			Chairman	Member
Shri Nasser Munjee ** & ***	Chairman	14	4	4
Shri Nitin S. Kasliwal	Managing Director	3	-	-
Shri Kunnasagaran Chinniah	Director	9	-	3
Shri T. C. Venkat Subramanian **	Director	4	-	2
Shri Pradip P. Shah	Director	12	1	7
Shri Dara P. Mehta	Director	5	-	-
Shri Anil Channa	Director	3	-	2

\* Excludes Private Limited Companies, Foreign Companies and Section 25 Companies.

# Committees include Audit Committee and Investors' Grievance Committee of the Board.

\*\*Appointed as an Additional Director w.e.f. 4<sup>th</sup> July, 2011

\*\*\*Appointed as Chairman w.e.f. 11<sup>th</sup> August, 2011

### Board Procedure

The Board meets at least once a quarter to review the quarterly performance and the financial results, to formulate the strategy and to consider other items on the agenda. The Directors have complete freedom to express their opinion and the decisions are taken after detailed discussions.

The attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) is as under:

Name of the Director	No. of Board Meetings attended during the year	Attendance at last Annual General Meeting
Dr. A. C. Shah * & **	2	Yes
Shri Nasser Munjee *** & ****	2	Yes
Shri Nitin S. Kasliwal	3	Yes
Shri Kunnasagaran Chinniah	4	Yes
Shri T. C. Venkat Subramanian ***	3	Yes
Shri Pradip P. Shah	3	Yes
Shri Dara P. Mehta	3	Yes
Shri Anil Channa	4	Yes

\* Ceased to be the Chairman w.e.f. 11<sup>th</sup> August, 2011

\*\* Ceased to be a Director w.e.f. 16<sup>th</sup> January, 2012 due to demise

\*\*\* Appointed as an Additional Director w.e.f. 4<sup>th</sup> July, 2011

\*\*\*\* Appointed as the Chairman w.e.f. 11<sup>th</sup> August, 2011

### 3. BOARD COMMITTEES:

#### A. Audit Committee:

Your Company has, at the Board Meeting held on 25<sup>th</sup> August, 2008, constituted the Audit Committee pursuant to the provisions of Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement of statutory auditor and the fixation of audit fee;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- 5A. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
7. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
8. Discussion with internal auditors on any significant findings and follow up thereon;
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
10. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
12. Reviewing the functioning of the whistleblower mechanism, in case the same is existing;
13. Approval of appointment of chief financial officer (i.e. the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and

The Audit Committee was reconstituted once during the year i.e. on 11<sup>th</sup> August, 2011 for appointment of Shri T. C. Venkat Subramanian as its member. Following the demise of Dr. A. C. Shah on 16<sup>th</sup> January, 2012, Shri T. C. Venkat Subramanian was elected as the Chairman of the Audit Committee w.e.f. 13<sup>th</sup> February, 2012.

As on 31<sup>st</sup> March, 2012, the Audit Committee of your Company comprised of two (2) Directors, both of them are Non-Executive Directors. The Chairman of the Audit Committee is an Independent Director. The members of the Audit Committee have knowledge on financial matters and have expertise in finance & accounts/legal matters and general business practices. The composition of the Audit Committee is as under:

Name of the Director	Position	Category
Shri T. C. Venkat Subramanian * & **	Chairman	Independent, Non-Executive
Shri Kunnasagaran Chinniah	Member	Non-Executive

\* Appointed as a Member w.e.f. 11<sup>th</sup> August, 2011

\*\* Appointed as the Chairman w.e.f. 13<sup>th</sup> February, 2012

The Company Secretary acts as Secretary to the Audit Committee. The Statutory Auditors, Internal Auditors, Managing Director, Director Finance & Group CFO and Head of Internal Audit Department of the holding company are invitees to the meetings of the Audit Committee.

#### Meetings and Attendance details

The Audit Committee met four (4) times during the year i.e. on 26<sup>th</sup> May, 2011, 11<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 and 13<sup>th</sup> February, 2012.

The attendance at the Audit Committee Meetings was as under:

Name of the Member	No. of meetings attended
Dr. A. C. Shah *	2
Shri T. C. Venkat Subramanian ** & ***	2
Shri Kunnasagaran Chinniah	4
Shri Dara P. Mehta ****	2

\* Ceased to be a Member & Chairman w.e.f. 16<sup>th</sup> January, 2012 due to demise

\*\* Appointed as a Member w.e.f. 11<sup>th</sup> August, 2011

\*\*\* Appointed as the Chairman w.e.f. 13<sup>th</sup> February, 2012

\*\*\*\* Resigned as a Member w.e.f. 11<sup>th</sup> August, 2011

The Company Secretary was present at all the above meetings.

#### B. Committee of Directors:

A Committee of the Board of Directors of your Company was constituted at the meeting of the Board of Directors held on 24<sup>th</sup> October, 2008 to do such acts, deeds and things as may be delegated to it by the Board of Directors from time to time.

The Committee of Directors was reconstituted once during the year following the demise of Dr. A. C. Shah on 16<sup>th</sup> January, 2012 i.e. on 13<sup>th</sup> February, 2012 for appointment of Shri T. C. Venkat Subramanian as its member.

As on 31<sup>st</sup> March, 2012, the Committee of Directors comprised of the following members:

Name of the Director	Position	Category
Shri Nitin S. Kasliwal	Chairman	Executive
Shri T. C. Venkat Subramanian *	Member	Independent, Non-Executive
Shri Dara P. Mehta	Member	Non-Executive
Shri Anil Channa	Member	Non-Executive

\* Appointed as a Member w.e.f. 13<sup>th</sup> February, 2012

The Committee of Directors met twelve (12) times during the year i.e. on 22<sup>nd</sup> June, 2011, 29<sup>th</sup> August, 2011, 7<sup>th</sup> September, 2011, 9<sup>th</sup> September, 2011, 29<sup>th</sup> September, 2011, 11<sup>th</sup> October, 2011, 25<sup>th</sup> November, 2011, 30<sup>th</sup> November, 2011, 22<sup>nd</sup> December, 2011, 20<sup>th</sup> January, 2012, 14<sup>th</sup> February, 2012 & 27<sup>th</sup> March, 2012. The details of attendance of Directors at the Meetings of the Committee of Directors are given below:

Name of the Member	No. of meetings attended
Shri Nitin S. Kasliwal	8
Dr. A. C. Shah *	9
Shri T. C. Venkat Subramanian **	-
Shri Dara P. Mehta	9
Shri Anil Channa	9

\* Ceased to be a Member w.e.f. 16<sup>th</sup> January, 2012 due to demise

\*\* Appointed as a Member w.e.f. 13<sup>th</sup> February, 2012

The minutes of the Committee of Directors are submitted to the Board for its noting.

The Company Secretary was present at all the above meetings.

### C. Nomination and Remuneration Committee:

The Remuneration Committee was constituted at the Board Meeting of the Company held on 25<sup>th</sup> August, 2008 and renamed as Nomination and Remuneration Committee on 13<sup>th</sup> February, 2012. On the same date, the Nomination and Remuneration Committee was reconstituted by appointing Shri Nasser Munjee as its member & Chairman following the demise of Dr. A. C. Shah on 16<sup>th</sup> January, 2012.

The Nomination and Remuneration Committee currently consists of:

Name of the Director	Position	Category
Shri Nasser Munjee *	Chairman	Independent, Non-Executive
Shri Kunnasagaran Chinniah	Member	Non-Executive
Shri Dara P. Mehta	Member	Non-Executive

\* Appointed as a Member & Chairman w.e.f. 13<sup>th</sup> February, 2012

The scope and terms of reference of the Remuneration Committee, *inter alia*, include:

- Reviewing the overall compensation policy, service agreements and other employment conditions of the Executive Chairman, the Managing Director and Wholetime Directors.
- To recommend to the Board the remuneration payable to the Managing Director and the Wholetime Directors as well as salary revisions to be paid from the succeeding financial year.

The terms of reference of the Committee are as per the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

No Nomination and Remuneration Committee meeting was held during financial year 2011-12 and none of the Directors is entitled to any remuneration, except fees for meetings of the Board of Directors, Audit Committee and Committee of Directors attended by them.

### REMUNERATION POLICY:

#### a) Remuneration to Non-Executive Directors:

The Non-Executive Directors of the Company do not draw any remuneration from the Company except sitting fees. The sitting fee for each meeting of the Board Meeting & Audit Committee Meeting is ₹ 20,000/- and for Committee of Directors Meeting is ₹ 10,000/-.

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.

The details of sitting fees paid to Non-Executive Directors during the financial year 2011-12 are as follows:

Name	Sitting fees paid during FY 2011-12 (In ₹)			Total (In ₹)
	Board Meeting	Audit Committee Meeting	Committee of Directors Meeting	
Shri Nasser Munjee *	40,000	N.A.	N.A.	40,000
Dr. A. C. Shah **	40,000	40,000	90,000	1,70,000
Shri Kunnasagaran Chinniah	80,000	80,000	N.A.	1,60,000
Shri T. C. Venkat Subramanian *	60,000	40,000	Nil	1,00,000
Shri Pradip P. Shah	60,000	N.A.	N.A.	60,000
Shri Dara P. Mehta	60,000	40,000	90,000	1,90,000
Shri Anil Channa	80,000	N.A.	90,000	1,70,000
<b>Grand Total</b>				<b>8,90,000</b>

\* Appointed as an Additional Director w.e.f. 4<sup>th</sup> July, 2011

\*\* Ceased to be a Director w.e.f. 16<sup>th</sup> January, 2012



**b) Remuneration paid to Managing Director**

Shri Nitin S. Kasliwal, Managing Director does not draw any remuneration from your Company.

Your Company does not pay any remuneration, commission or any sitting fees for attending any Board Meeting or any Committee Meeting of the Company to Managing Director because he draws remuneration in his capacity as Managing Director from holding Company i. e. S. Kumars Nationwide Limited.

During the year 2011–12, your Company did not advance any loans to any of its Directors. No Stock Options have been issued to any of the Directors on the Board.

**D. Share Transfer and Shareholders'/Investors' Grievances Committee:**

The Share Transfer and Shareholders'/Investors' Grievances Committee was constituted at the Board Meeting of the Company held on 27<sup>th</sup> September, 2010.

During the year under review, the Share Transfer and Shareholders'/Investors' Grievances Committee was reconstituted once following demise of Dr. A. C. Shah on 16<sup>th</sup> January, 2012 i.e. on 13<sup>th</sup> February, 2012 for appointment of Shri T. C. Venkat Subramanian as Member and Chairman of the Committee.

The Share Transfer and Shareholders'/Investors' Grievances Committee consists of:

Name of the Director	Position	Category
Shri T. C. Venkat Subramanian *	Chairman	Independent, Non-Executive
Shri Dara P. Mehta	Member	Non-Executive
Shri Anil Channa	Member	Non-Executive

\* Appointed as a Member & Chairman w.e.f. 13<sup>th</sup> February, 2012

The scope and terms of reference of the Share Transfer and Shareholders'/Investors' Grievances Committee, *inter alia*, include:

1. Review of shares dematerialized and all other related matters.
2. Monitoring expeditious redressal of investor grievances.
3. Transfer / transmission of shares.
4. Issue of duplicate share certificates.
5. Non-receipt of Annual Reports and dividend if any.
6. Any other grievance that a shareholder or investor of our Company may have against our Company.

The terms of reference of the Committee are as per the provisions of the Companies Act and Clause 49 of the Listing Agreement. The main object of the Shareholders'/Investors' Grievance Committee is to strengthen investor relations.

No meeting of Share Transfer and Shareholders'/Investors' Grievances Committee was held during financial year 2011-12. During the year under review, no complaints were received by your Company from the Shareholders/Investors.

**4. GENERAL BODY MEETINGS:**

**Annual General Meetings**

The details of the last three Annual General Meetings held are as follows:

Year	Date and Time of AGM	Venue
2010-2011	Thursday, 11 <sup>th</sup> August 2011, 3.30 p.m.	B2, 5 <sup>th</sup> Floor, Marathon Nextgen, Off G. K. Marg, Lower Parel, Mumbai - 400 013
2009-2010	Monday, 20 <sup>th</sup> September 2010, 10.00 a.m.	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai - 400 018
2008-2009	Friday, 11 <sup>th</sup> September 2009, 11.30 a.m.	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai - 400 018

## 5. EXTRA ORDINARY GENERAL MEETINGS:

The details of the Extra-Ordinary General Meetings held during the last three financial years are as follows:

Year	Date and Time of EOGM	Venue
2010-11	19 <sup>th</sup> August, 2010 at 10.00 a.m.	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai 400018
	27 <sup>th</sup> September, 2010 at 11.00 a.m.	
2009-10	12 <sup>th</sup> August, 2009 at 9.30 a.m.	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai 400018
	30 <sup>th</sup> October, 2009 at 12.30 p.m.	
	29 <sup>th</sup> January, 2010 at 5.30 p.m.	
2008-09	2 <sup>nd</sup> June, 2008 at 10.00 a.m.	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai 400018
	12 <sup>th</sup> June, 2008 at 10.00 a.m.	
	30 <sup>th</sup> June, 2008 at 10.00 a.m.	
	14 <sup>th</sup> July, 2008 at 4.30 p.m.	
	5 <sup>th</sup> September, 2008 at 2.00 p.m.	

## 6. DISCLOSURES

Your Company has not entered into any transaction of a material nature with the Directors or the management or the relatives during the year that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in the relevant note of the Notes to the accounts in the Annual Report.

There was no instance of non-compliance of any matters related to the capital markets during the year.

### a) Disclosure of accounting treatment in preparation of financial statements:

The Company has followed the guidelines of necessary Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements, except the qualifications, if any, included in the Audit Report of the Statutory Auditors. The explanations for the Auditors' qualifications, if any, are given in the Directors' Report.

### b) Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by the Registrar of Companies, Maharashtra, Mumbai or any statutory authority in any matter.

### c) Distribution of Agenda and Board Notes

Agenda and Notes on Agenda are generally circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda.

In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance.

### d) Recording Minutes of the proceedings at Board and Committee meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft of the minutes is instantaneously circulated to all the members of the Board/Committee for their comments/observations. The Minutes are finalized after receiving comments/observations from the Directors and the same are entered in the Minutes Book within 30 days from the conclusion of such meeting.

### e) Post Meeting Follow-up Mechanism

Your Company has an effective post-meeting follow-up, review and reporting mechanism in place. The Decisions taken at the Board/Committee meetings are communicated to the concerned departments/units and constant follow-ups and checks are initiated to ensure that suitable actions are being taken in line with the decisions. Action Taken Report on the decisions/minutes of the previous meeting(s), wherever required, is prepared and placed at the immediately succeeding meeting of the Board/Committee for noting.

## 7. GENERAL SHAREHOLDERS INFORMATION

### a) Re-appointment of Directors

Shri Anil Channa and Shri Dara P. Mehta retire by rotation and are proposed to be re-appointed in the ensuing Annual General Meeting to be held on 27<sup>th</sup> September, 2012.

### b) General Information:

(1) **Nature of Industry:** Manufacturing and Trading of Textiles and Readymade Garments.

(2) **Date of acquiring business from holding Company** - 1<sup>st</sup> January, 2008

(3) **Financial performance:** Given in the Audited Balance Sheet.

(4) **Export Sales for the year:** 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012: ₹ 3,747.19 lacs.

(5) **Foreign investments or collaboration, if any:** Technical know how agreement with Reid & Taylor (Holdings) Ltd.

### c) Registered Office :

B2, 5<sup>th</sup> Floor, Marathon Nextgen,  
Off Ganpatrao Kadam Marg, Lower Parel,  
Mumbai 400013, (India)  
Tel No. 24930180/24824500 Fax No. 24931685  
Website : www.sknl.co.in

### d) Plant Location :

#### **Worsted Fabrics Complex**

Thandavapura,  
Hobli Chikkaianachatra, Nanjangud Taluka,  
Mysore, Karnataka.

#### **Suit Factory**

Plot # 28C, Opp. Asian Paints Godown,  
Peenya, 2<sup>nd</sup> Phase, (Near NTTF Circle),  
Bengaluru - 560 058.

### e) Registrar and Transfer Agents :

Bigshare Services Private Limited  
Unit: Reid & Taylor (India) Limited  
E/2, Ansa Industrial Estate, Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400 072  
Tel. No. 2847 0652 / 4043 0200, Fax No. 2847 5207

### f) Dematerialisation of Shares and Liquidity:

Your Company's shares are in dematerialized form. As on 31<sup>st</sup> March, 2012, 13,45,97,447 Equity Shares of the Company representing 99.99% of the Company's share capital have been dematerialized.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to your Company's shares is INE069K01016

### g) Distribution of Equity Shareholding as on 31<sup>st</sup> March 2012:

Description	Promoter/Non-Promoter	No. of Shares	% Voting Strength
S. Kumars Nationwide Limited	Promoter	10,01,25,000	74.39
Indivest Pte. Ltd.	Non-Promoter	3,44,72,453	25.61
<b>Total</b>		<b>13,45,97,453</b>	<b>100.00</b>

**h) Evolution of Equity and Preference Share Capital as on 31st March, 2012:**

**Equity Share Capital**

Financial Year of Issue	No. of Equity Shares (Allotted)	Face Value/ Paid-up Capital (Allotted) ₹	Cumulative No. of Equity Shares	Cumulative Face Value/ Paid- up Capital ₹	Particulars
2000-01	7	70	7	70	Subscription of shares upon incorporation of Company
2002-03	49,993	49,9930	50,000	5,00,000	Further subscription of shares by the subscribers to the Memorandum & Articles of Association of your Company
2007-08	4,00,00,000	40,00,00,000	4,00,50,000	40,05,00,000	Allotment of shares to SKNL, the Existing Promoter of your Company
2008-09	1,19,84,659	11,98,46,590	5,20,34,659	52,03,46,590	Allotment of shares to Indivest Pte. Ltd. (Including upon conversion of Preference Shares)
2009-10	18,04,322	1,80,43,220	5,38,38,981	53,83,89,810	Allotment of shares to Indivest Pte. Ltd.
2010-11	8,07,58,472	80,75,84,720	13,45,97,453	1,34,59,74,530	Bonus issued to SKNL & Indivest Pte. Ltd. in the ratio of 3:2

**i) Address for Correspondence:**

The shareholders may address their communications / suggestions / grievances queries to:

Shri Abhishek S. Juvekar,

Company Secretary & Compliance Officer (w.e.f. 1<sup>st</sup> June, 2012)

Reid & Taylor (India) Limited

Corporate Division

Inga Complex, 2nd Floor, Next to Onida House,

Mahakali Caves Road, Andheri (East), Mumbai 400 093

Tel No. 2825 0797 Fax No. 2820 7578

e-mail id: abhishek.juvekar@sknl.co.in

**SKNL**  

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*S. Kumars Nationwide Limited*  
**Consolidated Financial Statements**

## AUDITORS' REPORT

### ON CONSOLIDATED FINANCIAL STATEMENTS OF S. KUMARS NATIONWIDE LIMITED

#### To the Board of Directors of S. Kumars Nationwide Limited

1. We have audited the attached Consolidated Balance Sheet of S. Kumars Nationwide Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31<sup>st</sup> March, 2012 and the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the 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 misstatement. 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.
3. *We have relied on the unaudited financial statements and other financial information furnished by the management with respect to 11 subsidiaries, included in consolidated financial statements, whose financial year ended on 31<sup>st</sup> December, 2011. These financial statements reflect total assets of ₹ 1,14,166.35 lacs as at 31<sup>st</sup> December, 2011, total revenue of ₹ 1,24,503.39 lacs and cash inflows of ₹ 121.36 lacs for the year then ended. Further, we have also relied on the unaudited financial statements and other financial information furnished by the management with respect to 10 subsidiaries, included in consolidated financial statements, whose financial year ended on 31<sup>st</sup> March, 2012. These financial statements reflect total assets of ₹ 97,205.30 lacs as at 31<sup>st</sup> March, 2012, total revenue of ₹ 9,436.15 lacs and cash inflows of ₹ 446.15 lacs for the year then ended.*

*We are unable to comment upon the resultant impact, if any, on the profit, assets and liabilities of the consolidated financial statements of the group as at 31<sup>st</sup> March, 2012, had the subsidiaries been audited.*

4. *In case of HMX Group, one of the components:*
  - (i) *the Company has not complied with Accounting Standard (AS) 22 'Accounting for Taxes on Income' with respect to recognition of deferred tax benefit amounting to ₹ 2,804 lacs.*
  - (ii) *certain revenue expenditures amounting to ₹ 427.41 lacs, incurred during the year, have been directly debited to Capital Reserves, instead of charging off to Statement of Profit and Loss. The management claims that these expenditures are pertaining to acquisition of the HMX group.*

*The said accounting treatment is not in conformity with Accounting Standard (AS) 5 'Net Profit or Loss for the Period, Prior Period Items and Change in Accounting Policies' and consequently, profit for the year is understated by ₹ 2,376.59 lacs, deferred tax liability (net) is overstated by ₹ 2,804 lacs and capital reserve is understated by ₹ 427.41 lacs.*
  - (iii) *the Company has recognised income of ₹ 2,034 lacs pertaining to wool duty refund, for which no supporting documents have been made available. We are unable to comment upon the effect of the same on assets, liabilities and profit for the year.*
5. *The Company has not complied with Accounting Standard (AS) 26 'Intangible Assets' with respect to:*
  - (i) *non amortisation of goodwill amounting to ₹ 12,476 lacs arising out of acquisition of three foreign subsidiaries in earlier years.*
  - (ii) *In case of HMX Group, one of the components, certain expenditures aggregating ₹ 8,715.76 lacs incurred, during the year, are capitalized to brand development i.e. intangible assets. The management contends that these expenses are incurred for brand development, for which requisite information and complete documentary evidences are not made available. Further, the management has not evaluated the useful life of the intangible assets and consequently, has not amortized the same.*

*We are unable to ascertain the consequential financial impact of the above on the goodwill, brand development and profit for the year and on the accumulated surplus.*

6. *The Company has not complied with the disclosure requirements as prescribed under Accounting Standard (AS) 17 'Segment Reporting' with regard to its geographical segments.*
7. Without qualifying our opinion, we draw attention to Note No. 27, regarding the change in accounting policy by the Company and one of its components, during the year, with regard to amortisation of recompense expense. As a result, recompense expense amounting to ₹ 16,288 lacs as on 1<sup>st</sup> April, 2011 pertaining to earlier years has been adjusted against accumulated surplus as disclosed under the head 'Reserves & Surplus.'
8. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21 'Consolidated Financial Statements' as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of S. Kumars Nationwide Limited and its subsidiaries.
9. Based on our audit of the Company and one of its component and on consideration of separate financial statements and on other financial information of the other components, and to the best of our information and according to the explanations given to us and *subject to para 3, 4, 5 and 6 above*, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2012;
  - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement , of the cash flows of the Group for the year ended on that date.

For **Haribhakti & Co.**

Chartered Accountants

Firm Registration No.103523W

**RAKESH RATHI**

Partner

Membership No.45228

Place: Mumbai

Date: 30<sup>th</sup> May, 2012



**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012**

	Note No.	Current Year As at 31.03.2012	(₹ in lacs) Pervious Year As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	34,973.79	33,731.29
Reserves & Surplus	2	267,350.91	240,718.49
Money received against Share Warrants	1.5	-	3,254.46
		<b>302,324.70</b>	277,704.24
<b>MINORITY INTEREST</b>		<b>48,691.23</b>	41,100.63
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	3	127,109.40	94,155.37
Deferred Tax Liabilities (Net)	4	11,231.85	7,668.78
Other Long Term Liabilities	5	41.51	167.95
Long Term Provisions	6	289.47	3,397.24
		<b>138,672.23</b>	105,389.34
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	7	252,420.61	205,718.85
Trade Payables	8	40,433.38	21,707.94
Other Current Liabilities	9	86,241.99	64,031.62
Short Term Provisions	10	38,020.63	26,855.23
		<b>417,116.61</b>	318,313.64
<b>Total</b>		<b>906,804.77</b>	742,507.85
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
(i) Tangible Assets	11	160,252.61	104,589.96
(ii) Intangible Assets		49,885.53	42,753.03
(iii) Capital Work-in-Progress		24,737.61	5,871.31
Non-Current Investments	12	108.59	108.11
Deferred Tax Assets (Net)	4	973.13	201.05
Long Term Loans and Advances	13	93,118.49	78,196.19
Other Non-Current Assets	14	4,960.13	22,545.05
		<b>334,036.09</b>	254,264.70
<b>CURRENT ASSETS</b>			
Inventories	15	202,269.48	158,552.54
Trade Receivables	16	245,889.50	196,807.87
Cash and Bank Balances	17	3,191.29	8,193.12
Short Term Loans and Advances	18	117,532.16	119,425.07
Other Current Assets	19	3,886.25	5,264.55
		<b>572,768.68</b>	488,243.15
<b>Total</b>		<b>906,804.77</b>	742,507.85

Significant accounting policies and the accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Chairman and Managing Director  
**ANIL CHANNA** Deputy Managing Director

**J. S. SHETTY** Director Finance and Group CFO

**NIMESH S. SHAH** Sr. Vice President & Company Secretary

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

(₹ in lacs)

	Note No.	Current Year ended 31.03.2012	Pervious Year ended 31.03.2011
<b>INCOME</b>			
Revenue from Operations (Gross)	20	636,150.09	518,130.49
Less : Excise Duty		687.61	48.73
Revenue from Operations (Net)		635,462.48	518,081.76
Other income	21	966.80	4,206.56
<b>Total Revenue</b>		<b>636,429.28</b>	<b>522,288.32</b>
<b>EXPENSES</b>			
Cost of Materials consumed	22	394,882.24	316,661.81
Changes in inventories of finished goods and work-in-progress	23	(21,076.57)	(19,534.88)
Employee benefits expenses	24	58,372.15	51,380.70
Finance costs	25	53,331.09	38,458.02
Depreciation and Amortization expenses	11	14,777.08	12,468.09
Other expenses	26	69,551.15	67,202.46
<b>Total Expenses</b>		<b>569,837.14</b>	<b>466,636.20</b>
<b>Profit/(Loss) before tax</b>		<b>66,592.14</b>	<b>55,652.12</b>
<b>Tax expenses:</b>			
Current tax		19,515.62	18,881.46
Mat credit entitlement		-	(3,564.55)
Deferred tax		2,558.29	946.18
Short/(excess) provision of earlier years		(2,566.08)	139.98
<b>Total Tax Expenses</b>		<b>19,507.83</b>	<b>16,403.07</b>
<b>Profit/(Loss) for the year</b>		<b>47,084.31</b>	<b>39,249.05</b>
Less : Minority interest		7,590.60	6,154.85
<b>Profit/(Loss) for the year after Minority interest</b>		<b>39,493.71</b>	<b>33,094.20</b>
<b>Earnings per equity share:</b>	42		
- Basic		₹ 13.67	₹ 12.82
- Diluted		₹ 13.65	₹ 12.19

**(Nominal value of Share ₹ 10/- each)**

Significant accounting policies and the accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W**RAKESH RATHI**  
Partner  
Membership No. 45228Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Chairman and Managing Director**ANIL CHANNA** Deputy Managing Director**J. S. SHETTY** Director Finance and Group CFO**NIMESH S. SHAH** Sr. Vice President & Company SecretaryPlace : Mumbai  
Date : 30<sup>th</sup> May, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

		<b>Current Year ended 31.03.2012</b>	<b>Pervious Year ended 31.03.2011</b>
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	<i>Net Profits Before Tax and Extraordinary Items</i>	<b>66,592.14</b>	55,652.12
	Adjustments for:		
	a) Depreciation	<b>14,777.08</b>	12,468.09
	b) Deferred Revenue Expenditure	-	1,816.04
	c) Profit/Loss on sale of fixed assets(net)	<b>6.69</b>	117.75
	d) Sundry balances written back	<b>(122.99)</b>	(250.84)
	e) Sundry balances written off	<b>61.48</b>	24.66
	f) ESOP Compensation (credited)/debited to P&L a/c	<b>(220.83)</b>	(60.88)
	g) Provision for doubtful debts	<b>50.67</b>	50.75
	h) Finance Costs	<b>53,331.09</b>	36,642.00
	i) Interest Income	<b>(63.51)</b>	(77.66)
	j) Exchange rate fluctuation	<b>34.53</b>	320.71
	<b>Operating Profit before Working Capital Changes</b>	<b>134,446.35</b>	106,702.73
	Movements in Working Capital		
	a) Trade & Other Receivables	<b>(51,706.08)</b>	(106,333.69)
	b) Inventories	<b>(43,716.96)</b>	(27,818.37)
	c) Trade and other payables	<b>51,694.06</b>	13,940.51
	<b>Cash Generated from / (Used in) Operating Activities</b>	<b>90,717.37</b>	(13,508.82)
	a) Direct Taxes	<b>(2,827.61)</b>	(12,604.00)
	<b>Net cash Flow from / (Used in) Operating Activities</b>	<b>87,889.76</b>	(26,112.82)
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	a) Acquisition of Fixed assets (Including CWIP and Capital Advances)	<b>(112,844.70)</b>	(36,753.95)
	b) Sale of Fixed Assets	<b>204.53</b>	45.04
	c) Non-Current Investments	-	41.24
	d) Proceeds/(Investments) from/to fixed deposits	<b>(237.10)</b>	2,256.35
	e) Interest Income	<b>63.51</b>	77.66
	<b>Net cash Flow from / (Used in) Investing Activities</b>	<b>(112,813.76)</b>	(34,333.66)
<b>C</b>	<b>Cash Flow from financing activity</b>		
	a) Proceeds from Long Term Borrowings	<b>30,143.09</b>	23,408.46
	b) Repayment of Long Term Borrowings	<b>(25,616.58)</b>	(6,911.35)
	c) Short Term Borrowings (Net)	<b>68,406.37</b>	53,042.28
	d) Proceeds from Equity Shares/ Shares to be allotted	<b>4,763.39</b>	29,398.71
	e) Redemption from Preference Shares	-	(2,404.84)
	f) Dividend paid (including tax on it)	<b>(3,946.64)</b>	-
	g) Finance Costs	<b>(53,331.09)</b>	(36,642.00)
	h) Movement in Debt Service Reserve Account	<b>(415.58)</b>	-
	<b>Net cash Flow from/ (Used in) Financing Activities</b>	<b>20,002.96</b>	59,891.26
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>(4,921.04)</b>	(555.22)
	<b>Cash &amp; Cash Equivalent (Opening Balance)</b>	<b>6,239.56</b>	6,794.78
	<b>Cash &amp; Cash Equivalent (Closing Balance)</b>	<b>1,318.52</b>	6,239.56
	<b>Net Change in Cash &amp; Cash Equivalent</b>	<b>(4,921.04)</b>	(555.22)

**Notes :**

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 (AS-3) "Cash Flow Statement".
- Cash and cash equivalents comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less. (Refer Note 17)
- Figures in brackets represent outflows.
- Previous year figures have been recast/restated wherever necessary.

As per our report of even date

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**RAKESH RATHI**  
Partner  
Membership No. 45228

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** Chairman and Managing Director  
**ANIL CHANNA** Deputy Managing Director

**J. S. SHETTY** Director Finance and Group CFO

**NIMESH S. SHAH** Sr. Vice President & Company Secretary

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements relate to S. Kumars Nationwide Limited (“the Company”) and its subsidiary Companies. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standards 21-“Consolidated Financial Statements” notified by Companies (Accounting Standards) Rules, 2006.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding Company’s separate financial statements, as far as possible, except as specifically mentioned in notes to financial statements.
- In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- The difference between the cost of investment in the subsidiaries and the Company’s share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve.
- Minority interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the Company’s shareholders.

Minority interest in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to the minorities at the date on which investment in subsidiaries is made; and
- (b) The minorities’ share of movements in the equity since the date the parent subsidiary relationship comes into existence.
- Minority interest in the net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- The financial statements of the subsidiaries used into the consolidation are drawn up to the same reporting date as that of the Company i.e. 31<sup>st</sup> March, 2012, except for certain subsidiaries (indicated as #) for which financial statements as on reporting dates are not available. These have been consolidated based on last available financial statements.

List of subsidiary Companies which are included in the consolidation and the Company’s holdings therein are as under:

Sr. No.	Name of Subsidiary Companies	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2011-12	2010-11	
1	Reid & Taylor (India) Limited	74.39	74.39	India
2	Belmonte Retails Limited	100.00	100.00	India
3	SKNL International B.V.	100.00	100.00	Netherlands
4	SKNL Europe B.V.	100.00	100.00	Netherlands
5	SKNL Italy S.p.A <sup>#</sup>	100.00	100.00	Italy
6	Leggiuno S.p.A <sup>#</sup>	100.00	100.00	Italy
7	SKNL North America B.V.	100.00	100.00	Netherlands
8	SKNL Global Holdings B.V.	100.00	100.00	Netherlands
9	SKNL UK Ltd.	80.00	80.00	UK
10	Global Apparel (US) Ltd.	80.00	80.00	USA
11	Global Apparel (France) Ltd.	80.00	80.00	France
12	7172931 Canada Ltd.	80.00	80.00	Canada
13	Global Apparel (Hong Kong) Ltd.	80.00	80.00	Hong Kong

Sr. No.	Name of Subsidiary Companies	Ownership in % either directly or through Subsidiaries		Country of Incorporation
		2011-12	2010-11	
14	Marling & Evans Ltd, UK#	65.00	65.00	Netherlands
15	REMALA Trading B.V.#	95.00	95.00	Netherlands
16	HMX Poland#	95.00	95.00	Poland
17	Coppley Corp.#	95.00	95.00	Canada
18	HMX Acquisition Corp.#	95.00	95.00	USA
19	HMX LLC#	95.00	95.00	USA
20	HMX Des Plaines LLC#	95.00	95.00	USA
21	Quartet Real Estate LLC#	95.00	95.00	USA
22	HMX DTC Co.#	95.00	95.00	USA

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding Company's separate financial statements, as far as possible, except as provided under Significant Accounting Policies 5(e), (f), (g), (h), 12(c), 16(b), 17(b) and 20(b).

## 2. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the value of assets and liabilities as well as revenues and expenses as reported in the financial statements. The difference between the actual result and estimates are recognized during the period in which they are materialized / known.

## 3. Tangible Assets

Tangible Assets are stated at their original cost net of cenvat/value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost includes interest, financial charges, freight, taxes and other incidental expenses incurred for acquisition and installation of the assets. Tangible Assets revalued are stated at values determined by the Independent valuers.

## 4. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Enterprise and the cost of the asset can be measured reliably.

## 5. Depreciation and Amortisation

- Depreciation on Tangible Assets including revalued assets have been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. Depreciation on additions to Tangible Assets is provided for on pro-rata basis from the date of addition/acquisition till the end of the year and on assets sold/discarded/demolished to the date of disposal. The depreciation on revalued portion of assets is adjusted against the revaluation reserve.
- Depreciation on assets whose actual cost does not exceed ₹5,000/- each is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- Computer Software / System Development: Amortised over a period of five years.
- Leasehold improvements are amortized over the terms of the respective leases or useful lives, whichever is shorter.
- In case of HMX LLC, Intangible assets comprising of owned trademarks and brands with indefinite useful lives, are not being amortized and intangible assets with finite lives, are amortised over its useful lives or 10 years whichever is earlier.
- In case of Leggiuno S.P.A., Intangible assets comprising of Start-up and expansion costs, Industrial patent rights and right for the use of know-how are amortised over five years and licences, concessions, trademarks and other tangible assets are amortised over ten years.
- In case of foreign subsidiaries, the depreciation on Tangible Assets is provided for on SLM basis over the estimated useful life at rates permissible under applicable local laws.

h) No depreciation is to be provided on the Assets held for Sale under applicable laws of the country.

#### **6. Capital Work-In-Progress**

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, interest and other financing costs payable on funds specifically borrowed to the extent they relate to the period till assets are ready for intended use.

#### **7. Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

#### **8. Valuation of Inventories**

- a) Raw materials (including goods-in-transit) are valued at cost, on first-in-first-out basis.
- b) Work-in-process is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- c) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.
- d) Stores, fuel, dyes, chemicals and packing materials are valued at cost on first-in-first-out basis.

#### **9. Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

#### **10. Recognition of Income and Expenditure**

- a) Domestic sales are recognized on transfer of risk and reward which generally coincides with dispatch of goods to the customers.
- b) Export sales are accounted for on the basis of bill of lading.
- c) Sales are inclusive of dyeing charges, conversion charges and are net of shortage and discounts excluding value added tax.
- d) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognized on accrual, as they are incurred except payments of leave travel allowances and reimbursement of medical expenses to the staff, being immaterial, are accounted on cash basis
- f) The claims against the Company are accounted on acceptance basis.

#### **11. Foreign Exchange Transactions**

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the Statement of profit and loss. In case of forward contracts (non speculative), the exchange differences are dealt with in the Statement of profit and loss over the period of contracts.

#### **12. Employee Benefits**

- a) Employee benefits comprise both defined contribution and defined benefit plans.

##### **Defined contribution plan :**

Contribution to defined contribution plans are recognised as expenses in Statement of profit and loss, as they are incurred.

##### **Defined benefit plan :**

The Company's liability towards gratuity & leave encashment is accounted for on the basis of an actuarial valuation done at the year end and is charged to the Statement of profit and loss.

- b) All short term employee benefits are accounted for on undiscounted basis during the accounting period based on services rendered by employees.
- c) In case of foreign subsidiary Companies the provision for liability is provided in accordance with law of country in which the Company is operating.



**13. Research & Development**

Revenue expenditure, including overheads on Research and Development, is charged off as an expense in the year in which incurred. Expenditure which results in the creation of capital assets is taken as Fixed assets.

**14. Investments**

Investments are classified into Current and Non Current Investments. Current Investments are stated at lower of cost and fair value. Non Current Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Non Current Investments.

**15. Borrowing costs**

Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalized as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

**16. Debt issue costs**

- a) Debt issue costs are charged to Statement of Profit & Loss under finance costs during the year in which incurred.
- b) In case of HMX LLC, Debt issue costs consist of amounts paid to third parties in connection with obtaining debt financing and are included in other current assets. These costs are amortized over the terms of the debt and included in administrative expenses in the consolidated income statement, using the effective interest method.

**17. Lease**

- a) Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognized as an expense, as applicable, over the lease period.

- b) Finance Lease:

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the Company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

**18. Segment Reporting**

The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one reportable business segment i.e. Textiles and as such there are no separate reportable business segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

**19. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**20. Income Tax**

- a) Tax expense comprises of current tax and deferred tax. Current tax and deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", issued by the Institute of chartered Accountants of India. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred Tax is measure based on the tax rate and tax laws, enacted or substantively enacted at the Balance Sheet date.



- b) In case of foreign subsidiaries and step down subsidiary Companies Income Tax / Deferred Tax have been provided in accordance with laws of country in which Company is operating.

**21. Employee Stock Option Schemes**

The Company has granted Stock Options to its employees under Employees Stock Option Scheme, 2007 - Series 'A' ("ESOP, 2007"). In respect of Options granted under the Employees Stock Options Plan, in accordance with guidelines issued by the SEBI and in compliance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accounts of India in the year 2005 and applicable for the period on or after 1st April 2005, the cost of stock options granted to employees are accounted by the Company using the intrinsic value method and the cost based on excess of market value over the exercise price is recognized in Statement of Profit & Loss, over vesting period on time proportion basis and included in the 'Employee benefits expenses.' in Note 24 of the Financial Statements. Should any employee leave in the subsequent year, before exercise of the Option, the value of Option accrued in their favour is written back to the General Reserve.

**22. Provisions and Contingent Liabilities**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

**Current Year**  
**As at 31.03.2012**
**Previous Year**  
**As at 31.03.2011**
**NOTE 1 - SHARE CAPITAL**

	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised Capital</b>				
Preference shares of ₹ 100 each	9,000,000	9,000.00	9,000,000	9,000.00
Equity Shares of ₹ 10 each	370,000,000	37,000.00	370,000,000	37,000.00
<b>Total</b>	<b>379,000,000</b>	<b>46,000.00</b>	<b>379,000,000</b>	<b>46,000.00</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>				
6% Cumulative Redeemable Preference Shares of ₹ 100 each, fully paid up	527,500	527.50	527,500	527.50
0.01% Redeemable Preference Shares of ₹ 100 each, fully paid up	4,705,947	4,705.95	4,705,947	4,705.95
Equity Shares of ₹10 each, fully paid up	297,403,377	29,740.34	284,978,377	28,497.84
<b>Total</b>	<b>302,636,824</b>	<b>34,973.79</b>	<b>290,211,824</b>	<b>33,731.29</b>

**Note 1.1 - Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

(₹ in lacs)

Particulars	6% Cumulative Redeemable Preference Shares			
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	527,500	527.50	1,982,500	1,982.50
Shares redeemed during the year	-	-	1,455,000	1,455.00
Shares outstanding at the end of the year	527,500	527.50	527,500	527.50

(₹ in lacs)

Particulars	0.01% Redeemable Preference Shares			
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	4,705,947	4,705.95	5,655,785	5,655.79
Shares redeemed during the year	-	-	949,838	949.84
Shares outstanding at the end of the year	4,705,947	4,705.95	4,705,947	4,705.95

(₹ in lacs)

Particulars	Equity Shares			
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	284,978,377	28,497.84	236,513,838	23,651.39
Shares issued during the year	12,425,000	1,242.50	48,464,539	4,846.45
Shares outstanding at the end of the year	297,403,377	29,740.34	284,978,377	28,497.84

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### Note 1.2 - Details of Preference shareholders holding more than 5% in 6% Cumulative Redeemable Preference shares of the Company

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anjaneya Holdings Private Limited	372,500	70.62	372,500	70.62
SICOM Limited	155,000	29.38	155,000	29.38

### Details of Preference shareholders holding more than 5% in 0.01% Redeemable Preference shares of the Company

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IDBI Limited	4,306,627	91.51	4,306,627	91.51
Indian Bank	319,800	6.80	319,800	6.80

### Details of Equity shareholders holding more than 5% in equity shares of the Company

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anjaneya Holdings Private Limited	102,515,168	34.49	102,515,168	35.97
Morgan Stanley Mauritius Company Limited	-	-	14,661,515	5.14
Copthall Mauritius Investment Limited	17,359,445	5.84	14,072,445	4.94

### Note 1.3 - Details of shares issued for consideration other than cash

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
<b>0.01% Redeemable Preference Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	77,267

### Note 1.4 - Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The Dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31<sup>st</sup> March, 2012, the amount per share dividend recognised as distribution to equity share holder was ₹ 1 (31<sup>st</sup> March, 2011 : ₹ 1 )

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

### Note 1.5 - Equity Shares allotted during the year

During the year the Company has received ₹ 4,763.39 lacs from Sansar Exim Pvt. Ltd., a promoter group company, being the balance 59% of the subscription amount towards 1,24,25,000 Number of warrants of ₹ 64.53 each aggregating ₹ 8,017.85 lacs with an option to convert into equal nos. of Equity shares of ₹ 10/- each at a premium of ₹ 54.53 per share within 18 months from the date of allotment, which was issued on preferential basis and allotted, in its meeting held on 15th June, 2010. The investor has opted for the conversion of above Equity warrants and the Company has allotted 1,24,25,000 nos. of Equity Shares of ₹ 10/- each at a premium of ₹ 54.53 per share on 13<sup>th</sup> December, 2011 against receipt of full amount.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### Note 1.6 - Terms of Redemption of Preference shares

6% Cumulative Redeemable Preference Shares redeemable by 1<sup>st</sup> October, 2013.

0.01% Redeemable Preference Shares amounting to ₹ 79.50 lacs is to be redeemed @ 25% in each year between Oct'16 to Sep'20.

0.01% Redeemable Preference Shares amounting to ₹ 4,626.43 lacs has been fully settled by the Company as per the Corporate Debt Restructuring exit approval, by keeping in Fixed Deposit with the Preference Shareholders an amount equivalent to the Net Present Value of such Preference Shares. However, these Preference Shares are continued to be shown as Preference Shares not redeemed and the amount of such Fixed Deposits which are ₹ 2,693.29 lacs (Previous Year ₹ 2,453.93 lacs), assigned to the Preference Shareholders, continue to be shown on the assets side in Note No 14 - other non-current Asset.

### Note 1.7 - Shares reserved for issue under options

The Company has issued stock options to the permanent employees exercisable into 19,11,000 numbers of equity shares of the Company under 'Employees Stock Option Scheme 2007 - Series A' ("ESOP 2007"). Each option when exercised would be convertible into one equity share of a face value of ₹ 10 each fully paid-up. The important features of the ESOP scheme are as follows:

	Parameters/Terms	Explanation		
I	Vesting period	Minimum period of one year and a maximum period of five years from the date of grant i.e. 31.10.2007.		
II	Vesting schedule	The actual Vesting Schedule of Options will be as follows:		
		Year	Period and Date	% of Vesting
		1st Year	31.10.2007 to 30.10.2008	30%
		2nd Year	31.10.2008 to 30.10.2009	30%
		3rd Year	31.10.2009 to 30.10.2010	40%
III	Exercise price	30% discount on the prevailing market price of ₹ 128/- of the shares as on the date prior to the date of the Compensation Committee resolution.		
IV	Exercise Period	Exercise period will be three years from the date of vesting.		
V	ESOP Price per share	₹ 89.60		

	Particulars	As at 31.03.2012	As at 31.03.2011
a)	Number of Options outstanding at the beginning of the year	1,486,900	1,784,200
b)	Options exercised	NIL	NIL
c)	Total number of shares arising as a result of exercise of Options	NIL	NIL
d)	Options Lapsed/cancelled	575,080	297,300
e)	Money realised by exercise of options	NIL	NIL
f)	Total number of options in force at the end of year	911,820	1,486,900

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

	<b>Current Year As at 31.03.2012</b>	<b>Previous Year As at 31.03.2011</b>
<b>NOTE 2 - RESERVES &amp; SURPLUS</b>		
<b>a. Capital Reserves</b>		
Opening Balance	28,317.33	24,959.58
(+) Transfer during the year	259.33	3,357.75
Closing Balance	28,576.66	28,317.33
<b>b. Capital Redemption Reserve</b>		
Opening Balance	13,267.49	13,267.49
Closing Balance	13,267.49	13,267.49
<b>c. Legal Reserve</b>		
Opening Balance	151.67	151.67
Closing Balance	151.67	151.67
<b>d. Securities Premium Account</b>		
Opening Balance	140,993.32	115,096.96
(+) Securities Premium credited on share issue (Refer Note 1.5)	6,775.35	27,714.54
(-) Premium utilised for various reasons		
- On account of share issue expenses	-	1,031.80
- Premium on Redemption of Debentures (Refer Note 35)	167.65	786.38
Closing Balance	147,601.02	140,993.32
<b>e. Debenture Redemption Reserve</b>		
Opening Balance	4,550.60	3,600.15
(+) Transfer during the year	202.20	950.45
Closing Balance	4,752.80	4,550.60
<b>f. Revaluation Reserve</b>		
Opening Balance	1,099.68	1,117.36
(-) Written back on account of depreciation on revalued portion of fixed assets	17.68	17.68
Closing Balance	1,082.00	1,099.68
<b>g. Employee Stock Options outstanding Account</b>		
Opening Balance	570.96	631.84
(+) Total employee compensation cost pertaining to share based payment plans	-	51.10
(-) Written back due to lapse/cancellation of employee shared based payment plan (Refer Note 24)	220.82	111.98
Closing Balance	350.14	570.96
<b>h. Foreign Currency Translation Reserve</b>	(5,330.17)	(5,633.41)
<b>i. Surplus</b>		
Opening balance	57,400.85	29,203.74
(+) Net Profit/(Loss) for the year	39,493.71	33,094.20
(-) Balance in Restructured Financial Cost written off (Refer Note 28)	16,288.17	-
(-) Proposed Preference Dividend	31.65	534.74
(-) Tax on Proposed Preference Dividend	5.26	88.81
(-) Proposed Equity Dividend	2,974.03	2,849.78
(-) Tax on Proposed Equity Dividend	493.95	473.31
(-) Transfer to Debenture Redemption Reserves	202.20	950.45
Closing Balance	76,899.30	57,400.85
<b>Total</b>	<b>267,350.91</b>	<b>240,718.49</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(₹ in Lacs)

Current Year As at 31.03.2012	Previous Year As at 31.03.2011
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### NOTE 3 - LONG TERM BORROWINGS

#### SECURED

##### (a) Term loans

Term Loans Under Technology Upgradation Fund Scheme (Refer Note 3.1)	33,659.66	37,833.77
Term Loan Under Overseas Investment Finance Programme (Refer Note 3.2)	13,085.56	19,264.20
Term Loans from Banks & Institutions (Refer Note 3.3)	75,320.07	35,187.91
Mortgage loan from Bank (Refer Note 3.4)	3,511.58	-
Equipment Finance from Bank & Institutions (Refer Note 3.5)	100.31	188.04
	<b>125,677.18</b>	<b>92,473.92</b>

#### UNSECURED

##### (a) Term loans

from banks (Refer Note 3.6)	858.80	1,149.87
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##### (b) Funded interest Term loans

from banks (in Foreign Currency) (Refer Note 3.7)	573.42	531.58
	<b>1,432.22</b>	<b>1,681.45</b>
<b>Total</b>	<b>127,109.40</b>	<b>94,155.37</b>

#### Notes :

3.1 a) Out of the total Loan of ₹ 33,659.66 lacs under Technology Upgradation Fund scheme (TUFs), Loans of ₹ 19,970.22 lacs with Current Maturities of ₹ 4,828.73 lacs are secured by first *pari passu* charge on the Fixed Assets of existing Jhagadia Unit, second *pari passu* charge on all other Fixed Assets and Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd.

These Loans are repayable in 32 Equal Quarterly Installment (EQI) starting from April 2010 to January 2018 and applicable interest rate is in the range of 13.5% p.a. to 15.0% p.a.

b) The balance Loan of ₹ 13,689.44 lacs under Technology Upgradation Fund scheme (TUFs), with Current Maturities of ₹ 2,000.00 lacs is secured by specific charge on the Fixed Assets of proposed project, first *pari passu* charge on all other Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit), second *pari passu* charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd.

These Loans are repayable in 32 EQI starting from June 2012 to March 2020 and applicable interest rate is 15.0% p.a. There is delay in repayment of loan amounting to ₹ 672.92 lacs for a period of one to five months, out of which ₹ 513.95 lacs have since been repaid.

3.2 a) Out of the total Loan of ₹ 13,085.56 lacs under Overseas Investment Finance Programme (OIFP), Loan of ₹ 9,125.00 lacs with Current Maturities of ₹ 3,437.50 lacs is secured by first *pari passu* charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, both present and future, specific charge on Debt Service Reserve Account (DSRA) opened for this Loan, pledge of promoter's shares held in the Company, pledge of shares of acquired/ subsidiary Company and personal guarantee of Chairman & Managing Director.

This Loan is repayable in 24 EQI starting from December 2010 to September 2016 and applicable interest rate is 13.5% p.a.

b) The balance Loan of ₹ 3,960.56 lacs under Overseas Investment Finance Programme (OIFP), with Current Maturities of ₹ 3,714.36 lacs is secured by first *pari passu* charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, second *pari passu* charge on the Fixed Assets of existing Jhagadia Unit, second *pari passu* charge on Current Assets of the Company, both present and future, pledge of promoter's shares held in the Company,

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

pledge of shares of acquired/ subsidiary Company and personal guarantee of Chairman & Managing Director.

This Loan is repayable in 42 Equal Monthly Installment (EMI) starting from January 2011 to May 2014 and applicable interest rate is 15.25% p.a. There is delay in repayment of loan amounting to ₹ 973.22 lacs for a period of one month, out of which ₹ 285.72 lacs have since been repaid.

- 3.3 a) Out of the total Rupee Term Loan of ₹ 75,320.07 lacs, Loan of ₹ 10,336.00 lacs with Current Maturities of ₹ 5,510.42 lacs is secured by first *pari passu* charge on the Fixed Assets (excluding Fixed Assets of existing Jhagadia Unit) of the Company, second *pari passu* charge on the Fixed Assets of existing Jhagadia Unit, second *pari passu* charge on Current Assets of the Company, both present and future, personal guarantee of Chairman & Managing Director and corporate guarantee of Reid & Taylor (India) Ltd., first *pari passu* charge on the Fixed Assets of the guarantor Company, second *pari passu* charge on Current Assets of the guarantor Company and pledge of promoter's shares held in guarantor Company.

This Loan is repayable in 20 unequal quarterly instalments starting from December 2009 to September 2014 and applicable interest rate is 13.5% p.a.

- b) Term Loan of ₹ 500.87 lacs with Current Maturities of ₹ 590.00 lacs is secured by specific first charge on registered office property, second *pari passu* charge on Current Assets of the Company, both present and future, and personal guarantee of Chairman & Managing Director and corporate guarantee of Anjaneya Holdings Pvt. Ltd.

This Loan is repayable in 20 EQI starting from January 2010 to October 2014 and applicable interest rate is 15.0% p.a.

- c) Term Loan of ₹ 3,750.00 lacs with Current Maturities of ₹ 6,250.00 lacs is secured by first *pari passu* charge on the Fixed Assets (excluding assets having specific charge) of the Company, and second *pari passu* charge on Current Assets of the Company, both present and future.

This Loan is repayable in 8 EQI starting from March 2012 to December 2013 and applicable interest rate is 14.4% p.a.

- d) Term Loan of ₹ 87.26 lacs with Current Maturities of ₹ 30.00 lacs is secured by first *pari passu* charge on the Fixed Assets of the Company and second *pari passu* charge on Current Assets of the Company, both present and future.

This Loan is repayable in 101 EMI starting from November 2005 to March 2014 and applicable interest rate is 10.0% p.a. There is delay in repayment of loan amounting to ₹ 1,302.42 lacs for a period of one month, out of which ₹ 52.42 lacs have since been repaid.

- e) Term Loan of ₹ 9,500.00 lacs with Current Maturities of ₹ 500.00 lacs of Company's Indian Subsidiary is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of Company's Indian Subsidiary, both present and future and personal guarantee of Chairman & Managing Director.

This Loan is repayable in 20 EQI starting from December 2012 to September 2017 and applicable interest rate is 13.25% p.a.

- f) Term Loan of ₹ 7,500.00 lacs of Company's Indian Subsidiary is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of Company's Indian Subsidiary, both present and future and personal guarantee of Chairman & Managing Director.

This Loan is repayable in 3 EQI starting from June 2013 to December 2013 and applicable interest rate is 13.6% p.a.

- g) Term Loan of ₹ 5,343.75 lacs with Current Maturities of ₹ 356.25 lacs of Company's Indian Subsidiary is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of Company's Indian Subsidiary, both present and future, pledge of shares held by the Company in its Indian Subsidiary, Specific charge on DSRA account opened for this Loan and personal guarantee of Chairman & Managing Director.

This Loan is repayable in 48 EMI starting from January 2013 to December 2016 and applicable interest rate is 15.0% p.a.

- h) Term Loan of ₹ 4,387.75 lacs with Current Maturities of ₹ 612.25 lacs of Company's Indian Subsidiary is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of Company's Indian Subsidiary, both present and future, pledge of shares held by the Company in its Indian Subsidiary, personal guarantee of Chairman & Managing Director and corporate guarantee of S. Kumars Nationwide Ltd.

This Loan is repayable in 49 EMI starting from October 2012 to October 2016 and applicable interest rate is 13.5% p.a.

- i) Term Loan with Current Maturities of ₹ 2,500.00 lacs of Company's Indian Subsidiary is secured by first *pari passu* charge on the Fixed Assets, second *pari passu* charge on Current Assets of Company's Indian Subsidiary, both present and future and personal guarantee of Chairman & Managing Director.

This Loan is repayable in 8 EQI starting from December 2010 to September 2012 and applicable interest rate is 15.3% p.a. There is delay in repayment of loan amounting to ₹ 1,000 lacs for a period of one to three months, out of which ₹ 500 lacs have since been repaid.

- j) Term Loan of ₹ 6,007.73 lacs of Company's Overseas Subsidiary is secured by mortgage on building at overseas.

This Loan is repayable in 12 EQI starting from September 2011 to March 2017 and applicable interest rate is 8.1% p.a.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

k) Term Loan of ₹ 27,906.71 lacs of Company's Overseas Subsidiary is secured by eligible receivables and inventories alongwith certain intangible assets of Overseas Subsidiary.

This Loan is having rate of interest of 5.0% p.a.

**3.4** Mortgage Loan of ₹ 3,511.58 lacs of Company's Overseas Subsidiary is secured by mortgage on building at overseas.

This Loan is repayable in 5 unequal yearly instalments starting from March 2012 to March 2016 and applicable interest rate is 6.4% p.a.

**3.5** Equipment finance Loans of ₹ 100.31 lacs with Current Maturities of ₹ 97.87 lacs are secured by hypothecation of specific equipments / assets.

These Loans are repayable in 36 EMI starting from commencement of every new Loan and applicable interest rate is in the range of 6.75% p.a to 15.0% p.a.

**3.6 a)** Out of the total Unsecured Term Loan of ₹ 858.80 lacs, Loan of ₹ 289.59 lacs with Current Maturities of ₹ 1,256.78 lacs is repayable in 20 EQI starting from January 2009 to October 2013 and applicable interest rate is 4.5% p.a. There is delay in repayment of loan amounting to ₹ 751.98 lacs for a period of one to six months.

**b)** Unsecured Term Loan of ₹ 135.64 lacs of Company's Overseas Subsidiary is repayable in 9 EMI starting from October 2011 to June 2012 and applicable interest rate is 7.2% p.a.

**c)** Unsecured Term Loan of ₹ 86.65 lacs of Company's Overseas Subsidiary is repayable in 12 EMI starting from February 2011 to January 2012 and applicable interest rate is 3.7% p.a.

**d)** Unsecured Term Loan of ₹ 346.92 lacs of Company's Overseas Subsidiary is repayable in 12 EMI starting from June 2011 to July 2012 and applicable interest rate is 6.35% p.a.

**3.7** Unsecured Funded Interest Term Loan of ₹ 573.42 lacs is repayable in 5 EQI starting from October 2013 to October 2014 and applicable interest rate is 2% p.a.

**3.8** Non-Convertible Debentures (NCDs) issued to India Debt Management Pvt. Ltd. with Current Maturities of ₹ 15,078.81 lacs are secured by first *pari passu* charge on the all the Fixed Assets of the Company and on all the Fixed Assets of Company's Indian Subsidiary, simple mortgage on the property situated at Mehsana, Gujarat, pledge of major promoter's shares held in the Company, pledge on entire shareholding (present and future) held by the Company in Sansar Holding Inc., pledge and guarantee in respect of shares held by Company in Brandhouse Retails Ltd., non-disposal undertaking for "Reid & Taylor" trade mark and first *pari passu* charge on brands held by Company except "S.Kumars" brand.

Balance NCDs are due for redemption on 30<sup>th</sup> September, 2012 and having effective rate of interest of 19.0% p.a.

(₹ in Lacs)

Current Year	Previous Year
As at 31.03.2012	As at 31.03.2011

**NOTE 4 - DEFERRED TAX LIABILITIES (NET)**

**NOTE 4.1 - S. KUMARS NATIONWIDE LIMITED**

**Deferred Tax Liabilities (Net)**

**Deferred Tax Liabilities on account of**

Difference between books and tax depreciation

Opening balance	2,868.91	1,822.90
Current year Charge/Credit	1,276.00	1,046.01
<b>Closing Balance (A)</b>	<b>4,144.91</b>	<b>2,868.91</b>

**Deferred Tax Assets on account of**

Disallownce under section 43B of Income Tax Act

Opening Balance	176.56	116.38
Current year Charge/Credit	8.15	60.18
<b>Closing Balance (B)</b>	<b>184.71</b>	<b>176.56</b>
<b>Total (A - B)</b>	<b>3,960.20</b>	<b>2,692.35</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in Lacs)

**Current Year**      Previous Year As  
**As at 31.03.2012**      at 31.03.2011

**NOTE 4.2 - REID & TAYLOR (INDIA) LIMITED**
**Deferred Tax Liabilities (Net)**
**Deferred Tax Liabilities on account of**

Difference between books and tax depreciation

Opening balance 379.07 319.90

Current year Charge/Credit 1,434.33 59.17

**Closing Balance (A)** 1,813.40 379.07

**Deferred Tax Assets on account of**

Disallowance under section 43B of Income Tax Act

Opening Balance 205.76 167.39

Current year Charge/Credit 88.54 38.37

**Closing Balance (B)** 294.30 205.76

**Total (A - B)** 1,519.10 173.31

**NOTE : 4.3 - OVERSEAS SUBSIDIARIES**
**Deferred Tax Assets/Liabilities**

The Deferred Tax Assets of Legguino S.p.A. is Euro 13,03,107 equivalent to ₹ lacs 903.32 lacs, SKNL Italy is Euro 1,00,709 equivalent to ₹ 69.81 lacs and Deferred Tax Liability of Legguino S.p.A. is Euro 9,58,720 equivalent to ₹ 664.58 lacs, HMX LLC is USD 95,25,317 equivalent to ₹ 5086.52 lacs as on 31<sup>st</sup> December, 2011 and for SKNL UK Limited is GBP 1766 equivalent to ₹1.45 lacs as on 31<sup>st</sup> March, 2012.

**NOTE 5 - OTHER LONG TERM LIABILITIES**

Deposit received from Customers/dealers 41.51 23.92

Other liabilities - 144.03

**Total** 41.51 167.95

**NOTE 6 - LONG TERM PROVISIONS**
**(a) Provision for employee benefits**

Superannuation (unfunded) - 1,369.99

Leave Encashment (unfunded) 289.47 192.77

Deferred compensation - 543.63

**(b) Others**

Deferred rent - 1,290.85

**Total** 289.47 3,397.24

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in Lacs)

**Current Year** Previous Year As  
**As at 31.03.2012** at 31.03.2011

**NOTE 7 - SHORT TERM BORROWINGS**

**SECURED**

**(a) Repayable on Demand**

Working Capital Loans from banks

Cash credit loan (Refer Note 7.1)

Credit facility for pre-cum-post shipment

**237,852.64** 188,331.30

- 3,500.00

**(b) Other Short term loans from banks and Financial Institutions**

**13,333.00** 13,887.55

(Of the above, loan amounting to ₹ 3,333 lacs is repayable on 31.03.2012, hence delayed for one day as on 31.03.12, out of which ₹ 3,076.22 lacs have since been repaid and for Balance loan amounting to ₹ 10,000 lacs is repayable on 31.08.2012. Applicable rate of interest on both the loans is @ 15% p.a. (Refer Note 7.2)

**251,185.64** 205,718.85

**UNSECURED**

**(a) Loans and advances from related party**

**774.00** -

(Interest free loan received from Anjanya Holdings Pvt. Ltd., repayable on demand)

**(b) Loans repayable on demand**

From other parties

**460.97** -

**1,234.97** -

**Total 252,420.61** 205,718.85

**Note 7.1**

Working Capital loans of Parent Company, its Indian Subsidiary and Overseas Subsidiaries from bank are secured primarily by first *pari passu* charge on current assets and collateral second *pari passu* charge on all imovable properties of the respective Company's. In-addition to above, corporate guarantee from Anjaneya Holding Pvt. Ltd. and personal guarantee of Chairman & Managing Director has also been provided. Average Interest rate on above Working Capital loan is in the range of 12% p.a. to 16.75% p.a. There is delay in Indian Subsidiary of interest payment amounting to ₹ 1,139.44 lacs for a period of one to three months, which have since been repaid.

**Note 7.2**

- Of the short term Loan amounting to ₹ 13,333, ₹ 3,333 lacs is secured against first *pari passu* charge on current assets of the Company, collateral second *pari passu* charge on Fixed Assets of the Company (both present and future) with other working Capital loans and personal guarantee of Chairman & Managing Director along with corporate guarantee of Anjaneya Holdings Pvt. Ltd.
- Balance ₹ 10,000 lacs short term loan is secured against first *pari passu* charge on all fixed assets of the Company (excluding exclusively charged fixed assets), second *pari passu* charge on exclusively charged fixed assets, second *pari passu* on all current assets (both Present and future), demand promisory note, Post Date Cheque of principle and interest, personal guarantee of Chairman & Managing Director along with pledge of shares held by the S. Kumars Nationwide Limited in equity holding of Reid & Taylor (India) Ltd.

**NOTE 8 - Trade Payables**

**Trade Payables (for goods)**

Total outstanding due of Micro, Small and Medium Enterprises  
(Refer Note 36)

**54.52** 60.47

Others

**40,378.86** 21,647.47

**40,433.38** 21,707.94

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in Lacs)

Current Year As at 31.03.2012	Previous Year As at 31.03.2011
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**NOTE - 9 OTHER CURRENT LIABILITIES**

Current maturities of long-term debt

**Secured (Refer Note 3.1 to 3.5)**

Term Loans Under Technology Upgradation Fund Scheme	6,828.73	3,475.43
Term Loans Under Overseas Investment Finance Programme	7,151.86	6,866.14
Term Loans from Banks & Institutions	16,348.92	11,608.70
Equipment Finance	97.87	121.55
Debentures redeemable (Refer Note 3.8)	15,078.81	15,078.81

**Unsecured (Refer Note 3.6)**

Unsecured Term loan from banks	1,256.78	695.25
Interest accrued but not due on borrowings	468.39	764.88
Interest accrued and due on borrowings (Refer Note 9.1)	5,159.97	3,790.91
Unclaimed dividends	7.53	-
Deposits Payable to IDBI	4,880.02	-
Debentures Redemption Premium payable	3,932.73	3,765.08
Payables for expenses	21,015.75	15,009.17
Trade payables for Capital goods	746.65	503.10
Other liabilities*	3,267.98	2,352.60
<b>Total</b>	<b>86,241.99</b>	<b>64,031.62</b>

\*other liabilities includes statutory liabilities, Advance/deposits received from customers/dealers.

**Note: 9.1**

There is delay in payment of interest by Parent Company amounting to ₹ 3,340.29 lacs for a period ranging between one to three months, out of which ₹ 1,659.04 lacs have since been paid. Further, there has been delay in payment of interest by Indian Subsidiary amounting to ₹ 87.03 lacs for a period of one to three months, which have since been paid.

**NOTE 10 - SHORT TERM PROVISIONS**
**(a) Provision for employee benefits**

Salary & Reimbursements	5,287.88	4,721.03
Gratuity (Funded)	485.03	327.35
Leave Encashment (Unfunded)*	105.82	206.89
Wage Tax	1.08	0.92

**(b) Others**

Provision for taxation (Net of Advance Tax and MAT Credit utilised ₹ 31,643.65 lacs, P. Y. ₹ 16,189.53)	28,634.38	17,650.85
Provision for FBT (Net of Advance Tax ₹ 69.21 lacs, P. Y. ₹ 69.21)	1.55	1.55
Proposed Preference Dividend	31.65	534.74
Tax on Proposed Preference Dividend	5.26	88.81
Proposed Equity Dividend	2,974.03	2,849.78
Tax on Proposed Equity Dividend	493.95	473.31
<b>Total</b>	<b>38,020.63</b>	<b>26,855.23</b>

\* Previous year short term provision has been taken on the basis of actual payment made during the current year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

## NOTE 11 - FIXED ASSETS

(₹ in lacs)

Particulars	Gross Block				Accumulated Depreciation				Net Block		
	Balance as at 1.04.2011	Additions	(Disposals)	Balance as at 31.03.2012	Balance as at 1.04.2011	Depreciation/ Amortisation charge for the year	Adjustment due to revaluations	On disposals /adjustments	Balance as at 31.03.2012	Balance as at 31.03.2012	Balance as at 31.03.2011
<b>Not under lease, unless stated otherwise</b>											
<b>a) Tangible Assets</b>											
Land											
Freehold	6,856.20	-	-	<b>6,856.20</b>	-	-	-	-	-	<b>6,856.20</b>	6,856.20
Leasehold	1,466.50	-	-	<b>1,466.50</b>	2.77	0.16	-	-	<b>2.93</b>	<b>1,463.57</b>	1,463.73
Buildings	26,509.34	15.95	(113.70)	<b>26,411.59</b>	2,743.82	1,391.85	(17.68)	(25.90)	<b>4,092.09</b>	<b>22,319.50</b>	23,765.52
Plant and Equipments	107,081.02	67,097.76	(152.39)	<b>174,026.39</b>	40,272.60	10,306.79	-	(33.34)	<b>50,546.05</b>	<b>123,480.34</b>	66,808.42
Furniture and Fixtures	3,640.86	419.85	(1.74)	<b>4,058.97</b>	1,418.87	235.92	-	(1.26)	<b>1,653.53</b>	<b>2,405.44</b>	2,221.99
Vehicles	1,651.53	89.42	(24.05)	<b>1,716.90</b>	460.45	152.75	-	31.38	<b>644.58</b>	<b>1,072.32</b>	1,191.08
Office equipments	519.20	44.76	(4.11)	<b>559.85</b>	87.29	35.70	-	(0.42)	<b>122.57</b>	<b>437.28</b>	431.91
Leasehold Improvements	2,351.29	929.28	-	<b>3,280.57</b>	770.18	544.99	-	(9.14)	<b>1,306.03</b>	<b>1,974.54</b>	1,581.11
Computers	592.68	135.94	(1.21)	<b>727.41</b>	322.68	164.04	-	(2.73)	<b>483.99</b>	<b>243.42</b>	270.00
<b>Total</b>	<b>150,668.62</b>	<b>68,732.96</b>	<b>(297.20)</b>	<b>219,104.38</b>	<b>46,078.66</b>	<b>12,832.20</b>	<b>(17.68)</b>	<b>(41.41)</b>	<b>58,851.77</b>	<b>160,252.61</b>	104,589.96
<i>Previous year Total</i>	<i>132,532.89</i>	<i>22,924.45</i>	<i>(4,788.72)</i>	<i>150,668.62</i>	<i>35,654.59</i>	<i>11,134.48</i>		<i>(710.41)</i>	<i>46,078.66</i>	<i>104,589.96</i>	<i>96,878.30</i>
<b>b) Intangible Assets</b>											
Goodwill	12,476.00	-	-	<b>12,476.00</b>	-				-	<b>12,476.00</b>	12,476.00
Brands and Other Intangible Assets	33,217.57	9,068.16	-	<b>42,285.73</b>	2,940.54	1,962.55	-	(26.89)	<b>4,876.20</b>	<b>37,409.53</b>	30,277.03
<b>Total</b>	<b>45,693.57</b>	<b>9,068.16</b>	<b>-</b>	<b>54,761.73</b>	<b>2,940.54</b>	<b>1,962.55</b>	<b>-</b>	<b>(26.89)</b>	<b>4,876.20</b>	<b>49,885.53</b>	42,753.03
<i>Previous year Total</i>	<i>37,202.95</i>	<i>9,681.29</i>	<i>(1,190.67)</i>	<i>45,693.57</i>	<i>1,966.53</i>	<i>1,351.29</i>	<b>-</b>	<i>(377.28)</i>	<i>2,940.54</i>	<i>42,753.03</i>	<i>35,236.42</i>
<b>c) Capital Work In Progress</b>										<b>24,737.61</b>	5,871.31

**Notes :-**

- 1 Gross Block includes certain fixed assets for which revaluation was carried out as on 30th September, 1997, by the valuer. The amounts of revalued fixed assets are as under :-

		Current Year	Previous year
a)	Freehold Land	₹ 695.58 lacs	₹ 695.58 lacs
b)	Building	₹ 642.83 lacs	₹ 642.83 lacs
c)	Plant & Machinery	₹ 2,484.50 lacs	₹ 2,484.50 lacs

- 2 Based on the internal estimates and assessments, the management is of the opinion that there is no impairment in relation to its assets and hence no provision is considered necessary.
- 3 During the year the Company has capitalized interest of ₹ 1,415.41 Lacs (Previous Year ₹ 993.27 Lacs) which has been paid to TUFs Lenders. The borrowing was exclusively used for the HVFC/HT project, process house & stitching unit at Jhagadia and weaving unit at Dewas.

## NOTE 12 - NON CURRENT INVESTMENTS

**Other Non Trade Investments (Refer Note below)**

(a) Investment in Equity instruments	<b>108.49</b>	108.01
(b) Investment in Government or Trust securities	<b>0.10</b>	0.10
<b>Total</b>	<b>108.59</b>	108.11
Less : Provision for dimunition in the value of Investments	-	-
<b>Total</b>	<b>108.59</b>	108.11

Particulars		
Aggregate amount of quoted investments [Market value of ₹ 120 lacs (Previous Year ₹ 238.50 Lacs)]	<b>100.00</b>	100.00
Aggregate amount of unquoted investments	<b>8.59</b>	8.11

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### Details of Other Non-Trade Investments

(₹ in Lacs)

#### a) Investement in Equity Instruments

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost Yes / No	If Answer to Column (11) is 'No' - Basis of Valuation
		2012	2011			2012	2011	2012	2011		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Anjaneya Foundation, Equity Share of ₹10 each	Subsidiary	49,500	49,500	Unquoted	Fully Paid	99.00	99.00	4.95	4.95	Yes	NA
Brandhouse Retails Limited, Equity Share of ₹10 each	Having Significant influence	1,000,000	1,000,000	Quoted	Fully paid	0.19	0.19	100.00	100.00	Yes	NA
Industria e Universita S.r.l.	Others	10,000	10,000	Unquoted	Fully paid	0.04	0.04	3.54	3.06	Yes	NA
<b>Total</b>								108.49	108.01		

Investment held in the shares of Subsidiary Companies and Company under the same management, being of long term and strategic in nature is stated at cost of acquisition and no adjustment in respect of appreciation / depreciation of such investments has been made in the accounts.

#### b) Investment in Government or Trust securities

(₹ in lacs)

Particulars	Current Year As at 31.03.2012	Previous Year As at 31.03.2011
National Saving Certificates	0.10	0.10
<b>Total</b>	<b>0.10</b>	<b>0.10</b>

(₹ in lacs)

Current Year  
As at 31.03.2012

Previous Year  
As at 31.03.2011

### NOTE 13 - LONG TERM LOANS AND ADVANCES

#### Unsecured, considered good, unless stated otherwise

a. Capital Advances	90,531.16	74,353.91
b. Security Deposits	1,282.55	1,305.58
c. Loans and advances to Subsidiary -Anjaneya Foundation (Section 25 Company)	41.35	7.25
d. Other loans and advances		
Loans and advances to Staff	70.44	83.14
Advances recoverable in cash or kind for value to be received	620.58	1,469.63
Prepaid Expenses	209.53	574.02
Service Tax Receivable	203.52	259.36
VAT Receivable	69.29	53.23
Custom and excise duty paid under protest	90.07	90.07
<b>Total</b>	<b>93,118.49</b>	<b>78,196.19</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in lacs)

**Current Year**  
**As at 31.03.2012****Previous Year**  
**As at 31.03.2011****NOTE 14 - OTHER NON CURRENT ASSETS****Others**

Unsecured, considered good, unless stated otherwise

Restructured Financial Cost /Prepaid Interest on NPV Basis (Refer Note 27)	-		14,472.14
Miscellaneous Expenditure	2.05		2.05
Fixed Deposits (assigned against 0.01% Redeemable Preference Shares)	2,693.29	2,453.93	
Interest receivable on Fixed deposits (assigned against 0.01% Redeemable Preference Shares)	1,933.14	4,626.43	2,172.49
Advance tax and Tax deducted at source and MAT Credit availed (Net of Provisions of Tax of ₹ Nil, P.Y. ₹ 9,837.15 lacs)	87.55		716.93
MAT Credit Entitlement*	-		2,373.35
Bank Deposits against Margin Money	125.27		244.27
Interest receivable on fixed deposits with Banks	20.97		38.10
Bank Deposits against working capital loan	78.40		58.40
Interest receivable on above bank deposits	19.46		13.39
<b>Total</b>	<b>4,960.13</b>		<b>22,545.05</b>

\*During the year the Company has fully utilised the MAT credit of ₹ 2,373.35 lacs (Previous Year ₹ 3564.55 lacs) closing balance as on 31<sup>st</sup> March, 2012 is Nil (Previous Year ₹ 2,373.35 lacs).

**NOTE 15 - INVENTORIES**

a. Raw Materials and components (Valued at Cost on FIFO basis)	73,727.31	54,889.09	
Goods-in-transit	329.62	413.37	
		74,056.93	55,302.46
b. Work-in-progress (Valued at cost)	34,112.55	26,112.05	
Goods-in-transit	65.91	-	
		34,178.46	26,112.05
c. Finished goods (Valued at lower of cost or net realisable value)	93,255.45	76,599.20	
Goods-in-transit	282.48	-	
		93,537.93	76,599.20
d. Stores and spares, fuel and packing materials (Valued at Cost on FIFO basis)	496.16	538.83	
<b>Total</b>	<b>202,269.48</b>		<b>158,552.54</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

	Current Year As at 31.03.2012	(₹ in lacs) Previous Year As at 31.03.2011
<b>NOTE 16 - TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	224,073.41	183,709.96
Unsecured, considered doubtful	4,906.72	4,243.56
(-) Provision for doubtful debts	4,906.72	4,243.56
	<u>224,073.41</u>	<u>183,709.96</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	21,816.09	13,097.91
Unsecured, considered doubtful	249.62	197.86
(-) Provision for doubtful debts	249.62	197.86
	<u>21,816.09</u>	<u>13,097.91</u>
<b>Total</b>	<u><u>245,889.50</u></u>	<u><u>196,807.87</u></u>

**NOTE 17 - CASH AND BANK BALANCES****A Cash and cash equivalents**

Cash on hand	17.58	38.36
Balances with Banks		
in current accounts	325.33	4,897.69
in other Banks accounts	975.61	1,303.51
	<u>1,318.52</u>	6,239.56

**B Other bank balances**

Bank Deposit against Margin money (with maturities more than 3 months and less than 12 months)	633.36	392.81
Bank Deposits against Bank Guarantees (with maturities more than 3 months and less than 12 months)	238.80	123.25
with Bank (Earmarked for Dividend)	7.53	-
Earmarked Balances (DSRA)*	993.08	1,437.50
	<u>1,872.77</u>	1,953.56
<b>Total</b>	<u><u>3,191.29</u></u>	<u><u>8,193.12</u></u>

\*Earmarked Balances (DSRA) pertains to S. Kumars Nationwide Limited represents balances maintained with EXIM bank for servicing of interest on secured loan, ₹ 577.50 lacs (Previous year ₹ 577.50 Lacs) and With ICICI Bank for servicing of interest and installment of principal repayment of its secured loan ₹ Nil (₹ 860 Lacs). Remaining amount of Earmarked Balances (DSRA) pertains to Reid & Taylor (India) Limited represents balances maintained with ICICI Bank against its Term Loans for 3 months Interest servicing.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

	<i>(₹ in lacs)</i>	
	Current Year As at 31.03.2012	Previous Year As at 31.03.2011
<b>NOTE 18 - SHORT-TERM LOANS AND ADVANCES</b>		
<b>Advances recoverable in cash or kind for value to be received</b>		
Unsecured, considered good, unless stated otherwise	112,021.41	109,640.26
Unsecured, considered doubtful	31.19	19.62
(-) Provision for doubtful advances	31.19	19.62
	<u>112,021.41</u>	<u>109,640.26</u>
<b>Others</b>		
Deposits	9.64	12.07
Wool duty refund	2,338.92	3,572.71
Prepaid Expenses	902.83	3,829.75
Loan and advances to staff	114.65	141.19
Custom Deposits/ Modvat/ Vat receivable	561.93	943.05
Loans and advances to franchisees and others	276.06	257.27
Cenvat Receivable	154.33	100.83
Tax Receivables	126.17	-
Other Receivables	(10.95)	538.68
Others	895.83	137.37
Export Incentives	141.34	251.89
<b>Total</b>	<u><u>117,532.16</u></u>	<u><u>119,425.07</u></u>
<b>NOTE 19 - OTHER CURRENT ASSETS</b>		
Restructured Financial Cost /Prepaid Interest on NPV Basis (Refer Note 27)	-	1,816.03
Interest receivable on TUF Loan	2,759.98	2,621.16
Interest receivable on fixed deposit with Banks	59.49	40.89
Assets held for Sale	640.92	640.92
IPO related expenses	425.86	145.55
<b>Total</b>	<u><u>3,886.25</u></u>	<u><u>5,264.55</u></u>
<i>(₹ in lacs)</i>		
	Current year ended 31.03.2012	Previous year ended 31.03.2011
<b>NOTE 20 - REVENUE FROM OPERATION</b>		
Sale of products	631,848.00	513,506.09
Sale of services	749.13	705.65
Other Operating Revenue	3,465.68	3,892.39
Export Benefits	87.28	26.36
Revenue from operation (Gross)	<u>636,150.09</u>	<u>518,130.49</u>
(-) Excise duty	687.61	48.73
<b>Total</b>	<u><u>635,462.48</u></u>	<u><u>518,081.76</u></u>
<b>NOTE 21 - OTHER INCOME</b>		
Interest Income	63.51	77.66
<b>Other non-operating income:</b>		
Balances written back	122.99	250.84
Other Non Operating income	780.30	3,878.06
<b>Total</b>	<u><u>966.80</u></u>	<u><u>4,206.56</u></u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

	Current year ended 31.03.2012		(₹ in lacs) Previous year ended 31.03.2011	
<b>NOTE 22 - COST OF MATERIALS CONSUMED</b>				
Opening stock	55,913.04		45,929.67	
(+) Purchases	412,499.20		326,243.00	
(-) Closing stock	73,530.00	394,882.24	55,510.86	316,661.81
		<u>394,882.24</u>		<u>316,661.81</u>
<b>NOTE 23 - CHANGES IN INVENTORIES</b>				
Closing stock of :				
- Semi-finished Fabrics	33,978.86		26,206.83	
- Finished fabrics, Garments and made ups	91,730.26	125,709.12	77,043.13	103,249.96
Opening stock of :				
- Semi-finished Fabrics	26,321.56		21,309.57	
- Finished fabrics, Garments and made ups	78,310.99	104,632.55	62,405.51	83,715.08
(Increase)/decrease in stock		<u>(21,076.57)</u>		<u>(19,534.88)</u>
<b>NOTE 24 - EMPLOYEE BENEFITS EXPENSES</b>				
Salaries and incentives	53,364.38		46,186.72	
Contributions to Provident and other fund	1,108.70		943.09	
Contributions to Gratuity fund	330.17		281.48	
Social security and other benefit plans for overseas employees	1,156.29		1,150.02	
Expense on Employee Stock Option Scheme (ESOP)	(220.83)		(60.88)	
Staff welfare expenses	2,633.44		2,880.27	
Total	58,372.15		51,380.70	
<b>Note : 25</b>				
<b>Finance Cost</b>				
Interest to banks and institutions	48,547.60		26,408.17	
Interest on Debentures	2,691.86		9,034.83	
Other interest expenses	89.54		264.85	
Other borrowing costs	2,002.09		934.14	
Restructured Financial Cost Amortised	-		1,816.03	
Total	53,331.09		38,458.02	

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

	(₹ in lacs)	
	Current year ended 31.03.2012	Previous year ended 31.03.2011
<b>NOTE 26 - OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Conversion charges	6,829.30	8,130.20
Freight and Octroi	1,358.05	2,123.31
Water, Power & fuel	5,134.74	4,489.97
Stores and Spares	1,020.67	907.10
Excise and Entry tax	881.29	826.49
Other materials/expenses	1,496.69	2,193.24
Insurance	766.61	194.08
<b>Total (A)</b>	<b>17,487.35</b>	<b>18,864.39</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	3,439.53	3,422.72
Rates & Taxes	1,824.10	1,139.26
Repairs and Maintenance		
- to buildings	110.49	118.66
- to machinery	234.38	400.98
- to others	212.69	230.03
Travelling expenses	990.70	1,409.00
Electricity Charges	71.14	82.97
Vehicles maintenance	387.77	260.07
Directors' Sitting Fees	23.20	20.22
Commission to non-exective directors	90.00	-
Remuneration to Auditors		
- Audit fees	219.23	193.76
- In other capacity	37.02	66.56
- For Reimbursement of expenses	8.91	7.15
Bank charges	1,966.06	2,445.94
Conveyance expenses	70.93	234.22
Legal & Professional charges	4,201.68	5,030.89
Listing fees	6.15	6.19
Printing and stationery	243.23	228.76
Telephone expenses	242.76	211.94
Postage and telegrams	99.18	113.12
Sales tax	3.28	3.81
License and registration fees	101.34	84.80
Sundry balances written off	61.48	24.66
Loss on sale of assets (Net)	6.69	117.75
Service Tax	45.13	8.00
Exchange Rate Fluctuation	34.53	320.71
Other Miscellaneous expenses	2,909.14	4,409.17
<b>Total (B)</b>	<b>17,640.74</b>	<b>20,591.34</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Dealers incentives	4,902.90	3,529.47
Discounts, Rebates and allowances	7,785.04	5,420.34
Commission and brokerage	2,781.41	2,641.76
Conference/Publicity and Business Promotion Expenses	8,787.40	10,978.07
Lease rentals	-	105.34
Other Selling Expenses	10,166.31	5,071.75
<b>Total (C)</b>	<b>34,423.06</b>	<b>27,746.73</b>
<b>Total (A + B + C)</b>	<b>69,551.15</b>	<b>67,202.46</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

27. The recompense expense incurred in connection with the CDR and exit thereof was deferred and was to be amortized over a period up to FY 2020 and accordingly charged off such amortized portion to profit and loss account till 31<sup>st</sup> March, 2011 to conform with Generally Accepted Accounting Principles (GAAP), the balance amount of such Un Amortized expense of ₹16,288.17 lacs as on 1st April 2011 has been adjusted against accumulated surplus. Had there been no such changes, the profit for the year 2011-12 would have been reduced by ₹16,288.17.
28. Audit of 21 subsidiaries companies has been substantially completed and in final stage of completion.
29. The Goodwill of ₹12,476.00 Lacs (Previous Year ₹12,476.00 Lacs) arising out of the acquisition of Leggiuno S.p.A, ₹11,929.00 Lacs, Marling & Evans Ltd ₹81.00 Lacs and SKNL UK Ltd ₹466.00 Lacs has not been written off since there has been no erosion or impairment in the value of the business.
30. (a) During the year 2009-10, one of the subsidiaries incorporated in USA, acquired assets and liabilities from HMX Corporation. The net difference between assets and liabilities acquired and consideration paid, had been accounted as capital reserve net of deferred tax. In the current year, HMX Corporation has reversed deferred tax amounting to ₹2,804 lacs (Previous Year ₹8,342 lacs) based on utilization/realisation and accordingly adjusted the same with capital reserve.
- (b) During the year, HMX Group, subsidiary of the Company has accounted expenditure amounting to ₹427.41 lacs (Previous Year ₹4,984 lacs) incurred in connection with the acquisition of business during the previous year. These expenses have been debited to Capital Reserve there by reducing the Capital Reserve arising out of such acquisition.
31. During the year, HMX Group has undertaken project to rejuvenate, reposition and reinvigorate new life into its iconic brands by employing qualified product development and design professionals and outside professional agencies and has incurred expenditure aggregating ₹8,715.76 lacs on this project. These efforts, among other factors, had substantial impact on the enhancement in the value of HMX's iconic brands from USD 33.6 Million in 2009 to 98.5 Million in 2010 based on the brand valuation exercise conducted by outside professionals. The expenses incurred on the project have been capitalised by way of addition to the value of brands recognising the future incremental benefits that are attributable to the use of these brands. Since the above brands have indefinite useful lives, same are not amortised in accordance with accounting policies. (Refer note no. '6(e)' of Significant Accounting Policies)
32. As per Accounting Standard - 19 "Leases", the total of future minimum lease payment commitments under operating lease agreements for a period of 2 to 9 years to use offices, warehouses and guest house, are as under:

(₹ in Lacs)

	Period	As at 31.03.2012	As at 31.03.2011
i)	not later than one year	1,181.34	762.18
ii)	later than one year but not later than five years	2,981.48	1,479.26
iii)	later than five years	915.90	311.99

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹3,439.53 Lacs (Previous Year ₹3,422.72 Lacs) as rent in respect of the above leases.

33. In the opinion of the management, other current & non current assets have a value on realisation in the ordinary course of business at least, equal to the amount at which they are stated.
34. The confirmation, reconciliation and adjustment of balances pertaining to trade receivables & trade payables through the accounts of collecting agents and loans & advances is an ongoing process. Such adjustments made and balances as on 31<sup>st</sup> March, 2012 have been independently confirmed. As regards outstanding trade receivables and loans & advances, the Company is of the opinion that the same are fully recoverable and hence no additional provision is required to be made.
35. The Company has issued 3,04,50,000 Non-Convertible Debentures (NCDs) of ₹100/- each i.e. aggregating to ₹30,450 lacs to India Debt Management Private Limited on 27<sup>th</sup> June, 2007. During the year ₹202.20 lacs (Previous Year ₹950.45 lacs) is transferred to Debenture Redemption reserve. The Company has provided ₹167.65 lacs (Previous Year ₹786.38 lacs) towards the redemption premium on the above NCDs from the Securities Premium Account. The amount of Debenture Redemption Reserve as on 31<sup>st</sup> March, 2012 is ₹4,752.80 Lacs (Previous Year ₹4,550.60 lacs) towards the balance NCDs. During the year India Debt Management Pvt. Ltd. has agreed to revise date of redemption of the outstanding NCDs to 30<sup>th</sup> September, 2012.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

36. Payment against supplies from Micro Small and Medium Enterprises (MSME) and ancillary undertakings are made in accordance with the agreed credit terms and to the extent ascertained from available information. The Company does not have any MSME creditors beyond the stipulated credit period.

The Information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. The amount of principal & interest outstanding during 2011-12 is given below:

(₹ in Lacs)

		As at 31.03.2012		As at 31.03.2011	
i) Amounts unpaid	Principal		24.08		35.35
ii) Amount of interest accrued and unpaid					
Opening Balance		25.12		18.56	
Add: Accrued Interest		5.32		6.56	
Less: Paid during the year		Nil		Nil	
Closing Balance	Interest		30.44		25.12
iii) Total Amount outstanding			54.52		60.47

37. Trade Receivables and advances due from firms and Companies in which some of the Directors are/were interested:

(₹ in Lacs)

	Name of the Company	As at 31.03.2012	As at 31.03.2011
A)	Trade Receivables:		
	Brandhouse Retails Ltd.	18,401.12	19,585.60
	Total	18,401.12	19,585.60
B)	Advances:		
	Anjaneya Foundation	41.35	7.25
	Total	41.35	7.25
	Grand Total	18,442.47	19,592.85

38. Disclosure as per clause 32 of the Listing agreement:

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others :

Name of the Company	Relationship	Amount outstanding as at 31.3.2012 (₹ in lacs)	Maximum balance outstanding during the year (₹ in lacs)	Investment in Shares of the Company (No. of Shares )
Anjaneya Foundation	Subsidiary Company	41.35 P.Y. 7.25	41.35 P.Y. 7.25	49,500 P.Y. 49,500

39. The Company is engaged in manufacturing (in house and outsourced) fabrics, ready to wear garments and home textiles. Considering the overall nature, the management is of the opinion that the entire operation of the Company falls under one business segment i.e. Textiles and as such there are no separate reportable business segments for the purpose of disclosures as required under Accounting Standard-17 "Segment Reporting".

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

40. Based on the internal estimates and assessments, the management is of the opinion that there is no impairment in relation to its assets and hence no provision is considered necessary.

### 41. Related parties Disclosures required under Accounting Standard - 18 "Related Parties".

#### (a) Related parties

Sr. No.	Name of the Related Party	Relationship
1.	Brandhouse Retails Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
2.	Brandhouse Oviessie Limited	
3.	S. Kumars Enterprises (Synfabs) Limited	
4.	S.Kumars Textiles Limited	
5.	N'Essence Holdings Limited	
6.	Rosewood Holdings Pvt. Limited	
7.	Anjaneya Holdings Pvt. Limited (Formerly Anjani Finvest Pvt. Limited)	
8.	Verve Properties & Investment Pvt. Limited	
9.	Ingenious Finance & Investment Pvt. Limited	
10.	Natty Finance & Investment Pvt. Limited	
11.	S. K. Worsteds Pvt. Limited	
12.	Tulja Enterprises Pvt. Limited	
13.	Sansar Exim Pvt. Limited	
14.	Chamundeshwari Mercantile Pvt Limited	
15.	Maverick Mercantile Pvt Limited	
16.	Anjaneya Foundation	
17.	SKNL Foundation	

#### (b) Key Management Personnel

Shri Nitin S. Kasliwal - Chairman & Managing Director

Shri Anil Kumar Channa - Deputy Managing Director

#### (c) Details of Transactions: -

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>Sales</b>		
<b>Goods</b>		
Brandhouse Retails Ltd.( Net of returns and discount)	67,480.02	65,290.21
<b>Total</b>	<b>67,480.02</b>	<b>65,290.21</b>
<b>Advances taken and repaid</b>		
S. Kumars Textiles Ltd.	Nil	3,311.33
<b>Total</b>	<b>Nil</b>	<b>3,311.33</b>
<b>Loan Given and received back</b>		
Anjaneya Holdings Pvt. Ltd.	Nil	500.00
<b>Total</b>	<b>Nil</b>	<b>500.00</b>
<b>Advances given and received back</b>		
S. Kumars Textiles Ltd.	50.00	Nil
Anjaneya Holdings Pvt. Ltd.	1190.00	500.00
<b>Total</b>	<b>1240.00</b>	<b>500.00</b>
<b>Loan Taken</b>		
Anjaneya Holdings Pvt Ltd	1,714.00	Nil



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

Particulars	As at 31.03.2012	As at 31.03.2011
<b>Loan Repaid</b>		
Anjaneya Holdings Pvt Ltd	940.00	Nil
<b>Outstanding as on 31<sup>st</sup> March, 2012</b>		
<b>Trade Receivables</b> (Refer Note 37 A)	18401.12	19,585.60
<b>Advances Receivable</b> (Refer Note 37 B)	41.35	7.25
<b>Loan Taken - Anjaneya Holdings Pvt. Ltd.</b>	774.00	Nil
<b>Managerial Remuneration</b>		
Nitin S. Kasliwal –Chairman and Managing Director	459.91	372.95
Anil Channa – Deputy Managing Director	140.35	103.23

(Related party relationships are as identified by the management and have been relied upon by the Statutory auditor. There is no write off or write back of any balances due from/to related parties).

**42. Earnings Per Share:**

<b>Basic</b>	As at 31.03.2012	As at 31.03.2011
Net Profit attributable to Equity Shareholders (Net of Preference Dividend and Tax on Preference Dividend) (₹ in lacs)	39,456.80	32,470.65
Weighted average number of Equity Shares of ₹10 each outstanding during the period (Nos. in Lacs)	2,887.13	2532.14
Basic Earnings per Share	₹13.67	₹12.82

<b>Diluted</b>	As at 31.03.2012	As at 31.03.2011
Net Profit attributable to Equity Shareholders (Net of Preference Dividend and Tax on Preference Dividend) (₹ in lacs)	39,456.80	32,470.65
	<i>(Nos. in lacs)</i>	
Number of shares outstanding on the beginning of the year	2,849.78	2,365.14
Add : Weighted average number of equity shares on issue of Shares to QIBs	Nil	153.05
Add : Weighted average number of potential equity shares on conversion of FCCBs	Nil	70.96
Add : Weighted average number of potential equity shares on conversion of Equity Warrants	37.35	42.87
Add : Weighted average number of potential equity shares those could arise on conversion of Equity Warrants	Nil	26.64
Add : Weighted average number of potential equity shares on account of employee stock options	2.73	4.46
Weighted average number of shares outstanding at the year end	2,889.86	2,663.12
<b>Diluted Earnings per Share</b>	<b>₹ 13.65</b>	<b>₹12.19</b>

43. Assets held for sale includes properties that were acquired as part of the Acquisition of HMX business. However due to the HMX's plan of operations were not needed and closed. The properties consisted of manufacturing and distribution sites which were either immediately closed at the Acquisition Date or subsequently closed after the Acquisition Date. The HMX is currently marketing the remaining properties and actively seeking a buyer for them. No depreciation is provided on the Assets held for sale.
44. Balances with other Banks represents amount lying with foreign subsidiaries banks.
45. Anjaneya Foundation is Company under section 25 of the Companies Act, 1956 and its financials are not consolidated with the Company's financial statements.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**
**46. Contingent Liabilities:**
**a. Guarantees:**

(₹ in Lacs)

	Particulars	As at 31.03.2012	As at 31.03.2011
a)	In respect of concessional custom duty availed under EPCG Scheme (Covered by bank guarantee)	35.03	1,280.15
b)	Guarantees extended by the banks based on the Company's counter guarantees	2,836.74	3,449.78
c)	Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Limited	28,294.00	27,032.00
d)	Corporate Guarantees given to the Lenders of Brandhouse Retails Ltd.	18,627.40	18,045.00
e)	Guarantees on Trade payable of Leggiuno S.p.A.	Nil	68.44

**b. Claims not acknowledged as debts:**

(₹ in Lacs)

	Particulars	As at 31.03.2012	As at 31.03.2011
a)	Income Tax, Sales Tax, Service Tax and Entry Tax demand - disputed in appeal	10,112.21	3,520.21
b)	Demand Order of Central Excise Authorities disputed by the Company & Custom duty disputed	574.67	595.83
c)	Labour matter pending in court	144.90	144.87
d)	Civil matter pending in court	2.56	22.47
e)	Writ petition filed before Hon'ble High Court, Indore against the order of Industrial Court	14.19	22.00
f)	Matter in respect of Gratuity pending before controlling authorities	3.20	3.77
g)	Creditors for supply of goods disputed	4.80	Nil

- c. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance), as certified by the management is ₹ 2,208.42 lacs (Previous Year ₹ 3,695.95 lacs)

**47. The Company has adopted the Accounting Standard -15 (Revised 2005) "Employee Benefits" effective from 1<sup>st</sup> April, 2007.**

The Company has classified the various benefits provided to employees as under:

**I. Defined Contribution Plans:**

- Provident Fund & Employees' Pension Scheme 1995
- Employers' Contribution to Employees' State Insurance

The Company has recognised the following amounts in Statement of Profit and Loss:

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Employer's contribution to Provident Fund & Pension Scheme	669.20	548.25
Employer's contribution to Employees' State Insurance	122.95	105.31

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### II. Defined Benefit Plans:

- a. Contribution to Gratuity Fund (Funded Scheme)
- b. Leave Encashment (Non - Funded Scheme)

In accordance with the Accounting Standard - 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	As at 31.03.2012	As at 31.03.2011
Discount Rate (% per annum)	8.75	8.25
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8.60	8
Expected Average remaining working lives of the employees (years)	18	18

### A. Change in the Present Value of Obligation:

(₹ in Lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the beginning of the period	952.81	399.66	755.07	314.35
Interest Cost	85.02	-	67.16	-
Current Service Cost	169.11	(4.86)*	151.51	85.31*
Past Service Cost (Vested Benefit)	32.01	-	63.37	-
Benefits Paid	(36.68)	-	(79.28)	-
Actuarial (gain) / loss on Obligations	(28.51)	-	(5.02)	-
Present Value of Defined Benefit Obligation as at the end of the period	1173.76	394.80	952.81	399.66

\* Net of benefits paid during the year included under salary and incentives.

### B. Changes in the Fair Value of Plan Assets: (For Funded Scheme)

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Present Value of Plan Assets as at the beginning of the period	625.44	482.22
Expected Return on Plan Assets	52.88	42.97
Contributions	65.62	171.34
Benefits Paid	(36.68)	(79.28)
Actuarial gains / (losses)	(18.52)	8.21
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	688.72	625.46

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**
**C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:**

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Present Value of Funded Obligation as at the end of the period	1173.76	952.81
Fair Value of Plan Assets as at the end of the period	688.72	625.46
Funded Asset recognised in the Balance Sheet Included in provision (Schedule )	-	-
Present Value of Unfunded Obligation as at the end of the period	485.03	327.35
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet Included in provision (Schedule )	485.03	327.35

**D. Amount recognised in the Balance Sheet:**

(₹ in Lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Funded Scheme (Gratuity)	Non Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Present Value of Defined Benefit Obligation as at the end of the period	1173.76	395.30	952.81	399.66
Fair Value of Plan Assets as at the end of the period	688.72	-	625.46	-
Liability/ (Net Asset) recognised in the Balance Sheet	485.03	395.30	327.35	399.66

**E. Expenses recognized in Statement of Profit and Loss:**

(₹ in Lacs)

Particulars	Current year ended 31.03.2012		Previous year ended 31.03.2011	
	Funded Scheme (Gratuity)	Non Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Current Service Cost	169.11	(4.86)*	151.51	85.31*
Past Service Cost	32.01		63.37	-
Interest Cost	85.02		67.16	-
Expected Return on Plan Assets	(52.88)		(42.97)	-
Curtailment Cost / (Credit)	-		-	-
Settlement Cost / (Credit)	-		-	-
Net Actuarial (gain) / Loss recognised in the Period	(9.98)		(13.23)	-
Total Expenses recognised in Statement of Profit and Loss*	222.29	(4.86)*	225.84	85.31

\* Net of Benefits paid during the year included under Salary &amp; incentives.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### F. Actual Return on Plan Assets:

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Expected Return on Plan Assets	52.88	42.97
Actuarial gain / (losses) on Plan Assets	(18.53)	8.21
Actual Return on Plan Assets	34.35	51.18

### G. Recognition of Actuarial (Gain) / Loss

(₹ in Lacs)

Particulars	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
Actuarial (Gain) / Loss on Obligation	(28.51)	(5.02)
Actuarial (Gain) / Loss on Asset	18.53	(8.21)
Actuarial (Gain) / Loss in Statement of Profit and Loss	(9.98)	(13.23)

### H. Experience Adjustment

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
On Plan Liability (Gain) / Loss	42.84	42.28
On Plan Liability (Loss) / Gain	(18.53)	8.21

The Company has own managed funds as well as insurer managed funds for certain divisions and hence it is not possible to give a break-up of investments in debt instruments and bank deposits.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long-term government bonds is taken as reference for this purpose.

48. There is no subsequent event to the balance sheet date, which would materially affect the accounts and the related disclosure for the year ended 31<sup>st</sup> March, 2012.
49. "As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 01<sup>st</sup> April, 2011. Accordingly, the financial statements for the year ended 31<sup>st</sup> March, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirement of the Revised Schedule VI".

For and on behalf of the Board of Directors

**NITIN S. KASLIWAL** *Chairman and Managing Director*

**ANIL CHANNA** *Deputy Managing Director*

**J. S. SHETTY** *Director Finance and Group CFO*

**NIMESH S. SHAH** *Sr. Vice President & Company Secretary*

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

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## Notes

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**S. KUMARS NATIONWIDE LIMITED**

B2, 5<sup>th</sup> floor, Marathon NextGen, off G. K. Marg, Lower Parel (West), Mumbai 400 013.

**22<sup>nd</sup> ANNUAL GENERAL MEETING - 27<sup>th</sup> SEPTEMBER 2012 AT 11.00 A.M.**

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

Regd. Folio No. or Client ID No.:

No. of Shares :

I certify that I am a Registered Shareholder/ Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 22<sup>nd</sup> Annual General Meeting being held at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020 on Thursday, 27<sup>th</sup> September 2012 at 11.00 a.m.

\_\_\_\_\_  
Name of the Member / Proxy in Block Letters

\_\_\_\_\_  
Member's/ Proxy's Signature

Notes :

1. A member / proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. If you intend to appoint a proxy. please complete the proxy form below and deposit it at the Company's Registered Office at least 48 hours before the time fixed for the meeting.

**S. KUMARS NATIONWIDE LIMITED**

B2, 5<sup>th</sup> floor, Marathon NextGen, off G. K. Marg, Lower Parel (West), Mumbai 400 013.

**22<sup>nd</sup> ANNUAL GENERAL MEETING - 27<sup>th</sup> SEPTEMBER 2012 AT 11.00 A.M.**

**PROXY FORM**

Regd. Folio No. or Client ID No.:

No. of Shares :

I/We .....  
of .....  
being Member(s) of S. Kumars Nationwide Limited hereby appoint .....  
of .....or failing him/ her .....  
of.....as proxy to attend and vote for me/ us on my/ our behalf at the  
22<sup>nd</sup> Annual General Meeting being held on Thursday, 27<sup>th</sup> September, 2012 at 11.00 a.m. or at any adjournment thereof

Place :

Signature.....

Date :

Affix  
Re. 1/-  
Revenue  
Stamp

The Proxy Form duly completed, must be received at the Company's Registered Office at least 48 hours before the time fixed for the meeting.





# SKNL

*S. Kumars Nationwide Limited*

B2, 5th Floor, Marathon NextGen,  
Off.G.K. Marg,Lower Parel,  
Mumbai- 400 013      [www.sknl.co.in](http://www.sknl.co.in)

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