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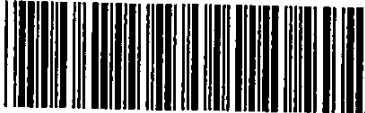
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GLOBAL FASHION STATEMENTS

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S. Kumars Nationwide Limited

21ST ANNUAL REPORT 2010-11

COPLEY

HICKEY FREEMAN
HART SCHAFFNER MARX
BOBBY JONES
EXCLUSIVELY MISOOK
MONARCHY
CHRISTOPHER BLUE
BLUE HOUSE DRIVE
JAG JEANS
SANSABELT
WORN
PALM BEACH
PUSSFR S

GLOBAL APPAREL
FRANCE LIMITED

DKNY LEGGIUNO

REID & TAYLOR
BELMONTE
WORLD PLAYER
BARUCHE
S KUMARS
CARMICHAEL HOUSE
UNIFORMITY
KRUGER
STEPHENS BROTHERS

GLOBAL APPAREL
HONG KONG LIMITED

● FACTORIES ○ OFFICES

BOARD OF DIRECTORS

Dr. A. C. Shah	– <i>Chairman</i>
Nitin S. Kasliwal	– <i>Vice Chairman & Managing Director</i>
Jyoti N. Kasliwal	– <i>Director</i>
Anil Channa	– <i>Deputy Managing Director</i>
K. P. Rau	– <i>Director (Nominee of IDBI Bank) (up to 29 10 2010)</i>
Amita Narain	– <i>Director (Nominee of IDBI Bank) (wef 29 10 2010)</i>
Dr. Vinayshil Gautam	– <i>Director (Nominee of EXIM Bank)</i>
Anish Modi	– <i>Director (Nominee of IDM Pvt Ltd.)</i>
Denys Firth	– <i>Director (Nominee of IDM Pvt Ltd.)</i>
Alexander Shaik	– <i>Director (Alternate to Denys Firth)</i>
Jitender Balakrishnan	– <i>Director (wef 30 07 2010)</i>
M. Damodaran	– <i>Additional Director (wef 28 03 2011)</i>
S. N. Talwar	– <i>Additional Director (wef 01 04 2011)</i>
Martin Henry	– <i>Director</i>
Vijay Kalantri	– <i>Director</i>
Dara D. Avari	– <i>Director</i>
Late Col. S.K. Raje	– <i>Director (up to 30 07 2010)</i>

SR. VICE PRESIDENT & COMPANY SECRETARY

Nimesh S. Shah

AUDITORS

M/s Haribhakti & Co

SOLICITORS

M/s Little & 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, 5th Floor,
Marathon Next Gen,
Off Ganpatrao Kadam Marg,
Lower Parel (West), Mumbai 400 013

BANKERS

Bank of India
IDBI Bank Ltd
Export Import Bank of India
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
Wachovia Capital Finance Corporation
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,
Balgah, 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, 2nd Phase, (Near NTT 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
Key Financials at a Glance	12
Directors' Report	16
Management Discussion & Analysis	26
Auditors' Report	29
Balance Sheet	32
Profit & Loss Account	33
Cash Flow Statement	34
Schedules forming part of Accounts	35
Significant Accounting Policies	43
Notes to Accounts	46
Report on Corporate Governance	60
Statement pursuant to Section 212 of the Companies Act, 1956	74
Financial Statements of Subsidiary Company - Reid & Taylor (India) Ltd	77
Consolidated Financial Statements	119

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of **S. KUMARS NATIONWIDE LIMITED** will be held on Wednesday, the 28th September 2011, at 3 00 p m at Walchand Hirachand Hall, 4th 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 31st March 2011 and the audited Profit and Loss Account 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 Dr A C Shah, who retires by rotation and being eligible, offers himself for re-appointment
- 4 To appoint a Director in place of Shri Vijay G Kalantri, who retires by rotation and being eligible, offers himself for re-appointment
- 5 To appoint a Director in place of Shri Dara D Avari, who retires by rotation and being eligible, offers himself for re-appointment
- 6 To appoint Statutory Auditors and to fix their remuneration

SPECIAL BUSINESS :

- 7 To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution
"RESOLVED THAT Shri M Damodaran be and is hereby appointed as a Director of the Company, liable to retire by rotation "
- 8 To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution
"RESOLVED THAT Shri Suresh N Talwar 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), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 198 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Shri Nitin S Kasliwal, Vice Chairman & Managing Director be and is hereby increased with retrospective effect from 1st January 2011 as follows

REMUNERATION:**A SALARY (BASIC) ₹ 3,85,32,000/- per annum**

The Managing Director shall be paid basic salary of ₹ 32,11,000/- per month (Being revised from the present salary of ₹ 21,50 000/- per month)

B. PERQUISITES:

In addition to the salary, the Managing Director 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 driver's 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. OVERALL REMUNERATION:

The aggregate of salary, perquisites and other amenities 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 meeting of the Board or any Committee thereof so long as he functions as a Vice Chairman & Managing Director of the Company.

E. 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.

The above remuneration payable to Shri Nitin S. Kasliwal is subject to the condition that the total remuneration including perquisites shall not exceed 5% of the net profits individually and 10% of the net profits collectively payable to all the Managing Directors / Deputy Managing Directors as calculated in accordance with Section 198 and 309 of the Act or any amendment thereto or any other provisions as applicable."

10. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Shri Anil Channa, Deputy Managing Director, be and is hereby increased with retrospective effect from 1st January 2011 as follows

REMUNERATION:**(A) SALARY (BASIC): ₹ 84,62,400/- per annum**

The Deputy Managing Director shall be paid basic salary of ₹ 7,05,200/- per month
(Being revised from the present salary of ₹ 3,52,750/- per month)

(B) PERQUISITES:**(i) Housing**

Rent free Company accommodation

(ii) Medical Allowance

Every year reimbursement of medical expenses incurred for himself and his family, maximum upto one month basic salary

(iii) Leave / Holiday Travel Expenses

Once in a year for himself and family, maximum upto one month basic salary

(iv) Bonus:

Every year 8.33% of basic salary as per Company rules, maximum upto one month basic salary

(v) Provident Fund & Gratuity:

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

(vi) Leave Encashment

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

(vi) Other Perquisites:

Subject to overall ceiling on remuneration mentioned hereinbelow, he may be given any other allowances, benefits and perquisites as the Board of Directors may decide from time to time

Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

(C) AMENITIES**(i) Conveyance Facilities:**

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

(D) OVERALL REMUNERATION:

The aggregate of salary, bonus and perquisites 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 its 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 Anil Channa for attending the meeting of the Board or Committee thereof so long as he functions as a Deputy Managing Director of the Company.

(E) MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Deputy Managing Director, the payment of salary, bonus, 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.

The above remuneration payable to Shri Anil Channa is subject to the condition that the total remuneration including perquisites shall not exceed 5% of the net profit individually and 10% of the net profit collectively payable to all the Managing Directors / Deputy Managing Directors as calculated in accordance with Section 198 and 309 of the Act or any amendment thereto or any other provisions as applicable."

11 To consider and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED FURTHER THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting new clause 112 A as follows immediately after the present Clause No 112

Proposed Clause 112 A In addition to the payment of remuneration to the Managing Director and Whole time Director, the Company may pay commission to all the Non Executive Directors of the Company not exceeding in the aggregate of 1% of the net earned annual profits of the Company, computed in the manner as prescribed under the Companies Act, 1956

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."

12. To consider and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 309 (4) and all other applicable provisions, if any, of the Companies Act, 1956 and as permitted by proposed Clause 112A of the Articles of Association of the Company, the Company do hereby approve the payment of commission to all the Non Executive Directors of the Company, not exceeding in the aggregate of 1% of the net earned annual profits of the Company, computed in the manner as prescribed under the Companies Act, 1956 for a period of five years commencing from 1st April 2011 to 31st March 2016

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."

13 To consider and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 309 (3) and all other applicable provisions, if any, of the Companies Act, 1956 and as permitted by Clause 132 (a) of the Articles of Association of the Company, the Company do hereby approve the payment of commission to all the Executive Directors of the Company, not exceeding in the aggregate of 1% of the net earned annual profits of the Company, computed in the manner as prescribed under the Companies

Act, 1956 for a period of five years commencing from 1st April 2011 to 31st March 2016, in such manner and upto such extent as the Board of Directors of the Company recommends and the Board of Directors determine from time to time
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 11th August, 2011

NOTES:

- 1 **A member entitled to attend and vote is entitled to appoint proxy / proxies to attend and vote instead of himself / herself and a 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.
- 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 Thursday, the 22nd September, 2011 to Wednesday, 28th September, 2011 (both days Inclusive)
- 4 Pursuant to Section 205A of the Companies Act, 1956 the unclaimed dividend has been transferred to Investor Education and Protection Fund as and when it became due and as on date there is no such unclaimed dividend outstanding in the Company
- 5 As per the SEBI Notification dated 16th February 2000, the equity shares of the Company have been compulsorily dematerialized and sale / purchase of the same is required to take place in dematerialized form only
- 6 Members desiring any information as regards the Accounts are requested to write to the Company at least 10 days before the date of the meeting to enable the management to keep the information ready
- 7 Re-appointment of Directors At the ensuing Annual General Meeting, Dr A C Shah, Shri Vijay G. Kalantri and Shri Dara D Avari retire by rotation and being eligible, offer themselves for re-appointment
- 8 The dividend on Equity shares, if declared at the meeting, will be credited/dispatched between 29th September, 2011 and 5th October, 2011 to those members whose names shall appear on the Company's Register of Members on 22nd September, 2011 In respect of the shares held in dematerialised form, the dividend will be paid to those members whose names are furnished by NSDL and CDSL as beneficial owners on that date
- 9 Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend The Company or the Registrars and Transfer Agents cannot 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 to the Depository participant of the members
- 10 Members holding shares in electronic form are requested to intimate immediately any change in their address of bank mandates 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/Registrars & Transfer Agents M/s Bigshare Services Pvt Ltd, E 2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai 400 072
- 11 Members holding shares in physical form are requested to submit their PAN details to the Company/Registrars & Transfer Agents, M/s Bigshare Services Pvt Ltd
- 12 Members holding shares in single name and physical form 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
- 13 Members who hold shares in physical form in multiple folios, in identical names or joint holding in the same order of names, are requested to send the share certificates to M/s Bigshare Services Pvt Ltd for consolidation into a single folio
- 14 Non Resident Indian members are requested to inform Bigshare Services Pvt Ltd immediately of
 - i change in their residential status on return to India for permanent settlement,
 - ii particulars 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) Dr A. C. Shah

Date of Birth	16 10 1932
Date of Appointment	14 11 1994
Qualification	MA, PhD in Economics
Expertise in specific functional area	54 years in Banking & Financial Services
Directorships held in other public Companies (including foreign Companies)	1) Reid & Taylor (India) Ltd. 2) Elecon Engineering Ltd 3) Adani Enterprises Ltd 4) Gujarat Petro Synthesis Ltd 5) Goldcrest Finance (India) Ltd 6) Brandhouse Retails Limited 7) Goenka Diamonds & Jewels Limited
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Reid & Taylor (India) Limited Audit Committee – Chairman Investors Grievance Committee - Chairman 2) Adani Enterprises Ltd Audit Committee – Member Investors Grievance Committee - Member 3) Elecon Engineering Ltd Audit Committee – Member 4) Brandhouse Retails Limited Audit Committee – Chairman Investors Grievance Committee - Chairman
Number of shares held in the Company	NIL

ii) Shri Vijay G. Kalantri

Date of Birth	05 01 1949
Date of Appointment	03 02 2007
Qualification	G C D Textile Diploma
Expertise in specific functional area	Textiles
Directorships held in other public Companies (including foreign Companies)	1) Balaji Infra Projects Ltd 2) Dighi Port Limited 3) Dighi Project Dev Co Ltd 4) Dighi Rail Infrastructure Ltd 5) Hindustan Housing Finance & Dev Corp Ltd 6) VIP Industries Ltd 7) Vindhyachal Hydro Power Ltd 8) Gannon Dunkerley & Co Ltd 9) Shree Ram Urban Infrastructure Ltd 10) SAB Industries Ltd 11) Zicom Electronic Security Systems Ltd 12) Goenka Diamond & Jewels Ltd
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) VIP Industries Ltd. Audit Committee – Member Investors Grievance Committee - Member 2) Zicom Electronic Security System Ltd Audit Committee – Member
Number of shares held in the Company	8,000

iii) Shri Dara D. Avari

Date of Birth	21 10 1934
Date of Appointment	27 03 1997
Qualification	B Sc , LLB
Expertise in specific functional area	52 years – Banking & Finance
Directorships held in other public Companies (including foreign Companies)	1) Brandhouse Retails Limited 2) Anjaneya Foundation 3) N'Essence Holdings Limited 4) SKNL International BV, Netherlands 5) SKNL Europe BV 6) SKNL North America BV 7) SKNL Global Holdings BV 8) SKNL Italy S p A , Italy
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Brandhouse Retails Limited Audit Committee – Member Investors Grievance Committee - Member
Number of shares held in the Company	NIL

iv) Shri M. Damodaran

Date of Birth	04 05 1947
Date of Appointment	28 03 2011
Qualification	B A (Hons), LLB
Expertise in specific functional area	40 years of Administration / Management
Directorships held in other public Companies (including foreign Companies)	1) Hero Honda Motors Ltd 2) Sobha Developers Ltd 3) ING Vysya Bank Ltd 4) Satyam Computer Services Ltd 5) Tech Mahindra Ltd. 6) AVN Arogya Health Care Ltd
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Hero Honda Motors Ltd Audit Committee – Member Investors Grievance Committee - Member 2) Tech Mahindra Ltd Audit Committee – Member 3) Satyam Computer Services Ltd Audit Committee – Member
Number of shares held in the Company	NIL

v) Shri Suresh N. Talwar

Date of Birth	21 11 1938
Date of Appointment	01 04 2011
Qualification	B Com, LLB – Bombay University
Expertise in specific functional area	45 years – Corporate Legal, Litigation & Laws

Directorships held in other public Companies (including foreign Companies)	1) FCI OEN Connectors Ltd – Chairman & Alternate Director 2) Transwarranty Finance Ltd – Chairman & Alternate Director 3) Merck Ltd 4) Biocon Ltd 5) Birla Sun Life Insurance Co Ltd 6) Blue Star Ltd 7) Blue Star Infotech Ltd 8) Johnson & Johnson Ltd – Alternate Director 9) Elantas Beck India Ltd 10) Esab India Ltd 11) Greaves Cotton Ltd 12) IVF (Mauritius) PCC 13) IVF (Mauritius) Ltd 14) Indium III (Mauritius) Holding Ltd. 15) Indium III (Mauritius) Ltd 16) Indium IV (Mauritius) Holding Ltd 17) Indium IV (Mauritius) Ltd 18) Larsen & Toubro Ltd 19) Rakeen Development PJSc 20) Shrenuj & Co Ltd 21) Samson Maritime Ltd 22) Solvay Pharma India Ltd 23) Sonata Software Ltd 24) Albright & Wilson Chemicals India Ltd – Alternate Director 25) Garware Wall Ropes Ltd – Alternate Director 26) Hindustan Gum & Chemicals Ltd – Alternate Director
Memberships / Chairmanships of Committees of other public companies (includes only Audit and Shareholders / Investors Grievance Committee)	1) Biocon Ltd - Audit Committee – Member 2) Birla Sun Life Trustee Co Pvt. Ltd Audit Committee – Member 3) Blue Star Ltd - Audit Committee – Chairman 4) Blue Star Infotech Ltd -Audit Committee – Member 5) Elantas Beck India Ltd - Audit Committee – Member 6) FCI OEN Connectors Ltd Audit Committee – Chairman 7) Greaves Cotton Ltd. - Audit Committee – Member 8) Morgan Stanley India Capital Pvt Ltd Audit Committee – Member 9) Merck Ltd - Audit Committee – Chairman 10) Sandvik Asia Ltd - Audit Committee – Chairman 11) Solvay Pharma India Ltd -Audit Committee –Member
Number of shares held in the Company	NIL

By order of the Board
For S. Kumars Nationwide Limited

NIMESH S. SHAH
Sr Vice President & Company Secretary

Place Mumbai

Date 11th August, 2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**Item No. 7**

The Board has appointed Shri M Damodaran as an additional director of the Company vide resolution passed by circular dated 28th March 2011. Shri M Damodaran 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 M Damodaran as a Director.

Shri M Damodaran aged 64 is LL B and also IAS from Manipur – Tripura Cadre 1971 batch and now retired.

- 1 He was Chairman of Securities and Exchange Board of India (SEBI)
- 2 He was also Chairman and Managing Director of Industrial Development Bank of India (IDBI)
- 3 He was also Chairman of UTI Asset Management Company (P) Ltd till 2004

He is having around 40 years of experience in Banking, Finance, Securities Market, Administration and Management.

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 M Damodaran himself.

Item No. 8

The Board has appointed Shri Suresh N Talwar as an additional director of the Company in their meeting held on 27th January 2011 effective from 1st April 2011. Shri Suresh N Talwar 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 Suresh N Talwar as a Director.

Shri Suresh N Talwar aged 72 is a solicitor and advocate and presently senior partner of a leading solicitor firm, Talwar, Thakore & Associates. He was also senior partner of leading solicitor firm, Crawford Bayley & Co in Mumbai. He is qualified LL B from Bombay University. He is having around 47 years of experience.

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 Suresh N Talwar himself.

Item No. 9

The management of the Company has taken various initiatives under the leadership of Shri Nitin S Kasliwal, Vice Chairman & Managing Director to strengthen the existing business of the Company. As a result, the total sales and profitability of the Company has grown significantly in financial year 2010/11 compared with previous year 2009/10 and are expected to grow in 2011/12.

The Remuneration Committee at their meeting held on 1st April 2011, recommended to revise the remuneration of Shri Nitin S Kasliwal. The Board of Directors, vide circular resolution dated 5th April 2011 increased the remuneration of Shri Nitin S Kasliwal, from ₹ 3 Crores to ₹ 4.5 Crores per annum including perquisites and allowances as particularly stated in the Ordinary Resolution No. 9 with retrospective effect from 1st January 2011.

The abstract of said revision in the remuneration of Shri Nitin S Kasliwal is already sent to all the shareholders of the Company.

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 and Smt Jyoti N Kasliwal.

Item No. 10

The management of the Company has taken various initiatives under the leadership of Shri Anil Channa, Deputy Managing Director to strengthen the existing business of the Company. As a result, the total sales and profitability of the Company has grown significantly in financial year 2010/11 compared with previous year 2009/10 and are expected to grow in 2011/12.

The Remuneration Committee at their meeting held on 1st April 2011, recommended to revise the remuneration of Shri Anil Channa. The Board of Directors, vide circular resolution dated 5th April 2011 increased the remuneration of Shri Anil Channa, from ₹ 60 Lacs to ₹ 1.2 Crores per annum including perquisites and allowances as more particularly stated in the Ordinary Resolution No. 10 with retrospective effect from 1st January 2011.

The abstract of said revision in the remuneration of Shri Anil Channa is already sent to all the shareholders of the Company.

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 Anil Channa himself

Item No. 11

The Company has managed to achieve growth oriented business performance during last several financial years

The valuable contributions, advice and guidance given by the Non Executive Directors of the Company are instrumental in the growth of the Business performance of the Company

Hence, there is a need to compensate the Non Executive Directors of the Company by way of payment of commission upto 1% of the net earned annual profits of the Company during the particular year for a period of 5 years with effect from April 2011 to March, 2016

For the purpose of payment of the aforesaid commission, the Articles of Association of the Company need to be altered suitably so as to authorise the Board to pay such commission

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 all the Non Executive Directors of the Company who will be in receipt of such commission

Item No. 12

The Company has undertaken many initiatives towards achieving the growth in the business of the Company The non-Executive Directors of the Company with rich and varied background, contibuted in every significant way for this growth process The Company therefore recognises the need to suitably remunerate the Director(s) of the Company who are not in the whole time employment of the Company

The Board or Directors of the Company shall subject to such approvals as may be required, determine the commission for each Non-Executive Director for each Financial year

All the Non-Executive Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent of commission that may be paid to them from time to time

The resolution as set-out in Item No 12 of the notice is recommended for the approval the members

Item No. 13

Due to various initiatives taken by Executive Directors of the Company namely Shri Nitin S Kasliwal, Vice Chairman and Managing Director and Shri Anil Channa, Deputy Managing Director to strengthen the existing business of the Company, the total sales and profitability of the Company have shown significant growth and the same was reflected in the financial results of the Company

Hence, there is a need to compensate the Executive Directors of the Company by way of payment of commission upto 1% of the net earned annual profits of the Company computed in the manner as prescribed under the Companies Act, 1956 during the particular year for a period of 5 years with effect from April, 2011 to March, 2016

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 all the Executive Directors of the Company who will be in receipt of such Commission

By Order of the Board
For **S. Kumars Nationwide Limited**

NIMESH S. SHAH
Sr Vice President & Company Secretary

Place Mumbai

Date 11th August, 2011

KEY FINANCIALS AT A GLANCE PROFIT AND LOSS ACCOUNT

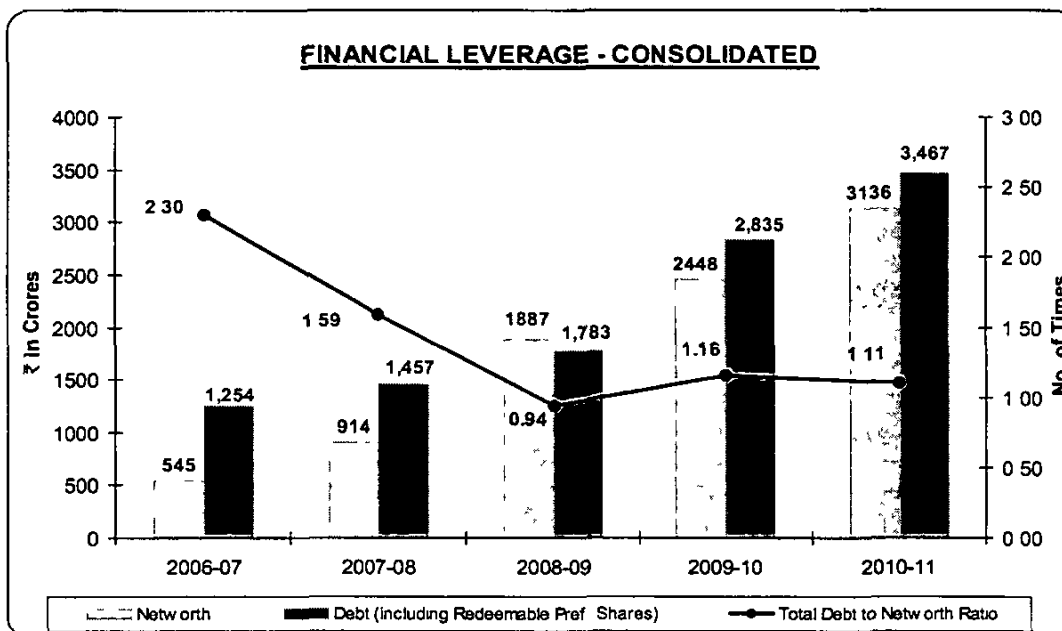
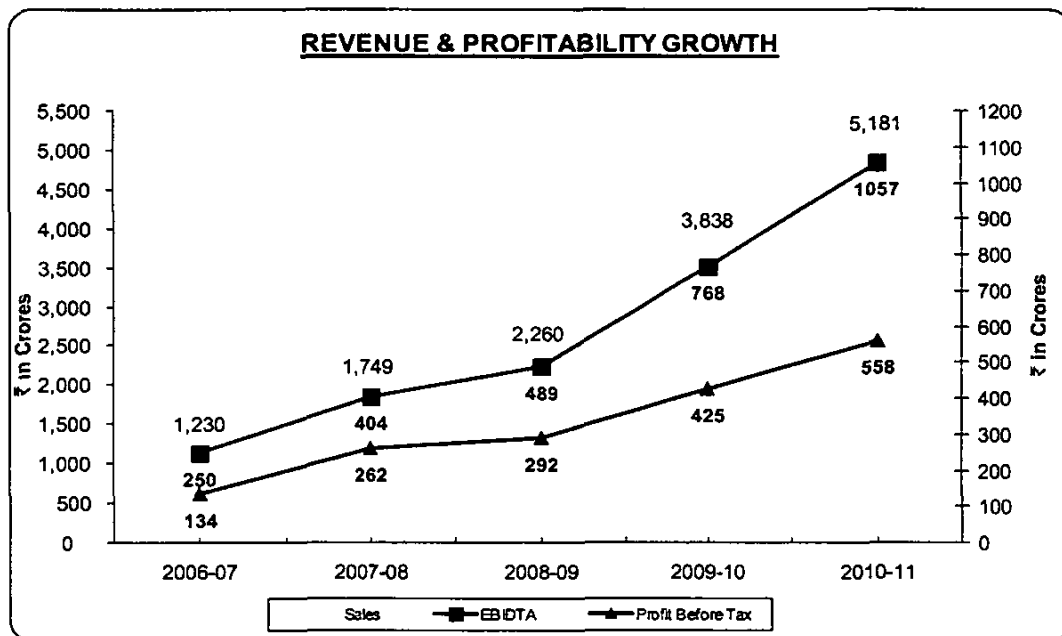
(₹ in Crores)

Particulars	2005-06	2006-07	Consolidated			
			2007-08	2008-09	2009-10	2010-11
INCOME						
Sales and Service Charges	889.73	1,229.54	1,748.65	2,260.36	3,837.78	5,180.55
Other Income	6.08	9.90	10.51	15.85	23.16	42.34
Increase/(Decrease) in Inventories	17.90	86.45	(16.33)	80.59	125.06	195.35
Total	913.71	1,325.89	1,742.83	2,356.80	3,986.00	5,418.24
EXPENDITURE						
Raw materials consumed/Fabric purchases	640.71	886.84	1,112.32	1,541.61	2,440.98	3,166.62
Manufacturing Expenses	43.84	49.10	51.54	77.51	124.80	188.64
Personnel expenses	22.22	30.16	42.05	73.06	313.01	505.55
Administrative Expenses	18.22	30.13	43.95	61.89	139.99	223.78
Selling & Distribution Expenses	36.17	79.85	88.71	113.88	193.91	277.47
Restructured Financial Cost amortised	11.36	10.53	10.21	13.71	18.16	18.16
Interest Expenses	45.07	60.92	89.33	138.82	249.23	355.69
Depreciation/Amortisation	40.92	43.87	42.61	44.21	81.34	124.68
Total	858.51	1,191.40	1,480.72	2,064.69	3,561.42	4,860.59
PROFIT/ (LOSS) BEFORE TAX	55.20	134.49	262.11	292.11	424.58	557.65
Exceptional (Expenses) & Income on settlement of CDR dues	-	-	-	57.20	-	-
Prior Period (Expenses) / Income	0.06	0.37	(0.46)	(0.76)	0.09	0.31
Provision for Taxation (Net)	(10.51)	(11.34)	(51.94)	(88.42)	(139.53)	(154.61)
Deferred Tax Assets/(Liabilities)	-	-	(4.12)	(3.48)	(5.95)	(9.46)
Taxation for earlier years	-	-	-	(61.51)	(1.94)	(1.40)
Extraordinary Income/(Losses)	55.03	(16.05)	-	-	-	-
PROFIT AFTER TAX BUT BEFORE MINORITY INTEREST	99.78	107.47	205.59	195.14	277.25	392.49
Less: Minority Interest	-	-	-	18.56	48.25	61.55
PROFIT AVAILABLE FOR APPROPRIATION	99.78	107.47	205.59	176.58	229.00	330.94
APPROPRIATION						
Less: Share of Minority Interest in Reserves	-	-	-	20.88	4.42	-
Less: Transfer to Capital Redemption Reserve	-	2.00	-	40.03	53.37	-
Less: Transfer to Debenture Redemption Reserve	-	-	-	-	2.25	9.50
Less: Provision for Preference Dividend	-	-	-	-	-	5.35
Less: Tax on Preference Dividend	-	-	-	-	-	0.89
Less: Proposed Equity Dividend	-	-	-	-	-	28.50
Less: Tax on Proposed Equity Dividend	-	-	-	-	-	4.73
BALANCE AFTER APPROPRIATION	99.78	105.47	205.59	115.67	168.96	281.97
BALANCE BROUGHT FROM PREVIOUS YEAR	(403.43)	(303.65)	(198.18)	7.41	123.08	292.04
BALANCE CARRIED OVER TO BALANCE SHEET	(303.65)	(198.18)	7.41	123.08	292.04	574.01

KEY FINANCIALS AT A GLANCE BALANCE SHEET

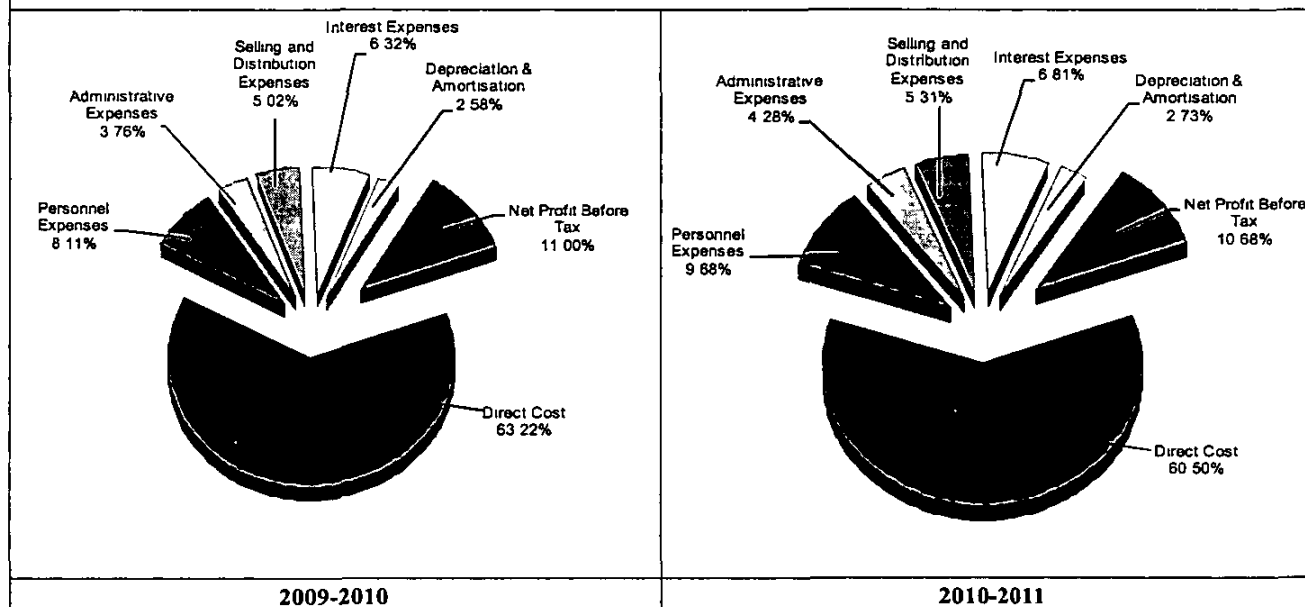
(₹ in Crores)

Particulars	2005-06	2006-07	Consolidated			
			2007-08	2008-09	2009-10	2010-11
SOURCES OF FUNDS						
Shareholders' Funds						
Equity Capital	154 67	192 70	210 05	223 39	236 51	284.98
Preference Share Capital	85 25	169 01	169 79	86 94	76 39	52.33
Amount to be converted into Shares	66 01	-	65 59	-	-	-
Share Application Money (Equity)	122 84	20 00	20 00	-	13 40	32.54
Reserves & Surplus	195 48	421 92	510 02	1,325 31	1,861 72	2,407.19
Total Shareholders Funds	624.25	803.63	975.45	1,635 64	2,188.02	2,777.04
Minority Interest	-	-	-	230 39	336 77	411.01
Loan Funds						
Secured Loans	978 71	871 06	1,182 10	1,621 74	2,692 24	3,390 65
Unsecured Loans	90 56	321 90	212 92	182 49	66 58	23.79
Total Loan Funds	1,069.27	1,192 96	1,395.02	1,804.23	2,758.82	3,414.44
Deferred Tax Liabilities	-	-	4 12	11 03	151 95	76.69
TOTAL LIABILITIES	1,693.52	1,996.59	2,374.59	3,681.29	5,435.56	6,679.18
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	613 82	638 81	561 69	952 83	1,697 36	1,963 62
Less Depreciation	310 89	355 58	180 19	217 44	376 21	490.19
Net Block	302 93	283 23	381 50	735 39	1,321 15	1,473 43
Add Capital Work-in-Progress	79 84	295 86	540 38	665 76	782 73	802.25
Total Fixed Assets	382.77	579.09	921.88	1,401.15	2,103.88	2,275.68
Investments	7 88	1 38	1 37	3 75	1 44	1.08
Deferred Tax Assets	-	-	-	-	1 63	2.01
Current Assets, Loans & Advances						
Inventories	379 91	503 65	579 45	807 95	1,307 34	1,585 53
Sundry Debtors	490 83	608 70	801 40	1,204 46	1,716 90	1,968 08
Cash & Bank Balances	17 71	14 52	11 23	109 03	132 14	109.63
Other Current Assets	-	-	-	-	10 43	6.41
Loans & Advances	231 82	256 98	289 05	634 48	910 19	1,737 45
Total Current Assets	1,120.27	1,383.85	1,681.13	2,755.92	4,077.00	5,407 10
Less. Current Liabilities & Provisions						
Current Liabilities	111 42	143 61	152 02	230 32	282 92	475.27
Provisions	11 83	23 24	77 77	249 21	465 47	531.44
Total Current Liabilities	123.25	166.85	229.79	479.53	748.39	1,006 71
Net Current Assets	997.02	1,217.00	1,451.34	2,276.39	3,328.61	4,400.39
Misc Expenditure (not written off)	2 20	0 94	-	-	-	0 02
Profit & Loss Account	303 65	198 18	-	-	-	-
TOTAL ASSETS	1,693.52	1,996 59	2,374.59	3,681.29	5,435 56	6,679 18

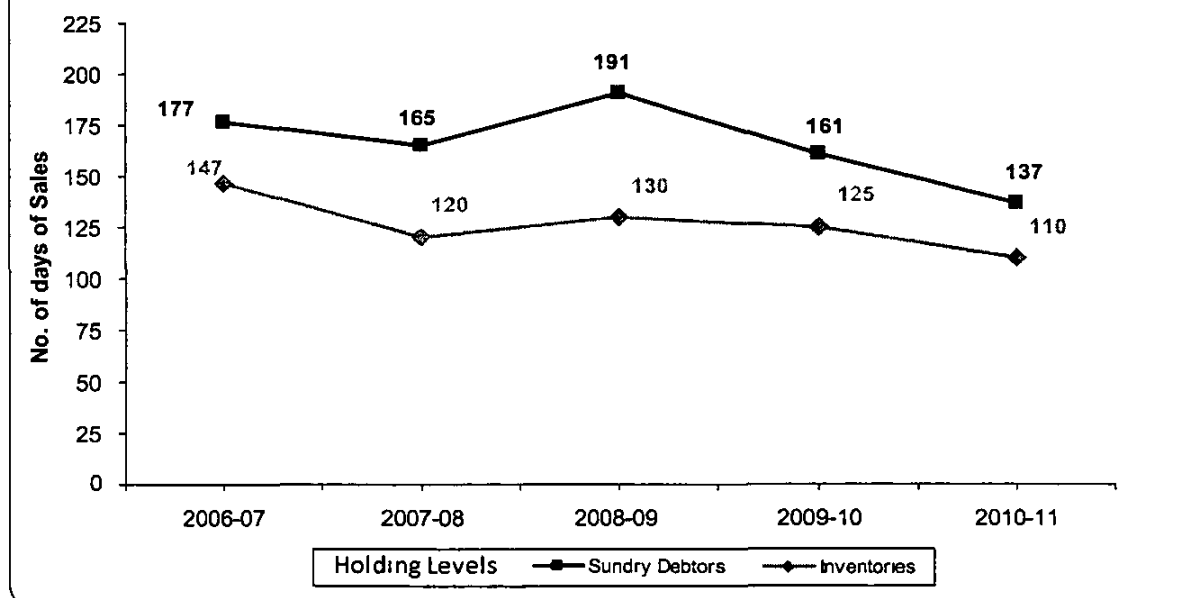


Note Figures are based on Consolidated Financial Statements for a proper comparison of the trends

COST AS A % OF TOTAL INCOME



CURRENT ASSETS HOLDING LEVELS



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty First Annual Report and Audited Statement of Accounts for the year ended 31st March, 2011. Your Company returned yet another year of robust performance in turnover and profitability.

FINANCIAL HIGHLIGHTS

(₹ in Lacs)

Particulars	2010-11 Consolidated	2009-10 Consolidated	2010-11 Standalone	2009-10 Standalone
1 Turnover	5,18,055	3,83,778	2,75,736	2,15,482
2 Other Income	4,234	2,316	382	475
3 Profit From Operations (PBIDT)	1,05,649	76,820	58,712	43,030
Less Interest	35,569	24,403	29,514	23,077
Depreciation	12,468	8,134	7,400	4,171
Misc Exp w/off	1,816	1,816	1,596	1,596
4 Profit Before Tax	55,796	42,467	20,202	14,186
5 Provision For Taxation	16,547	14,742	2,932	3,576
6 Profit After Tax	39,249	27,725	17,270	10,610
Less Minority Interest *	6,155	4,825	-	-
7 Amount Available For Appropriation	33,094	22,900	17,270	10,610
Appropriations:				
8 Transfer to Capital Redemption Reserve	-	5,337	-	5,337
9 Transfer to Debenture Redemption Reserve	950	225	950	225
10 Share of Minority Interest in Reserves	-	442	-	-
11 Provision for Preference Dividend	535	-	535	-
12 Tax on Preference Dividend	89	-	89	-
13 Proposed Equity Dividend	2,850	-	2,850	-
14 Tax on proposed Equity Dividend	473	-	473	-
15 Balance b/f from Previous Year	29,204	12,308	5,048	-
16 Surplus/(Deficit) carried to Balance Sheet	57,401	29,204	17,421	5,048

*The minority interest in 2009-10 and 2010-11 pertains to investment in Company's subsidiaries, namely Reid & Taylor (India) Ltd. upto 25.61%, HMX LLC upto 5%, SKNL (UK) Ltd. upto 20% and Marling & Evans Ltd., U.K. up to 35%.

DIVIDEND

The Directors are pleased to recommend dividend on equity shares of ₹ 1 for each share of ₹ 10 each i.e. 10% aggregating ₹ 2,849.78 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 preference dividend with arrears on the preference shares which will be aggregating ₹ 534.74 lacs excluding Dividend Tax.

YEAR IN RETROSPECT

The financial highlights reflect yet another strong performance for your Company at all levels. Your Company manufactures polyester blended suitings, worsted suitings and workwear fabric, home textiles and ready-to-wear garments. Both domestic as well as international businesses reported substantial improvement in overall performance, driven by strong volumes and higher price realization. A customer-led design-centric and distinct approach for each business division has enabled the Company to register positive growth. A comprehensive and well-diversified portfolio of brands catering to all price-categories from economy to the luxury segment has de-risked the business and yielded results.

The distinct strategic approach adopted by each of the Company's Strategic Business Units (SBUs), supported by a proficient operating model has proven effective in driving growth. A clear focus on creating a diversified brand portfolio catering to all the socio-economic segments and expanding its global footprint, with the strategic acquisition of international brands has begun to yield results for the Company. Vertically integrated operations, an expanding distribution network and successful brand positioning have driven growth during the year. A strong brand portfolio of 45 owned and licensed brands which includes international names such as Hart Schaffner Marx, Hickey Freeman, Exclusively Misook, Austin Reed, Jag Jeans, Bobby Jones

and DKNY further leverages SKNL's leadership position as a branded player in the apparel business

In particular, Belmonte and Reid & Taylor brands performed well, while Ready-to-Wear and Luxury Cotton witnessed strong volume growth. Post commencement of operations, the Baruche Super Fine Cottons (BSFC) facility is performing satisfactorily. Our economy brand World Player launched during the year has been well received and the Company is optimistic that it will deliver healthy volume as it expands its market reach and penetration.

The Company is a market leader in Uniforms with 30% market share and is the second largest player in Worsted Suitings. It is one of the largest institutional suppliers of textiles to defence and police forces in India.

The Consumer Textiles Division reported consistent growth over a period of time, mainly attributed to Belmonte which has increased its market penetration.

The growth in Luxury Textiles was on account of higher realizations from both polyester-wool and polyester-viscose fabrics. During the year, the Company expanded weaving capacities which helped improve overall operations and profitability. The increased capacities also enabled to capture the strong demand witnessed in this segment.

The Ready-to-Wear Division comprising apparel and garments under the brands Reid & Taylor, Belmonte, Stephens Brothers and World Player has witnessed remarkable progress. Ready-to-Wear is the fastest growing segment and has reported volumes expansion in all product categories.

The Luxury Cotton Division is represented by the 12.75 million meters per annum state-of-the-art BSFC facility at Jhagadia, Gujarat. It commenced operations and gradually scaled up capacity utilization as the year ended. Going forward, as the facility reaches optimum capacity utilization, it is expected to register higher margins in line with expanding volumes.

The Total Home Expressions Division reported a growth of around 10.5%. Growth in this category has been stable, with the improving demand scenario.

Celebrity endorsements helped to strengthen the Company's diversified portfolio of well-recognised brands.

Your Company has since extended its presence overseas to the Europe and North American markets expanding its brand portfolio and catering to various price points, socio-economic segments and age groups. The Company has manufacturing units located in India, Italy, UK, USA and Canada with cost-effective outsourcing.

Your management is pleased with the progress of our international subsidiaries post their acquisitions. International revenues grew remarkably by 86.6% to ₹ 1,333 Crores in FY2011. EBITDA amounted to ₹ 47 Crores as compared to ₹ 9.7 Crores for FY2010 and EBITDA margins improved by 221 bps to 3.6%. During the year, we have revamped HMX's business model by streamlining operations, following a brand-oriented approach and initiated synergies with domestic businesses. HMX boasts of an impressive line-up of brands providing for tremendous growth potential. The Company is also a leader in formal wear in North America with Coppley, Hart Schaffner Marx and Hickey Freeman. Through global acquisitions, the Company gained 37 brands across the premium and super-premium segments of the apparel market with a distribution network of large departmental and specialty stores. These acquisitions also facilitate transfer of technical know-how for high value shirting and garmenting. Our Italian subsidiary Leggiuno, has benefitted from the implementation of backward-forward integration with the BSFC facility. The joint venture with DKNY for its global menswear license has unfolded a tremendous opportunity, which is expected to drive growth through geographic expansion. Globally, there are visible signs of improvement, and recovery of retail segment in the North American markets will provide necessary stimulus to the sector. The management is confident that the overseas businesses would register improved volumes and profitability over the years to come.

On the sectorial front, the industry witnessed an unprecedented increase in the raw material prices, which elevated margin pressure across product categories. SKNL being a branded player was successful in passing the additional cost to the consumer and maintained profitability levels. During the year, the Company realized higher prices by about 8%-10% and bookings enhanced by 20%, thereby mitigating the risk associated with increased input prices. In the Union Budget 2011-2012, a mandatory excise duty of 10% was imposed on branded readymade garments (to be paid on 45% of the retail sales price). The Company expects to pass on this price hike to consumers as well.

EXPORTS

There is very strong demand from both domestic and overseas markets and to that extent the textile industry in India can really be a force to reckon with globally. Though your Company is predominantly a domestic player, it was able to achieve good growth in exports to ₹ 68.50 Crores (previous year ₹ 10.90 Crores). Additionally, exports from the company's subsidiary Reid & Taylor (India) Ltd. rose to ₹ 42.47 Crores (previous year ₹ 29.07 Crores). These figures include exports of fabrics worth approx ₹ 6.85 Crores to our subsidiaries HMX (USA) and Leggiuno (Italy). Our products comprising mainly cotton fabrics, wool and wool-rich blends were exported to countries around the world including Europe, Far East, Middle East, South-East Asia, USA, South and Central America. The outlook for the current year is encouraging.

CURRENT BUSINESS OUTLOOK AND PLANS

The Indian textile industry is expected to grow significantly due to rise in income levels. Going forward, the management is confident about SKNL's prospects. 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 businesses, seamless supply chain and presence across the value chain have provided for a strong foundation to deliver healthy growth over the years to come.

In March 2010, the Company launched 'Baruche' under the premium category of the Luxury Cotton segment. In April 2010, the Company launched the 'World Player' ready-to-wear brand catering to the economy segment. World Player is expected to be rolled out across an additional 560 districts and its nationwide rollout is expected to be completed over the next few quarters. World Player and Baruche brands are expected to make higher contributions in the coming month.

The Company plans to introduce a new casual premium brand for the fashionably inclined 'Kruger' (clothing for 'out of office' wear/weekend wear) to capture market share in the segment.

The Company plans to leverage its strong brand portfolio and expand its retail network in India through exclusive brand outlets largely in the tier 1 & 2 cities. With positive consumer sentiment towards all its brands, the Company is expecting increased market penetration. 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. SKNL is well-positioned to capitalize on these industry developments through its market leadership position. The Company has taken several strategic initiatives over the past including synergies with international subsidiaries, presence in high margin businesses, vertical integration of operations and effective brand positioning which will help it deliver an enhanced overall performance in FY2012.

Future revenue growth drivers include rollout of 160 additional exclusive brand outlets to expand its distribution network, and expansion of franchisee networks, setting up of a suits factory, and a shirts factory to improve margins by offering readymade products, scaling up capacity utilization at BSFC and capacity expansion in luxury and mid-premium textiles.

On account of the various initiatives detailed above, the Company expects

- 1 to capture more value from direct retailing
- 2 backward and forward integration in Luxury Cottons and Belmonte divisions
- 3 increased share of ready-to-wear in revenue composition (target 40% in coming two years)
- 4 scaling up the value chain in all brands

REID & TAYLOR (INDIA) LTD. (RTIL) IPO

As approved by the shareholders of Reid & Taylor (India) Ltd. in an EOGM on 27th September 2010, the Initial Public Offering of the Company's subsidiary Reid & Taylor (India) Ltd. is being proceeded with. The Draft Red Herring Prospectus (DRHP) was filed with SEBI on December 9, 2010 and after necessary clarifications over the past months, the market regulator SEBI's approval is expected in early June. Approvals from other Statutory Authorities such as BSE, NSE and RBI have already been received. As members are aware, SKNL holds 74.39% and GIC Singapore holds 25.61% of the shares of RTIL. The issue size will be approx ₹ 1000 Crores which includes primary issue of ₹ 500 Crores (by fresh issue of equity shares) and secondary issue of ₹ 500 Crores (offer for sale of equity shares by existing shareholders). The Book Running Lead Managers (BRLMs) advise that the issue will be hitting the market some time in October, 2011. Of the total proceeds, primary proceeds will be used for the growth of Reid & Taylor business and the secondary proceeds raised by SKNL will be used for paying off SKNL debts. RTIL has evolved into a sizable business entity and, we believe, the listing will unlock substantial value for stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to support CSR initiatives and contribute towards the welfare and social upliftment of the community.

During the year your Company's subsidiary Anjaneya Foundation, which is set up in order to promote and support the activities in the fields like education in Medicine, Arts, Science, Commerce and cultural initiatives donated a sum of ₹ 22,50,000/- to an education foundation and ₹ 10,00,000/- to the Wildlife Conservation Trust for their 'Save Our Tigers' programme.

SHARE CAPITAL

The equity share capital of the Company as at 31st March 2011 has gone up by ₹ 48,46,45,390/- from the previous year-end. This is as a result of allotment of

- (1) 2,89,43,750 equity shares of ₹ 10/- each at a premium of ₹ 70/- per share to the Qualified Institutional Buyers (QIBs)

on 20th September 2010 through Qualified Institutional Placement (QIP), pursuant to the special resolution passed by the shareholders through postal ballot notice dated 14th June 2010 and postal ballot result declared on 28th July 2010

- (2) 1,24,25,000 equity shares of ₹ 10/- each to N'Essence Holdings Ltd, a promoter group company on 3rd March 2011 on conversion of 1,24,25,000 nos of Equity Share Warrants into equivalent numbers of equity shares of ₹ 10/- each at a premium of ₹ 33.15. The said Equity Share Warrants were issued pursuant to the special resolution passed by the shareholders through postal ballot notice dated 25th July 2009 and postal ballot result declared on 2nd September 2009
- (3) 70,95,789 Equity Shares of ₹ 10/- each at a premium of ₹ 47/- per Share to Daiwa Capital Markets Singapore Ltd on 11th March 2011 on conversion of US \$ 9 Million FCCBs which were subscribed in June 2006

Pursuant to the resolution dated 19th April 2010 passed by circulation, by the Board of Directors and subsequent special resolution passed by the members / shareholders through postal ballot notice dated 19th April 2010 and postal ballot result declared on 31st May 2010, the Company has allotted 1,24,25,000 nos of Equity Share Warrants on 15th June 2010 at a price of ₹ 64.53 each to M/s Sansar Exim Private Limited, a promoter group company on a preferential basis and received ₹ 32,54,46,313/- towards the Warrants. The warrant holders can exercise their options to convert warrants into equity shares on or before 14th December 2011.

During the year 2010-11, the company has redeemed and extinguished 14,55,000 nos of 6% Preference Shares of ₹ 100/- each issued to the lending institutions, on account of CDR exit payment. Further, the Company has also redeemed and extinguished 9,49,838 nos of 0.01% Preference Shares of ₹ 100/- each issued to the lending institutions.

EMPLOYEES STOCK OPTION SCHEME

As at 31st March 2011, there were 14,86,900 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 2,97,300 Nos of ESOPs granted under Employees Stock Option Scheme to the ex-employees of the Company who did not subscribe shares under ESOP Scheme.

HUMAN RESOURCES

At SKNL, people are central to our continuous strive for excellent performance. Your Company has implemented a comprehensive HR Strategy to attract, retain and develop talent. A major step was taken to strengthen the Learning & Development Initiative across the company. The Performance Management System was further strengthened through customized training and robust implementation thereof. In the Compensation Management Area, several new improvements were brought in, to link it closely with the Individual Performance. The Performance Linked Variable Pay Scheme for the Senior Management Staff was completely stabilized during the year and it has now become part of the Management Process. The Functional Training for the Front Line Employees was further strengthened.

Your Company has launched a specific initiative to develop Leadership Talent in the Company. The Leadership Competencies were identified and individual assessments are being carried out.

During the year the employee – employer relationship was very conducive and there was no work disruption.

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

Enterprise Resource Planning (ERP) implementation was started in the organization, across all business divisions, to bring in homogeneity & transparency in operations, better planning & managing in the supply chain and to provide real-time information to the management to make correct business decisions. As the organization is multi-locational and multi-divisional, there are many challenges in ERP implementation, which are being met and resolved and it is expected to be fully operational by the 4th quarter of this Financial Year 2011-12. This will be supported by state-of-the-art Servers, Video Conferencing facility and high-speed data transfer connection between all business divisions apart from user training to all employees to use the ERP to full extent.

DIRECTORATE

In accordance with the Companies Act, 1956 and the Company's Articles of Association, Dr A. C. Shah, Mr. Vijay Kalantri and Mr. Dara D. Avari retire by rotation and being eligible offer themselves for re-appointment.

Vide letter dated 20th September, 2010, IDBI Bank appointed Smt Amita Narain as Nominee Director vice Mr Keshav Prasad Rau. The Board placed on record the guidance, advice and support given by Mr Keshav Prasad Rau during his tenure as Director. We look forward to the guidance and experience of Smt Amita Narain to help the Company in achieving its objectives.

The Company appointed Mr M Damodaran as an Additional Director w.e.f 28th March 2011 on the Board of the Company. Mr M Damodaran is a retired IAS Officer from Manipur-Tripura cadre. He was the Chairman of the Securities and Exchange Board of India (SEBI) and Industrial Development Bank of India (IDBI). He was also Chairman of India's largest mutual fund, 'Unit Trust of India'. He was Joint Secretary (Banking Division), Ministry of Finance for five years.

Mr Suresh N Talwar joined the Board of the Company as an Additional Director w.e.f 1st April 2011. Mr Suresh Talwar is a Solicitor and a Senior Partner of M/s Talwar, Thakore & Associates, Mumbai. Before setting up this firm in April 2007, he was a Senior Partner of M/s Crawford Bayley & Company, a leading Solicitors firm in India.

The Company is very fortunate to have on board Mr Damodaran and Mr Talwar as Directors and will surely be benefited from their extensive experience, keen insight and business acumen.

Mr M Damodaran and Mr Suresh N Talwar being eligible offer themselves for re-appointment as Directors of the Company in the Annual General Meeting.

Because of his prolonged ill-health, Col S K Raje resigned from the Board as Director on 30th July 2010. Col Raje's services and contribution during his tenure were duly appreciated by the Board. The management is sad to inform that Col Raje subsequently passed away on 12th February 2011.

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 31st March, 2011 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 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 31st March 2011 (previous year ₹ Nil). Further unclaimed deposits and interest amounting to ₹ 1,39,608/- from 11 depositors were duly transferred to the Investor Education & Protection Fund u/s 205 (C) during the year.

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 since been discontinued with effect from 1st April 2001, as benefits were not commensurate with administrative costs.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

The Registered Office of the Company have been shifted from 'Avadh', Shree Ram Mills Premised, G K Marg, Worli, Mumbai 400 018 to B2, 5th Floor, Marathon NextGen, Off G K Marg, Lower Parel (West), Mumbai 400 013 with effect from 29th October, 2010.

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 N – 2/2011 Notification no 5/12/2007-CL-III dated 8th February 2011, the Board of Directors by passing resolution on 30th May 2011 gave consent for not publishing / attaching copies of the Balance Sheets, Profit & Loss Accounts, Reports of the Board and the Auditors of all the Subsidiary Companies with the audited financial statements of the Company as at 31st March 2011. The annual accounts of the subsidiary companies are kept for inspection by any shareholder in 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.

GROUP FOR INTERSE TRANSFER OF SHARES

As required under Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons forming part of 'Group' (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provision of Regulation 10 to 12 of the aforesaid Regulations, are given in the Annexure '2' attached herewith and which forms part of this Annual Report.

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 schedule 'P-II' note no 3(b) which is self-explanatory and hence in the opinion of the Directors, does not require any further explanation.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their gratitude for the assistance, guidance and support provided by the financial institutions and banks, customers, suppliers and other business associates. Thanks are also due to your Company's employees for their high degree of commitment and dedication displayed at all levels. 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 30th May, 2011

Dr. A. C. SHAH
Chairman

ANNEXURE '1' TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken

Energy resource is a vital requirement of any industrial activity and its availability is also not infinite. Overuse of energy resources could result in a depletion of those resources in a shorter period of time.

Hence we are committed for Energy Conservation measures and practices and continuous efforts are made to conserve energy.

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

1. Baruche Superfine Cotton (BSFC) Division, at Jhagadia, Gujarat:

i) Installation of VFD in ETP and RO Plant

Variable frequency drive has been installed at four locations in ETP and RO Plant pumps, to run plant with required flow.

Total Power consumption are

Without VFD 600 Kwh per day

With VFD 420 Kwh per day

Saving in power consumption 180 units per day i.e. 65700 units per annum

ii) Rain Water Harvesting

We have developed arrangement to collect the rain water.

Through the system we had collected 11,000 Kl water and utilized to cater plant requirement.

iii) Recycle of Sanforising rubber blanket and cooling cylinder water

We are collecting process water of Sanforising and after filtration it is being used again as soft water for Processing.

Total Water recovered per day will be around 60 m³/day

Total water recycled per year will be 21900 m³/day

Considering cost of Soft water as ₹ 22/Kl, there will be saving of ₹ 4,81,800 per annum.

iv) Recovery of heat from CRP and Yarn dyeing Hot water

We have installed heat exchanger to recover heat of CRP and Yarn dyeing hot water to preheat RO reject water before evaporation.

This will help in enhancement of evaporation of RO reject water by 3 Kl per day, considering cost of evaporation as ₹150/Kl. Hence total saving will be approximately ₹ 1,65,000/- per annum.

v) Installation of Caustic recovery plant

Caustic recovery plant has been installed to recycle weak caustic lye generated from mercerizing machine.

This recovered lye will be again reused for mercerizing process which in turn saves expenses for procurement of fresh caustic lye.

Net saving is around 50% of the fresh caustic. Fresh Caustic requirement will be 100 Ton for 403600 kg fabric production.

So annual saving will be approximately ₹ 10 Lac per annum.

vi) Installation of LED Streets lights

35 Watt LED Street lights have been installed in place of 70 Watt Sodium light. Initially we have installed 14 nos of fixtures. Hence total saving will be approximately 2146 units per year.

2. Spinning & Weaving Division at Chamunda Standard Mills, MP:

i) During the year 2010-11 nine existing motors of Ring frame have replaced with Lakshmi make energy efficient 20 HP Motors thus saved 10% of energy.

- ii) Around 50 Nos of compound lighting with normal fittings (2 rods) have been replaced with 45 W CFL
- iii) For about 40 Nos of normal light fitting in different offices have been replaced with 18 W CFL
- iv) 10 Nos of Normal Ceiling Fans have been replaced with Energy Efficient Ceiling Fan

3 SKNL Weaving Division at Dewas, MP.

We have installed Electronic Ballast Tube Light fittings 250 Nos on our new looms in Unit – 1 & 2 instead of conventional copper ballast fittings, resulting in saving (reduction) of electricity consumption by 30%

b) Additional investment / proposals, if any, being implemented for reduction of consumption of energy:

1. Baruche Superfine Cotton (BSFC) Division, at Jhagadia, Gujarat:

We propose to install RO stage II and Ultra filtration with two stage RO and Ultra filtration. Our total water recovery will increase from 65% to 85% per annum

c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

1 Baruche Superfine Cotton (BSFC) Division, at Jhagadia, Gujarat:

- i) With use of Variable frequency drive in ETP and RO Plant, there will be saving of approx ₹ 3.48 lacs per annum
- ii) With Rain water harvesting, we will save around ₹ 2.20 lacs per annum
- iii) By recycle of Sanforising water, we will save around ₹ 4.8 lacs per annum
- iv) By heating RO reject water for Evaporation, we will be saving around ₹ 1.64 lacs per annum
- v) Using Caustic recovery plant, we will be saving around ₹ 10 lacs per annum
- vi) With installation of LED Street lights we will save around 2416 Power units per annum i.e. around ₹ 0.11 lacs per annum

Total cost of saving in electricity consumption will be approximately ₹ 22.23 lacs per annum

B. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption – as per form “B” given below:

Research & Development (R & D)

FORM “B”

- | | |
|---|--|
| i) Specific areas in which R&D carried out by the Company | Focus is given on Continual Product development |
| ii) Benefits derived as a result of the above R & D | Improved product quality and able to cater high end market with good customer satisfaction |
| iii) Future plan of action | Same as above |
| iv) Expenditure R & D | Not identified separately |

Technology Absorption, Adoption and Innovation:

The Company has absorbed the technology of manufacturing exclusive high value super fine cotton shirting fabric, Cotton and Cotton Blended products

i) Efforts, in brief, made towards technology absorption, adoption and innovation:

Latest sophisticated manufacturing and testing equipments have been imported from Europe and Japan, which gives consistent high value product and being tested and maintained regularly for consistent quality

Dornier Machines with higher speed and having electronic controls were added which gave the flexibility to style change etc. at faster speed and greater ease

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

ii) 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 market

iii) Information regarding Imported Technology

All testing and manufacturing equipments have been imported from Europe and Japan. 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 ₹ 6850.46 Lacs

b) Total Foreign exchange earned and used

		₹ in lacs	
		Current Year 2010-11	Previous Year 2009-10
a	Total Foreign Exchange earned	6,850.46	1,090.39
b	Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
c	Sub Total (a + b)	6,850.46	1,090.39
d.	Total Foreign Exchange used	11,774.09	23,324.34

FORM A**FORMING PART OF ANNEXURE (I)****Form for Disclosure of particulars with respect to conservation of Energy****Part A - POWER AND FUEL CONSUMPTION**

1. ELECTRICITY	Current Year 2010-11	Previous Year 2009-10
Purchase		
Units in lacs	244.64	141.79
Total Amount ₹ lacs	1,130.32	656.37
Rate / units ₹	4.62	4.63
Own generation		
Through Diesel generator		
Units (D/G Units) in lacs	6.02	10.48
Unit / Ltr of Diesel Oil	4.71	4.65
Cost / Unit ₹	5.89	5.10

Part B - CONSUMPTION PER UNIT OF PRODUCTION

ELECTRICITY	Current Year 2010-11	Previous Year 2009-10
Fabrics KWH / Metre	0.33	0.34
Others (Specify)	-	-

ANNEXURE '2' FORMING PART OF THE DIRECTORS' REPORT

Persons forming part of 'Groups' (within the meaning as defined in the Monopolies & Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provision regulation 10 to 12 of Securities & Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 ("the said Regulations"), as required under Regulation 3 (1) (e) of the said Regulations include the following

1	Shri Nitin S Kashiwal, Managing Director	22	SKNL Foundation (Sec 25 Company)
2	Smt Jyoti N Kashiwal	23	Anjaneya Foundation (Sec 25 Company)
3	Ms Anjani N Kashiwal	24	SKNL International B V
4	Mr Kartikeya N Kashiwal	25	SKNL Europe B V
5	Reid & Taylor (India) Ltd	26	SKNL Italy S p A
6	Belmonte Retails Limited (nee-Belmonte Lifestyles Ltd)	27	SKNL Global Holdings B V
7	Anjaneya Holdings Pvt Limited (nee-Anjani Finvest Pvt Ltd)	28	SKNL North America B V
8	Brandhouse Retails Limited	29	SKNL (UK) Ltd
9	Brandhouse Oviesse Limited	30	Leggiuno S p A.
10	S Kumars Enterprises (Synfabs) Limited	31	Global Apparel (US) Ltd
11	S Kumars Textiles Limited	32	Global Apparel (France) Ltd
12	N'Essence Holdings Limited	33	Global Apparel (Hong Kong) Ltd
13	Rosewood Holdings Pvt Limited	34	7172931 Canada Ltd
14	Verve Properties & Investment Pvt Limited	35	Marling & Evans Ltd
15	Ingenious Finance & Investment Pvt Limited	36	Remala Trading B V
16	Natty Finance & Investment Pvt Limited	37	Coppley Corp
17	S K Worsteds Pvt Limited	38	HMX Poland sp Z o o
18	Tulja Enterprises Pvt Limited	39	HMX Acquisition Corp
19	Sansar Exim Pvt Limited	40	HMX Des Plaines LLC
20	Chamundeshwari Mercantile Pvt Limited	41	Quartet Real Estate LLC
21	Maverick Mercantile Pvt Limited	42	HMX LLC
		43	HMX, DTC Co

Any body Corporate and / or entity formed / promoted by any of the above
"Family" for this purpose includes spouse, children and parent

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2010 witnessed a growth rebound for the world economy to 5% from a negative 0.8% in 2009. Growth returned to pre-crisis levels in both advanced and emerging countries in 2010. The high growth was backed by not only domestic demand but also equally strong external demand. Global growth for 2011 is projected to be lower than 2010 at 4.4% with the pace of growth to slow down both in advanced and emerging group of nations. The political situation in the Middle East remains in flux and oil prices could spike higher if an important producer were taken offline due to social unrest. Further, the sovereign debt crisis continues to fester in Europe. It is expected that the global economic outlook will remain positive and growth will slow down a bit in 2011 but will remain steady and close to potential growth rates in both advanced and emerging economies.

India's contribution in a growth-starved world economy is more than just commendable. Strong rural consumption over the next 12 months is expected due to favourable monsoons that would drive growth in agriculture and have a positive impact on rural disposable incomes. This would also lead to urban consumption remaining robust on the back of rising disposable incomes, positive demographics and lifestyle changes. A gradual pick-up in the investment cycle in select sectors would drive sector-specific performance. Continued strength in earnings growth leading to sustained above-average valuations, and last but not the least sustained capital flows are helpful signs for economic advancement. Though ingredients are in place for another high growth year, there are definite concerns with respect to inflation. Even so, India will continue to be one of the most compelling investment destinations in the world with its rising economic strength and underlying potential.

The Indian textile industry is one of the leading textile industries in the world. The textiles and apparels sector accounts for approximately 4% of India's GDP (\$51.4 billion). India earns about 17% of its total foreign exchange through textile exports. The Indian textile industry contributes 14% of the total industrial production of the country. This sector provides employment to over 35 million people and it is expected that the textile industry will generate a significant portion of new jobs during the coming years. The industry is expected to grow from the present US\$52 billion to US\$89 billion by 2015.

There has been a surge in textile sourcing from India, which is estimated to grow to \$37 billion by 2011. India's abundant supply of raw material such as cotton, silk and jute is a major driver for sourcing by international retail players from India. According to the Ministry of Textiles, investment under the Technology Upgradation Fund schemes (TUFs) has been increasing steadily. The Ministry of Textiles has sanctioned a total of ₹ 292 Crores under TUFs in 2010-11. There is a phenomenal potential for Indian exports to grow in the world market as well as to grow domestically.

Opportunities / Threats / Challenges

SKNL's strengths are that it is present in all product categories, its brands cater to different socio-economic segments and it is not dependent on any one single raw material, as inputs include wool, polyester and cotton. SKNL has its key own manufacturing units with cost-effective outsourcing. SKNL has demonstrated an ability to deliver substantial performances through variable and often challenging environments reflecting upon the strength and diversity of its business model. To capture wholesale and retail margins, the Company focused on value addition: Sheep to Shop, Cotton to Ready Shirts.

SKNL's pillars of strength are:

- 1 Strong portfolio of domestic and international brands
- 2 Diversified business with product offering across the market segments
- 3 Multi-format distribution network
- 4 Fully-integrated production facilities
- 5 Experienced management team
- 6 Strong financial growth trajectory

Higher raw material costs: Although the Company's target segment in the luxury space affords enough room to pass on the rise in raw material costs, any inability to do the same could lower the margins thereby impacting profitability to a certain extent. However, SKNL being a branded player is able to pass additional costs to the consumer.

Competition from other countries: Indian manufacturers compete with players in countries like China, Bangladesh, Pakistan, Vietnam, etc. in the exports market. Any policy advantage available to these manufacturers could impact the competitiveness of Indian companies.

Aggressive expansion. SKNL is aggressively ramping up its capacities across its SBUs. Any continued slowdown in global as well as domestic economy can adversely impact profitability.

Increase domestic market share: With the impact of economic slowdown resulting in closure of many small inefficient mills, companies like SKNL can capitalize and increase their domestic market share.

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

Blended and Uniform fabrics

Uniformity, the workwear division of BELMONTE has increased its market share to 30%. It is one of the largest suppliers of fabrics to Ordnance Factories which cater to the needs of our defense forces. Uniformity has also developed speciality fabrics for catering to Hospitals and the Hospitality industry and introduced fabric with fire retardant property.

Total Home Expressions

With the continued growth of the domestic home market, Carmichael House brand has launched new collections and new bath towels range which has received good response from the market.

Baruche Superfine Cottons (BSFC)

This division, earlier named HVFC, achieved commercial production in end of March 2010 and during the course of the year was able to stabilize the production. BSFC has developed a strong and committed team backed by state-of-the-art machineries and utilities to produce the high value cotton shirtings to match the best of their kind anywhere in the world. In a short span of time, BSFC has already started doing business with all major branded garment makers and fabric traders in India along with a healthy export book especially to Leggiuno S p A, which is marketing the same to luxury segment customers in Europe.

Luxury Textiles

The Reid & Taylor (India) Ltd subsidiary achieved all-time high sales turnover inspite of low market sentiments worldwide throughout the year. The growth has been achieved because of innovation and excellent marketing and distribution network coupled with the very strong brand Reid & Taylor.

The Company has introduced some innovative techniques like snow-white bleaching of polywool suitings, chemical stretch and developed versatile fabrics like 100% cashmere suiting and jacketing cloth, wool / cotton double faced suiting, Escorial suitings and ceremonial jacquard fabric by using speciality fibres.

Growth Prospects

The Company historically has followed a well-planned growth strategy. It has undertaken backward and forward integration in Luxury Cottons and Belmonte divisions. The Company plans to capture more value from direct retailing and increasing the share of ready-to-wear in revenue composition from 34% presently.

Installation of 72 Shuttleless looms at Dewas for increasing the weaving capacity for Belmonte suiting is going on, with 49 looms already in place. Belmonte division will have a Finishing House in Jhagadia. Suit factory is under commissioning at Bangalore. Capacity at the Mysore plant is being increased from 8.4 metric meters to 10.2 metric meters p a.

Financial Performance

Apart from TUF and loan funds, a portion of the growth plans is being financed through internal accruals and promoters' contribution. The incremental earnings arising out of the growth plans will further strengthen the financials of the Company.

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 are an ongoing process within the Company which are

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 risk on finished goods.

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.

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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 31st March, 2011 and the Profit and Loss Account 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 by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account,
 - iv In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable, *except that the accumulated interest and financial charges amounting to ₹ 13,454 lacs and future differential interest on restructured debts on Net Present Value (NPV) basis amounting to ₹ 856 lacs pertaining to earlier years (after amortising ₹ 1,596 lacs during the year) have been carried forward under the head 'Restructured Financial Cost' (RFC) grouped/presented under Schedule 'F' of financial statement i.e. Loans and Advances, which is not in compliance with AS 5 "Net Profit or Loss for the Period, Prior Period Items and Change in Accounting Policies" and has resulted into overstatement of profit for the year by ₹ 14,310 lacs and overstatement of loans & advances by same amount (Refer Note No 3(b) of Schedule 'P-II')*,
 - v On the basis of the written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and *subject to paragraph 4(iv) above*, 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 31st March, 2011,
 - b) in the case of the Profit and Loss Account, 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
FRN 103523W

Rakesh Rathi

Partner

Membership No 45228

Place Mumbai
Date 30th May, 2011

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 31st March, 2011]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification 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) As explained to us, inventory lying with the Company have been physically verified by the management at regular intervals during the year. In respect of inventories lying with third parties, certificates confirming substantial portion of the inventories have been received. 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) On the basis of our examination of records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks were not material and the same have been properly dealt with in the books of accounts
- (iii) (a) As informed, the Company has granted interest free loan to a company covered in the register maintained under section 301 of the Companies Act, 1956 amounting to ₹ 5 crores.
- (b) In our opinion and according to the information and explanations given to us, terms and conditions of above said interest free loan are not, prima facie, prejudicial to the interest of the Company
- (c) The above said company has repaid the principal amount as stipulated and there is no overdue amount with regard to said loan
- (d) The Company has taken loan or advances in the nature of loan of ₹ 11,861 lacs from two Companies listed in the register maintained under Section 301 of the Act, besides interest bearing secured loan of ₹ 44,000 lacs and unsecured interest free loan of ₹ 4,000 lacs from one of the above said company taken in earlier year. The maximum amount involved during the year was ₹ 69,669 lacs (including interest bearing loan of ₹ 38,500 lacs) and the year-end balance of all loans and advances in the nature of such loans taken from the said party was ₹ 40,050 lacs
- (e) 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 and advances in the nature of loans are, prima facie, not prejudicial to the interest of the Company
- (f) In respect of the aforesaid loans and advances in the nature of loans, the Company is regular in repaying the principal amounts as stipulated and in payment of interest, wherever applicable
- (iv) In our opinion and according to the information and explanations provided to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories, fixed assets and sale of goods and services. During the course of our audit, we have not observed nor have been informed of any continuing failure to correct major weaknesses in internal control systems 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 lacs 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) 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 with regard to fabrics by the Company 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. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess have generally been regularly deposited with the appropriate authorities, *except at a unit where there have been delays in depositing certain statutory dues*. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same
- (b) *According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows*

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates
Property Tax Act	Property tax	48 38 lacs	Earlier years
Wealth Tax Act, 1957	Wealth Tax	32 26 lacs	Earlier years

- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of dispute, except the following

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum at which appeal is pending
Income Tax Act, 1961	TDS	513 83 lacs	F Y 2007-08, 08-09 and 09-10	Commissioner of Income Tax, Appeals (TDS), Mumbai

- (x) The Company has neither accumulated losses as at March 31, 2011 nor has it incurred cash losses during the financial year covered by our audit. However, considering the effect of our audit qualification as stated in para 4(iv) in the Auditors' Report, the Company has incurred cash losses in the immediately preceding financial year
- (xi) *The Company has delayed on some occasions, the details of which are being compiled, in repayment of dues to banks, financial institutions and debenture holders*
- (xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any 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 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company
- (xiv) The Company has not dealt or traded in shares, securities or debentures. In respect of investments made by it, the Company has maintained proper records and all the investments are held by the Company in its own name
- (xv) According to the information and explanations given to us and the representations made by the management, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms & condition whereof are prima facie, not prejudicial to the interest of the Company
- (xvi) According to the information and explanation given to us and based on the records of the Company examined by us, the Company has applied the term loan for the purpose for which it was obtained
- (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 has been used for long-term investment
- (xviii) According to the information and explanation 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 prices 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, the Company had issued debentures in the earlier years for which security has been created
- (xx) The Company has not raised any money by issue of any shares/securities to public 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
FRN 103523W

Rakesh Rathi
Partner

Membership No 45228

Place Mumbai
Date 30th May, 2011

BALANCE SHEET AS AT 31st MARCH, 2011

(₹ in lacs)

	Schedule	Current Year As At 31.03.2011	Previous Year As At 31 03 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	33,731.29	31,289 67
Equity Share Warrants (Ref Note No 9 & 10 of Schedule 'P-II')		3,254.46	1,340 35
Employee Stock Option outstanding (Ref Note No 12 of Schedule 'P-II')		570.97	631 84
Reserves & Surplus	B	113,687.89	151,244.61
			74,485 50
			107,747 36
LOAN FUNDS			
Secured Loans	C	264,049.48	226,313 46
Unsecured Loans		5,967.94	270,017.42
			10,267 16
			236,580 62
DEFERRED TAX LIABILITIES (NET) (Ref Note No 18 (a) of Schedule 'P-II')			
		2,692.35	1,706 52
Total		423,954.38	346,034 50
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	106,793.30	88,127 13
Less Depreciation/Amortisation		30,374.35	22,987 97
Net Block		76,418.95	65,139 16
Add Capital work-in-progress (including capital advances)		51,759.90	128,178.85
			56,406 51
			121,545 67
INVESTMENTS			
	E	50,417.58	42,568 81
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	F	94,069 81	72,593 87
Sundry Debtors		118,872 53	102,963 35
Cash and Bank Balances		4,775.05	4,625 82
Loans and Advances		70,691 21	42,675 38
Total (I)		288,408.60	222,858 42
Less: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	G	28,767.24	24,418 00
Provisions		14,283.41	16,520 40
Total (II)		43,050.65	40,938 40
NET CURRENT ASSETS	(I) - (II)	245,357.95	181,920 02
Total		423,954 38	346,034 50
Significant Accounting Policies and Notes to Accounts			
	P		

The Schedules referred to above and notes to accounts form an integral part of Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

For Haribhakti & Co
Chartered Accountants
FR No 103523W

NITIN S KASLIWAL Vice-Chairman and Managing Director

RAKESH RATHI
Partner
Membership No 45228

ANIL CHANNA Deputy Managing Director

Place Mumbai
Date 30th May, 2011

J. S SHETTY CFO and President - Finance

NIMESH S. SHAH Sr Vice President & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2011

(₹ in lacs)

	Schedule	Current Year Ended on 31.03.2011	Previous Year Ended on 31.03.2010
INCOME			
Sales and Service charges		275,735.68	215,482.12
Other Income	H	382.37	474.68
Increase/(decrease) in Inventories	I	11,809.23	9,368.48
Total		287,927.28	225,325.28
EXPENDITURE			
Raw materials consumed/ Fabric purchases	J	204,774.66	164,102.56
Manufacturing expenses	K	5,675.31	2,989.55
Personnel Expenses	L	5,367.30	4,104.44
Administrative expenses	M	5,303.90	5,547.04
Selling & Distribution expenses	N	8,093.45	5,584.64
Restructured Financial Cost Amortised (Ref Note No 3 (b) of Schedule P-II')		1,596.27	1,596.27
Interest expenses	O	29,513.76	23,077.38
Depreciation/Amortisation	D	7,400.26	4,171.21
Total		267,724.91	211,173.09
Profit/(Loss) before Tax		20,202.37	14,152.19
Prior period (expenses)/income		(0.86)	34.02
Provision for Tax			
Current Tax	(5,363.20)		
Less MAT Credit entitlement	3,564.55	(1,798.65)	(2,523.49)
Deferred Tax Assets / (Liabilities)		(985.83)	(920.42)
Wealth Tax		(7.15)	(5.87)
Taxation for earlier years		(139.53)	(126.18)
Total Tax Expenses		(2,931.16)	(3,575.96)
Profit available for Appropriation		17,270.35	10,610.25
Balance Brought forward from previous year		5,047.97	-
Appropriation			
Transfer to Debenture Redemption Reserve		950.45	225.15
Transfer to Capital Redemption Reserve		-	5,337.13
Provision for Preference Dividend		534.74	-
Tax on Preference Dividend		88.81	-
Proposed Equity Dividend		2,849.78	-
Tax on Proposed Equity Dividend		473.31	-
Balance carried over to Balance Sheet		17,421.23	5,047.97
Earnings Per Share			
- Basic		₹ 6.57	₹ 4.49
- Diluted		₹ 6.25	₹ 4.32

(Nominal Value of Share ₹ 10/- each)

Significant Accounting Policies and Notes to Accounts P

The Schedules referred to above and notes to accounts form an integral part of Profit and Loss account

As per our report of even date

For Haribhakti & Co
Chartered Accountants
FR No 103523W

RAKESH RATHI
Partner
Membership No 45228

Place Mumbai
Date 30th May, 2011

For and on behalf of the Board of Directors

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

J. S. SHETTY CFO and President - Finance

NIMESH S. SHAH Sr Vice President & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2011

(₹ in lacs)

		Current Year ended on 31.03.2011	Previous Year ended on 31.03.2010
A	Cash Flow from Operating Activities		
	<i>Net Profits Before Tax and Extraordinary Items</i>	20,202.37	14,152.19
	Adjustments for		
	a) Depreciation	7,400.26	4,171.21
	b) Deferred revenue expenditure	1,596.27	1,596.27
	c) Profit/Loss on sale of fixed assets(net)	23.44	463.51
	d) Sundry balances written back	(148.64)	(27.55)
	e) Sundry balances written off	3.87	7.91
	f) ESOP Compensation (credited)/debited to P&L a/c	(60.88)	151.30
	g) Provision for doubtful debts	50.75	114.45
	h) Interest expenses	29,513.76	23,077.38
	i) Interest income	(54.83)	(58.50)
	j) Exchange rate fluctuation	66.91	(282.67)
	<i>Operating Profit before Working Capital Changes</i>	58,593.28	43,365.50
	Adjustments for		
	a) Trade & other receivables	(50,921.52)	(19,466.09)
	b) Inventories	(21,475.94)	(14,821.19)
	c) Trade payables	3,797.97	596.50
	<i>Cash Generated from/(used in) Operating Activities</i>	(10,006.21)	9,674.72
	a) Direct taxes	(2,869.80)	(6,130.63)
	<i>Cash Inflow/(outflow) before Prior Period Items</i>	(12,876.01)	3,544.09
	a) Prior period adjustments (gross)	(0.86)	34.02
	<i>Net Cash Flow from/(used in) Operating Activities Total (A)</i>	(12,876.87)	3,578.11
B	Cash Flow from Investing Activities		
	a) Acquisition of fixed assets (Including capital work-in-progress)	(14,099.97)	(16,528.57)
	b) Sale of fixed assets	25.41	14.75
	c) Investments	(7,848.77)	(21,936.72)
	d) Interest income	54.83	58.50
	<i>Net Cash Flow from/(used in) Investing Activities Total (B)</i>	(21,868.50)	(38,392.04)
C	Cash Flow from Financing Activities		
	a) Proceeds from secured loans (Net of repayment)	37,736.02	58,807.35
	b) Proceeds from unsecured loans (Net of repayment)	(321.53)	(872.36)
	c) Proceeds from equity shares/ shares to be allotted	29,398.71	1,340.35
	d) Redemption of preference shares	(2,404.84)	(1,056.08)
	e) Interest expenses	(29,513.76)	(23,077.38)
	<i>Net Cash Flow from/(used in) Financing Activities Total (C)</i>	34,894.60	35,141.88
	<i>Net Increase in Cash and Cash Equivalents Total (A+B+C)</i>	149.23	327.95
	Cash & Cash Equivalent (Opening Balance)	4,625.82	4,297.87
	Cash & Cash Equivalent (Closing Balance)	4,775.05	4,625.82
	<i>Net Change in Cash & Cash Equivalent</i>	149.23	327.95

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 include cash and bank balances in current accounts and in deposit accounts (Refer to Schedule 'F' of the Balance Sheet)
- 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
FR No 103523W

RAKESH RATHI
Partner
Membership No 45228

Place Mumbai
Date 30th May, 2011

For and on behalf of the Board of Directors

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

J. S. SHETTY CFO and President - Finance

NIMESH S SHAH Sr Vice President & Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

		Current Year As at 31.03.2011	Previous Year As at 31.03.2010
SCHEDULE "A" – SHARE CAPITAL			
Authorised Capital			
37,00,00,000	Equity Shares of ₹ 10 each (Previous Year 37,00,00,000)	37,000.00	37,000 00
90,00,000	Preference Shares of ₹ 100 each (Previous Year 90,00,000)	9,000.00	9,000 00
		46,000.00	46,000 00
Issued, Subscribed and Paid-Up Capital			
28,49,78,377	Equity Shares of ₹ 10 each, fully paid up (Previous year 23,65,13,838)		
	As per last Balance Sheet	23,651.38	22,339 14
	Add Allotted during the year (Ref Note No 7, 8(a) & 9 of Schedule P-II')	4,846.46	1,312 24
		28,497.84	23,651 38
5,27,500	6% Cumulative Redeemable Preference Shares of ₹ 100 each, fully paid-up (Redeemable by 2013) (Previous year 19,82,500)		
	As per last Balance Sheet	1,982.50	2,142 50
	Less Redeemed during the year	1,455 00	160 00
		527.50	1,982 50
47,05,947	0.01% Redeemable Preference Shares of ₹ 100 each, fully paid-up (Redeemable by 2017-2020) (Previous year 56,55,785)		
	As per last Balance Sheet	5,655.79	6,551 87
	Less Redeemed during the year	949.84	896 08
		4,705.95	5,655 79
Total		33,731.29	31,289 67
SCHEDULE "B" – RESERVES AND SURPLUS			
	Capital Reserve	2,206.25	2,206 25
	Capital Redemption Reserve		
	As per last Balance Sheet	13,267.49	7,930 36
	Add Transfer during the year (Ref Note No 11 of Schedule 'P-II')	-	5,337 13
		13,267.49	13,267 49
	Securities Premium		
	As per last Balance Sheet	49,246.28	45,200 83
	Add On account Allotment of Equity shares	27,714.54	9,513 74
	Less On account of Share issue expenses (Ref Note No 8(b) of Schedule 'P-II')	1,031.80	-
	Less On account of Redemption premium payable on NCDs	786.38	5,468 29
		75,142.64	49,246 28
	Revaluation Reserve		
	As per last Balance Sheet	1,117.36	1,034 46
	Less Depreciation on revalued portion of the fixed assets	17.68	17 73
	Add Excess depreciation claimed in earlier years reversed	-	100 63
		1,099 68	1,117 36
	Debenture Redemption Reserve		
	As per last Balance Sheet	3,600.15	3,375 00
	Add Transfer during the year	950 45	225 15
		4,550.60	3,600 15
	Profit and Loss Account	17,421.23	5,047 97
Total		113,687.89	74,485 50

SCHEDULES FORMING PART OF ACCOUNTS

	(₹ in lacs)	
	Current Year As at 31.03 2011	Previous Year As at 31 03 2010
SCHEDULE "C" – LOAN FUNDS		
A. Secured loans		
Non-Convertible Debentures (NCDs) (Ref note no 2)* 1,50,78,805 nos of Non-Convertible Debentures of ₹ 100 each (Previous year 1,50,78,805)	16,099.41	15,078 81
Balance of Debts repayable to CDR lenders	-	5,861 75
Term Loans under Technology Upgradation Fund Scheme (TUFs) (Ref note no.3)*	42,010.22	25,031 80
Term Loans under Overseas Investment Finance Programme (OIFP) (Ref note no 4)*	26,773.14	28,048 14
Rupee Term Loans from Banks (Ref note no 5)*	44,728.50	28,947 50
Equipment Finance (Ref note no 6)	291.93	260 87
Loan from Reid & Taylor (India) Ltd (Ref note no 7)*	27,500.00	38,500 00
Credit facility for pre-cum-post shipment (Ref note no 8)	3,581.86	-
Working Capital Advances from Banks (Ref note no 9)	103,064.42	84,584 59
Total	264,049.48	226,313 46

Notes:

- (i) *Due within one year regular repayment ₹ 28,742 83 lacs (previous year ₹ 24,634 20 lacs) and other repayment ₹ 18,878 81 lacs (previous year ₹ 9,326 90 lacs)
(ii) The balances include interest accrued and due ₹ 3,632 72 lacs (previous year ₹ 2,394 08 lacs)
- Non-Convertible Debentures (NCDs) issued to India Debt Management Pvt Ltd are secured by way of first *pari passu* charge on Fixed Assets (excluding Jhagadia assets) of the Company both present and future
- The Term Loans under Technology Upgradation Fund Scheme (TUFs) are secured by first *pari passu* charge on specific Project Assets and second *pari passu* charge on all other Fixed Assets and Current Assets of the Company, both present and future and guaranteed by Vice-Chairman & Managing Director of the Company
- The Term Loans under Overseas Investment Finance Programme (OIFP) are secured by way of first *pari passu* charge on Fixed Assets (excluding Jhagadia assets) of the Company, both present and future, pledge of promoter's shares held in S Kumars Nationwide Limited and pledge of equity shares of acquired company/subsidiary company, second *pari passu* charge on Fixed Assets at Jhagadia, Current assets of the Company, both present and future and guaranteed by Vice-Chairman & Managing Director of the Company
- Rupee Term Loans are secured by first *pari passu* charge on Fixed Assets of the Company (excluding Jhagadia assets), both present and future, second *pari passu* charge on Current Assets and Jhagadia assets and guaranteed by Vice-Chairman & Managing Director of the Company
- Equipment Finance Loans are secured by hypothecation of specific equipment / assets
- Loan from Reid & Taylor (India) Ltd is secured by way a second *pari passu* charge on all Fixed Assets of the Company, both present and future
- Credit facility for pre-cum-post shipment is secured by hypothecation of Company's inventories and book-debts and second *pari passu* charge on Fixed Assets of the Company both present and future and guaranteed by Vice-Chairman & Managing Director of the Company
- Working capital advances from Banks are secured by hypothecation of Company's inventories and book-debts, and second *pari passu* charge on Fixed Assets of the Company, both present and future and guaranteed by Vice-Chairman & Managing Director of the Company

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

	Current Year As at 31.03.2011	Previous Year As at 31.03.2010
B Unsecured Loans		
i) <u>Loan from Subsidiary</u>		
Reid & Taylor (India) Ltd	4,000 00	4,000 00
ii) <u>Long Term Loans</u>		
a) From Banks*	1,436.36	1,591 39
b) Zero Coupon Bonds/Funded Interest term loans		
- CDR Lenders*	-	85 01
- Non CDR Lenders	531.58	508 11
c) From Others		
- 2% Foreign Currency Convertible Bonds due in 2011	-	4,082 65
Total	5,967.94	10,267 16

Notes:-

- *Due within one year, regular repayment ₹ 695 25 lacs (Previous year ₹ 443 04 lacs) and other repayment ₹ Nil lacs (Previous year ₹ 4.129 61 lacs)
- The balances include interest accrued and due ₹ 2 83 lacs (Previous year ₹ 39 26 lacs)

SCHEDULE "D" – FIXED ASSETS

(₹ in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At the Beginning of the year 01.04.2010	Additions during the year	Deductions during the year	Total as at 31.03.2011	At the Beginning of the year 01.04.2010	Depreciation for the year	Deductions during the year	Total as at 31.03.2011	Total as at 31.03.2011	Total as at 31.03.2010
Land										
Freehold Land	777 07	-	-	777 07	-	-	-	-	777 07	777 07
Leasehold Land	684 89	141 64	-	826 53	2 61	0 16	-	2 77	823 76	682 28
Building	13,136 92	1,516 95	-	14,653 87	982 28	427 51	-	1,409 79	13,244 08	12,154 64
Leasehold Improvements	126 14	560 66	-	686 80	123 78	16 51	-	140 29	546 51	2 36
Plant & Machinery	70,749 64	14,612 91	*3 66	85,358 89	20,954 62	6,706 92	-	27,661 54	57,697 35	49,795 02
Office Equipments	161 89	300 62	-	462 51	55 84	13 21	-	69 05	393 46	106 05
Computers	391 64	96 75	-	488 39	231 64	54 98	-	286 62	201 77	160 00
Furniture & Fixtures	889 68	1,203 17	-	2,092 85	277 64	82 47	-	360 11	1,732 74	612 04
Vehicles	1,168 69	289 35	79 95	1,378 09	325 24	109 48	31 56	403 16	974 93	843 45
Intangible Assets										
System Development	40 57	27 73	-	68 30	34 32	6 70	-	41 02	27 28	6 25
Current year Total	88,127 13	18,749 78	83 61	106,793 30	22,987 97	7,417 94	31 56	30,374 35	76,418 95	65,139 16
Previous year Total	68,174 64	20,783 65	831 16	88,127 13	19,303 88	4,188 94	504 85	22,987 97	65,139 16	-
Capital Work-in-Progress (including Capital Advances)									51,759 90	56,406 51

Notes :-

- Gross Block includes certain fixed assets for which revaluation was carried out in the year 1997, by 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
- Depreciation charged for the year shown in the Profit & Loss Account is after deducting an amount of ₹ 17 68 lacs withdrawn from Revaluation Reserve (Previous year ₹ 17 73 lacs)
- * Deduction shown in plant & machinery reflects duty receivable under EPCG, capitalised in earlier year now reversed

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

Current Year	Previous Year
As at 31.03.2011	As at 31 03 2010

SCHEDULE "E" – INVESTMENTS
Long term (at cost)
i) Non-Trade
a) Unquoted

Reid & Taylor Ltd (UK) (Nil Equity shares of GBP 1 00 each) (Previous year 50,000 Equity shares of GBP 1 00 each)	-	36 30
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Anjaneya Foundation (49,500 Equity shares of ₹ 10 each) (Previous year 49,500 Equity shares of ₹ 10 each)	4.95	4 95
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b) Quoted

Brandhouse Retails Ltd (10,00,000 Equity Shares of ₹ 10 each) (Previous year 10,00,000 Equity Shares of ₹ 10 each)	100.00	100 00
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ii) In Subsidiary Companies
Unquoted

Reid & Taylor (India) Ltd (10,01,25,000 equity shares of ₹ 10 each) (6,00,75,000 bonus shares received during the year in the ratio of 3 shares for every 2 shares held) (Previous year 4,00,50,000 equity shares of ₹ 10 each)	4,005.00	4,005 00
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SKNL Italy S p A (1,82,00,000 Equity shares of Euro 1 each) (Previous year 1,82,00,000 Equity shares of Euro 1 each)	12,147.64	12,147 64
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Belmonte Retails Ltd (50,000 Equity Shares of ₹ 10 each) (Previous year Nil Shares of ₹ 10 each)	5.00	-
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SKNL International B V (49,64,910 Equity shares of Euro 1 each and Share application money pending allotment of Euro 4,42,56,453) (Previous year 49,64,910 Equity shares of Euro 1 each and Share application money pending allotment of Euro 3,13,60,695)	32,353.68	24,473 61
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SKNL Europe B V (25,73,604 Equity shares of Euro 1 each and Share application money pending allotment of Euro 2,25,000) (Previous year 25,73,604 Equity shares of Euro 1 each and Share application money pending allotment of Euro 2,25,000)	1,801.31	1,801 31
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Total	50,417.58	42,568 81
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Aggregate amount of Quoted Investment (Market value ₹ 238 50 Lacs (Previous year ₹ 339 00 Lacs))	100.00	100 00
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Aggregate amount of Unquoted Investments	50,317.58	42,468.81
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Total	50,417.58	42,568 81
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SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

SCHEDULE "F" – CURRENT ASSETS, LOANS & ADVANCES
Inventories

(as taken, valued and certified by the Management)

	Current Year As at 31.03.2011	Previous Year As at 31 03 2010
Raw materials (including Goods in Transit)	36,477.67	26,910 64
Stores, fuel and packing materials	232.86	133 18
Semifinished fabrics	17,935.19	13,918 19
Finished fabrics, garments and made ups	39,424.09	31,631 86
Total	94,069.81	72,593 87

Sundry Debtors

(Unsecured and considered good, unless otherwise stated)

Over six months*

Considered Good	7,944.09	4,355 11
Considered Doubtful	106.54	114 45
Others Considered Good*	110,928.44	98,608 24
Sub Total	118,979.07	103,077 80
Less Provision for Doubtful Debts	106.54	114 45
Total	118,872.53	102,963 35

* (Debtors due from companies in which some of the Directors are interested ₹ 5,146 63 lacs) (Previous year ₹ 5,761 41 lacs) (Ref Note no 15(A) of Schedule 'P-II')

Cash and Bank Balances

Cash on hand (as certified by the Management)	27 08	35 80
Balances with Scheduled Banks		
In Current Accounts	1,064.67	1,386 66
In Fixed Deposits (against Margin Money)	3,683.30	3,203 36
Total	4,775 05	4,625 82

Loans, Advances and Deposits

(Unsecured & Considered good unless otherwise stated)

Advances recoverable in cash or kind for value to be received *

Considered Good	42,885.19	7,959 91
Considered Doubtful	19.62	19 62
Advance tax. Tax deducted at source and MAT Credit availed	10,391.21	18,110 19
MAT Credit entitlement (Ref Note no 18 (b) of Schedule 'P-II')	2,373.35	-
Deposits	731.15	698 71
Restructured Financial Cost /Prepaid Interest on NPV Basis (Ref Note No 3 (b) of Schedule 'P-II')	14,310.31	15,906 57
Sub Total	70,710.83	42,695 00
Less Provision for Doubtful Advances	19.62	19 62
Total	70,691.21	42,675 38

*(Advances due from companies in which some of the Directors are interested ₹ 7 25 lacs) (Previous year ₹ 9 06 lacs) (Ref Note no 15(B) of Schedule 'P-II')

Total of Current Assets, Loans and Advances **288,408.60** **222,858 42**

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

Current Year
As at 31.03.2011**Previous Year**
As at 31 03 2010**SCHEDULE "G" – CURRENT LIABILITIES & PROVISIONS****(A) Current Liabilities**

Creditors for goods and expenses

Micro, Small and Medium Enterprises
(Ref Note no 14 of of Schedule P-II')

Others

Advances received from Subsidiary Company

Advances received from Customers

Investor Education and Protection Fund

Unclaimed Fixed Deposit not due for transfer

Deposits received from dealers

Interest accrued but not due on Loans

Other liabilities

(B) Provisions

For Taxation

For Fringe Benefit Tax

For Preference Dividend

For Tax on Preference Dividend

For Proposed Equity Dividend

For Tax on Proposed Equity Dividend

For Gratuity

For Leave Encashment

Total of Current Liabilities and Provisions**SCHEDULE "H" – OTHER INCOME**

Interest (TDS ₹ 4.46 lacs, P.Y ₹ 18.51 lacs)

Balances written back

Exchange rate fluctuation (net)

Export benefits

Profit on sale of fixed assets

Miscellaneous income

Total

(₹ in lacs)

Current Year
Ended on 31.03.2011**Previous Year**
Ended on 31 03 2010

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

	Current Year Ended on 31.03.2011		Previous Year Ended on 31 03 2010	
SCHEDULE “ I” – INCREASE /(DECREASE) IN INVENTORIES				
Closing inventories of				
Semi-finished fabrics	17,935.19		13,918 19	
Finished fabrics, garments and made ups	<u>39,424.09</u>	57,359.28	<u>31,631 86</u>	45,550 05
Opening inventories of				
Semi-finished fabrics	13,918.19		11,751 00	
Finished fabrics, garments and made ups	<u>31,631.86</u>	45,550.05	<u>24,430 57</u>	36,181 57
Increase/(decrease) in inventories		<u><u>11,809.23</u></u>		<u><u>9,368 48</u></u>

SCHEDULE " J" – RAW MATERIALS CONSUMED/FABRIC PURCHASES

Opening inventory	26,910.64		21,495 14	
Add Purchases	214,341.69		169,518 06	
Less Closing inventory	<u>36,477.67</u>	204,774.66	<u>26,910 64</u>	164,102 56
		<u><u>204,774.66</u></u>		<u><u>164,102 56</u></u>

SCHEDULE "K" – MANUFACTURING EXPENSES

Conversion charges	2,843.13		1,425 70	
Freight and octroi	480.07		203 44	
Water, power & fuel	1,583.35		744 46	
Stores and spares	154.33		122 71	
Entry tax	3.02		3 43	
Other materials/expenses	574.31		458 43	
Insurance	37.10		31 38	
Total		<u><u>5,675.31</u></u>		<u><u>2,989 55</u></u>

SCHEDULE "L" – PERSONNEL EXPENSES

Salaries, wages, bonus & allowances	4,778.63		3,468 34	
Employee stock option expenses	(60 88)		151 30	
Contributions to provident fund and other funds	503.49		361 41	
Staff welfare expenses	146.06		123 39	
Total		<u><u>5,367.30</u></u>		<u><u>4,104 44</u></u>

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

	Current Year Ended on 31.03.2011	Previous Year Ended on 31 03 2010
SCHEDULE "M" – ADMINISTRATIVE EXPENSES		
Rent	508.77	493 45
Rates & Taxes	101.68	30 25
Repairs and maintenance		
to buildings	52.23	25 99
to machinery	18 39	13 68
to others	21.65	33 43
Travelling expenses	374.75	288 18
Electricity charges	71.45	53 57
Vehicles maintenance	130.36	95 15
Directors' remuneration	394.56	248 13
Remuneration to Auditors		
Audit fees (including service tax)	38.61	49 64
In other capacity	28.35	21 94
Bank charges & upfront fee	1,893.20	1,291 53
Conveyance expenses	64.46	56 20
Legal & professional charges	544.57	305 66
Listing fees	6.19	7 44
Printing and stationery	97.77	81 69
Telephone expenses	93.15	71 49
Postage and telegrams	47.35	38 15
Sales tax	1.90	1 68
License and registration fees	77.51	81 73
Sundry balances written off	3.87	7 91
Loss on sale of fixed assets	24.21	464 66
Service Tax	3.56	4 03
Exchange Rate Fluctuation (net)	66.91	-
Other Miscellaneous expenses	638.45	1,781 46
Total	5,303.90	5,547 04
SCHEDULE "N" – SELLING AND DISTRIBUTION EXPENSES		
Dealers incentives	483.95	420 88
Discounts, Rebates and allowances	2,675.76	1,314 94
Commission and brokerage	816.08	328 48
Conference/Publicity and Business Promotion Expenses	3,536.15	3,215 72
Other Selling Expenses	581 51	304 62
Total	8,093 45	5,584 64
SCHEDULE "O" – INTEREST EXPENSES		
Interest on Term Loans	14,174.59	11,285 98
Interest on Debentures	2,342.87	3,052 91
Interest Others	12,996.30	8,738 49
Total	29,513.76	23,077 38

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31st MARCH, 2011.**SCHEDULE 'P':- SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****SCHEDULE 'P-I':- SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention, except where impairment is made and on accrual basis in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956 and comply with Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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 recognised during the period in which they are materialized / known.

3. Fixed Assets

Fixed 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. Assets revalued are stated at values determined by the 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 enterprises and the cost of the asset can be measured reliably.

5. Depreciation and Amortisation

- a) Depreciation on fixed 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 Fixed 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 Over a period of five years.

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 recognised 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.

Schedule "P-I" (Contd.)

- 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 Recognition of Income and Expenditure

- a) Domestic sales are recognised 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 excise duty, dyeing charges, conversion charges and are net of shortage and discounts excluding value added tax.
- d) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Cost/expenditure is recognised 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.

10. 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 recognised in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts.

11. 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 Profit and Loss Account, 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 profit and loss account.

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

12. Research & Development

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

13. Investments

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

14. 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.

Schedule "P-I" (Contd.)**15 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 recognised as an expense, as applicable, over the lease period.

16. Segment Reporting

Business Segment is identified and reported taking into account the nature of products and services, the different risks and returns and the internal business reporting systems. The identification of geographical segment is based on the areas in which major operating divisions of the Company operate.

17. 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.

18 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 ICAI. 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.

19. 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 recognised in Profit & Loss Account, over vesting period on time proportion basis and included in the 'Salaries, wages, bonus etc.' in Schedule "L" 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.

20. 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.

SCHEDULE "P-II" – NOTES TO ACCOUNTS
1. Contingent Liabilities:
a. Guarantees.

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31.03.2010
i)	In respect of concessional custom duty availed under EPCG Scheme (Covered by bank guarantee)	632.31	1,431.16
ii)	Guarantees extended by the banks based on the Company's counter guarantees	3,449.78	2,488.77
iii)	Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Limited	27,032.00	27,218.00
iv)	Corporate Guarantees given to the Lenders of Reid & Taylor (India) Ltd & SKNL International B V	71,217.05	47,891.42
v)	Corporate Guarantees given to the Lenders of Brandhouse Retails Ltd	18,045.00	18,045.00

b. Claims not acknowledged as debts:

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31.03.2010
i)	Income Tax, Sales Tax, Service Tax and Entry Tax demand – disputed in appeal	3,296.28	2,779.08
ii)	Demand Order of Central Excise Authorities disputed by the Company	137.87	137.87
iii)	Labour matter pending in court	144.87	52.46
iv)	Civil matter pending in court	22.47	29.47
v)	Writ petition filed before Hon ble High Court, Indore against the order of Industrial Court	22.00	27.47
vi)	Matter in respect of Gratuity pending before controlling authorities	3.77	3.55

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 ₹ 2,298.95 lacs (Previous Year ₹ 4,212.20 lacs)

2. 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 31.03.2011	As at 31.03.2010
i)	not later than one year	548.78	481.22
ii)	later than one year but not later than five years	653.40	786.38
iii)	later than five years	Nil	Nil

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹ 508.77 lacs (Previous year ₹ 493.45 Lacs) as rent in respect of the above leases

- 3 (a) In terms of the approval of the CDR EG. as per their letter dated 12th September 2008, for the exit of the Company from the Corporate Debt restructuring, the Company has made full and final payments to all the lenders and there is no outstanding on this account as at the balance sheet date
- (b) The financial costs incurred by the Company for the period up to the year 2008-09, during the Restructuring period and the costs incurred in connection with the exit of the Company from the CDR are carried under the head "Restructured Financial Costs" and amortized over the repayment period till the year 2020. Such "Restructured Financial Costs" net of amortization, is ₹ 14,310.31 lacs (Previous Year ₹ 15,906.57 lacs) are shown in Schedule 'F' under "Loans and Advances" and ₹ 1,596.27 lacs charged to profit & loss account during the year
- (c) Zero Coupon Redeemable Preference Shares amounting to ₹ 4,626.43 lacs though fully settled by the Company as per the Corporate Debt Restructuring exit approval by keeping in Fixed Deposit with the lenders an amount equivalent to the Net Present Value of such Preference Shares continued to be shown as Preference Shares not redeemed and the amount of such Fixed Deposits which are ₹ 2,453.93 lacs (Previous Year ₹ 2,241.44 lacs), assigned to the lenders, continue on the assets side

Schedule "P-II" (Contd.)

4. Investment held in the shares of Subsidiary companies being 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
5. In the opinion of the management the current assets and loans and advances have a value on realisation in the ordinary course of business at least, equal to the amount at which they are stated
6. Sundry debtors, loans and advances including capital advances and sundry creditors are subject to confirmations, reconciliation and consequential adjustment, if any
7. The Company has issued 2% Foreign Currency Convertible Bonds in April, 2006, amounting to US\$ 50 million (₹ 22,335 lacs) due in April 2011. Out of this, FCCB of US \$ 41 million has been converted in to equity shares in earlier years and during the year the Company has converted the balance FCCBs of US \$ 9 million into 70,95,789 equity shares of ₹ 10/- each at a price of ₹ 57/- per share (including premium of ₹ 47/- per equity share) on 11th March, 2011
8. (a) The Company has placed with Qualified Institutional Buyers (QIBs) 2,89,43,750 equity shares of ₹ 10/- each at a price of ₹ 80/- per share (including premium of ₹ 70/- per equity share) aggregating to ₹ 23,155 lacs in 20th September, 2010
(b) The Company has incurred ₹ 1,031.80 lacs towards legal fees, professional fees, merchant bankers fees and other related expenses towards issue of equity shares to QIBs. This shares issue expenses has been written off against Securities Premium
9. During the year the Company has received ₹ 4,021.04 lacs from N'Essence Holdings Ltd, a promoter group Company, being the balance 75% of the subscription amount towards 1,24,25,000 nos of warrants of ₹ 43.15 each aggregating ₹ 5,361 lacs with an option to convert into equal number of Equity shares of ₹ 10/- each at a premium of ₹ 33.15 per share within 18 months from the date of allotment, which was issued on preferential basis and allotted, in its meeting held on 31st October, 2009. 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 ₹ 33.15 per share on 3rd March, 2011 against receipt of full amount
10. The Board of Directors has issued and allotted, in its meeting held on 15th June, 2010, 1,24,25,000 nos of warrants of ₹ 64.53 each aggregating ₹ 8,017.85 lacs to Sansar Exim Pvt Ltd, a promoter group Company on a preferential basis, with an option to convert into equal number of Equity shares of ₹ 10/- each at a premium of ₹ 54.53 per share within 18 months from the date of allotment. The Company has received ₹ 3,254.46 lacs being the subscription amount
11. During the year, the Company has redeemed preference shares aggregating to ₹ 2,404.84 lacs (Previous year ₹ 1,056.08 lacs). Further, the Company has allotted equity shares aggregating to ₹ 4,846.46 lacs, hence provision for Capital Redemption Reserve (CRR) on account of redemption of preference shares not made
12. 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 <table border="1"> <thead> <tr> <th>Year</th><th>Period and Date</th><th>% of Vesting</th></tr> </thead> <tbody> <tr> <td>1st Year</td><td>31.10.2007 to 30.10.2008</td><td>30 %</td></tr> <tr> <td>2nd Year</td><td>31.10.2008 to 30.10.2009</td><td>30 %</td></tr> <tr> <td>3rd Year</td><td>31.10.2009 to 30.10.2010</td><td>40 %</td></tr> </tbody> </table>	Year	Period and Date	% of Vesting	1 st Year	31.10.2007 to 30.10.2008	30 %	2 nd Year	31.10.2008 to 30.10.2009	30 %	3 rd Year	31.10.2009 to 30.10.2010	40 %
Year	Period and Date	% of Vesting												
1 st Year	31.10.2007 to 30.10.2008	30 %												
2 nd Year	31.10.2008 to 30.10.2009	30 %												
3 rd 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												

Schedule "P-II" (Contd.)

	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Number of Options outstanding beginning of the period	17,84,200	17,84,200
b)	Options exercised	NIL	NIL
c)	Total number of shares arising as a result of exercise of Options	NIL	NIL
d)	Options Lapsed/cancelled	2,97,300	NIL
e)	Money realised by exercise of options	NIL	NIL
f)	Total number of options in force	14,86,900	17,84,200

Effect of the employee share based payment plans on the profit and loss account and on its financial position

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Total Employee Compensation Cost pertaining to share based payment plans	51.10	151.30
b)	Compensation cost pertaining to equity settled/cancelled employee share based payment plan included above	111.98	-
c)	Liability for employee stock options outstanding as at year end	570.97	631.84
d)	Deferred Compensation Cost	NIL	53.29

13. 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 27th June, 2007. The Company has redeemed 1,53,71,195 NCDs along with the redemption premium of ₹ 4,008.63 lacs on 1st October, 2009. During the year ₹ 950.45 lacs (Previous Year ₹ 225.15 lacs) is transferred to Debenture Redemption reserve. The Company has provided ₹ 786.38 lacs (Previous Year ₹ 2,978.70 lacs) towards the redemption premium on the above NCDs from the Securities Premium Account. The amount of Debenture Redemption Reserve as on 31st March, 2011 is ₹ 4,550.60 lacs (Previous Year ₹ 3,600.15 lacs) towards the balance NCDs.
14. 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 during the year.
15. Debtors and advances due from firms and companies in which some of the Directors are/were interested.

(₹ in lacs)

	Name of the Company	As at 31.03.2011	As at 31.03.2010
(A)	Debtors:		
	Brandhouse Retails Ltd	4,991.43	5,736.99
	Leggiuno S p A	155.20	24.42
	Total	5,146.63	5,761.41
(B)	Advances:		
	Belmonte Retails Limited (nee Belmonte Lifestyles Ltd)	Nil	1.81
	Anjaneya Foundation	7.25	7.25
	Total	7.25	9.06
	Grand Total	5,153.88	5,770.47

Schedule "P-II" (Contd.)
16. 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 31.3.2011 (₹ in lacs)	Maximum balance outstanding during the year (₹ in lacs)	Investment in Shares of the Company (No. of Shares)
Belmonte Retails Limited (nee Belmonte Lifestyles Ltd)	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Nil	1 81	50,000
Anjaneya Foundation		7 25	7 25	49,500

17 Managerial remuneration:
a. Managing and Whole time Directors' remuneration:

(₹ in lacs)

Particulars	Managing Director		Other Directors	
	Year Ended on 31.03.2011	Year Ended on 31 03 2010	Year Ended on 31.03.2011	Year Ended on 31 03 2010
a) Salary	289.83	192 93	52 90	31 31
b) Contribution to Provident Fund	34.78	23 15	6 35	3 76
c) Other Perquisites	48.34	35 31	43.98	35 99
Total	372.95	251 39	103.23	71 06

Note: The above figures do not include provision for Leave Encashment and contribution to gratuity, since the same is provided on an actuarial basis for the Company as a whole

b. Computation of managerial remuneration:

(₹ in lacs)

Particulars	Amount
Profit before tax before extraordinary items as per Profit & Loss Account	20,202 37
Add Managing and whole time directors' Remuneration	476 18
Directors' fees	10 70
Provision for doubtful debts and advances	50 75
Loss on sale of fixed assets as per Profit & Loss account	24 21
	561 84
Less Profit on sale of fixed assets as per Profit & Loss account	0 77
Premium of redemption of debentures charged to security premium account	786 38
	787 15
Net Profit as per Section 198 of the Companies Act, 1956	19,977 06
Maximum permissible remuneration to whole time directors under section 198 of the Companies Act, 1956 @ 10% of the profit computed above	1,997 71
Restricted as per service agreements to	476 18

18 (a) Deferred Tax Liability (Net)

During the year the Company has computed its Deferred Tax Asset / Liability (DTL) in accordance with Accounting Standard-22 "Accounting for Taxes on Income" and accordingly a Deferred Tax (Liability) of ₹ 985 83 lacs as on 31st March 2011 has been provided. Thereby total DTL aggregating to ₹ 2,692 35 as on 31st March, 2011

Schedule "P-II" (Contd.)

(₹ in lacs)

Particulars	Deferred Tax Asset/ (Liability) as at 01.04.2010	Current Year Charge/Credit	Deferred Tax Asset/ (Liability) as at 31.03.2011
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(1,822 90)	(1,046 01)	(2,868.91)
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	116 38	60 18	176.56
Deferred Tax Liability (Net)	(1,706 52)	(985 83)	(2,692.35)

(b) MAT Credit

During the year The Company has accounted the MAT credit of earlier years amounting to ₹ 3,564 55 lacs and from this utilised ₹ 1,191 20 lacs. The balance of ₹ 2,373 35 lacs has been carried forward under MAT Credit entitlement under loans and advances schedule.

19. 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."
20. 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.
21. 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	Brandhouse Retails Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
3	Brandhouse Oviesse Limited	
4	S Kumars Enterprises (Synfabs) Limited	
5	S Kumars Textiles Limited	
6	N'Essence Holdings Limited	
7	Rosewood Holdings Pvt Limited	
8	Anjaneya Holdings Pvt Limited (nee Anjani Finvest Pvt Ltd)	
9	Verve Properties & Investment Pvt Limited	
10	Ingenious Finance & Investment Pvt Limited	
11	Natty Finance & Investment Pvt Limited	
12	S K Worsteds Pvt Limited	
13	Tulja Enterprises Pvt Limited	
14	Sansar Exim Pvt Limited	
15	Chamundeshwari Mercantile Pvt Limited	
16	Maverick Mercantile Pvt Limited	
17	Anjaneya Foundation	
18	SKNL Foundation	

Schedule "P-II" (Contd.)

Sr. No.	Name of the Related Party	Relationship
19	Belmonte Retails Limited (nee Belmonte Lifestyles Ltd)	Wholly Owned Subsidiary
20	SKNL International B V	Wholly Owned Subsidiary
21	SKNL Europe B V	Wholly Owned Subsidiary
22	SKNL Italy S p A	Wholly Owned Subsidiary
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 (U K) Ltd	Subsidiary of SKNL Global Holdings B V
26	Global Apparel (US) Ltd	Wholly Owned Subsidiary of SKNL (U K) Ltd
27	Global Apparel (France) Ltd	Wholly Owned Subsidiary of SKNL (U K) Ltd
28	7172931 Canada Ltd	Wholly Owned Subsidiary of SKNL (U K) Ltd
29	Global Apparel (Hong Kong) Ltd	Wholly Owned Subsidiary of SKNL (U K) 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	Wholly Owned Subsidiary of Remala Trading B V
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	Wholly Owned Subsidiary of HMX Acquisition Corp
38	HMX LLC	Wholly Owned Subsidiary of HMX Acquisition Corp
39	HMX DTC Co	Wholly Owned Subsidiary of HMX Acquisition Corp

(b) Key Management Personnel

Shri Nitin S Kasliwal – Vice Chairman & Managing Director

Shri Anil Kumar Channa – Deputy Managing Director

(c) Details of Transactions

(₹ in lacs)

Nature of Transactions	Year Ended on 31.03.2011	Year Ended on 31 03 2010
Purchases		
Goods		
Leggiuno S p A	14.54	36 80
Total	14.54	36 80
Services		
Reid & Taylor (India) Ltd (Interest on Term loan)	3,818.88	5 243 31
Total	3,818.88	5,253 31
Sales		
Goods		
Leggiuno S p A	452.34	33 69
Reid & Taylor (India) Ltd	11,735.98	33 47
Brandhouse Retails Ltd (Net of returns and discount)	25,935.75	22 934 69
HMX LLC	5.95	Nil
Total	38,130.02	23 003 85
Services		
Reid & Taylor (India) Ltd	1.58	10 80
Total	1.58	10 80

Schedule "P-II" (Contd.)

(₹ in lacs)		
Nature of Transactions	Year Ended As at 31.03.2011	Year Ended As at 31 03 2010
Investment		
SKNL Italy, S p A	Nil	667 50
SKNL International, B V	7,880.07	21,117 91
SKNL Europe, B V	Nil	151 31
Belmonte Retails Ltd	5.00	Nil
Total	7,885.07	21,936 72
Advances taken and repaid		
S Kumars Textiles Ltd	3,311.33	Nil
Total	3,311.33	Nil
Loan Given and received back		
Anjaneya Holdings Pvt Ltd	500.00	Nil
Total	500.00	Nil
Advances for expenses		
SKNL UK Ltd	1,267.72	Nil
Total	1,267 72	Nil
Loans repaid		
Reid & Taylor (India) Ltd *	11,000.00	5,500 00
Total	11,000.00	5,500 00
Outstanding at the year end		
Debtors – Refer Note No 15 (A)	5,146.63	5,761 41
Creditors – Leggiuno S p A	Nil	38 11
Creditors – SKNL UK Ltd	2,433.84	1,166 12
Advances Receivable – Refer Note No 15(B)	7.25	9 06
Loan Taken – Reid & Taylor (India) Ltd *	31,500.00	42,500 00
Advances Payable – Reid & Taylor (India) Ltd	8,549.67	10,409 16
Advances from customer (HMX LLC)	14.29	Nil
Managerial Remuneration	476.18	322 47

* The loan is repayable in quarterly instalments of ₹ 2,750 lacs and is at an interest rate of 12% p a as per scheme of subsidiarisation

(Related party relationships are as identified by the Management and have been relied upon by the Auditor)

There is no write off or write back of any balances due from/to related parties

22. Quantitative Information for the year ended on 31st March, 2011.

- a) Licensed capacity Not applicable
- b) Installed capacity
 - i) Spinning 38,564 Spindles (Previous Year 38,564 Spindles)
 - ii) Weaving 344 13 Lacs mtrs p a (Previous Year 344 13 Lacs mtrs)
(As certified by the Management, being a technical matter)
 - iii) Apparels 11 4 Lacs nos p a (Ready-to-wear Garments)
(Previous Year 11 4 Lacs nos p a)

Schedule "P-II" (Contd.)
(Figures in lacs)

Particulars	Unit	As at 31.03.2011		As at 31.03.2010	
		Quantity	Amount (₹)	Quantity	Amount (₹)
PRODUCTION FOR SALE					
Fabrics	Mtrs	2,502.25		2,231.06	
Yarn	Kgs	21.35		26.49	
Readymade Garments	Pcs	43.76		29.74	
OPENING INVENTORIES					
Semi-finished Fabrics	Mtrs	188.07	13,918.19	175.67	11,751.00
Finished-Fabrics	Mtrs	442.06	30,143.08	333.52	23,108.66
Readymade Garments	Pcs	3.83	1,488.78	4.55	1,321.91
Total			45,550.05		36,181.57
SALES					
Fabrics	Mtrs	2,450.00	2,44,140.88	2,122.51	1,94,811.90
Yarn	Kgs	21.35	2,925.38	26.49	2,575.07
Readymade Garments	Pcs	41.99	27,977.04	30.46	17,782.33
Conversion charges			692.38		312.82
Total			2,75,735.68		2,15,482.12
CLOSING INVENTORIES					
Semi-finished fabrics	Mtrs	227.12	17,935.19	188.07	13,918.19
Finished-Fabrics	Mtrs	494.31	37,317.67	442.06	30,143.08
Readymade Garments	Pcs	5.60	2,106.42	3.83	1,488.78
Total			57,359.28		45,550.05
CONSUMPTION					
Fibre	Kgs	23.22	2,224.56	26.30	1,752.01
Yarn	Kgs	25.81	5,942.46	18.19	2,785.04
Grey / Fabrics / Garments	Mtrs/ Pcs	2,641.13	1,96,607.64	2,375.40	1,59,565.51
Total			2,04,774.66		1,64,102.56

Notes

- Consumption figures stated above are inclusive of fabric and garments purchases
- Production includes Fabrics and readymade garments produced by outside converters

23 Value of Raw Materials, Spares and Components Consumed:
(₹ in lacs)

Particulars	Year Ended on 31.03.2011		Year Ended on 31.03.2010	
	%	Amount	%	Amount
Raw Material / Fabric Purchases				
Indigenous	100.00	2,04,766.02	99.92	1,63,978.66
Imported	0.00	8.64	0.08	123.90
Total	100.00	2,04,774.66	100.00	1,64,102.56

Schedule "P-II" (Contd.)
24. Value of Imports on CIF Basis:

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
i) Raw material	8.64	Nil
ii) Stores & spares, Dyes and Chemicals	52.67	Nil
iii) Finished fabrics	21.38	78 50
iv) Capital goods	3232.33	714 83

25. Expenditure in foreign currency:

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
Foreign Travelling	336.50	414 62
Interest	91.40	155 27
Professional Fees	3.88	24 40
Commission and Brokerage	147.22	Nil

26. Earnings in foreign currency:

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
F O B Value of Exports	6,850.46	1,090 39

27. Computation of Earning Per Share.

Basic	Year Ended on 31.03.2011	Year Ended on 31 03 2010
Net Profit attributable to Equity Shareholders (₹ in lacs)	16,646.80	10,610 25
Weighted average number of Equity Shares of ₹ 10 each outstanding during the period (Nos in Lacs)	2,532.14	2,365 14
Basic Earnings per Share	₹ 6.57	₹ 4 49

Diluted	Year Ended on 31.03.2011	Year Ended on 31 03 2010
Net Profit attributable to Equity Shareholders (₹ in lacs)	16,646.80	10,610 25
(Nos in Lacs)		
Number of shares outstanding on the beginning of the year	2,365.14	2,233 91
Add Weighted average number of equity shares on issue of Shares to QIBs	153.05	Nil
Add Weighted average number of potential equity shares on conversion of FCDs	Nil	131 22
Add Weighted average number of potential equity shares on conversion of FCCBs	70 96	70 96
Add Weighted average number of potential equity shares on conversion of Equity Warrants	42.87	-
Add Weighted average number of potential equity shares those could arise on conversion of Equity Warrants	26.64	12 94
Add Weighted average number of potential equity shares on account of employee stock options	4.46	5 35
Weighted average number of shares outstanding	2,663.12	2,454 38
Diluted Earnings per Share	₹ 6.25	₹ 4 32

Schedule "P-II" (Contd.)
28. HVFC Shirtings facility

The processing facilities of HVFC factory at Jhagadia Industrial Estate, GIDC, Ankleshwar, Gujarat has commenced work from 30th September, 2010

29. Capital work-in-progress includes expenditure incurred during the construction of High Value Fine Cotton and Home Textiles as under

		(₹ in lacs)
Particulars	Amount	
Opening Balance as on 01 st April, 2010		Nil
Add Incurred during the year		
Employment Costs	204.69	
Travelling Expenses	1.77	
Legal & Professional Charges	0.12	
Miscellaneous Expenses	236.54	
Interest and Finance Charges	993.27	
Total incurred during the year		1,436.39
Less Capitalized during the year		1,436.39
Amount Carried forward		Nil

30. During the year the Company has capitalized interest of ₹ 993.27 Lacs (Previous Year ₹ 960.43 Lacs) which has been paid to TUFs Lenders and FCCB holders. The borrowing was exclusively used for the HVFC/HT project at Jhagadia.
31. 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 31.03.2011	As at 31.03.2010	
Unsecured Foreign Currency Loan			
Euro	30.87		34.59
Equivalent to INR	1,965.11		2,104.20
Receivables			
Euro	2.67		0.35
Equivalent to INR	169.71		24.43
USD	25.25		Nil
Equivalent to INR	1,131.80		Nil
Payables			
Euro	0.04		0.54
Equivalent to INR	2.83		33.11

32. During the year Excise Duty is applicable on readymade garments from 1st March, 2011. Excise Duty on sales as of 31st March, 2011 is Nil.

Schedule "P-II" (Contd.)

33. Company adopted the Accounting Standard -15 (Revised 2005) "Employee Benefits" effective from 1st April, 2007

The Company has classified the various benefits provided to employees as under

I. Defined Contribution Plans:

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

Company has recognised the following amounts in Profit and Loss Account

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Employer's contribution to Provident Fund & Pension Scheme	330.72	251.16
Employer's contribution to Employees State Insurance	53.98	43.25

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 31.03.2011	As at 31.03.2010
Discount Rate (% per annum)	8.25	8
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8	8
Expected Average remaining working lives of the employees (years)	17	19

A. Change in the Present Value of Obligation:

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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	529.65	180.00	475.80	121.76
Interest Cost	49.13	-	51.05	-
Current Service Cost	107.45	45.45*	197.35	58.24*
Past Service Cost (Vested Benefit)	32.01	-	-	-
Benefits Paid	(45.83)	-	(28.98)	-
Actuarial (gain) / loss on Obligations	(33.30)	-	(165.57)	-
Present Value of Defined Benefit Obligation as at the end of the period	639.11	225.45	529.65	180.00

* Net of benefits paid during the year included under salary and allowances

Schedule "P-II" (Contd.)
B. Changes in the Fair Value of Plan Assets (For Funded Scheme)

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Present Value of Plan Assets as at the beginning of the period	367.25	270 05
Expected Return on Plan Assets	33.77	29 11
Contributions	77.78	108 26
Benefits Paid	(45.83)	(28 98)
Actuarial gains / (losses)	2.73	(11 19)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	435.70	367 25

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Present Value of Funded Obligation as at the end of the period	639.11	529 65
Fair Value of Plan Assets as at the end of the period	435.70	367 25
Funded Asset recognised in the Balance Sheet Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at the end of the period	203.41	162 40
Unrecognised Actuarial gains / (losses)	-	-
Unfunded Liability recognised in the Balance Sheet Included in provision (Schedule)	203.41	162 40

D. Amount recognised in the Balance Sheet

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31 03 2010	
	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	639 11	225.45	529 65	180 00
Fair Value of Plan Assets as at the end of the period	435.70	-	367 25	-
Liability/ (Net Asset) recognised in the Balance Sheet	203.41	225.45	162 40	180 00

Schedule "P-II" (Contd.)

E. Expenses recognized in Profit and Loss Account:

(₹ in lacs)

Particulars	Year Ended on 31.03.2011		Year Ended on 31 03 2010	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Current Service Cost	107.45	45.45*	197.35	58.24*
Past Service Cost	32.01	-	-	-
Interest Cost	49.13	-	51.05	-
Expected Return on Plan Assets	(33.77)	-	(29.11)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	(36.03)	-	(154.38)	-
Total Expenses recognised in the Profit and Loss Account*	118.79	45.45*	64.91	58.24

*Net of Benefits paid during the year included under Salary & Allowances

F. Actual Return on Plan Assets :

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
Expected Return on Plan Assets	33.77	29.11
Actuarial gain / (losses) on Plan Assets	2.73	(11.19)
Actual Return on Plan Assets	36.50	17.92

G. Recognition of Actuarial (Gain) / Loss

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
Actuarial (Gain) / Loss on Obligation	(33.30)	(165.57)
Actuarial (Gain) / Loss on Asset	(2.73)	11.19
Actuarial (Gain) / Loss in P&L A/c	(36.03)	(154.38)

H. Experience Adjustment

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
On Plan Liability (Gain) / Loss	(1.57)	(122.44)
On Plan Liability (Loss) / Gain	2.73	(11.19)

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 2011-12 would be ₹ 220.09 lacs (Previous year ₹ 235.69 lacs) on account of the funded benefits.

- 34 Previous year's figures have been regrouped / rearranged wherever considered necessary to make them comparable with current year's figure

35. Information pursuant to the provision of the Part IV of Schedule to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration no 0 0 5 8 3 6 1

State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 1 1

II Capital raised during the year (Amount ₹ in Thousands)

Public Issue N I L

Rights Issue N I L

Bonus Issue N I L

Private Placement 3 0 4 3 0 5 0

III Position of Mobilisation and Deployment of funds (Amount ₹ in Thousands)

Total Liabilities 4 2 3 9 5 4 3 8

Total Assets 4 2 3 9 5 4 3 8

Sources of Funds

Application of Funds

Paid-Up Capital 3 6 9 8 5 7 5

Net Fixed Assets 1 2 8 1 7 8 8 5

Reserves and Surplus 1 1 4 2 5 8 8 6

Investments 5 0 4 1 7 5 8

Secured Loans 2 6 4 0 4 9 4 8

Net Current Assets 2 4 5 3 5 7 9 5

Unsecured Loans 5 9 6 7 9 4

Misc Expenditure N I L

Deferred Tax Liabilities 2 6 9 2 3 5

Deferred Tax Assets N I L

Accumulated Losses N I L

IV Performance of the Company (Amount ₹ in Thousands)

Turnover & Other Income 2 7 6 1 1 8 0 5

Total Expenditure 2 5 5 9 1 6 5 4

Profit/Loss before Tax 2 0 2 0 1 5 1

Profit/Loss after Tax 1 7 2 7 0 3 5

Earning per Share in ₹ 6 5 7

Dividend Rate % 1 0

V Generic Names of Principal Products / Services of the Company (as per monetary terms)

Product Description

ITC Code

1 Blended Fabrics

5 5 1 5

2 Blended Yarn

5 5 0 9

3 Worsted Yarn

5 1 1 1

For and on behalf of the Board of Directors

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

J. S. SHETTY CFO and President - Finance

NIMESH S SHAH Sr Vice President & Company Secretary

Place Mumbai

Date 30th May, 2011

REPORT ON CORPORATE GOVERNANCE**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

SKNL believes that adopting the best Corporate Governance Practice is not only non negotiable, it is the foundation to good business. It not only helps in building trust with all stakeholders including customers, suppliers, creditors and diverse investors but also in creating value and loyalty to the Company.

SKNL is committed to concluding its business affairs in a transparent, fair and ethical manner, which is to the benefit of all its stakeholders.

Thus, all major corporate decisions are taken by the Company's professional Board with inputs from a competent management team and decisions are screened in the light of the Company's Corporate Governance Philosophy of timely disclosures, transparent accounting policies, high levels of integrity and the best interest of all its stakeholders.

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 Vice Chairman and Managing Director and the Deputy Managing Director subject to the guidance, supervision and control of the Board of Directors.

As on 31st March 2011, the Company's Board consists of 13 members. Of these, two (2) are Executive Directors including Vice Chairman and Managing Director who is a Promoter Director, Nine (9) are Independent Directors, One (1) is Non Executive 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 28th May 2010, 30th July 2010, 29th October 2010 and 27th January 2011. 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 30 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 31st March is held within 60 days.

Directorship held and Director's 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 / she is Chairman / Member	
			Chairman	Member
Dr A. C. Shah Chairman	Independent, Non Promoter, Non Executive	7	4	3
Shri Nitin S. Kasliwal Vice 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	3	-

Director	Category of Directorship	No. of other Directorship in Public Ltd. Cos.	No. of other Board Committees # (Other than SKNL) in which he / she is Chairman / Member	
			Chairman	Member
Shri Anish Modi (Nominee Director of IDM)	Independent, Non Executive	3	-	5
Shri Denys Firth (Nominee Director of IDM)	Independent, Non Executive	6	-	3
Shri Jitender Balakrishnan	Independent, Non Executive	12	2	1
Shri M Damodaran	Independent, Non Executive	6	-	4
Shri Martin Henry	Independent, Non Executive	-	-	-
Shri Vijay G Kalantri	Independent, Non Executive	12	-	5
Shri Dara D Avari	Non Executive	3	-	6
Shri Anil Channa Deputy Managing Director	Executive, Non Promoter	2	-	1

1 # Relates to Audit Committee, Shareholders Grievance Committee & Remuneration Committee only

2 Excludes Directorship in Indian Private Limited Companies and Foreign 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 20 th Annual General meeting held on 28 th September 2010
Dr A C Shah	3	Yes
Shri Nitin S Kasliwal	3	Yes
Smt Jyoti N Kasliwal	2	Yes
Smt Amita Narain*	2	NA
Dr Vinayshil Gautam	3	Yes
Shri Anish Modi	3	Yes
Shri Denys Firth	-	No
Shri Jitender Balakrishnan	1	Yes
Shri M Damodaran**	-	NA
Shri Martin Henry	1	Yes
Shri Vijay G Kalantri	3	Yes
Shri Dara D Avari	4	Yes
Shri Anil Channa	4	Yes
Shri Alexander Shaik (Alternate to Denys Firth)	2	No
Col S K Raje***	-	NA
Shri K P Rau****	2	Yes

- * Nominated w e f 29th October, 2010
- **Appointed w e f 28th March, 2011
- ***Resigned w e f 30th July, 2010
- ****Nomination withdrawn w e f 29th October, 2010

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

- 1 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
- 2 Are not related to the promoters or persons occupying the management positions at the Board level or at one level below the Board,
- 3 Have not been executives of the Company in the immediately preceding three financial years
- 4 Are not partners or executives or were not a partner or executive during the preceding three years of any of the following
 - 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
- 5 Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence
- 6 Are not substantial shareholders of the Company, i e , do not own two percent or more of the block of voting shares
- 7 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 31st March 2011

Sr. No.	Name of the Director	No. of Shares
1	Dr A C Shah, Chairman	NIL
2	Shri Nitin S Kasliwal, Vice Chairman & Managing Director	14,82,453
3	Smt Jyoti N Kasliwal	14,64,660
4	Smt Amita Narain, (IDBI) Nominee	NIL
5	Dr Vinayshil Gautam, (EXIM) Nominee	NIL
6	Shri Anish Modi, (IDM) Nominee	NIL
7	Shri Denys Firth, (IDM) Nominee	NIL
8	Shri Jitender Balakrishnan	NIL
9	Shri M Damodaran	NIL
10	Shri Martin Henry	NIL
11	Shri Vijay G Kalantri	8,000
12	Shri Dara D Avari	NIL
13	Shri Anil Channa, Deputy Managing Director	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 Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956

The Audit Committee of the Company comprises of five directors, out of whom four (4) are Independent Directors and one (1) is Non Executive Director. All the Directors of the Committee are financially 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
Dr A C Shah	Chairman	Independent
Smt Amita Narain	Member	Independent
Shri Anish Modi	Member	Independent
Shri Vijay G Kalantri	Member	Independent
Shri Dara D Avari	Member	Non-Executive

The Company Secretary acts as a Secretary to the Committee

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

Meetings and Attendance details

During the financial year ended 31st March, 2011 four Audit Committee Meetings were held on 28th May, 2010 30th July, 2010 29th October 2010 & 27th January 2011

The Audit Committee also met prior to the finalization of accounts for the year ended March 31, 2011

The attendance at the Audit Committee Meetings is as under

Name of the Member	No of meetings attended
Dr A C Shah	3
Smt Amita Narain (Nominee of IDBI)*	1
Shri Anish Modi (Nominee of IDM)	3
Shri Vijay G Kalantri	3
Shri Dara D Avari	4
Shri K P Rau**	2

*Nominated w e f 29th October, 2010

**Nomination withdrawn w e f 29th October, 2010

The Company Secretary was present at all the above meetings

B. Remuneration Committee:

Brief description of terms of reference

- 1 The Committee is responsible for recommending the fixation and periodic revision of remuneration of the Directors, subject to the overall ceiling fixed by the shareholders
- 2 Payment of remuneration to the Managing Director and Executive Director is governed by Remuneration Committee, Board and shareholder's resolution. The remuneration structure comprises of salary, performance-based incentive, perquisites and allowances

Composition

The Remuneration Committee comprises of three Directors, one (1) of whom is Independent and two (2) are Non Executive Directors. 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	Chairman	Independent
Shri Dara D Avari	Member	Non-Executive
Col S K Raje*	Member	Non-Executive

*Resigned w e f 30th July, 2010

Meetings and Attendance

During the financial year ended 31st March 2011, no Remuneration Committee Meeting was held

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 and Audit Committee is ₹ 20,000/- (increased from ₹ 10,000 to ₹ 20,000 w e f 27th January, 2011) and of Committee of Directors, 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

The details of sitting fees paid to Non-Executive Directors during the financial year 2010-11 are as follows

Name	Sitting fees paid during FY 2010 - 11 (In ₹)					Total (In ₹)
	Board Meeting	Audit Committee Meeting	Committee of Directors Meeting	Compensation Committee Meeting	Shareholders Grievance Committee Meeting	
Dr A C Shah	40,000	40,000	N A	10,000	N A	90,000
Smt Jyoti N Kashiwal	30,000	N A	N A	N A	N A	30,000
Smt Amita Narain*	30,000	20,000	N A	N A	N A	50,000
Dr Vinayshil Gautam	40,000	N A	N A	N A	N A	40,000
Shri Anish Modi	40,000	40,000	N A	N A	10,000	90,000
Shri Denys Firth	-	N A	N A	N A	N A	-
Shri Jitender Balakrishnan	20,000	N A	N A	N A	N A	20,000
Shri Martin Henry	20,000	N A	N A	N A	N A	20,000
Shri Vijay G Kalantri	30,000	30,000	1,60,000	10,000	N A	2,30,000
Shri Dara D Avari	50,000	50,000	2,60,000	10,000	1,10,000	4,80,000
Shri Alexander Shaik (alternate to Shri Denys Firth)	30,000	N A	N A	N A	N A	30,000
Shri K P Rau**	20,000	20,000	N A	N A	N A	40,000

*Nominated w e f 29th October, 2010

**Nomination withdrawn w e f 29th October, 2010

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

The appointment of Managing Director and Deputy Managing Director is governed by resolution 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 are 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 2010-11 are as under

Name and Designation	Shri Nitin S. Kasliwal, Vice Chairman & Managing Director	Shri Anil Channa, Deputy Managing Director
Tenure of Appointment	Five Years (From 1 st April, 2007 to 31 st March, 2012)	Five Years (From 12 th January, 2010 to 11 th January, 2015)
Salary (2010 - 11) (₹ in Lacs)	289.83	52.90
Other perquisites (including contribution to Provident Fund) (₹ in Lacs)	83.12	50.33
Incentive Remuneration	NIL	NIL
Stock Options	NIL	NIL

During the year 2010 - 11 the 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.

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 a Secretary to the Remuneration Committee.

Code of Conduct

The Board of Directors of the Company has adopted the code of conduct for Directors and Senior Management Personnel. The code is applicable to both executive and non-executive directors as well as senior management personnel. A copy of the code is available on Company's website i.e. www.sknll.co.in

C 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 31st March, 2011.

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 Anish Modi	Member	Independent
Shri Anil Channa	Member	Executive

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 2010–11, the Committee met eleven times

Name of the Member	No. of meetings attended
Shri Dara D Avari	11
Shri Anil Channa	11
Shri Anish Modi	1

Details of Shareholders Complaints.

During the year under review, a total of 13 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 31st March, 2011 there were no pending letters or complaints

Name and address of the Compliance Officer is as follows.

Shri Nimesh S Shah
Company Secretary & Compliance Officer
S Kumars Nationwide Limited
Corporate Division
Inga House, 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 nimesh.shah@sknl.co.in

D. 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 27 meetings of the Committee of Directors during the financial year 1st April, 2010 to 31st March, 2011

Name of the Member	No. of meetings attended
Shri Nitin S Kasliwal	20
Shri Vijay G Kalantri	16
Shri Dara D Avari	26
Shri Anil Channa	22

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

E. Compensation Committee:

The Compensation Committee comprises of the following members

Name of Director	Position	Category
Dr A C Shah	Chairman	Independent
Shri Vijay G Kalantri	Member	Independent
Shri Dara D Avari	Member	Non-Executive

During the financial year 2010–11, Compensation Committee Meetings were held twice on 28th May, 2010 and 30th March, 2011

The Employees Stock Option Scheme:

As the ex employees of the Company did not show interest in subscribing shares under ESOP Scheme, the Company cancelled / withdrew 2,97,300 Nos of ESOPs granted under Employees Stock Option Scheme

No options were exercised during the financial year 2010-11

There were 14,86,900 nos of options in force as at 31st March, 2011

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
2007 - 08	18 th AGM	Friday, 26/09/2008	4 00 P M	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	NIL
2008 - 09	19 th AGM	Thursday, 24/09/2009	3 00 P M	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	1
2009 - 10	20 th AGM	Tuesday, 28/09/2010	3 00 P M	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	2

Details of Postal Ballots conducted during the year

The Company has conducted the postal ballot process 3 times during the financial year 2010-11 and the following resolutions were passed

1 Postal Ballot Process Held on 31st May, 2010.

- a) Special Resolution for issuance of 1,24,25,000 nos of equity share warrants of the Company to M/s Sansar Exim Private Limited, a promoter group Company on preferential allotment basis

The Company had appointed Shri Pramod S Shah, Proprietor of "Pramod S Shah & Associates", Practicing Company Secretaries, Mumbai, as Scrutinizer for conducting the above Postal Ballot process in a fair and transparent manner

2. Postal Ballot Process Held on 28th July, 2010:

- a) Special Resolution for issue of equity shares to the Qualified Institutional Buyers upto the overall amount not exceeding ₹ 500 crores

3 Postal Ballot Process Held on 28th March, 2011:

- a) Pursuant to Section 293(1)(a) of the Companies Act, 1956, an Ordinary Resolution was passed for sale of the Company's 'Belmonte Division' carrying on business in the Mid-Premium Segment comprising of the Fabrics Business and Ready-to-Wear Garments Business to its wholly owned subsidiary 'Belmonte Retails Limited'

- b) Pursuant to Section 372A of the Companies Act, 1956, a Special Resolution was passed for making any loan, investment, guarantee or provide any securities beyond the prescribed limit in subsidiary Companies

The Company had appointed Shri Prashant Diwan, Practicing Company Secretaries, Mumbai, as Scrutinizer for conducting both the above Postal Ballot processes in a fair and transparent manner

5. SUBSIDIARY COMPANIES:

As on date the Company has 23 subsidiaries, out of which 2 Companies are Indian subsidiary Companies, 3 Companies are foreign subsidiary Companies, 1 subsidiary Company is incorporated under Section 25 of the Companies Act, 1956 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
	INDIAN SUBSIDIARY COMPANIES		
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
	FOREIGN SUBSIDIARY COMPANIES		
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
	STEPDOWN SUBSIDIARIES		
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
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) As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary Companies and monitors the performance of all the Companies

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 21 of Schedule 'P-II' 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 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 Director's 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 Vice Chairman and Managing Director who is also the CEO and the President Finance who is also the CFO have certified to the Board about the financial statements for the year ended 31st March 2011.

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 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

Business risk evaluation and management is an ongoing process within the Company.

7. MEANS OF COMMUNICATIONS

Half yearly report sent to each household of shareholders	Since the unaudited quarterly / half – yearly results are published in the newspapers and displayed on the Company's website, the same were not sent to each household of shareholders.
Quarterly results – which Newspapers normally published in?	The quarterly results are normally published in two newspapers viz 1 Free Press Journal (English) & 2 Navshakti (Marathi)
Websites where quarterly results are displayed	www.sknl.co.in
Whether it also displays official news releases and presentation made to institutional investors or to the analysts?	Yes All the Press releases have been displayed on the Company's website.
Whether Management Discussion & Analysis is part of Annual Report?	Yes

8. GENERAL SHAREHOLDERS INFORMATION

1) Reappointment of Directors

Dr A C Shah, Shri Vijay G Kalantri and Shri Dara D Avari retire by rotation and are proposed to be re-appointed in the ensuing Annual General Meeting to be held on 28th September, 2011.

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

2) General Information:

- (1) Nature of Industry Textile Manufacturing, Trading and Ready to Wear Garments of various Brands
- (2) Date of commencement of commercial production 28th September, 1990
- (3) Financial performance Given in the Audited Balance Sheet
- (4) Export performance for the period 1st April, 2010 to 31st March, 2011 ₹ 6,850.46 Lacs
- (5) Foreign investments or collaboration, if any
 - (i) Collaboration None
 - (ii) Foreign Investments ₹ 78,80,07,400/-

3) Registered Office

B2, 5th Floor, Marathon Nextgen,
Off Ganpatrao Kadam Marg,
Lower Parel (West), Mumbai 400 013, (India)
Tel No 24930180/24965700/24824500
Fax No 24931685

Company's Corporate Website 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 (Baruch Superfine Cotton) & 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 : M/s Bigshare Services Private Limited

Unit S Kumars Nationwide Limited
E/2, Ansa Industrial Estate,
Sakivihar Road, Sakı Naka,
Andheri (East), Mumbai 400 072
Tel No 2847 0652 / 4043 0200
Fax No 2847 5207
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) Foreign Currency Convertible Bonds (FCCBs):

All the Foreign Currency Convertible Bonds aggregating US\$ 50 Million are converted into Equity Shares of ₹ 10/- each of the Company

As on date, no FCCBs are outstanding

8) Listing Fees of Bombay Stock Exchange & National Stock Exchange:

Annual Listing Fees for the year 2011-12 have been duly paid to the above Stock Exchanges Annual Custodial fees for the year 2011-12 have been duly paid to National Securities Depository Ltd and Central Depository Services (India) Ltd

9) Market Price Data: High, Low during each month in financial year 2010-11

Monthly share price movement during the year 2010 – 11 at BSE & NSE

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April	74 40	57 25	2,92,32,095	74 40	57 10	6,93,51,210
May	80 20	61 60	3,19,70,297	80 15	61 60	7,84,33,091
June	78 80	70 00	1,29,17,798	78 65	68 35	3,41,42,276
July	87 50	69 60	1,76,59,157	87 55	68 10	4,77,21,759
August	86 85	76 50	1,02,23,938	86 95	76 30	2,74,93,470
September	86 45	76 00	92,01,260	85 80	76 50	2,23,35,726
October	84 50	73 20	1,12,65,478	82 70	73 10	3,24,86,686
November	97 25	68 10	2,09,25,033	97 30	76 35	7,38,22,294
December	92 50	64 25	1,77,90,559	92 40	64 35	6,16,08,721
January	88 80	64 30	63,89,192	88 75	63 90	2,37,42,615
February	70 65	54 25	63,10,063	70 50	54 20	2,58,48,108
March	59 45	48 50	81,96,040	59 45	48 45	3,41,45,317

There are no outstanding GDRs / ADRs. However 1,24,25,000 equity warrants issued to Sansar Exim Pvt Ltd are outstanding as at 31st March 2011

10) 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 effected 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 31st March, 2011 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.

11) 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 31st March, 2011, 28,13,33,546 Equity Shares of the Company representing 98.72% of the Company's share capital have been dematerialized.

The Company's shares are regularly traded on the Bombay 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.

12) Distribution of Shareholding as on 31st March, 2011

Of 28,49,78,377 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	5000	33,357	87.5534	48697390.00	1.7089
5001	10000	2,300	6.0370	19539380.00	0.6856
10001	20000	1,000	2.6248	15734500.00	0.5521
20001	30000	348	0.9134	9033190.00	0.3170
30001	40000	182	0.4777	6618060.00	0.2322
40001	50000	169	0.4435	8137830.00	0.2855
50001	100000	264	0.6930	20191550.00	0.7086
100001	999999999	479	1.2572	2721831870.00	95.5101
TOTAL		38,099	100.0000	2849783770.00	100.0000

13) Distribution of Equity Shareholding as on 31st March, 2011:

Description	No. of Shares	Voting Strength %age
Directors – Individuals	2955113	1.03
Promoters – Companies	114830168	40.30
Relatives / Friends of Directors	114000	0.04
Public – Individuals	25582401	8.98
Public Bodies Corporate	40988821	14.39
Mutual Funds & UTI	1884098	0.67
Banks	28000	0.01
Financial Institution	3790	0.01
NRIs	2928612	1.02
Foreign Companies/ OCBs	7356631	2.57
FII	87742954	30.79
Clearing Members	563789	0.19
Total	284978377	100

14) Schedule of listed Securities of the Company:

Kind of Security (Shares)	Number Listed as on 31 st March, 2011	Nominal Value Per Share ₹	Paid-up Value Per Share ₹	Total Nominal Value ₹	Total Paid up Value ₹
Equity Shares of ₹ 10/- each	28,49,78,377	10/-	10/-	284,97,83,770	284,97,83,770
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 st March, 2011	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 st March, 2011	30 th May, 2011
Posting of Annual Reports	On or before 4 th September 2011
Book Closure Dates	From Thursday, 22 nd September, 2011 To Wednesday, 28 th September, 2011 (Both days inclusive)
Last date for receipt of proxy forms	26 th September, 2011
Date, Time and Venue of 21 st Annual General Meeting	Date 28 th September, 2011 Time 3 00 p m Venue Walchand Hirachand Hall, Indian Merchant Chamber, Indian Merchant Chamber Marg, Churchgate, Mumbai 400 020
Board Meeting for consideration of unaudited results for the first three quarters of the current financial year viz 1 st April, 2011 to 31 st December, 2011	Within 30 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 st March, 2011	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
Company Secretary & Compliance Officer
S Kumars Nationwide 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 nimesh.shah@sknl.co.in
nihar.avasare@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 31st March, 2011, as stipulated in clause 49 of the 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.

In our opinion and to the best of our information and according to the explanation 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 30th May, 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATED TO SUBSIDIARY COMPANIES AS AT 31ST MARCH 2011**

(₹ in Lacs unless otherwise stated)													
Sr No	Name of the Subsidiary Company	Read & Taylor (India) Ltd	Anjaneya Foundation #	Belmonte Relais Limited	SKNL International BV	SKNL Europe BV	SKNL Italy S.p.A	Leggiano S.p.A @	Marlings & Evans Ltd. @@	SKNL Global Holdings BV *	SKNL(UK) Limited **	SKNL North America BV **	Remala Trading BV ***
1	Financial year of the Subsidiary Companies ended on	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/12/2010	31/12/2010	31/12/2010	31/03/2011	31/03/2011	31/03/2011	31/12/2010
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						
	(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, 2011 and December 31, 2010												
	(a) Deal with Accounts of SKNL amounted to	-	-	-	-	-	-	-	-	-	-	-	-
	(b) Not dealt with Accounts of SKNL amounted to	24,252.98	#	-	(92.06)	(10.34)	(30.97)	(156.98)	(45.07)	(268.80)	(548.99)	13.35	(1,134.10)
II	For the previous financial year of the Subsidiary since it became subsidiary of SKNL												
	(a) Deal 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 st March, 2011	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 Retail Limited	SKNL International BV	SKNL Europe BV	SKNL Italy SpA	Leggiano SpA @	Marlings & Evans Ltd @@	SKNL Global Holdings BV *	SKNL(UK) Limited **	SKNL North America BV **	Remala Trading BV ***
	Material changes between the end of the Subsidiary's financial year and 31 st March, 2011												
	(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 consolidated with four stepdown 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 Leggiano 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 Kashiwal Vice Chairman & Managing Director

Anil Channa Deputy Managing Director

J. S Shetty CFO & President - Finance

Nimesh S Shah Sr Vice President & Company Secretary

Place Mumbai

Date 30th May, 2011

Particulars of Subsidiary Companies as required by order no 51/12/2007-CJ-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 2010-11 are as follows

(₹ in Lacs unless otherwise stated)												
Name of the Subsidiary Company	Reid & Taylor (India) Ltd	Anjany's Foundation #	Belmonte Retails Limited	SKNL International BV	SKNL Europe BV	SKNL Italy S p A	Leggiano S p A @	Marlings & Evans Ltd @	SKNL Global Holdings BV +	SKNL (UK) Limited **	SKNL North America BV **	Remala Trading BV ***
Financial year of the Subsidiary Companies ended on	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/12/2010	31/12/2010	31/12/2010	31/03/2011	31/03/2011	31/03/2011	31/12/2010
Exchange rate as on 31 st March 2011	N.A	N.A	N.A	1 Euro = ₹ 63.65	1 Euro = ₹ 63.65	1 Euro = ₹ 60.05	1 Euro = ₹ 60.05	1 Euro = ₹ 60.05	1 Euro = ₹ 63.65	1 GBP = ₹ 72.50	1 Euro = ₹ 63.65	1 USD = ₹ 45.04
(a) Share Capital (including share application money pending allotment)	13,459.75	5.00	5.00	31,329.40	1,781.31	10,929.10	1,774.48	139.95	1,744.02	9.19	212.26	10,145.26
(b) Share Capital Suspense	-	-	-	-	-	-	-	-	-	-	-	-
(c) Reserves and Surplus (net of debit balance of Profit and Loss Account)	142,117.26	(12.63)	-	(195.58)	(757.36)	(159.42)	567.79	(167.38)	26,355.79	(698.41)	13,734.19	25,102.07
(d) Total Assets (Fixed Assets + Current Assets)	252,284.40	1.25	5.00	2,786.88	2,148.38	64.99	16,632.82	494.36	12,094.88	7,831.16	1,300.80	87,654.61
(e) Total Liabilities (Debits + Current Liabilities and Provisions)	96,707.49	8.88	-	6.31	3,155.27	2,125.00	14,498.85	521.79	74.99	8,520.38	100.56	52,407.28
(f) Details of Investments (excluding investments in the subsidiary companies)												
- Equity / Preference Shares	-	-	-	28,353.25	2,030.84	12,829.69	208.30	-	16,079.92	-	12,746.21	-
- Government Securities	0.10	-	-	-	-	-	-	-	-	-	-	-
- Bonds / Mutual Fund Units	-	-	-	-	-	-	-	-	-	-	-	-
(g) Turnover	125,165.42	-	-	-	-	-	15,809.92	563.36	-	7,293.99	-	105,901.52
(h) Profit / (Loss) before Taxation	37,249.00	(0.41)	-	(92.06)	(10.34)	(46.24)	(79.61)	(45.07)	(289.96)	(541.99)	13.35	(563.19)
(i) Provision for Taxation	12,996.92	-	-	-	-	(15.27)	77.37	-	(21.16)	7.00	-	570.91
(j) Profit / (Loss) after Taxation	24,252.08	(0.41)	-	(92.06)	(10.34)	(30.97)	(156.98)	(45.07)	(268.80)	(548.99)	13.35	(1,134.10)
(k) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	-	-	-

SKNL

S Kumars Nationwide Limited



Reid & Taylor (India) Limited
Annual Report
2010-11

BOARD OF DIRECTORS

A. C. Shah	- <i>Chairman (wef 27 09 2010)</i>
Nitin S. Kasliwal	- <i>Managing Director</i>
Kunnasagaran Chinniah	- <i>Director</i>
Dara P. Mehta	- <i>Director</i>
Pradip P. Shah	- <i>Director (wef 30 07 2010)</i>
Anil Channa	- <i>Director</i>

COMPANY SECRETARY & COMPLIANCE OFFICER

Nihar R. Avasare

BANKERS

Bank of India
IDBI Bank Ltd
Export Import Bank of India
State Bank of India
Punjab National Bank
Indian Overseas Bank

AUDITORS

M/s Haribhakti & Co

SOLICITORS

M/s Little & Co

REGISTERED OFFICE

B2, 5th 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, 2nd 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 year ended 31st March, 2011

Financial Highlights:

(₹ In lacs)

Particulars	2010-2011	2009-2010
Sales	1,25,165	98,221
Other Income	4,404	5,901
Profit before tax	37,250	31,842
Provision for taxation	12,996	11,548
Profit after tax	24,252	20,294
Balance b/f From Previous Year	37,418	17,124
Surplus carried to B/Sheet	61,670	37,418

DIVIDEND:

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

YEAR IN RETROSPECT:

In FY 2011, the turnover increased smartly by 27% and Net Profit by 19%. During the year, the Company has expanded weaving capacities which helped improve overall operations. The growth in performance was possible due to the strong brand image of 'Reid & Taylor' and extensive marketing and distribution network.

CURRENT BUSINESS OUTLOOK AND PLANS.

Your Company manufactures Reid & Taylor Worsteds Suiting and Premium natural fiber suiting. The Company also markets premium Ready-to-Wear Garments under the brand "Reid & Taylor" and "Stephens Brothers".

SHARE CAPITAL :

During the year, the Company has allotted 8,07,58,472 Nos. of Equity Shares of ₹ 10/- each on 10th September 2010, as fully paid bonus shares to the holders of the existing Equity Shares of the Company, in proportion of 3 (three) Nos. of Equity Shares of ₹ 10/- each for every 2 (two) existing fully paid up Equity Shares held by them.

INITIAL PUBLIC OFFERING (IPO):

As approved by the shareholders of your Company in an EOGM on 27th September 2010, the Initial Public Offering of your Company is being proceeded with. The Draft Red Herring Prospectus (DRHP) was filed with SEBI on 9th December, 2010 and after necessary clarifications over the past months, the market regulator SEBI's approval is expected early June, 2011. Approvals from other Statutory Authorities such as BSE, NSE and RBI have already been received.

As members are aware, SKNL holds 74.39% and GIC Singapore holds 25.61% of the shares of RTIL. The issue size will be approx ₹ 1000 Crores which includes primary issue of ₹ 500 Crores (by fresh issue of equity shares) and secondary issue of ₹ 500 Crores (offer for sale of equity shares by existing shareholders). The Book Running Lead Managers (BRLMs) advise that the issue will be hitting the market some time shortly. Of the total proceeds, primary proceeds will be used for the Reid & Taylor business and the secondary proceeds raised by SKNL will be used for paying off SKNL debts.

DIRECTORATE:

During the year, Dr A. C. Shah was inducted on the Board of the Company as an Additional Director w.e.f. 27th September 2010 and appointed as a Chairman of the Company.

Shri Kunnasagar Chinniah resigned as Nominee Director of Indivest Pte Limited w.e.f. 27th September 2010 and re-appointed as an Additional Director w.e.f. 27th September 2010.

Shri Dara D. Avari and Smt. Jyoti N. Kasliwal resigned from the Board of the Directors of the Company w.e.f. 27th September 2010.

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 judgments 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 31st March, 2011 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 have been prepared on a going concern basis

DEPOSITS:

The Company has not accepted / renewed any deposits during the year under review

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

The Registered Office of the Company have been shifted from 'Avadh', Shree Ram Mills Premised. G K Marg, Worli, Mumbai 400 018 to B2, 5th Floor, Marathon NextGen, Off G K Marg, Lower Parel (West), Mumbai 400 013 with effect from 27-09-2010

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.

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

GROUP FOR INTERSE TRANSFER OF SHARES

As required under Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons forming part of "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provision of Regulation 10 to 12 of the aforesaid Regulations, are given in the Annexure '2' attached herewith and which forms part of this Annual Report

AUDITORS

M/s Haribhakti & Company, Chartered Accountants have furnished the required certificate under Section 224 (1B) of the Companies Act, 1956 and are eligible for re-appointment

In respect of observations made by the Auditors, please refer to schedule 'P-II' note no 7 which are self explanatory and hence in the opinion of the Director, do not require any further explanations

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 the Company's employees at all levels for their dedicated service

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

Dr. A. C. Shah
Chairman

Place Mumbai

Dated 26th May, 2011

ANNEXURE (1) 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 them which are as follows

- Your Company has shifted from own generation to electricity board power supply resulting to saving of approx ₹ 10 Crore / annum
- There is reduction in distribution loss by implementing capacitor banks near load centers. The annual savings due to this is approximately 7 lacs units which amounts to ₹ 38 lacs / annum
- There are other proposals for energy conservation which will result into savings of approx ₹ 15 Crore / annum. Details as enclosed along with investment proposal of ₹ 27 Crore

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

Technology Absorption, Adoption and Innovation

The Company has absorbed the technology of manufacturing exclusive worsted suitings as follows

- Effluent generated from finishing and dyeing is separated to two different Effluent Treatment Plant (ETP). Treated effluent from finishing ETP is recovered and reused / recycled for processing / dyeing. The current recycled water quantity is 150 KLD. This is approx ₹ 6 lac / annum
- It is proposed to have 8 ton capacity solid fuel boiler to replace oil fired boiler. The proposed investment is ₹ 28 Crore, having saving potential of ₹ 40 Crore / annum. The Company will also be able to claim CARBON CREDIT on account of above
- It is proposed to replace existing electrical chiller to Vapour absorption machine (VAM) chiller. The proposed investment is ₹ 10 Crore with potential savings of ₹ 75 lacs / annum

Research and Development with Technology Absorption

- The Company has employed 2 Italian designers so as to have updates on
 - New fashion trends, new colour trends
 - New fibers and their creative use in production of cutting age technology – fabric and fashions
 - Top quality products with improved quality
 - Latest dyes, chemicals & processes from reputed multinational companies like Huntsman, Clariant and DyStar adds to knowhow of latest cost effective, eco friendly, energy efficient and customer oriented products like machine washable wool
 - This facilitates reduction in waste, effluent treatment cost, lower quantity of effluent
 - New R & D investment proposals of ₹ 19 crore are in pipe line. The details are enclosed

- Recurring R & D cost is approx ₹ 5 Crore / annum – 1000 New blankets of 10 meters length each with cost of ₹ 5000/-
- All this adds to the brand equity of Reid & Taylor

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 ₹ 4,247 31 Lacs

(₹ in lacs)

b)	Total Foreign exchange earned and used	Current Year 2010-11	Previous Year 2009-10
a	Total Foreign Exchange earned	4,247.31	2,907 16
b	Total savings in foreign exchange through products manufactured by the Company and deemed exports	-	-
	Sub Total (a + b)	4,247.31	2,907 16
c	Total Foreign Exchange used	4,763.47	4,543 85

FORM A
FORMING PART OF ANNEXURE (1)
Form for Disclosure of particulars with respect to Conservation of Energy
Part A – POWER AND FUEL CONSUMPTION

1. ELECTRICITY	Current Year 2010-11	Previous Year 2009-10
Purchase		
Units in lacs	83 21	-
Total Amount ₹ Lacs	459.45	-
Rate / Units ₹	5.52	-
Own generation		
Through Diesel generator		
Units (D G Units) in lacs	152.99	244 26
Unit / Ltr of Diesel Oil	4.08	4 07
Cost / Unit ₹	6 82	6 26

Part B – CONSUMPTION PER UNIT OF PRODUCTION

Electricity	Current Year 2010-11	Previous Year 2009-10
Fabrics KWH / Metre	2.97	3 07
Others (Specify)	-	-

ANNEXURE '2' FORMING PART OF THE DIRECTORS' REPORT

Persons forming part of "Groups" (within the meaning as defined in the Monopolies & Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provision regulation 10 to 12 of Securities & Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 ("the said Regulations"), as required under Regulation 3 (1) (e) of the said Regulations include the following

- | | |
|---|---|
| 1 Shri Nitin S Kashiwal, Managing Director | 22 SKNL Foundation (Sec 25 Company) |
| 2 Smt Jyoti N Kashiwal | 23 Anjaneya Foundation (Sec 25 Company) |
| 3 Ms Anjani N Kashiwal | 24 SKNL International B V |
| 4 Mr Kartikeya N Kashiwal | 25 SKNL Europe B V |
| 5 S Kumars Nationwide Limited | 26 SKNL Italy S. p A |
| 6 Belmonte Retails Limited
(nee Belmonte Lifestyles Limited) | 27 SKNL Global Holdings B V |
| 7 Anjaneya Holdings Pvt Limited
(nee Anjani Finvest Pvt Ltd) | 28 SKNL North America B V |
| 8 Brandhouse Retails Limited | 29 SKNL (UK) Ltd |
| 9 Brandhouse Oviesse Limited | 30 Leggiuno S p A |
| 10 S Kumars Enterprises (Synfabs) Limited | 31 Global Apparel (US) Ltd |
| 11 S Kumars Textiles Limited | 32 Global Apparel (France) Ltd |
| 12 N'Essence Holdings Limited | 33 Global Apparel (Hong Kong) Ltd |
| 13 Rosewood Holdings Pvt Limited | 34 7172931 Canada Ltd |
| 14 Verve Properties & Investment Pvt Limited | 35 Marling & Evans Ltd |
| 15 Ingenious Finance & Investment Pvt Limited | 36 Remala Trading B V |
| 16 Natty Finance & Investment Pvt Limited | 37 Copley Corp |
| 17 S K Worsteds Pvt Limited | 38 HMX Poland sp Z o o |
| 18 Tulja Enterprises Pvt Limited | 39 HMX Acquisition Corp |
| 19 Sansar Exim Pvt Limited | 40 HMX Des Plaines LLC |
| 20 Chamundeshwari Mercantile Pvt Limited | 41 Quartet Real Estate LLC |
| 21 Maverick Mercantile Pvt Limited | 42 HMX LLC |
| | 43 HMX, DTC Co |

Any body Corporate and / or entity formed / promoted by any of the above
"Family" for this purpose includes spouse, children and parent

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 31st March, 2011 and the Profit and Loss Account 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 by the Companies (Auditor's Report) (Amendment) Order, 2004, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account,
 - iv In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards (AS) referred to in Section 211 (3C) of the Act, to the extent applicable, *except the share of recompense expense borne by the Company as part of Corporate Debt Restructuring of parent company S Kumars' Nationwide Limited (SKNL) amounting to ₹ 1,978 lacs pertaining to earlier years (after amortising ₹ 220 lacs during the year) have been carried forward under the head "Restructured Financial Cost" (RFC) grouped/presented under Schedule F of Financial Statements i.e. "Loans and Advances" which is not in accordance with Accounting Standard (AS) 5 'Net Profit or Loss for the period, Prior Period Items and Change in Accounting Policies' and has resulted into overstatement of profit for the year by ₹ 1,978 lacs and overstatement of loans & advances by same amount (Refer Note No 7 of Schedule 'P-II'),*
 - v On the basis of the written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and subject to para 4(iv) above, 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 31st March, 2011,
 - b) in the case of the Profit and Loss Account, 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
FRN 103523W

Rakesh Rathi
Partner

Membership No 45228

Place: Mumbai
Date: 26th May, 2011

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 31st March, 2011]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification 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) As explained to us, inventory lying with the Company have been physically verified by the management at regular intervals during the year. In respect of inventory lying with third parties, certificates confirming substantial portion of the inventories have been received. 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 had granted a loan of ₹ 48,000 lacs in the financial year 2008-09 to a company covered in the register maintained under Section 301 of the Companies Act, 1956. Further, unsecured interest free advances in the nature of loan of ₹ 8,550 lacs is granted to the Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹ 66,358 lacs (including interest bearing loan of ₹ 38,500 lacs) and the year end balance of loans and advances in the nature of loans granted to such party is ₹ 40,050 lacs (including interest bearing loan of ₹ 27,500 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 and advance in the nature of loan are not, prima facie, prejudicial to the interest of the Company
- (c) The party has repaid the principal amounts as stipulated and has also been regular in the payment of interest to the Company, wherever applicable
- (d) There is no overdue amount in excess of ₹ 1 lacs in respect of loans and advances in the nature of loans granted to aforesaid 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 sub-clause (f) and (g) of clause (iii) are not applicable to the Company
- (iv) In our opinion and according to the information and explanations provided to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories, fixed assets and sale of goods and services. During the course of our audit, we have not observed nor have been informed of any continuing failure to correct major weaknesses in internal control systems 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 ₹ 5 lacs 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) 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 with regard to textile products (excluding garment) by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's product to which the said rules are made applicable, and are of the

opinion that, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether these are accurate or complete.

- (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 have generally been regularly deposited with the appropriate authorities.

There were no dues on account of cess under Section 441 A of the Companies Act, 1956, since the date, from which aforesaid section comes into force, has not yet been notified by the Central Government.

- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Due Date
Income Tax Act, 1961	Advance tax	2,070 lacs	F Y 2010-11	15-9-2010

- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, except as follows:

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service tax)	Service tax	0.94 lacs	F Y 2005-06	CESTAT
Central Excise Act, 1944	Excise duty on Tow To Tops	436.80 lacs	F Y 2008-09	CESTAT
Customs Act, 1962	Customs CVD Duty	21.16 lacs	F Y 2006-07	Commissioner of Customs
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	45.68 lacs	F Y 2002-03	High Court
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	48.88 lacs	F Y 2003-04	High Court
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	60.51 lacs	F Y 2004-05	High Court
Karnataka Tax on entry of goods into Local Areas Act, 1979	Entry Tax	67.92 lacs	F Y 2005-06	High Court

- (x) The Company has neither accumulated losses as at 31st March, 2011 nor has it incurred any cash losses either during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanation given to us, the terms & conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions 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 has been used for long-term investment.

- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act
- (xix) The Company has neither issued any debenture during the year nor does it have any outstanding debentures as at the balance sheet date
- (xx) The Company has not raised any money by public issues 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
FRN 103523W

Place Mumbai
Date 26th May, 2011

Rakesh Rathi
Partner
Membership No 45228

BALANCE SHEET AS AT 31st MARCH, 2011

(₹ in lacs)

	Schedule	Current Year		Previous Year	
		As at 31 03 2011		As at 31 03 2010	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	A	13,459.75		5,383.89	
Reserves & Surplus	B	<u>142,117.26</u>	<u>155,577.01</u>	<u>125,940.12</u>	131,324.01
LOAN FUNDS					
Secured Loans	C		68,225.76		42,392.81
DEFERRED TAX LIABILITIES (NET)					
(Refer Note No 6 of Schedule 'P-II')			173.31		152.51
Total			<u><u>223,976.08</u></u>		<u><u>173,869.33</u></u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	D	13,854.71		11,594.31	
Less Depreciation / Amortisation		<u>4,138.47</u>		<u>3,094.75</u>	
Net Block		9,716.24		8,499.56	
Capital Work in Progress (including capital advances)		<u>28,465.33</u>	<u>38,181.57</u>	<u>21,866.48</u>	30,366.04
INVESTMENTS					
	E		0.10		0.10
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	F	35,651.74		28,480.30	
Sundry Debtors		55,751.09		48,646.18	
Cash and Bank Balances		4,873.83		7,013.03	
Loans and Advances		<u>117,826.17</u>		<u>79,402.37</u>	
Total (I)		<u>214,102.83</u>		<u>163,541.88</u>	
Less: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	G	11,187.52		6,216.20	
Provisions		<u>17,120.90</u>		<u>13,822.49</u>	
Total (II)		<u>28,308.42</u>		<u>20,038.69</u>	
NET CURRENT ASSETS					
(I) - (II)			<u><u>185,794.41</u></u>		<u><u>143,503.19</u></u>
Total			<u><u>223,976.08</u></u>		<u><u>173,869.33</u></u>
Significant Accounting Policies and Notes to Accounts					
	P				

The Schedule referred to above and Notes to accounts form an integral part of Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

For Haribhakti & Co.
Chartered Accountants
FRN 103523W

NITIN S. KASLIWAL Managing Director

RAKESH RATHI
Partner
Membership No 45228

ANIL CHANNA Director

NIHAR R. AVASARE Company Secretary

Place Mumbai
Date 26th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2011

	Schedule	Current Year Ended on 31.03.2011	Previous Year Ended on 31.03.2010
(₹ in lacs)			
INCOME			
Sales and Service Charges		125,165.42	98,220.84
Other Income	H	4,403.58	5,901.43
Increase/(decrease) in Inventories	I	5,631.80	10,898.36
Total		135,200.80	115,020.63
EXPENDITURE			
Raw materials consumed/Fabric purchases	J	66,791.64	60,593.47
Manufacturing expenses	K	6,743.44	4,707.30
Personnel expenses	L	4,199.94	3,212.67
Administrative expenses	M	2,092.15	1,333.42
Selling and Distribution expenses	N	8,985.47	7,112.05
Restructured Financial Costs Amortised (Refer Note No 7 of Schedule 'P-II')		219.76	219.76
Interest expenses	O	7,844.32	5,144.25
Depreciation/Amortisation	D	1,074.18	856.02
Total		97,950.90	83,178.94
Profit/ (Loss) Before Tax		37,249.90	31,841.69
Provision for Taxation			
Current Tax		(12,974.41)	(11,315.81)
Deferred Tax Assets/(Liabilities)		(20.80)	(163.50)
Wealth Tax		(1.26)	(1.11)
Taxation of earlier years		(0.45)	(67.43)
Total Tax expenses		(12,996.92)	(11,547.85)
Profit available for Appropriation		24,252.98	20,293.84
Balance Brought forward from previous period		37,417.48	17,123.64
Balance Carried over to Balance sheet		61,670.46	37,417.48
Earning Per Share			
Basic & Diluted		₹ 18.02	₹ 15.51
(Nominal Value of Shares ₹ 10/- each)			

Significant Accounting Policies and Notes to Accounts P

The Schedule referred to above and Notes to accounts form an integral part of Profit & Loss Account

As per our report of even date

For and on behalf of the Board of Directors

 For **Haribhakti & Co**
 Chartered Accountants
 FRN 103523W

NITIN S. KASLIWAL Managing Director

RAKESH RATHI
 Partner
 Membership No 45228

ANIL CHANNA Director

NIHAR R. AVASARE Company Secretary

 Place Mumbai
 Date 26th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2011

(₹ in lacs)

		Current Year Ended on 31 03.2011	Previous Year Ended on 31 03 2010
A	Cash Flow from Operating Activities		
	<i>Net Profits Before Tax and Extraordinary Items</i>	37,249.90	31,841 69
	Adjustments for		
	a) Depreciation	1,074.18	856 02
	b) Deferred revenue expenditure	219.76	219 76
	c) Profit/Loss on sale of fixed assets(net)	11.44	5 42
	d) Interest expenses	7,844.32	5,144 25
	e) Interest income	(3,841.22)	(5,251 00)
	<i>Operating Profit before Working Capital Changes</i>	42,558.38	32,816 14
	Adjustments for		
	a) Trade & other receivables	(45,748.46)	(30,650 48)
	b) Inventories	(7,171.44)	(12,631 77)
	c) Trade payables	5,027 81	259 98
	<i>Cash Generated from /(used in) Operating Activities</i>	(5,333.71)	(10,206 13)
	a) Direct Taxes	(9,734.20)	(3,797 55)
	Net Cash Flow from /(used in) Operating Activities Total (A)	(15,067.91)	(14,003 68)
B	Cash Flow from Investing Activities		
	a) Acquisition of Fixed assets (Including Capital work-in-progress)	(8,920.78)	(16,307 28)
	b) Sale of Fixed assets	19 63	30 53
	c) Interest income	3,841.22	5,251 00
	Net Cash Flow from /(used in) Investing Activities Total (B)	(5,059.93)	(11,025 75)
C	Cash Flow From Financing Activities		
	a) Proceeds from Secured Loans (Net of repayment)	25,832.96	20,180 47
	b) Proceeds from equity shares/ Shares to be allotted	-	11,000 05
	c) Interest expenses	(7,844.32)	(5,144 25)
	Net Cash Flow from /(used in) Financing Activities Total (C)	17,988.64	26,036 27
	Net Increase in Cash and Cash Equivalents Total (A+B+C)	(2,139.20)	1,006 84
	Cash & Cash Equivalent (Opening Balance)	7,013.03	6,006 19
	Cash & Cash Equivalent (Closing Balance)	4,873.83	7,013 03
	Net Change in Cash & Cash Equivalent	(2,139.20)	1,006 84

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 include cash and bank balances in current accounts and in deposit accounts (Refer to Schedule "F" of the Balance Sheet)
- Figures in brackets represent outflows
- Previous Year figures have been recasted/restated wherever considered necessary

As per our report of even date

For and on behalf of the Board of Directors

For Haribhakti & Co
Chartered Accountants
FRN 103523W

NITIN S. KASLIWAL Managing Director

RAKESH RATHI
Partner
Membership No 45228

ANIL CHANNA Director

NIHAR R. AVASARE Company Secretary

Place Mumbai
Date 26th May, 2011

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

Current Year
As at 31.03.2011

Previous Year
As at 31 03 2010

SCHEDULE "A" - SHARE CAPITAL

Authorised Capital

15,00,00,000	Equity Shares of ₹ 10 each (Previous Year 5,50,00,000)	15,000.00	5,500 00
NIL	Preference Shares of ₹ 20 each (Previous Year 15,50,000)	-	310 00
Total		15,000.00	5,810 00

Issued, Subscribed and Paid up Capital

13,45,97,453	Equity Shares of ₹ 10 each, fully paid up (Previous Year 5,38,38,981) (10,01,25,000 shares are held by the holding Company S Kumars Nationwide Limited) (Previous Year 4,00,50,000) 8,07,58,472 Bonus Shares issued during the year by utilising securities premium account	13,459.75	5,383 89
Total		13,459 75	5,383 89

SCHEDULE "B" - RESERVES AND SURPLUS

Securities Premium

As per last Balance Sheet	88,522.64	77,703 01
Add On account of Allotment of Equity Shares	-	10,819 63
	88,522.64	88,522 64
Less On account of issue of Bonus Shares	8,075.84	80,446.80
	61,670.46	37,417 48
Profit and Loss Account	142,117.26	125,940 12
Total		

SCHEDULE "C" - LOAN FUNDS

SECURED LOANS

Rupee Term Loan (Ref Note No 1 & 4)	6,588.50	7,573 80
Equipment Finance (Ref Note No 2)	17.66	43 27
Working Capital Advances from Banks (Ref Note No 3 & 4)	61,619.60	34,775 74
Total	68,225.76	42,392 81

Notes.

- 1 Rupee Term loan from bank is secured by way of first *pari passu* first charge on Fixed Assets and second *pari passu* charge on Current Assets of the Company
- 2 Equipment Finance Loans are secured by hypothecation of specific equipment / assets
- 3 Working capital advances from Banks are secured by hypothecation of Company's inventories and book-debts, present and future and by a second *pari passu* charge on all Fixed Assets of the Company, both present and future
- 4 Working Capital Advances include interest accrued & due ₹ 707 86 lacs (Previous Year ₹ 386 80 lacs)
- 5 Rupee Term loan and Working Capital advances have been guaranteed by Managing Director of the Company

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE "D" - FIXED ASSETS

(₹ in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01 04 2010	Additions during the Year	Deductions during the Year	Total as at 31 03 2011	As at 01 04 2010	Depreciation for the Year	Deductions during the Year	Total as at 31 03 2011	Total as at 31 03 2011	Total as at 31 03 2010
Land										
Freehold Land	374 99	-	-	374 99	-	-	-	-	374 99	374 99
Leasehold Land	32 96	859 06	-	892 02	-	-	-	-	892 02	32 96
Building	2,293 87	10 69	-	2,304 56	209 39	106 35	-	315 74	1,988 82	2,084 48
Plant & Machinery	8,323 07	1,223 10	-	9,546 17	2,761 86	889 84	-	3,651 70	5,894 47	5,561 21
Office Equipments	49 96	6 75	-	56 71	12 11	6 10	-	18 21	38 50	37 85
Computers	73 26	31 47	0 44	104 29	21 22	15 09	0 21	36 10	68 19	52 04
Furniture & Fixtures	186 71	53 12	1 36	238 47	40 86	22 16	0 90	62 12	176 35	145 85
Leasehold Properties	-	101 60	-	101 60	-	4 04	-	4 04	97 56	-
Vehicles	259 49	36 14	59 73	235 90	49 31	30 60	29 35	50 56	185 34	210 18
Current year Total	11,594 31	2,321 93	61 53	13,854 71	3,094 75	1,074 18	30 46	4,138 47	9,716 24	8,499 56
Previous year Total	11 346 26	303 94	55 89	11,594 31	2 258 68	856 02	19 95	3,094 75	8,499 56	-
Capital Work- in- Progress (including capital advances)									28,465 33	21 866 48

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 28th September 2008 between KIADB and the Company
- Leasehold land represents land meant for housing colony for staff and employees (17 26 acres) for which Lease Deed has been executed on 23rd 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.
- Additions to Leasehold Land 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)

Current Year
As at 31.03 2011

Previous Year
As at 31 03 2010

SCHEDULE "E"- INVESTMENTS

Long term at cost

Unquoted

National Savings Certificates

0.10

0 10

Total **0.10**

0 10

SCHEDULES FORMING PART OF ACCOUNTS
Current Year
 As at 31.03.2011

 (₹ in lacs)
Previous Year
 As at 31 03 2010
SCHEDULE "F" - CURRENT ASSETS, LOANS & ADVANCES**Inventories**

(as taken, valued and certified by the Management)

Raw materials (including Goods in Transit ₹ 413 37 lacs P Y ₹ 281 99 lacs)	11,836.37	10,340 69
Stores, fuel and packing materials	236 32	214 65
Colours and chemicals	69.65	47 36
Semifinished fabrics & garments	5,699.36	5,068 97
Finished fabrics & garments	17,810.04	12,808 63
Total	35,651.74	28,480 30

Sundry Debtors

(Unsecured & Considered good, unless otherwise stated)

Over six months*

Considered Good	9,775.62	9,505 96
Considered Doubtful	91.32	91 32
Others Considered Good*	45,975.47	39,140 22
Sub Total	55,842.41	48,737 50
Less Provision for Doubtful Debts	91.32	91 32
Total	55,751.09	48,646 18

*(Debtors due from companies in which some of the
Directors are interested ₹14,759 36 lacs)
(Previous Year ₹ 14,018 93 lacs) (Ref Note No 8 of Schedule 'P-II')

Cash and Bank Balances

Cash on hand (As certified by the Management)	3.50	2 70
Balances with Scheduled Banks.		
In Current accounts	4,690.07	4,654 63
In Fixed Deposits (against Margin Money)	180.26	2,355 70
Total	4,873.83	7,013 03

Loans Advances and Deposits

(Unsecured & Considered Good unless otherwise specified)

Loans to Holding Company (Ref Note 11c of Schedule 'P-II') *	31,500.00	42,500 00
Advances to Holding Company (Ref Note 11c of Schedule 'P-II') *	8,549.67	10,409 16
Advances recoverable in cash or kind for value to be received	74,035.18	22,575 34
Custom Deposit/ Modvat/VAT Receivable	1,033.12	1,491 15
Deposits	584.79	229 10
Restructured Financial Cost (Ref Note 7 of Schedule 'P-II')	1,977.86	2,197 62
Share issue Expenses - IPO	145.55	-
Total	117,826.17	79,402 37

*(Advance due from companies in which some of the
Directors interested ₹ 40,049 67 lacs) (Previous Year
₹ 52,909 16 lacs) (Refer Note no 8 of Schedule 'P-II')

Total of Current Assets, Loans and Advances	214,102.83	163,541 88
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SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

	Current Year As at 31.03.2011		Previous Year As at 31 03 2010	
SCHEDULE "G" - CURRENT LIABILITIES & PROVISIONS				
(A) Current Liabilities				
Creditors for goods and expenses				
Micro, small and Medium Enterprises (Ref note no 13 of Schedule 'P-II')	60.47		64 67	
Others	10,353.96		5,665 25	
Advances Received	15.46		32 15	
Deposits received from dealers	164.23		63 54	
Other liabilities	593.40	11,187.52	390 59	6,216 20
(B) Provisions				
For Taxation (net of advance tax payments)	16,822.75		13,577 69	
For Gratuity	123.94		110 45	
For Leave Encashment	174.21	17,120.90	134 35	13,822 49
Total of Current Liabilities & Provisions		28,308.42		20,038 69

(₹ in lacs)

	Current Year ended on 31.03.2011	Previous Year ended on 31 03 2010
SCHEDULE "H" - OTHER INCOME		
Interest (TDS - C.Y ₹ 383 50 lacs, P.Y - ₹ 859 47 lacs)	3,841.22	5,251 00
Balances written back	16.25	20 66
Export benefits	219.04	167 27
Miscellaneous income	327.07	462 50
Total	4,403.58	5,901 43

SCHEDULE "I" - INCREASE /(DECREASE) IN INVENTORIES

Closing inventories of				
Semi-finished Fabrics	5,699.36		5,068 97	
Finished Fabrics	16,147.77		11,740 76	
Finished Garments	1,662 27	23,509 40	1,067 87	17,877 60
Opening inventories of				
Semi-finished Fabrics	5,068.97		1,633 63	
Finished Fabrics	11,740.76		4,843 64	
Finished Garments	1,067.87	17,877.60	501 97	6,979 24
Increase/(decrease) in inventories		5,631.80		10,898 36

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

Current Year
 ended on 31.03.2011

Previous Year
 ended on 31.03.2010
SCHEDULE "J" - RAW MATERIALS CONSUMED/FABRIC PURCHASES

Opening inventory	10,340.69		8,645.79	
Add Purchases	68,287.32		62,288.37	
Less Closing inventory	<u>11,836.37</u>	<u>66,791.64</u>	<u>10,340.69</u>	<u>60,593.47</u>
		<u>66,791.64</u>		<u>60,593.47</u>

SCHEDULE "K" - MANUFACTURING EXPENSES

Conversion charges	2,922.48	1,663.98
Excise duty	53.45	2.56
Freight and octroi	269.72	113.36
Power & fuel	2,013.96	1,922.65
Stores and Spares	514.63	524.14
Other materials/expenses	934.02	450.67
Insurance	35.18	29.94
Total	<u>6,743.44</u>	<u>4,707.30</u>

SCHEDULE "L" - PERSONNEL EXPENSES

Salaries, wages, bonus & allowances	3,736.02	2,881.18
Contributions to provident fund and other funds	430.39	308.18
Staff welfare expenses	33.53	23.31
Total	<u>4,199.94</u>	<u>3,212.67</u>

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

Current Year
ended on 31.03.2011
Previous Year
ended on 31 03 2010
SCHEDULE "M" - ADMINISTRATIVE EXPENSES

Rent	127.24	42 78
Rates & Taxes	25.25	20 72
Repairs and maintenance		
to buildings	59.79	29 55
to others	58.63	86 95
Travelling expenses	341.18	284 70
Vehicles maintenance	117.56	96 47
Director's Remuneration	9.52	-
Remuneration to Auditors		
Audit fees (including service tax)	29.79	25 37
In other capacity	1.37	27 28
Bank charges & Upfront fee	527 23	239 63
Conveyance expenses	11.31	5 73
Legal & Professional charges	350 32	151 56
Printing and stationery	63.36	49 30
Telephone expenses	48.77	40 31
Postage and telegrams	48.73	37 88
Sales tax	1.91	1 94
Sundry Balances written off	0.24	24 98
Loss on sale of fixed assets	11.44	5 42
Service Tax	4.44	4 64
Exchange Rate Fluctuation (net)	27.29	66 19
Other Misc Expenses	226.78	146 94
Total	2,092.15	1,333 42

SCHEDULE "N" - SELLING AND DISTRIBUTION EXPENSES

Dealers incentives	1,849 23	1,864 27
Discounts, rebates and allowances	68.53	46 76
Commission and brokerage	1,298.34	822 09
Publicity, Market survey & research	3,123.03	2,637 16
Lease rentals	105.34	26 78
Other Selling Expenses	2,541.00	1,714 99
Total	8,985.47	7,112 05

SCHEDULE "O" - INTEREST EXPENSES

Interest on Term Loan	1,152 36	233 61
Interest Others	6,691.96	4,910 64
Total	7,844.32	5,144 25

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31st MARCH, 2011.

SCHEDULE "P" - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SCHEDULE "P-I" SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention, except where impairment is made and on accrual basis in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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 recognised during the period in which they are materialized / known.

3. Fixed Assets

Fixed 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. Assets revalued are stated at values determined by the 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 enterprises and the cost of the asset can be measured reliably.

5. Depreciation and Amortisation

- a) Depreciation on fixed 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 Fixed 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 Amortised over a period of five years.

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 recognised 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.

Schedule "P-I" (Contd.)**9. Recognition of Income and Expenditure**

- a) Domestic sales are recognised 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 excise duty, dyeing charges, conversion charges and are net of shortage and discounts excluding value added tax
- d) Interest income is recognised on time proportion basis taking in to account the amount outstanding and the rate applicable
- e) Cost/expenditure is recognised 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
- g) Export benefits are accounted for on the basis of application filed with the appropriate authority

10. 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 recognised in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts.

11. 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 Profit and Loss Account, 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 profit and loss account.

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

12. Research & Development

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

13. Investments

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

14. 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.

15. 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 recognised as an expense, as applicable, over the lease period.

Schedule "P-I" (Contd.)**16. Segment Reporting**

Business segment is identified and reported taking into account the nature of products and services, the different risks and returns and the internal business reporting systems. The identification of geographical segment is based on the areas in which major operating divisions of the Company operate.

17. 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.

18. 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 ICAI. 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.

19. 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.

SCHEDULE "P II" – NOTES TO ACCOUNTS**1. CONTINGENT LIABILITIES:****a. Guarantees:**

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31 03 2010
a)	Corporate Guarantees given to the Lenders of S Kumars Nationwide Limited	27,500.00	27,500 00
b)	In respect of Custom duty availed under EPCG Scheme (Covered by Bank Guarantee & Company Bond)	647.84	Nil

b. Claims not acknowledged as debts.

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31 03 2010
a)	Entry Tax Liability – disputed	222.99	Nil
b)	Service tax on export agency commission – disputed	0.94	0 94
c)	Excise duty on Tow to Top conversion – disputed	436.80	68 51
d)	Custom CVD duty disputed	21.16	21 16

- 2 (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as certified by the management is ₹ 1,397 00 lacs (Previous Year ₹ 1,094 28 lacs)
- (b) 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 31.03.2011	As at 31 03 2010
a)	Not later than one year	213.40	224 93
b)	Later than one year but not later than five years	825.86	725 18
c)	Later than five years	311.99	136.67

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹ 127 24 lacs (Previous year ₹ 186 44 lacs) as rent in respect of the above leases

- 3 In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated
- 4 Balance of Sundry debtors / Sundry Creditors, Loans and advances (including capital advances) are subject to confirmations, reconciliation and consequential adjustment, if any
- 5 During the year, the Company has issued 8,07,58,472 Equity Shares @ ₹ 10 each as fully paid up Bonus Shares in the ratio of 3 shares for every 2 shares held by utilizing the Securities Premium account
- 6 a) During the year the Company has computed its Deferred Tax Asset / (Liability) (DTL) in accordance with Accounting Standards – 22 "Accounting for Taxes on Income" and accordingly Deferred Tax liability of ₹ 20 80 lacs as has been provided, thereby total DTL aggregating to ₹ 173 31 lacs on 31st March, 2011

Schedule "P" (Contd.)**Deferred Tax Liability (Net)**

(₹ in lacs)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2010	Current Year Charge/Credit	Deferred Tax Assets/(Liability) as at 31.03.2011
Deferred Tax Liabilities			
(i) Difference between books and tax Depreciation	(319 90)	(59 17)	(379.07)
Deferred Tax Assets			
(i) Disallowance under Section 43B of Income Tax Act	167 39	38 37	205 76
Deferred Tax Liability (Net)	(152 51)	(20 80)	(173.31)

- b) The Company has not written back the excess income tax provision amounting to ₹ 3,454 lacs for Assessment Year 2010-11 and ₹ 4,128 lacs in receipt of Assessment Year 2009-10 on the basis of conservative approach as the assessments are pending

7. During the year 2008-09 the Company has accounted for ₹ 2,527 26 lacs being the restructuring expenses and recompense amount paid to the CDR lenders for the debts transferred by S Kumars Nationwide Limited while subsidisation under the head "Restructured Finance Costs". The same is being written off in equal installments starting from 1st October, 2008 till 31st March 2020 to be in conformity with the accounting treatment given in Holding Company's financial statements. Accordingly, the Company has amortized ₹ 219 76 lacs, during the year and the balance amount of ₹ 1,977 86 lacs as on 31st March, 2011 has been carried forward

8. Debtors and advances due from firms and companies in which some of the Directors are interested

(₹ in lacs)

Name of the Company	As at 31.03.2011	As at 31 03 2010
Debtors :		
Brandhouse Retails Limited	14,594.17	14,003 76
Coppley Corp	17.31	5 86
HMX LLC	147.88	9 31
Total	14,759.36	14018 93
Loans and Advances :		
Loan to S Kumars Nationwide Limited	31,500.00	42,500 00
Advance to S Kumars Nationwide Limited	8,549.67	10,409 16
Total	40,049.67	52,909 16
Grand Total	54,809.03	66,928 09

Schedule "P-II" (Contd.)**9. Disclosure as per clause 32 of the Listing agreement**

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

(Figures in lacs)

Name of the Company	Relationship	Amount outstanding as at 31.3.2011 (₹)	Amount outstanding as at 31.3.2010 (₹)	Maximum balance outstanding during the year ended on 31 03 2011 (₹)	Maximum balance outstanding during the year ended on 31 03 2010 (₹)	Investment in Shares of the Company as at 31.03.2011 (No of Shares)	Investment in Shares of the Company as at 31 03 2010 (No. of Shares)
S Kumars Nationwide Limited *	Parent/ Holding Co	31,500 00	42,500 00	42,500.00	48,000 00	1,001.25	400 50
S Kumars Nationwide Limited **	Parent/ Holding Co	8,549.67	10,409 16	23,857 77	23,276 16	1,001.25	400 50

* Loan amount to be repaid in quarterly installment of ₹ 2,750 00 lacs

** No Repayment Schedule

10. The Company is engaged in manufacturing (in house and outsourced) fabrics and ready to wear garments. Considering the over all 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 segments for the purpose of disclosures as required under Accounting standard 17 – "Segment Reporting"

Schedule "P-II" (Contd.)
11. 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 (nee-Belmonte Lifestyles Limited)	
7	N'Essence Holdings Limited	
8	Anjaneya Holdings Pvt Limited (nee-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	
20	SKNL International B V	Wholly Owned Subsidiary of Parent Company
21	SKNL Europe B V	Wholly Owned Subsidiary of Parent Company
22	SKNL Italy S p A	Wholly Owned Subsidiary of Parent Company
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 (U K) Ltd	Subsidiary of SKNL Global Holdings B V
26	Leggiuno S p A	Wholly Owned Subsidiary of SKNL Italy S p A
27	Global Apparel (US) Ltd	Wholly Owned Subsidiary of SKNL (U K) Ltd
28	Global Apparel (France) Ltd	Wholly Owned Subsidiary of SKNL (U K) Ltd
29	Global Apparel (Hong Kong) Ltd	Wholly Owned Subsidiary of SKNL (U K) Ltd
30	7172931 Canada Ltd	Wholly Owned Subsidiary of SKNL (U K) Ltd
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	Wholly Owned Subsidiary of Remala Trading B V
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	Wholly Owned Subsidiary of HMX Acquisition Corp
38	HMX LLC	Wholly Owned Subsidiary of HMX Acquisition Corp
39	HMX, DTC Co	Wholly Owned Subsidiary of HMX Acquisition Corp

Schedule "P-II" (Contd.)

(b) Key Management personnel

Shri Nitin S Kashiwal – Managing Director

(c) Details of Transaction:

(₹ in lacs)

Nature of Transactions	Year Ended on 31 03.2011	Year Ended on 31 03 2010
Purchases		
Goods		
S Kumars Nationwide Limited	11,735.98	33 47
Total	11,735.98	33 47
Services		
S Kumars Nationwide Limited	1.58	10 80
Total	1.58	10 80
Capital Expenditure		
HMX LLC	28.33	37 90
Total	28.33	37 90
Loans & Advances		
Advances to S Kumars Nationwide Limited	8,549.67	10,409 16
Total	8,549.67	10,409 16
Loans recovered from S Kumars Nationwide Limited	11,000.00	5,500 00
Total	11,000.00	5,500 00
Sales		
Goods		
Brandhouse Retails Limited	39,354.46	36,660 63
Coppley Corp	31.63	6 05
HMX LLC	194.55	42 18
Total	39,580.64	36,708 86
Services		
S. Kumars Nationwide Limited (Interest on Term Loan)	3,818.88	5,243 31
Total	3,818.88	5,243 31
Outstanding as on 31st March 2011.		
Debtors (Ref Note 8)	14,759.36	14,018 93
Loans Given (S Kumars Nationwide Ltd) (Ref Note 8)	31,500.00	42,500 00
Advances (S Kumars Nationwide Ltd) (Ref Note 8)	8,549.67	10,409 16

(Related party relationships are as identified by the management & have been relied upon by the Auditor)

There is no write off or write back of any balance due from / to related parties.

12. Additional information pursuant to provision of Para 3, 4C & 4D of part II of Schedule VI to Companies Act, 1956.

(a) Licensed capacity Not applicable

(b) Installed capacity#
i) Spinning 12960 Spindles (Previous Year 12960 Spindles)
ii) Weaving 103 lac mtrs p a (Previous Year 90 lac mtrs p a)

(As certified by the Management, being a technical matter)

Schedule "P-II" (Contd)
(Figures in lacs)

Particulars	Unit	As at 31.03.2011		As at 31 03 2010	
		Quantity	Amount (₹)	Quantity	Amount (₹)
PRODUCTION FOR SALE					
Fabrics	Mtrs	330.62		302 13	
Readymade Garments	Pcs	43.11		32 65	
OPENING INVENTORIES					
Semi-finished Fabrics	Mtrs	33.85	5,068.97	6 16	1,633.63
Finished-Fabrics	Mtrs	85 91	11,740.76	18 71	4,843 64
Readymade Garments	Pcs	2.31	1,067.87	1 27	501 97
Total			17,877.60		6,979 24
SALES					
Fabrics	Mtrs	286.98	92,319.72	234 93	75,841 73
Readymade Garments / Accessories	Pcs	42.50	32,832.42	31 61	22,358 19
Conversion charges			13.28		20 92
Total			1,25,165.42		98,220 84
CLOSING INVENTORIES					
Semi-finished Fabrics	Mtrs	31.57	5,699.36	33.85	5,068 97
Finished-Fabrics	Mtrs	129.55	16,147.77	85 91	11,740 76
Readymade Garments	Pcs	2.92	1,662.27	2 31	1,067 87
Total			23,509.40		17,877 60
CONSUMPTION					
Fibre	Kgs	16.33	6,321.84	13 72	3,875 17
Yarn	Kgs	8.36	1,518.16	5 54	1,069 26
Grey/ Fabrics/ Garments	Mtrs/Pcs	306.31	58,951.64	260 26	55,649 04
Total			66,791.64		60,593 47

Notes : (a) Consumption figures stated above are exclusive of in house manufactured items and cost of materials sold and inclusive of purchases

(b) Production includes Fabrics produced by outside converters and purchases

13 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 2010-11 is given below

(₹ in lacs)

			As at 31 03.2011		As at 31 03 2010	
i)	Amounts unpaid as at 31 st March, 2011	Principal		35.35		46 11
ii)	Amount of interest accrued and unpaid					
	Opening Balance as on 01 st April, 2010		18.56		9 33	
	Add. Accrued Interest		6.56		9.23	
	Less Paid during the year		Nil		Nil	
	Closing Balance at at 31 st March, 2011	Interest		25.12		18 56
iii)	Total Amount outstanding as on 31st March, 2011			60.47		64 67

Schedule "P-II" (Contd.)**14. Particulars of Derivative Instruments.**

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

(in lacs)

Currency	As at 31.03.2011		As at 31 03 2010	
	FC	INR	FC	INR
Receivables				
– Euro	0.27	16.91	0 24	14 10
– USD	15.21	675.98	18 51	830 99
– GBP	2.34	166.64	1 05	70 87
Payables				
– Euro	-	-	0 86	52 20
– USD	-	-	0 97	44 05
– AUD	11.58	527.79	1 48	61 72
– GBP	0.82	58.42	-	-
– CHF	0.01	0.31	-	-

15. Value of Raw Materials, Spares and Components consumed.

(₹ in lacs)

Raw Material	%	Year Ended on 31 03.2011	%	Year Ended on 31 03 2010
Indigenous	96.92	64,733 72	95 85	58,080 24
Imported	3 08	2,057.92	4 15	2,513 23
Total	100.00	66,791.64	100 00	60,593 47

16. Value of Imports on CIF Basis:

(₹ in lacs)

	Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
a)	Raw Material	2,068.68	2,067 22
b)	Finished Goods	568 51	659 41
c)	Stores & Spares	148.81	122 29
d)	Capital Goods	725.13	194 90

17. (a) Expenditure in Foreign Currency.

(₹ in lacs)

	Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
a)	Foreign Travelling	60.59	63 48
b)	Salary	25.74	33 86
c)	Commission / Discount / Fair Expenses	191.84	91 48
d)	Professional fees	38.51	47 07
e)	Royalty	935.66	1,264 14

(b) Earning in foreign currency.

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
Exports (FOB Value)	4,247.31	2,907 16

Schedule "P-II" (Contd.)
18 Earnings per share:

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Net Profit after tax before extraordinary items and tax thereon (₹ in Lacs)	24,252.98	20,293.83
Weighted average number of Equity Shares of ₹ 10 each outstanding during the period (Nos in Lacs)	1,345.97	1,308.53
Basic & diluted Earnings per Share	₹ 18.02	₹ 15.51

19. 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 recognised the following amounts in Profit and Loss Account

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Employer's contribution to Provident Fund & Pension	217.53	171.18
Employer's contribution to Employees State Insurance	51.32	39.89

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 31.03.2011	As at 31.03.2010
Discount Rate (% per annum)	8.25	8
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8	8
Expected Average remaining working lives of the employees (years)	21	19

A Change in the Present Value of Obligation*

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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	225.42	134.35	170.29	76.84
Interest Cost	18.03	-	15.77	-
Current Service Cost	44.06	39.86*	35.69	57.51*
Past Service Cost (Vested Benefit)	31.36	-	-	-
Benefits Paid	(33.45)	-	(4.92)	-
Actuarial (gain) / loss on Obligations	28.28	-	8.59	-
Present Value of Defined Benefit Obligation as at the end of the period	313.70	174.21	225.42	134.35

* Net of benefits paid during the year included under salary and allowances

Schedule "P-II" (Contd.)

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
Present Value of Plan Assets as at the beginning of the period	114.97	57 09
Expected Return on Plan Assets	9.20	8 58
Contributions	93.56	52 60
Benefits Paid	(33.45)	(4 91)
Actuarial gains / (losses)	5.48	1 61
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	189.76	114 97

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
Present Value of Funded Obligation as at the end of the period	313.70	225 42
Fair Value of Plan Assets as at the end of the period	189.76	114 97
Funded Asset recognised in the Balance Sheet Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at the end of the Period	123.94	110 45
Unrecognised Actuarial gains / (losses)	-	-
Unfunded Liability recognised in the Balance Sheet Included in provision (Schedule)	123.94	110 45

D. Amount recognised in the Balance Sheet:

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31 03 2010	
	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	313.70	174.21	225 42	134 35
Fair Value of Plan Assets as at the end of the Period	189.76	-	114 97	-
Liability/ (Net Asset) recognised in the Balance Sheet	123.94	174.21	110 45	134 35

E. Expenses Recognised in Profit and Loss Account:

(₹ in lacs)

Particulars	Year Ended on 31 03 2011		Year Ended on 31 03 2010	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)
Current Service Cost	44.06	39.86*	35 69	57 51*
Past Service Cost	31.36	-	-	-
Interest Cost	18.03	-	15 77	-
Expected Return on Plan Assets	(9.20)	-	(8 58)	-
Curtailment Cost / (Credit)	-	-	-	-

Schedule "P-II" (Contd.)

(₹ in lacs)

Particulars	Year Ended on 31.03 2011		Year Ended on 31 03 2010	
	Funded Scheme (Gratuity)	Non-Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non-Funded Scheme Leave Encashment)
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	22.80	-	6 98	-
Total Expenses recognised in the Profit and Loss Account*	107.05	39.86	49 86	57 51

* Net of Benefits paid during the year included under Salary & Allowances

F. Actual Return on Plan Assets:

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
Expected Return on Plan Assets	9.20	8 58
Actuarial gain / (losses) on Plan Assets	5.48	1 61
Actual Return on Plan Assets	14.68	10 19

G. Recognition of Actuarial (Gain) / Loss

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
Actuarial (Gain) / Loss on Obligation	28 28	8 59
Actuarial (Gain)/Loss on Asset	(5 48)	(1 61)
Actuarial (Gain)/Loss in P&L A/c	22.80	6 98

H. Experience Adjustment

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
On Plan Liability (Gain) / Loss	43 85	14 72
On Plan Asset (Loss) /Gain	5 48	1 61

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.

It is estimated that the contribution during financial year 2011-12 would be ₹ 64 lacs (₹ 60 lacs in 2010-11) on account of the funded benefits.

20 Previous period figures have been regrouped and/ rearranged wherever considered necessary

21. Information pursuant to the provision of the Part IV of Schedule to the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I Registration Details

Registration no

0 1 2 6 0 1 8

State Code

1 1

Balance Sheet Date

3 1 0 3 2 0 1 1

II Capital raised during the year (Amount ₹ in Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

8 0 7 5 8 5

Private Placement

N I L

III Position of Mobilisation and Deployment of funds (Amount ₹ in Thousands)

Total Liabilities

2 2 3 9 7 6 0 8

Total Assets

2 2 3 9 7 6 0 8

Sources of Funds

Paid-Up Capital

1 3 4 5 9 7 5

Reserves and Surplus

1 4 2 1 1 7 2 6

Secured Loans

6 8 2 2 5 7 6

Unsecured Loans

N I L

Deferred Tax Liabilities

1 7 3 3 1

Application of Funds

Net Fixed Assets

3 8 1 8 1 5 7

Investments

1 0

Net Current Assets

1 8 5 7 9 4 4 1

Misc Expenditure

N I L

Deferred Tax Assets

N I L

Accumulated Losses

N I L

IV Performance of the Company (Amount ₹ in Thousands)

Turnover & Other Income

1 2 9 5 6 9 0 0

Profit/Loss before Tax

3 7 2 4 9 9 0

Earning per Share in ₹

1 8 0 2

Total Expenditure

9 2 3 1 9 1 0

Profit/Loss after Tax

2 4 2 5 2 9 8

Dividend Rate %

N I L

V Generic Names of Principal Products / Services of the Company (as per monetary terms)
Product Description

1 Blended Fabrics

2 Blended Yarn

3 Worsted Yarn

ITC Code

5 5 1 5

5 5 0 9

5 1 1 1

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 26th May, 2011

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

Effective Corporate Governance is the process by which the values, principles, management policies and procedures of the 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 for long run.

The detailed report on implementation by the Company of the Corporate Governance Code as incorporated in the Clause 49 of the Listing Agreement with the Stock Exchanges is set out below.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Reid & Taylor (India) Limited believes that for a Company to be successful, it must maintain global standards of corporate conduct for all its stakeholders.

The Company's philosophy on governance envisages the alignment of the highest levels of transparency, accountability, and equity in all the operations and in all its interactions with its stakeholders. The Company has a strong legacy and roots of Corporate Governance principles. It is the Company's continuous endeavor to achieve the highest levels of Corporate Governance.

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

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

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 drawn from diverse fields. 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 Managing Director subject to the guidance, supervision and control of the Board of Directors.

As on 31st March 2011, the Company's Board consists of 6 members. Of these, one (1) is Executive Director who is a Promoter Director, two (2) are Independent Non Executive Directors and three (3) are Non Executive Directors.

Number of Board Meetings

The Board of Directors met 10 times during the year on 6th April 2010, 28th May 2010, 28th June 2010, 30th July 2010, 19th August 2010, 27th September 2010, 29th October 2010, 25th November 2010, 27th January 2011 and 23rd February 2011.

Directorship held and Director's 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 RTIL) in which Chairman / Member.	
			Chairman	Member
Dr A C Shah, Chairman	Independent, Non Executive	8	2	7
Shri Nitin S Kasliwal, Managing Director	Promoter & Executive	3	-	-
Shri Kunnasagaran Chinniah	Non Executive	9	-	3
Shri Anil Channa	Non Executive	2	-	1
Shri Dara P Mehta	Non Executive	5	-	3
Shri Pradip P Shah	Independent, Non Executive	14	3	6

1 # Relates to Audit Committee, Shareholders Grievance Committee & Remuneration Committee only

2 # Excludes Directorship in Indian Private Limited Companies and Foreign 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 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*	3	N A
Shri Nitin S. Kasliwal	8	Yes
Shri Kunnasagaran Chinniah	9	No
Shri Anil Channa	10	Yes
Shri Dara P Mehta	9	No
Shri Pradip P Shah**	3	No
Smt Jyoti N Kasliwal***	3	Yes
Shri Dara D Avani***	6	Yes

*Appointed as a Chairman w e f 27th September, 2010

**Appointed as an Additional Director w e f 30th July, 2010

***Resigned w e f 27th September, 2010

3. BOARD COMMITTEES:

A. Audit Committee:

The Company has formed audit committee pursuant to the provisions of Section 292A of the Companies Act, 1956 at the Board Meeting held on 25th August 2008.

The terms of reference of the re-constituted Audit Committee shall 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 of the Company comprises of three directors, all of them are Non Executive Directors. The Chairman of the Audit Committee is Independent Director. All the Directors of the Committee are financially literate and are well versed with finance and accounts / legal matters and general business practices. The composition of the Audit Committee is as under:

Name of the Director	Position	Category
Dr A C Shah	Chairman	Independent, Non Executive
Shri Dara P Mehta	Member	Non Executive
Shri Kunnasagaran Chinniah	Member	Non Executive

The Company Secretary acts as a Secretary to the Committee.

The Statutory Auditors and Internal Auditors of the Company, Managing Director of the Company and CFO and Head of Internal Audit Department of the holding Company are invitees to the meetings.

Meetings and Attendance details

During the financial year ended 31st March 2011, five Audit Committee Meetings were held on 28th May 2010, 30th July 2010, 29th October 2010, 25th November 2010 and 27th January 2011.

The attendance at the Audit Committee Meetings was as under:

Name of the Member	No. of meetings attended
Dr A C Shah*	3
Shri Dara P Mehta	3
Shri Kunnasagaran Chinniah	4
Shri Dara D Avari**	2
Shri Anil Channa***	2

* Appointed w.e.f 27th September, 2010

** Resigned w.e.f 27th September, 2010

*** Till 27th September, 2010

The Company Secretary was present at all the above meetings.

B. Committee of Directors:

The Committee comprises of the following members

Name of the Director	Position	Category
Shri Nitin S Kasliwal	Chairman	Executive
Dr A C Shah	Member	Independent, Non Executive
Shri Dara P Mehta	Member	Non Executive
Shri Anil Channa	Member	Non Executive

During the financial year ended 31st March 2011, 9 (Nine) meetings of the Committee of Directors were held

Name of the Member	No. of meetings attended
Shri Nitin S Kasliwal	9
Dr A C Shah*	4
Shri Dara P Mehta**	4
Shri Anil Channa	9
Shri Dara D Avari***	5

*Appointed w e f 27th September, 2010

** Appointed w e f 27th September, 2010

***Resigned w e f 27th September, 2010

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

C. Remuneration Committee:

The Remuneration Committee was constituted at the Board Meeting of the Company held on 25th August, 2008

The Remuneration Committee currently consists of

Name of the Director	Position	Category
Dr A C Shah	Chairman	Independent, Non Executive
Shri Kunnasagar Chinniah	Member	Non Executive
Shri Dara P Mehta	Member	Non Executive

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 Wholtime Directors
- To recommend to the Board the remuneration payable to the Managing Director and the Wholtime 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 and Clause 49 of the Listing Agreement with Stock Exchanges

No Remuneration Committee meeting was held since its inception till financial year ended 31st March 2011 and none of the Directors are entitled to any remuneration presently

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 2010-11 are as follows

Name	Sitting fees paid during FY 2010-11 (In ₹.)			Total (In ₹.)
	Board Meeting	Audit Committee Meeting	Committee of Directors Meeting	
Dr A C Shah	60,000	60,000	40,000	1,60,000
Shri Kunnasagaran Chinniah	40,000	20,000	-	60,000
Shri Anil Channa	2,00,000	40,000	40,000	2,80,000
Shri Dara P Mehta	1,80,000	60,000	40,000	2,80,000
Shri Pradip P Shah	60,000	-	-	60,000
Smt Jyoti N Kasliwal*	40,000	-	-	40,000
Shri Dara D Avari*	1,20,000	40,000	-	1,60,000

*Resigned w e f. 27th September, 2010

b Remuneration paid to Managing Director - NIL

Shri Nitin S Kasliwal as Managing Director of the Company does not draw any remuneration from the Company.

The Company will 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 is already drawing remuneration in the capacity of Managing Director from holding Company i.e S Kumars Nationwide Limited

During the year 2010-11, the 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 27th September, 2010

The Share Transfer and Shareholders' / Investors' Grievances Committee consists of

Name of the Director	Position	Category
Dr A C Shah	Chairman	Independent, Non Executive
Shri Anil Channa	Member	Non Executive
Shri Dara P Mehta	Member	Non Executive

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 with Stock Exchanges

No Share Transfer and Shareholders' / Investors' Grievances Committee meeting was held since its inception till financial year ended 31st March 2011

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

During the year under review, No complaints were received by the Company from the Shareholders / Investors

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	Day, Date & Time	Venue	No. of Special Resolution passed
2007-08	17 th June 2008 Tuesday, 11 00 a m	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G K Marg, Worli, Mumbai-400 018	None
2008-09	11 th September 2009 Friday, 11 30 a m	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G K Marg, Worli, Mumbai-400 018	One
2009-10	20 th September 2010 Monday, 10 00 a m	Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G K Marg, Worli, Mumbai-400 018	None

5. EXTRA ORDINARY GENERAL MEETINGS:

During the year, following 6 Nos of Special Resolutions were taken up in the EOGMs and were passed with the requisite majority

A. EOGM held on 19th August 2010**- Reclassification of Authorised Share Capital:**

15,50,000 numbers of preference shares of ₹ 20/- each aggregating ₹ 3,10,00,000/- forming part of the Authorized Share Capital of the Company were reclassified as 31,00,000 numbers of equity shares of ₹ 10/- each

- Increase in Authorised Share Capital:

The Authorised Share Capital of the Company was increased from ₹ 58,10,00,000/- to ₹ 150,00,00,000/- divided into 15,00,00,000 Nos of Equity Shares of ₹ 10/- each

- Alteration of Memorandum of Association and Articles of Association:

To give effect to the above, Memorandum of Association and Articles of Association of the Company relating to the Share Capital was altered

- Issue of Bonus Shares:

8,07,58,472 No of Equity Shares of ₹ 10/- each credited as fully paid bonus shares to the holders of the existing Equity Shares of the Company, in proportion of 3 (three) No of Equity Share of ₹ 10/- each for every 2 (two) existing fully paid up Equity Share held by them

B. EOGM held on 27th September 2010**- Alteration to Articles of Association:**

The new set of regulations of Articles of Association of the Company adopted in place of the existing set of regulations contained in the Articles of Association of the Company

- Initial Public Offer upto ₹ 1000 Crores:

The Company intends to undertake the Initial Public Offer and listing of its equity shares of the face value of ₹ 10/- each, for cash either at par or premium aggregating to an amount not exceeding ₹ 500 Crores by way of fresh issue of Equity Shares at a price to be determined by the book building process in terms of the ICDR Regulations

Indivest Pte Limited and S. Kumars Nationwide Limited are desirous of offering their equity shares in the Company upto ₹ 500 crores to the public along with a fresh issue of equity shares

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 11 of Schedule 'P-II' 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 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 qualification 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 minutes are circulated to all the members of the Board / Committee for their comments within 15 days from the conclusion of that meeting. The finalized minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that meeting.

e) 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.

7. GENERAL SHAREHOLDERS INFORMATION**a) Re-appointment of Directors**

Shri Dara P Mehta and Shri Pradip P Shah retire by rotation and are offers themselves for re-appointed in the ensuing Annual General Meeting to be held on 11th August 2011.

b) General Information

(1) **Nature of Industry:** Textile Manufacturing, Trading and Readymade Garments of various Brands

(2) **Date of acquiring business from holding Company** – 1st January 2008

(3) **Financial performance:** Given in the Audited Balance Sheet

(4) **Export performance for the year** 1st April 2010 to 31st March 2011 ₹ 42.47 Crores

(5) **Foreign investments or collaboration, if any:** Technical know how agreement with Reid & Taylor (Holdings) Ltd

c) Registered Office

B2, 5th Floor, Marathon Nextgen,
Off Ganpatrao Kadam Marg,
Lower Parel (West), Mumbai 400 013, (India)
Tel No 24930180/24965700/24824500
Fax No 24931685
Website www.sknl.co.in

d) Plant Locations

- : 1) Thandavapura,
Hobli Chikkaianachatra,
Nanjangud Taluka,
Mysore, Karnataka
- 2) **Suit Factory**
Plot # 28C, Opp Asian Paints Godown,
Peenya, 2nd Phase, (Near NTTF Circle),
Bengaluru - 560 058

e) Registrar and Transfer Agents

M/s Bigshare Services Private Limited
Unit Reid & Taylor (India) Limited
E/2, Ansa Industrial Estate,
Sakivihar Road, Sakı Naka,
Andheri (East), Mumbai 400 072
Tel No 2847 0652 / 2847 3747
Fax No 2847 5207
e-mail id ansar@bigshareonline.com

f) Dematerialisation of Shares and Liquidity:

The Company's shares are in dematerialized form. As on 31st March 2011, 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 the Company's shares is INE069K01016.

g) Distribution of Equity Shareholding as on 31st March 2011.

Description	No. of Shares	Voting Strength
PROMOTER Promoter Group Company i.e. S Kumars Nationwide Limited	10,01,25,000	74.39
NON PROMOTER Other Body Corporate i.e. Indivest Pte Ltd	3,44,72,453	25.61
Total	13,45,97,453	100.00

h) Address for Correspondence:

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

Shri Nihar R. Avasare

Company Secretary & Compliance Officer

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 niharavasare@sknl.co.in

SKNL

S. Kumars Nationwide Limited

Consolidated Financial Statements

SKNL

S. Kumars Nationwide Limited

Consolidated Financial Statements

AUDITORS' REPORT

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF S. KUMARS NATIONWIDE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

- 1 We have audited the attached Consolidated Balance Sheet of S Kumars Nationwide Limited ("the Company") and its subsidiaries collectively referred to as 'the SKNL group' as at 31st March, 2011 and the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as "Consolidated Financial Statements") These Consolidated 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 audited the financial statements of one subsidiary included in consolidated financial statements whose financial year ended on 31st March, 2011 and whose financial statements reflect total assets of ₹ 2,52,285 lacs as at 31st March, 2011, total revenue of ₹ 1,29,569 lacs and net cash outflow of ₹ 2,139 lacs for the year then ended
- 4 We have not audited the financial statements of nine step down subsidiaries included in the consolidated financial statements, whose financial year ended on 31st December, 2010 These financial statements reflect total assets of ₹ 1,04,496 lacs as at 31st December, 2010, total revenue of ₹ 1,25,080 lacs and net cash outflows of ₹ 698 lacs for the year then ended These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors
- 5 We have relied on the unaudited financial statements and financial information furnished by the management with respect to two subsidiaries (including one step down subsidiary) included in the consolidated financial statements whose financial year ended on 31st December, 2010 These financial statements reflect total assets of ₹ 13,389 lacs as at 31st December, 2010, total revenues of ₹ 565 lacs and net cash outflows of ₹ 16 lacs for the year then ended Further, we have also relied on the unaudited financial statements and financial information furnished by the management with respect to ten subsidiaries (including 7 step down subsidiaries) included in the consolidated financial statements whose financial year ended on 31st March, 2011 These financial statements reflect total assets of ₹ 85,375 lacs as at 31st March, 2011, total revenues of ₹ 7,689 lacs and net cash inflows of ₹ 448 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 SKNL Group as at 31st March, 2011, had the subsidiaries (including step down subsidiaries) been audited

- 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 (i) *In case of S Kumars Nationwide Limited (SKNL), the accumulated interest and financial charges amounting to ₹ 13,454 lacs and future differential interest on restructured debts on Net Present Value (NPV) basis amounting to ₹ 856 lacs pertaining to earlier years (after amortising ₹ 1,596 lacs during the year) have been carried forward under the head 'Restructured Financial Cost' (RFC) grouped / presented under Schedule 'F' of financial statement i.e. "Loans and Advances", which is not in accordance with AS 5 'Net Profit or Loss for the Period, Prior Period Items and Change in Accounting Policies' (Refer Note No 5(b) of Schedule 'P-II')*
- (ii) *In case of Reid and Taylor (India) Limited (RTIL), the share of recompense expense borne by RTIL as part of Corporate Debt Restructuring (CDR) of parent company, SKNL amounting to ₹ 1,978 lacs pertaining to earlier years (after amortising ₹ 220 lacs during the year) have been carried forward under the head "Restructured Financial Cost" (RFC) grouped / presented under Schedule 'F' of financial statements i.e. "Loans and Advances" which is not in accordance with AS 5 'Net Profit or Loss for the Period, Prior Period Items and Change in Accounting Policies' (Refer Note No 5(b) of Schedule 'P-II')*

- (iii) a In case of HMX Group, reversal of deferred tax liabilities amounting to ₹ 8,342 lacs have been credited to capital reserves, out of which ₹ 5,165 lacs not pertaining to acquisition related assets should have been credited to profit & loss account (Refer Note No 14 (a) of Schedule 'P-II')
- b Further, certain expenditures amounting to ₹ 4,984 lacs, have been debited to capital reserves instead of charging to profit and loss account. The above said accounting treatment is not in conformity with AS 5 'Net Profit or Loss for the Period, Prior Period Items and Change in Accounting Policies' (Refer Note No 14 (b) of Schedule 'P-II')

Consequently, profit for the year and accumulated balance in Profit & Loss Account is overstated by ₹ 16,107 lacs, loans & advances are overstated by ₹ 16,288 lacs and capital reserve is overstated by ₹ 181 lacs

- 8 The Company has not complied with AS 26 'Intangible Assets' with respect to
- (i) non-amortization of goodwill amounting to ₹ 12,476 lacs arising out of acquisition of three step down subsidiaries. We are unable to ascertain the consequential financial impact of the above on the goodwill and profit for the year (Refer Note No 2 of Schedule 'P-II')
- (ii) In case of HMX Group, certain expenditures aggregating ₹ 9,496 lacs are debited to brand development i.e. intangible assets. The management contends that these expenses are incurred for brand development. Since this is based only on the perception of the management, we are unable to comment upon capitalization of above said expenses as brand-development and consequential financial impact thereof on the intangible assets and profit for the year (Refer Note No 15 of Schedule 'P-II')
- 9 We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of AS 21 "Consolidated financial statements" and AS 27 "Financial Reporting of Interests in Joint Ventures" 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
- 10 Based on our audit and on consideration of reports of other auditors on separate financial statements of the components as explained in para 4 above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, *subject to para 5, 7 and 8 above*, 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 SKNL Group as at 31st March 2011,
- (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date, and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date

For **Haribhakti & Co.**
Chartered Accountants
FRN 103523W

RAKESH RATHI

Partner

Membership No 45228

Place Mumbai

Date 30th May, 2011

BALANCE SHEET AS AT 31st MARCH, 2011

(₹ in lacs)

	Schedule	Current Year As at 31.03.2011	Previous Year As at 31 03 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS:			
Share Capital	A	33,731.29	31,289 67
Equity Share Warrants (Ref Note No 12 of Schedule 'P-II')		3,254.46	1,340 35
Employee Stock Option outstanding (Ref Note No 16 of Sch 'P-II')		570.97	631 84
Reserves & Surplus	B	240,147 53	277,704.25
		41,100.63	185,539 90
MINORITY INTEREST			218,801 76
			33,677 08
LOAN FUNDS			
Secured Loans	C	339,064.61	269,224 27
Unsecured Loans		2,379 53	341,444.14
			6,658 16
DEFERRED TAX LIABILITIES (NET) (Ref Note No 21 of Schedule 'P-II')		7,668.78	275,882 43
			15,195 03
Total		667,917 80	543,556 30
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	196,362 19	169,735 84
Less Depreciation/Amortisation		49,019.20	37,621 12
Net Block		147,342.99	132,114 72
Add Capital work-in-progress (including capital advances)		80,225.25	78,272 99
		227,568.24	210,387 71
INVESTMENTS	E	108.11	144 35
DEFERRED TAX ASSETS (NET) (Ref Note No 21 of Schedule 'P-II')		201 05	163 00
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	F	158,552.54	130,734 17
Sundry Debtors		196,807.86	171,690 00
Cash and Bank Balances		10,963 12	13,213 85
Other Current Assets		640.92	1,043 01
Loans and Advances		173,745 22	91,019 19
Total (I)		540,709.66	407,700 22
Less: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	G	47,527 48	28,292 50
Provisions		53,143.83	46,546 48
Total (II)		100,671.31	74,838 98
NET CURRENT ASSETS (I) - (II)		440,038.35	332,861 24
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		2.05	-
Total		667,917 80	543,556 30

Significant Accounting Policies & Notes to Accounts

P

The Schedules referred to above & Notes to accounts form an integral part of Balance Sheet.

As per our report of even date

For and on behalf of the Board of Directors

For Haribhakti & Co
Chartered Accountants
FRN 103523W

NITIN S KASLIWAL Vice-Chairman and Managing Director

RAKESH RATHI
Partner
Membership No 45228

ANIL CHANNA Deputy Managing Director

Place Mumbai
Date 30th May, 2011

J. S. SHETTY CFO and President - Finance

NIMESH S. SHAH Sr Vice President & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2011

(₹ in lacs)

	Schedule	Current Year Ended on 31.03.2011	Previous Year Ended on 31 03 2010
INCOME			
Sales and Service Charges		518,055.39	383,778.00
Other Income	H	4,233.68	2,315.81
Increase/(decrease) in Inventories	I	19,534.88	12,505.84
Total		541,823.95	398,599.65
EXPENDITURE			
Raw materials consumed/ Fabric purchases	J	316,661.81	244,098.07
Manufacturing expenses	K	18,864.39	12,480.05
Personnel expenses	L	50,555.30	31,301.11
Administrative expenses	M	22,377.90	14,518.28
Selling and Distribution expenses	N	27,746.73	19,390.69
Restructured Financial Cost Amortised (Ref Note No 5 of Schedule 'P-II')		1,816.03	1,816.03
Interest expenses	O	35,568.94	24,403.32
Depreciation/Amortisation	D	12,468.09	8,134.23
Total		486,059.19	356,141.78
Profit/(Loss) before Tax		55,764.76	42,457.87
Prior period (expenses)/income		31.56	9.02
Provision for Tax			
Current Tax		(15,452.70)	(13,946.29)
Deferred Tax Assets / (Liabilities)		(946.18)	(594.92)
Wealth Tax		(8.41)	(6.98)
Taxation for earlier years		(139.98)	(193.61)
Total Tax expenses		(16,547.27)	(14,741.80)
Profit after Tax but Before Minority Interest		39,249.05	27,725.09
Less Minority Interest		6,154.85	4,825.56
Profit available for Appropriation		33,094.20	22,899.53
Balance Brought forward from previous year		29,203.74	12,308.18
Appropriation			
Transfer to Debenture Redemption Reserve		950.45	225.15
Transfer to Capital Redemption Reserve		-	5,337.13
Provision for Preference Dividend		534.74	-
Tax on Preference Dividend		88.81	-
Proposed Equity Dividend		2,849.78	-
Tax on Proposed Equity Dividend		473.31	-
Share of Minority Interest in Reserves		-	441.69
Balance carried over to Balance Sheet		57,400.85	29,203.74
Earnings Per Share			
- Basic		₹ 12.82	₹ 9.68
- Diluted		₹ 12.19	₹ 9.33

(Nominal Value of Share ₹ 10/- each)

Significant Accounting Policies & Notes to Accounts

P

The Schedules referred to above & Notes to accounts form an integral part of Profit & Loss Account.

As per our report of even date

For and on behalf of the Board of Directors

For Haribhakti & Co
Chartered Accountants
FR No 103523W

NITIN S. KASLIWAL

Vice-Chairman and Managing Director

RAKESH RATHI
Partner

ANIL CHANNA

Deputy Managing Director

Membership No 45228

J S SHETTY

CFO and President - Finance

Place Mumbai
Date 30th May, 2011

NIMESH S SHAH

Sr Vice President & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2011

(₹ in lacs)

		Current Year ended on 31.03 2011	Previous Year ended on 31.03 2010
A	Cash Flow from Operating Activities		
	<i>Net Profits Before Tax and Extraordinary Items</i>	55,764.76	42,457.87
	Adjustments for		
	a) Depreciation	12,468.09	8,134.23
	b) Deferred revenue expenditure	1,816.03	1,816.03
	c) Profit/Loss on sale of fixed assets (net)	116.98	461.93
	d) Sundry balances written back	(234.59)	(48.21)
	e) Sundry balances written off	24.42	334.89
	f) ESOP Compensation (credited) / debited to P&L a/c	(60.88)	151.30
	g) Provision for doubtful debts	50.75	114.45
	h) Interest expenses	35,568.94	24,403.32
	i) Interest income	(77.66)	(128.19)
	j) Exchange rate fluctuation	(920.54)	(282.67)
	<i>Operating Profit before Working Capital Changes</i>	104,516.30	77,414.95
	Adjustments for		
	a) Trade & other receivables	(104,546.90)	(54,473.98)
	b) Inventories	(27,818.36)	(22,102.94)
	c) Trade payables	13,796.36	(2,944.51)
	<i>Cash Generated from/(used in) Operating Activities</i>	(14,052.60)	(2,106.48)
	a) Direct taxes	(12,604.00)	(9,928.18)
	<i>Cash Inflow/(outflow) before Prior Period Items</i>	(26,656.60)	(12,034.66)
	a) Prior period adjustments (gross)	31.56	9.02
	<i>Net Cash Flow from/(used in) Operating Activities</i> Total (A)	(26,625.04)	(12,025.64)
B	Cash Flow from Investing Activities		
	a) Acquisition of fixed assets (Including capital work-in-progress)	(36,753.95)	(42,025.21)
	b) Sale of fixed assets	45.04	53.28
	c) Investments	41.24	(5,151.68)
	d) Interest income	77.66	128.19
	<i>Net Cash Flow from/(used in) Investing Activities</i> Total (B)	(36,590.01)	(46,995.42)
C	Cash Flow from Financing Activities		
	a) Proceeds from secured loans (Net of repayment)	69,840.33	75,211.57
	b) Proceeds from unsecured loans (Net of repayment)	(300.94)	(760.36)
	c) Proceeds from equity shares/ shares to be allotted	29,398.71	12,340.40
	d) Redemption of preference shares	(2,404.84)	(1,056.08)
	e) Interest expenses	(35,568.94)	(24,403.32)
	<i>Net Cash Flow from/(used in) Financing Activities</i> Total (C)	60,964.32	61,332.21
	<i>Net Increase in Cash and Cash Equivalents</i> Total (A+B+C)	(2,250.73)	2,311.15
	Cash & Cash Equivalent (Opening Balance)	13,213.85	10,902.70
	Cash & Cash Equivalent (Closing Balance)	10,963.12	13,213.85
	<i>Net Change in Cash & Cash Equivalent</i>	(2,250.73)	2,311.15

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 include cash and bank balances in current accounts and in deposit accounts (Refer to Schedule "F" of the Balance Sheet)
- 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
FR No 103523W

RAKESH RATHI
Partner
Membership No 45228

Place Mumbai
Date 30th May, 2011

For and on behalf of the Board of Directors

NITIN S. KASLIWAL Vice-Chairman and Managing Director

ANIL CHANNA Deputy Managing Director

J. S. SHETTY CFO and President - Finance

NIMESH S. SHAH Sr Vice President & Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS

		(₹ in lacs)	
		Current Year As at 31.03.2011	Previous Year As at 31 03 2010
SCHEDULE "A" – SHARE CAPITAL			
Authorised Capital			
37,00,00,000	Equity Shares of ₹ 10 each (Previous Year 37,00,00,000)	37,000.00	37,000 00
90,00,000	Preference Shares of ₹ 100 each (Previous Year 90,00,000)	9,000.00	9,000 00
		<u>46,000.00</u>	<u>46,000 00</u>
Issued, Subscribed and Paid-Up Capital			
28,49,78,377	Equity Shares of ₹ 10 each, fully paid up (Previous year 23,65,13,838)		
	As per last Balance Sheet	23,651 38	22,339 14
	Add Allotted during the year (Ref Note no 9, 10 & 11 of Schedule P-II)	4,846.46	1,312 24
		<u>28,497.84</u>	<u>23,651 38</u>
5,27,500	6% Cumulative Redeemable Preference Shares of ₹ 100 each, fully paid-up (Redeemable by 2013) (Previous year 19,82,500)		
	As per last Balance Sheet	1,982 50	2,142 50
	Less Redeemed during the year	1,455.00	160 00
		<u>527 50</u>	<u>1,982 50</u>
47,05,947	0.01% Redeemable Preference Shares of ₹ 100 each, fully paid-up (Redeemable by 2017-2020) (Previous year 56,55,785)		
	As per last Balance Sheet	5,655.79	6,551 87
	Less Redeemed during the year	949.84	896 08
		<u>4,705.95</u>	<u>5,655 79</u>
	Total	<u>33,731.29</u>	<u>31,289 67</u>
SCHEDULE "B" – RESERVES AND SURPLUS			
Capital Reserve			
	As per last Balance Sheet	24,959.58	2,054 58
	Add On account of acquisition of business (Ref Note No 14 of Sch 'P-II')	3,357.75	22,905 00
		<u>28,317.33</u>	<u>24,959.58</u>
Capital Redemption Reserve			
	As per last Balance Sheet	13,267.49	7,930 36
	Add Transfer during the year (Ref Note No 13 of Sch 'P-II')	-	5,337 13
		<u>13,267.49</u>	<u>13,267 49</u>
Legal Reserve			
		151.67	151 67
Securities Premium			
	As per last Balance Sheet	115,096.96	105,007 22
	Add On account Allotment of Equity shares	27,714.54	15,558 03
	Less On account Share issue expenses (Ref Note No 10(b) of Sch 'P-II')	1,031.80	-
	Less On account of Redemption premium payable on NCDs	786.38	5,468 29
		<u>140,993.32</u>	<u>115,096 96</u>
Revaluation Reserve			
	As per last Balance Sheet	1,117.36	1,034 46
	Less Depreciation on revalued portion of the fixed assets	17.68	17 73
	Add Excess depreciation claimed in earlier years reversed	-	100 63
		<u>1,099.68</u>	<u>1,117 36</u>
Debenture Redemption Reserve			
	As per last Balance Sheet	3,600.15	3,375 00
	Add Transfer during the year	950.45	225.15
		<u>4,550.60</u>	<u>3,600 15</u>
Foreign Currency Translation Reserve			
		(5,633.41)	(1,857 05)
		<u>57,400.85</u>	<u>29,203 74</u>
Profit & Loss account			
	Total	<u>240,147.53</u>	<u>185,539 90</u>

SCHEDULES FORMING PART OF ACCOUNTS

	Current Year As at 31.03.2011	(₹ in lacs) Previous Year As at 31.03.2010
SCHEDULE "C" – LOAN FUNDS		
A. Secured Loans		
Non-convertible Debentures (NCDs) (Ref note no 2)* 1,50,78,805 nos of Non-Convertible Debentures of ₹ 100 each (previous year 1,50,78,805)	16,099.41	15,078 81
Balance of Debts repayable to CDR lenders	-	5,947 42
Term Loans under Technology Upgradation Fund Scheme (TUFs) (Ref note no 3)*	42,010.22	25,031 80
Term Loans under Overseas Investment Finance Programme (OIFP) (Ref note no 4)*	26,773.14	28,048 14
Term Loans from Banks (Ref note no 5)*	82,311.12	51,114 63
Equipment Finance (Ref note no 6)	309 59	304 14
Credit facility for pre-cum-post shipment (Ref note no 7)	3,581.86	-
Working Capital Advances from Banks (Ref note no 8)	167,979.27	143,699 33
Total	339,064.61	269,224 27

NOTES:

- 1 (i) *Due within one year regular repayment ₹ 17,742 83 lacs (previous year ₹ 13,634 20 lacs) and other repayment ₹ 18,878 81 lacs (previous year ₹ 9,326 90 lacs) of Parent Company
(ii) The balances include interest accrued and due ₹ 4,340 58 lacs (previous year ₹ 2,780 88 lacs) of Parent Company and its Indian Subsidiary
- 2 Non-Convertible Debentures (NCDs) issued to India Debt Management Pvt Ltd are secured by way of first *pari passu* charge on Fixed Assets (excluding Jhagadia assets) of the Company both present and future
- 3 The Term Loans under Technology Upgradation Fund Scheme are secured by way of first *pari passu* charge on Specific Project Assets and second *pari passu* charge on all other Fixed Assets and Current Assets of the Company, both present and future and guaranteed by Vice Chairman & Managing Director of the Company
- 4 The Term Loans for Overseas Investment Finance Programme (OIFP) are secured by way of first *pari passu* charge on Fixed Assets (excluding Jhagadia assets) of the Company, both present and future, pledge of promoter's shares held in S Kumars Nationwide Limited and pledge of equity shares of acquired company/subsidiary company, second *pari passu* charge on Fixed Assets at Jhagadia, Current Assets of the Company, both present and future and guaranteed by Vice Chairman & Managing Director of the Company
- 5 Term Loans are secured by way of first *pari passu* charge on Fixed Assets of the Company (excluding Jhagadia assets), both present and future, second *pari passu* charge on Current Assets and Jhagadia assets and guaranteed by Vice Chairman & Managing Director for Term Loans of Parent Company and its Indian Subsidiary
- 6 Equipment Finance Loans are secured by hypothecation of specific equipment / assets
- 7 Credit facility for pre-cum post shipment is secured by hypothecation of Company's inventories and book-debts and second *pari passu* charge on Fixed Assets of the Company both present and future and guaranteed by Vice Chairman & Managing Director of the Company
- 8 Working capital advances from Banks are secured by hypothecation of Company's inventories and book-debts and second *pari passu* charge on Fixed Assets of the Company both present and future and guaranteed by Vice Chairman & Managing Director of the Company

B. Unsecured Loans
Long Term Loans

a) From Banks*	1,847.95	1,982 39
b) Zero Coupon Bonds/Funded Interest term loans		
- CDR Lenders*	-	85 01
- Non CDR Lenders	531.58	508 11
c) From Others		
- 2% Foreign Currency Convertible Bonds due in 2011	-	4,082 65
Total	2,379.53	6,658 16

Notes:

- 1 *Due within one year, regular repayment ₹ 695 25 lacs (Previous year ₹ 443 04 lacs) and other repayment ₹ Nil lacs (Previous year ₹ 4,129 61 lacs) of Parent Company
- 2 The balances include interest accrued and due ₹ 2 83 lacs (Previous year ₹ 39 26 lacs) of Parent Company.

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE "D" - FIXED ASSETS

(₹ in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At the Beginning of the year 01 04 2010	Additions during the year	Deductions during the year	Total as at 31 03 2011	At the Beginning of the year 01 04 2010	Depreciation for the year	Deductions during the Year	Total as at 31 03 2011	Net Block as at 31 03 2011	Net Block Previous year 31 03 2010
Tangible										
Land										
Freehold Land	7,495 78	-	891 16	6,856 20	-	-	-	-	6,856 20	7,495 78
Leasehold Land	717 85	1,000 70	-	1,466 50	2 61	0 16	-	2 77	1,463 73	715 24
Building	27,142 59	1,830 81	2,464 06	26,509 34	2,181 58	843 28	281 04	2,743 82	23,765 52	24 961 01
Leasehold	1,217 82	1,235 18	101 70	2,351 29	205 84	587 02	22 68	770 18	1,581 11	1 011 98
Improvements										
Plant & Machinery	91,577 63	16,648 03	1,144 65	107,081 02	31,337 88	9,241 16	306 44	40,272 60	66,808 42	60 239 75
Office Equipments	211 84	307 36	-	519 20	67 96	19 33	-	87 29	431 91	143 88
Computers	464 89	128 22	0 43	592 68	252 84	70 05	0 21	322 68	270 00	212 05
Furniture & Fixtures	2,236 41	1,448 67	44 21	3,640 86	1,223 96	233 39	38 48	1,418 87	2,221 99	1,012 45
Vehicles	1,468 08	325 49	142 03	1,651 53	381 92	140 09	61 56	460 45	1,191 08	1,086 16
Intangible										
Goodwill	12,476 00	-	-	12,476 00	-	-	-	-	12,476 00	12 476 00
Brands and Other Intangible Assets	24,726 95	9,681 29	1,190 67	33,217 57	1,966 53	1,351 29	377 28	2,940 54	30,277 03	22,760 42
Current year Total	169,735 84	32,605 74	5,979 39	196,362 19	37,621 12	12,485 77	1,087 69	49,019 20	147,342 99	132,114 72
Previous year Total	105 998 68	64 691 92	954 76	169 735 84	30 097 54	8 112 48	588 90	37,621 12	132 114 72	75 901 12
Capital Work-in-Progress (including Capital Advances)									80 225 25	78,272 99

Notes -

- Gross Block includes certain fixed assets for which revaluation was carried out in the year 1997, by valuer. The amounts 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
- Depreciation charged for the year shown in the Profit & Loss Account is after deducting an amount of ₹ 17 68 lacs withdrawn from Revaluation Reserve (Previous Year ₹ 17 73 lacs) and deduction includes prior period adjustment depreciation of ₹ 51 33 lacs
- Opening balances of Gross block and accumulated depreciation have been regrouped

(₹ in lacs)

Current Year	Previous Year
As at 31.03 2011	As at 31 03 2010

SCHEDULE "E" - INVESTMENTS

Long Term (at Cost)

i) Non Trade

a) Unquoted

National Savings Certificates	0.10	0 10
Reid & Taylor Ltd (UK) (Nil Equity shares of GBP 1 00 each)	-	36 30
(Previous year 50,000 Equity shares of GBP 1 00 each)		
Anjaneya Foundation (49,500 equity shares of ₹ 10 each)	4.95	4 95
(Previous year 49,500 equity shares of ₹ 10 each)		
Investment in Industria e Universita S r l (Euro 5100 consists of 10,000 quota capital) (Previous year Euro 5100 consists of 10,000 quota capital)	3.06	3 00

b) Quoted

Brandhouse Retails Ltd (10,00,000 Equity Shares of ₹ 10 each)	100.00	100 00
(Previous year 10,00,000 Equity Shares of ₹ 10 each)		

Total	108.11	144 35
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Aggregate amount of Quoted Investment	100.00	100 00
---------------------------------------	--------	--------

(Market value ₹ 238 50 lacs (previous year ₹ 339 00 lacs))

Aggregate amount of Unquoted Investments	8.11	44 35
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Total	108.11	144.35
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SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)
Current Year
As at 31.03.2011

Previous Year
As at 31 03 2010

SCHEDULE "F" - CURRENT ASSETS, LOANS & ADVANCES
Inventories

(as taken, valued and certified by the Management)

Raw materials (including Goods in Transit

₹ 413 37 lacs P Y ₹ 281 99 lacs)

55,302.46

46,155 33

Stores, fuel and packing materials

538.83

395 19

Semifinished fabrics

26,112.05

21,384 16

Finished fabrics, garments and made ups

76,599.20

62,799 49

Total 158,552.54

130,734 17

Sundry Debtors

(Unsecured and considered good, unless otherwise stated)

Over six months*

Considered good

17,719.71

14,732 07

Considered Doubtful

1,127.48

2,847 77

Others Considered Good *

182,402.29

161,452 93

Sub Total 201,249.48

179,032 77

Less Provision for Doubtful Debts

1,127 48

2,847 77

Less Other Reserves

3,314 14

4,495 00

Total 196,807.86

171,690 00

* Debtors due from companies in which some of the Directors are interested ₹ 19,585 60 lacs (Previous year ₹ 19,740 75 lacs)

(Ref Note no 17(A) of Schedule 'P-II')

Cash and Bank Balances

Cash on hand (as certified by the Management)

38.36

51 50

Balances with Scheduled Banks

In Current accounts

5,757.70

6,041 29

In Fixed Deposits (against Margin Money)

3,863.55

5,559 06

Balances with Other Banks (Ref Note no 26 of Schedule 'P-II')

1,303.51

1,562 00

Total 10,963.12

13,213 85

Other Current Assets

Assets held for Sale (Ref Note no 25 of Schedule 'P-II')

640.92

1,043 01

Total 640.92

1,043 01

Loans, Advances and Deposits

(Unsecured & Considered good unless otherwise stated)

Advances recoverable in cash or kind for value to be received *

Considered good

127,065.58

47,011 42

Considered doubtful

19.62

19 62

Advance tax and Tax deducted at source and MAT Credit availed

26,580.69

24,563 77

MAT Credit entitlement

2,373.00

-

Deposits

1,437.78

1,339 81

Restructured Financial Cost /Prepaid Interest on NPV Basis

16,288.17

18,104 19

(Ref to Note No 5 of Schedule 'P-II')

Sub Total 173,764.84

91,038 81

Less Provision for Doubtful Advances

19.62

19 62

Total 173,745.22

91,019 19

* Advances due from companies in which some of the Directors are interested ₹ 7 25 lacs (Previous year ₹ 9 06 lacs)

(Refer Note no 17(B) of Schedule 'P-II')

Total of Current Assets, Loans and Advances 540,709.66

407,700 22

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

Current Year
As at 31.03.2011

Previous Year
As at 31 03 2010

SCHEDULE "G" - CURRENT LIABILITIES & PROVISIONS
(A) Current Liabilities

Creditors for goods and expenses				
Micro, Small and Medium Enterprises	60.47		64 67	
Others	30,019.70		18,101 07	
Advances received from others	567.66		558 83	
Investor Education and Protection Fund				
Unclaimed Fixed Deposit not due for transfer	-		1 40	
Deposits received from dealers	407.78		74 86	
Interest accrued but not due on Loans	831.73		494 50	
Other liabilities	15,640.14	47,527.48	8,997 17	28,292 50

(B) Provisions

For Taxation	43,677.58		36,775 67	
For Fringe Benefit Tax	70 76		211 61	
For Preference Dividend	534.74		-	
For Tax on Preference Dividend	88.81		-	
For Proposed Equity Dividend	2,849.78		-	
For Tax on Proposed Equity Dividend	473 31		-	
For Retirement and other employee benefit scheme	5,448.85	53,143 83	9,559 20	46,546 48
Total of Current Liabilities and Provisions		100,671.31		74,838 98

SCHEDULES FORMING PART OF ACCOUNTS

(₹ in lacs)

	Current Year Ended on 31.03.2011	Previous Year Ended on 31.03.2010
SCHEDULE "H" - OTHER INCOME		
Interest	77.66	128.19
Balances written back	250.84	48.21
Exchange rate fluctuation (net)	-	291.47
Export benefits	219.04	1,078.42
Profit on sale of fixed assets	0.77	8.15
Miscellaneous income	3,685.37	761.37
Total	4,233.68	2,315.81
SCHEDULE "I" - INCREASE /(DECREASE) IN INVENTORIES		
Closing inventories of		
Semi-finished Fabrics	26,206.83	21,384.16
Finished fabrics, garments and made ups	77,043.13	62,799.49
Inventories taken over on acquisition of		
Semi-finished Fabrics	-	2,456.00
Finished fabrics, garments and made ups	-	20,854.00
Opening inventories of		
Semi-finished Fabrics	21,309.57	14,748.63
Finished fabrics, garments and made ups	62,405.51	33,619.18
Increase/(decrease) in inventories	19,534.88	12,505.84
SCHEDULE "J" - RAW MATERIALS CONSUMED/FABRIC PURCHASES		
Opening inventory	45,929.67	32,107.93
Add Inventory taken over on acquisition	-	5,535.00
Add Purchases	326,243.00	252,610.47
Less Closing inventory	55,510.86	46,155.33
	316,661.81	244,098.07
SCHEDULE "K" - MANUFACTURING EXPENSES		
Conversion charges	8,101.85	4,938.88
Freight and octroi	2,123.31	732.80
Water, power & fuel	4,489.97	3,584.10
Stores and spares	907.10	1,419.85
Entry tax	826.49	625.43
Other materials/expenses	2,221.59	1,016.67
Insurance	194.08	162.32
Total	18,864.39	12,480.05
SCHEDULE "L" - PERSONNEL EXPENSES		
Salaries, wages, bonus & allowances	45,361.34	27,104.52
Employee stock option expenses	(60.88)	151.30
Contributions to provident fund and other funds	1,224.56	980.59
Staff welfare expenses	4,030.28	3,064.70
Total	50,555.30	31,301.11

SCHEDULES FORMING PART OF ACCOUNTS

	(₹ in lacs)	
	Current Year Ended on 31.03.2011	Previous Year Ended on 31 03 2010
SCHEDULE "M" - ADMINISTRATIVE EXPENSES		
Rent	3,422.72	1,529 23
Rates & Taxes	1,139.26	1,089 31
Repairs and maintenance		
to buildings	118.66	175 55
to machinery	400.98	164 68
to others	230.03	293 83
Travelling expenses	1,409.00	1,222 88
Electricity charges	82.97	61 57
Vehicles maintenance	260 07	219 62
Directors' remuneration	845.59	414 13
Remuneration to Auditors		
Audit fees (including service tax)	193.76	480 01
In other capacity	73.72	55 85
Bank charges & upfront fee	3,383.54	1,988 16
Conveyance expenses	234.22	237 93
Legal & professional charges	5,030.89	3,198 22
Listing fees	6.19	7 44
Printing and stationery	228.76	190 99
Telephone expenses	211.94	181 80
Postage and telegrams	113.12	86 03
Sales tax	3.81	3 62
License and registration fees	77 51	83 73
Sundry balances written off	24.66	334 89
Loss on sale of fixed assets	117.75	470 08
Service Tax	8.00	8 67
Exchange rate fluctuation (net)	320.71	-
Other Miscellaneous expenses	4,440.04	2,020 06
Total	22,377.90	14,518 28
SCHEDULE "N" - SELLING AND DISTRIBUTION EXPENSES		
Dealers incentives	3,529.47	2,285 15
Discounts, rebates and allowances	5,420.34	1,918 70
Commission and brokerage	2,641.76	1,690 57
Conference, publicity and business promotion expenses	10,978.07	8,459 58
Lease rentals	105.34	26 78
Other selling expenses	5,071.75	5,009 91
Total	27,746.73	19,390 69
SCHEDULE "O" - INTEREST EXPENSES		
Interest on Term Loans	15,637.71	11,836 59
Interest on Debentures	2,342 87	3,052 91
Interest Others	17,588.36	9,513 82
Total	35,568.94	24,403 32

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS AT 31st MARCH, 2011.**SCHEDULE "P" - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****SCHEDULE "P-I" - SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Consolidated Financial Statements**

- a) The financial statements have been prepared under the historical cost convention, except where impairment is made and on accrual basis in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956 and comply with the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- b) 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 Schedule "P-I" 5(e), (f), (g), 11(c), 15(b), 16(b) and 19(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 recognised during the period in which they are materialized / known.

3. Fixed Assets

Fixed 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. Assets revalued are stated at values determined by the 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 enterprises and the cost of the asset can be measured reliably.

5. Depreciation and Amortisation

- a) Depreciation on fixed 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 Fixed 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: Amortised over a period of five years.
- d) Leasehold improvements are amortized over the terms of the respective leases or useful lives, whichever is shorter.
- e) In case of HMX LLC, Intangible assets comprised 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.
- f) In case of Leggiuno S p A , Intangible assets comprised 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.
- g) In case of foreign subsidiaries, the depreciation on fixed 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

SCHEDULE "P-I" (Contd.)

on internal/external factors in accordance with Accounting Standard 28 on "Impairment of Assets". An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount and is charged to profit and loss account. 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. Recognition of Income and Expenditure

- a) Domestic sales are recognised 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 excise duty, dyeing charges, conversion charges and are net of shortage and discounts excluding value added tax
- d) Interest income is recognised on time proportion basis taking in to account the amount outstanding and the rate applicable
- e) Cost/expenditure is recognised 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
- g) Export benefits are accounted for on the basis of application filed with the appropriate authority

10. 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 recognised in the profit and loss account. In case of forward contracts (non speculative), the exchange differences are dealt with in the profit and loss account over the period of contracts. Exchange difference arising on monetary items in substance form part of enterprises net investment in non integral foreign operation is accumulated in foreign currency translation reserve till disposal of net investment.

11. 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 Profit and Loss Account, 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 profit and loss account.

- 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 subsidiaries companies the provision for liability is provided in accordance with law of country in which company is operating

12. Research & Development

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

13. Investments

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

SCHEDULE "P-I" (Contd.)**14. 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.

15. Debt issue costs

- a) Debt issue costs are charged to profit & loss account under administration expenses 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 term of the debt and included in administrative expenses in the consolidated income statement, using the effective interest method.

16. 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 recognised 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.

17. 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 segments for the purpose of disclosures as required under Accounting Standard-17 Segment Reporting.

18. 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.

19. 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 ICAI. 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.
- 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.

20. 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.

SCHEDULE "P-II" – NOTES TO ACCOUNTS :**1. Principles of Consolidations :**

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" and Accounting Standards 27 – "Financial Reporting of Interest in Joint Ventures" 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.

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.

In view of the management, the effect of exception stated in Schedule "P-I" – Note 1 (b) is not quantifiable.

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. 31st March, 2011, 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
		2010-11	2009-10	
1	Reid & Taylor (India) Limited	74.39	74.39	India
2	Belmonte Retails Limited	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#	100.00	100.00	Italy
6	Leggiuno S p A#	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
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

SCHEDULE "P-II" (Contd.)

Sr No.	Name of Subsidiary Companies	Ownership in % either directly or through Subsidiaries		Country of Incorporation
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

2. 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

3. Contingent Liabilities:
a. Guarantees:

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31 03 2010
a)	In respect of concessional custom duty availed under EPCG Scheme (Covered by bank guarantee)	1,280.15	1,431.16
b)	Guarantees extended by the banks based on the Company's counter guarantees	3,449.78	2,488 77
c)	Corporate Guarantee extended by the Company to the lenders of Shree Maheshwar Hydel Power Corporation Limited	27,032.00	27 218 00
d)	Corporate Guarantees given to the Lenders of Brandhouse Retails Ltd	18,045.00	18,045 00
e)	Guarantees on Trade payable of Leggiuno S p A	68.44	68 44

b. Claims not acknowledged as debts:

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31 03 2010
a)	Income Tax, Sales Tax, Service Tax and Entry Tax demand – disputed in appeal	3,520.21	2,780 02
b)	Demand Order of Central Excise Authorities disputed by the Company & Custom duty disputed	595.83	227 54
c)	Labour matter pending in court	144.87	52 46
d)	Civil matter pending in court	22.47	29 47
e)	Writ petition filed before Hon'ble High Court, Indore against the order of Industrial Court	22 00	27 47
f)	Matter in respect of Gratuity pending before controlling authorities	3.77	3 55

- 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 ₹ 3,695 95 lacs (Previous Year ₹5,306 48 lacs)

4. 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 31.03.2011	As at 31 03 2010
i)	not later than one year	762.18	706 15
ii)	later than one year but not later than five years	1,479.26	1,511 56
iii)	later than five years	311.99	136 67

The above amounts are exclusive of taxes and duties. During the year, the Company has paid ₹ 3,422 72 lacs (Previous Year ₹1,529 23 lacs) as rent in respect of the above leases

5. (a) In terms of the approval of the Corporate Debt Restructuring EG, as per their letter dated 12th September 2008, for the exit of the Company from the Corporate Debt restructuring, the company has made full and final settlements with all the lenders and there is no outstanding on this account as on the date of the balance sheet

SCHEDULE "P-II" (Contd.)

- (b) The financial costs incurred by the Company during the Restructuring period and the costs incurred in connection with the exit of the Company from the Corporate Debt Restructuring are carried under the head "Restructured Financial Costs" and amortized over the repayment period till the year 2020. Such "Restructured Financial Costs" net of amortization, is ₹ 16,288.17 lacs (Previous Year ₹ 18,104.19 lacs) are shown in Schedule F' under Loans and Advances and ₹ 1,816.03 lacs (Previous year ₹ 1,816.03 lacs) charged to the profit & loss account during the year.
- (c) Zero Coupon Redeemable Preference Shares amounting to ₹ 4,626.43 lacs (Previous Year ₹ 4,626.43 lacs) though fully settled by the Company as per the Corporate Debt Restructuring exit approval by keeping in Fixed Deposit with the lenders an amount equivalent to the Net Present Value of such Preference Shares, continue to be shown as Preference Shares not redeemed and the amount of such Fixed Deposits which are ₹ 2,453.93 lacs (Previous Year ₹ 2,241.44 lacs), assigned to the lenders, continue on the assets side.
6. Investment held in the shares of Subsidiaries companies and 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.
 7. In the opinion of the management the current assets and loans and advances have a value on realisation in the ordinary course of business at least, equal to the amount at which they are stated.
 8. Sundry debtors, loans and advances including capital advances and sundry creditors are subject to confirmations, reconciliation and consequential adjustment, if any.
 9. The Company has issued 2% Foreign Currency Convertible Bonds in April, 2006, amounting to US\$ 50 million (₹ 22,335 lacs) due in April 2011. Out of this, FCCBs of US \$ 41 million has been converted in to equity shares in earlier years and during the year the Company has converted the balance FCCBs of US \$ 9 million into 70,95,789 equity shares of ₹ 10/- each at a price of ₹ 57/- per share (including premium of ₹ 47/- per equity share) on 11th March, 2011.
 10. (a) The Company has placed with Qualified Institutional Buyers 28,943.750 equity shares of ₹ 10/- each at a price of ₹ 80/- per share (including premium of ₹ 70/- per equity share) aggregating to ₹ 23,155 lacs in September 2010.
(b) The Company has incurred ₹ 1,031.80 lacs towards legal fees, professional fees, merchant bankers fees and other related expenses towards issue of equity shares to QIBs. This shares issue expenses has been written off against Securities Premium.
 11. During the year the Company has received ₹ 4,021.04 lacs from N'Essence Holdings Ltd, a promoter group company, being the balance 75% of the subscription amount towards 1,24,25,000 nos of equity warrants of ₹ 43.15 each aggregating ₹ 5,361 lacs with an option to convert into equal number of Equity shares of ₹ 10/- each at a premium of ₹ 33.15 per share within 18 months from the date of allotment, which was issued on preferential basis and allotted, in its meeting held on 31st October, 2009. The investors 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 ₹ 33.15 per share on 3rd March, 2011 against receipt of full amount.
 12. The Board of Directors has issued and allotted, in its meeting held on 15th June, 2010, 1,24,25,000 nos of warrants of ₹ 64.53 each aggregating ₹ 8,017.85 lacs to Sansar Exim Pvt Ltd, a promoter group company on a preferential basis, with an option to convert into equal number of Equity shares of ₹ 10/- each at a premium of ₹ 54.53 per share within 18 months from the date of allotment. The Company has received ₹ 3,254.46 lacs being the subscription amount.
 13. During the year, the Company has redeemed preference shares aggregating to ₹ 2,404.84 lacs (Previous year ₹ 1,056.08 lacs). During the year company has allotted equity shares aggregating to ₹ 4,846.46 lacs, hence provision for Capital Redemption Reserve(CRR) on account of redemption of preference shares not made.
 14. (a) During the previous year, 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 ₹ 8,342 lacs based on utilization/ realisation and accordingly adjusted the same with the capital reserve.
(b) During the year, HMX Group, subsidiary of the Company has accounted expenditure amounting to ₹ 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.
 15. 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 ₹ 9,496.41 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 (Ref note no 5(e) of Schedule 'P-I')

SCHEDULE "P-II" (Contd.)

16. 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
		1 st Year	31 10 2007 to 30 10 2008	30 %
		2 nd Year	31 10 2008 to 30 10 2009	30 %
		3 rd 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 31.03.2011	As at 31.03.2010
a)	Number of Options outstanding beginning of the period	17,84,200	17,84,200
b)	Options exercised	NIL	NIL
c)	Total number of shares arising as a result of exercise of Options	NIL	NIL
d)	Options Lapsed/cancelled	2,97,300	NIL
e)	Money realised by exercise of options	NIL	NIL
f)	Total number of options in force	14,86,900	17,84,200

Effect of the employee share based payment plans on the profit and loss account and on its financial position

(₹ in lacs)

	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Total Employee Compensation Cost pertaining to share based payment plans	51.10	151.30
b)	Compensation cost pertaining to equity settled/cancelled employee share based payment plan included above	111.98	-
c)	Liability for employee stock options outstanding as at year end	570.97	631.84
d)	Deferred Compensation Cost	NIL	53.29

17. Debtors and advances due from firms and companies in which some of the Directors are/were interested.

(₹ in lacs)

	Name of the Company	As at 31.03.2011	As at 31.03.2010
A)	Debtors:		
	Brandhouse Retails Ltd	19,585.60	19,740.75
	Total	19,585.60	19,740.75
B)	Advances:		
	Belmonte Retails Ltd nee Belmonte Lifestyles Ltd	Nil	1.81
	Anjaneya Foundation	7.25	7.25
	Total	7.25	9.06
	Grand Total	19,592.85	19,749.81

SCHEDULE "P-II" (Contd.)
18 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 31.3.2011 (₹ in lacs)	Maximum balance outstanding during the year (₹ in lacs)	Investment in Shares of the Company (No. of Shares)
Belmonte Retails Ltd nee Belmonte Lifestyles Ltd	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Nil	1 81	50,000
Anjaneya Foundation		7 25	7 25	49,500

19. 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"

20. 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

21. Deferred Taxation:
a. In respect of Holding Company:

During the year the Company has computed its Deferred Tax Asset / Liability in accordance with Accounting Standard-22 "Accounting for Taxes on Income" and accordingly a Deferred Tax (Liability) of ₹ 985.83 lacs as on 31st March, 2011 has been provided. Thereby total DTL aggregating to ₹ 2,692.35 as on 31st March, 2011

(₹ in lacs)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2010	Current Year Charge/Credit	Deferred Tax Assets/(Liability) as at 31.03.2011
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(1,822.90)	(1,046.01)	(2,868.91)
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	116.38	60.18	176.56
Deferred Tax Liability (Net)	(1,706.52)	(985.83)	(2,692.35)

b. In respect of Indian Subsidiary – Reid & Taylor (India) Ltd:

During the year the Company has computed its Deferred Tax Asset / (Liability) in accordance with Accounting Standards – 22 "Accounting for Taxes on Income" and accordingly Deferred Tax (liability) of ₹ 20.80 lacs as has been provided. Thereby total DTL aggregating to ₹ 173.31 as on 31st March, 2011

Deferred Tax Liability (Net)

(₹ in lacs)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2010	Current Year Charge/Credit	Deferred Tax Assets/(Liability) as at 31.03.2011
Deferred Tax Liabilities			
(i) Difference between books and tax depreciation	(319.90)	(59.17)	(379.07)
Deferred Tax Assets			
(i) Disallowance under Section 43 B of Income Tax Act	167.39	38.37	205.76
Deferred Tax Liability (Net)	(152.51)	(20.80)	(173.31)

SCHEDULE "P-II" (Contd.)
c. In respect of Overseas Subsidiaries:

The Deferred Tax Asset of Leggiuno S p A is Euro 2,58,228 equivalent to ₹ 155.06 lacs, SKNL Italy is Euro 76,584 equivalent to ₹ 45.99 lacs and Deferred Tax Liability of HMX LLC is USD 1,06,61,300 equivalent to ₹ 4,801.85 lacs as on 31st December, 2010 and for SKNL UK Limited is GBP 1,756 equivalent to ₹ 1.27 lacs as on 31st March, 2011

22. 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 Oviesse 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 (nee-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 – Vice Chairman & Managing Director

Shri Anil Kumar Channa – Deputy Managing Director

(c) Details of Transactions: -

(₹ in lacs)

Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Sales		
Goods		
Brandhouse Retails Ltd (Net of returns and discount)	65,290.21	60,291.25
Total	65,290.21	60,291.25
Advances taken and repaid		
S Kumars Textiles Ltd	3,311.33	Nil
Total	3,311.33	Nil
Loan Given and received back		
Anjaneya Holdings Pvt Ltd	500.00	Nil
Total	500.00	Nil
Outstanding as on 31st March, 2011		
Debtors (Ref Note 17)	19,585.60	19,740.75
Advances Receivable (Ref Note No 17)	7.25	9.06
Managerial Remuneration	476.18	322.47

(Related party relationships are as identified by the management and have been relied upon by the auditor)

There is no write off or write back of any balances due from/to related parties

SCHEDULE "P-II" (Contd.)
23. Earnings Per Share:

Basic	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Net Profit attributable to Equity Shareholders (₹ in lacs)	32,470.65	22,899.53
Weighted average number of Equity Shares of ₹ 10 each outstanding during the period		
(Nos. in Lacs)	2,532.14	2,365.14
Basic Earnings per Share	₹ 12.82	₹ 9.68

(Nos. in lacs)

Diluted	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Net Profit attributable to Equity Shareholders (₹ in lacs)	32,470.65	22,899.53
Number of shares outstanding on the beginning of the year	2,365.14	2,233.91
Add Weighted average number of equity shares on issue of shares against QIBs	153.05	-
Add Weighted average number of potential equity shares on conversion of FCDs	-	131.22
Add Weighted average number of equity shares on conversion of FCCBs	70.96	70.96
Add Weighted average number of equity shares on conversion of Equity Warrants	42.87	-
Add Weighted average number of potential equity shares those could arise on conversion of Equity Warrants	26.64	12.94
Add Weighted average number of potential equity shares on account of employee stock options	4.46	5.35
Weighted average number of shares outstanding	2,663.12	2,454.38
Diluted Earnings per Share	₹ 12.19	₹ 9.33

24. Capital work-in-progress includes expenditure incurred during the construction of High Value Fine Cotton and Home Textiles as under

(₹ in lacs)

Particulars	Amount
Opening Balance as on 01.04.2010	Nil
Add Incurred during the year	
Employment Costs	204.69
Travelling Expenses	1.77
Legal & Professional Charges	0.12
Miscellaneous Expenses	236.54
Interest and Finance Charges	993.27
Total incurred during the year	1,436.39
Less Capitalized during the year	1,436.39
Amount Carried forward	Nil

25. 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, same 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.
26. Balances with other Banks represents amount lying with foreign subsidiaries banks

SCHEDULE "P-II" (Contd.)

27. Anjaneya Foundation is Company under section 25 of the Companies Act, 1956 and its financials are not consolidated with the Company's financial statements

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

I. Defined Contribution Plans.

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

The Company has recognised the following amounts in Profit and Loss Account

Particulars	Year Ended on 31.03.2011	Year Ended on 31 03 2010
Employer's contribution to Provident Fund & Pension Scheme	548.25	422 34
Employer's contribution to Employees State Insurance	105.31	83 14

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 31.03.2011	As at 31 03 2010
Discount Rate (% per annum)	8.25	8
Rate of increase in compensation levels (% per annum)	5	5
% Rate of return on Plan Assets (for Funded Scheme)	8	8
Expected Average remaining working lives of the employees (years)	18	19

A. Change in the Present Value of Obligation:

(₹ in lacs)

Particulars	As at 31 03.2011		As at 31 03 2010	
	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	755.07	314.35	646 09	198 60
Interest Cost	67.16	-	66 82	-
Current Service Cost	151.51	85.31*	233 04	115 75*
Past Service Cost (Vested Benefit)	63.37	-	-	-
Benefits Paid	(79.28)	-	(33 89)	-
Actuarial (gain) / loss on Obligations	(5.02)	-	(156 98)	-
Present Value of Defined Benefit Obligation as at the end of the period	952.81	399.66	755 07	314 35

* Net of benefits paid during the year included under salary and allowances

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

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
Present Value of Plan Assets as at the beginning of the period	482.22	327 14
Expected Return on Plan Assets	42.97	37 69
Contributions	171.34	160 86
Benefits Paid	(79.28)	(33 89)
Actuarial gains / (losses)	8.21	(9 58)
Assets distributed on Settlement	-	-
Fair Value of Plan Assets as at the end of the period	625.46	482 22

SCHEDULE "P-II" (Contd.)
C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:

(₹ in lacs)

Particulars	As at 31 03.2011	As at 31 03 2010
Present Value of Funded Obligation as at the end of the period	952.81	755.07
Fair Value of Plan Assets as at the end of the period	625.46	482.22
Funded Asset recognised in the Balance Sheet Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at the end of the period	327.35	272.85
Unrecognised Actuarial gains / (losses)	-	-
Unfunded Liability recognised in the Balance Sheet Included in provision (Schedule)	327.35	272.85

D. Amount recognised in the Balance Sheet:

(₹ in lacs)

Particulars	As at 31.03.2011		As at 31 03 2010	
	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	952.81	399.66	755.07	314.35
Fair Value of Plan Assets as at the end of the period	625.46	-	482.22	-
Liability/ (Net Asset) recognised in the Balance Sheet	327.35	399.66	272.85	314.35

E. Expenses recognised in Profit and Loss Account:

(₹ in lacs)

Particulars	Year Ended on 31.03 2011		Year Ended on 31 03 2010	
	Funded Scheme (Gratuity)	Non Funded Scheme (Leave Encashment)	Funded Scheme (Gratuity)	Non - Funded Scheme (Leave Encashment)
Current Service Cost	151.51	85.31*	233.04	115.75
Past Service Cost	63.37	-	-	-
Interest Cost	67.16	-	66.82	-
Expected Return on Plan Assets	(42.97)	-	(37.69)	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / Loss recognised in the Period	(13.23)	-	(147.40)	-
Total Expenses recognised in the Profit and Loss Account*	225.84	85.31	114.77	115.75

* Net of Benefits paid during the year included under Salary & Allowances

SCHEDULE "P-II" (Contd.)
F. Actual Return on Plan Assets:

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
Expected Return on Plan Assets	42.97	37 69
Actuarial gain / (losses) on Plan Assets	8.21	(9 58)
Actual Return on Plan Assets	51.18	28 11

G. Recognition of Actuarial (Gain) / Loss

(₹ in lacs)

Particulars	Year Ended on 31.03 2011	Year Ended on 31 03 2010
Actuarial (Gain) / Loss on Obligation	(5.02)	(156 98)
Actuarial (Gain) / Loss on Asset	(8.21)	9 58
Actuarial (Gain) / Loss in P&L A/c	(13.23)	147 40

H. Experience Adjustment

(₹ in lacs)

Particulars	As at 31.03.2011	As at 31 03 2010
On Plan Liability (Gain) / Loss	42.28	(107 72)
On Plan Liability (Loss) / Gain	8.21	(9 58)

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

29. There is no subsequent event to the balance sheet date, which would materially affect the accounts and the related disclosure for the year ended 31st March, 2011
30. Previous year's figures have been regrouped / rearranged wherever considered necessary to make them comparable with current year's figure

For and on behalf of the Board of Directors

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

Place Mumbai

Date 30th May, 2011

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OS AA01

Statement of details of parent law and other information for an overseas company



COMPANIES HOUSE

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law

☐ **What this form is NOT**
You cannot use this form
an alteration of manner
with accounting require

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COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

S KUMARS NATIONWIDE LIMITED

If the company has already been registered in the UK, please enter the
establishment number below

UK establishment
number ②

B R 1 4 8 0 4

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

② This should only be completed if
the company has already been
registered in the UK

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

Legislation ①

Indian, Companies Act 1965

① This means the relevant rules or
legislation which regulates the
preparation and if applicable, the
audit of accounts

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ **No** Go to **Section A3**

☒ **Yes** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3**

Name of organisation
or body ②

Institute of Chartered Accountants of India

② Please insert the name of the
appropriate accounting organisation
or body

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ **No** Go to **Section A5**

☒ **Yes** Go to **Section A4**

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone



Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



Important information

Please note that all this information will appear on the public record



Where to send

You may return this form to any Companies House address

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DX 33050 Cardiff

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Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

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The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



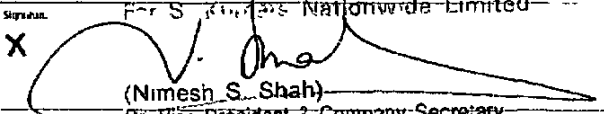
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OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box ☐ No Go to Part 3 'Signature' ☒ Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'	1 Please insert the name of the appropriate accounting organisation or body
Name of organisation or body 1	Institute of Chartered Accountants of India	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box ☐ No ☐ Yes	
Part 3 Signature		
Signature	I am signing this form on behalf of the overseas company Signature ~~For S. R. N. Nationwide Limited~~  (Nimesh S. Shah) Vice President & Company Secretary This form may be signed and authorised by Director, Secretary, Permanent representative	