



SPICE ISLANDS APPARELS LTD.

31st
ANNUAL REPORT
2018-2019

Map and Directions of the venue





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31st ANNUAL GENERAL MEETING

Day : Saturday
 Date : 28th Sept., 2019
 Time : 10.30 am
 Venue : M. C. Ghia Hall
 Bhogilal Hargovindas Building,
 18/20 K, Dubash Marg,
 (Behind Prince of Wales Museum),
 Kala Ghoda, Mumbai - 400 001



Board of Director

Chairman & Managing Director

UMESH KATRE

Whole-time Director

SEEMA KATRE

Director

NILESH SHEVADE

(Appointed as an additional Director w.e.f 13-08-2019)

NEERAJ DESAI.

(Appointed as an additional Director w.e.f 10-04-2019)

RADHAKRISHNAN NAIR

(Resigned as a Executive Director w.e.f 10-04-2019
and

(As a Director w.e.f 29-05-2019)

ASHOK DARYANANI

(Ceased to be a Director w.e.f 31-03-2019)

CHARUCHANDRA PATANKAR

(Ceased to be a Director w.e.f 31-03-2019)

RAHUL MEHTA

(Ceased to be a Director w.e.f 31-03-2019)

ROHAN KATRE

(Resigned as a Director and Executive Director w.e.f 14-02-2019)

Chief Financial Officer

ROHAN KATRE

Company Secretary

PRAVIN KOKAM

Bankers

VIJAYA BANK

Auditors

M/s. NSVM & Associates (Chartered Accountants)

REGISTERED OFFICE

Unit 43-48, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (W), Mumbai - 400 078.

Corporate Identification Number: L17121MH1988PLC050197

WEBSITE : www.spiceislandsapparelslimited.in

Tel.: 61992900 Email: sales@spiceislandsindia.com

CORPORATE OFFICE

125-A, Mittal Tower, 210 Nariman Point, Mumbai 400 021

Tel.: 67400800 Fax : 22826167

FACTORY

S. F. No. 287, Kuthampalayam,
Thirumurgan Poondi (P. O.), P. N. Road,
Tirupur - 641 652.
Tel.: 0421-2350492/3

Unit 43-48, Bhandup Industrial Estate,
Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
Tel.: 61992900

FOR LODGING INVESTOR GRIEVANCES:

grievance_redressal@spiceislandsindia.com

REGISTRAR & SHARE TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED

C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083

Ph.: 022- 4918 6000 Fax : 022- 4918 6060

E-mail : mumbai@linkintime.co.in • Website : www.linktime.co.in



Notice of Annual General Meeting

SPICE ISLANDS APPARELS LIMITED

Unit 43-48, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (W), Mumbai - 400 078.

Corporate Identification Number: L17121MH1988PLC050197

Website: www.spiceislandsapparelslimited.in

Tel.: 61992900 Email: sales@spiceislandsindia.com

Notice of Annual General Meeting

Notice is hereby given that the Thirty First Annual General Meeting of the members of SPICE ISLANDS APPARELS LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, (Behind Prince of Wales Museum), Kala Ghoda, Mumbai - 400 001 on Saturday, 28th day of September, 2019 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31st, 2019, the reports of the Board of Directors and Auditors thereon.
2. To ratify appointment of M/s. NSVM & Associates, Chartered Accountants as statutory auditors and in this regard to consider and if, thought fit, to pass, with or without modification(s), the following resolution as on

Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed by Members at the Twenty Ninth Annual General Meeting appointing M/s. NSVM & Associates, Chartered Accountants, Mumbai (Registration No. 010072S) as Statutory Auditors of the Company to hold office until the conclusion of Thirty Fourth Annual General Meeting of the Company, the Company hereby ratifies and confirms the appointment of M/s. NSVM & Associates, as Statutory Auditors of the Company for the financial year ending 31st March, 2020 on such remuneration as shall be fixed by the Board of Directors of the Company.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution.”

SPECIAL BUSINESS:

3. To appoint Mr. Neeraj Desai (DIN : 03184375) as Additional Director liable to retirement by rotation and in this regard 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 Sections 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any amendments thereto or any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Neeraj Madhukar Desai (holding DIN 03184375) who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

Notice of Annual General Meeting



“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

4. To appoint Mr. Nilesh Shevade (DIN : 03184426) as Additional Director liable to retirement by rotation and in this regard 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 Sections 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any amendments thereto or any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Nilesh Shyam Shevade (holding DIN 03184426) who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

5. To re-appoint Mr. Umesh M. Katre as Managing Director and in this regard to consider and if, thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:-

“RESOLVED THAT pursuant to the provision of Section 196, 197 and 203 read with schedule V and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 and (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals as may be required, consent of members of the Company be and is hereby accorded for re-appointment of Mr. Umesh Katre(DIN 00196300), as Managing Director of the company for a period of 3 years with effect from November 1, 2018 to October 31, 2021 (Both days inclusive) and for payment of remuneration as per the terms and conditions set out below”;

Terms of Appointment

Mr. Umesh Katre (DIN: 00196300) re-appointed as Managing Director of the Company for a period of 3 (Three) years with effect from November 1, 2018 to October 31, 2021 (Both days inclusive) at a remuneration not exceeding Rs. 81,00,000/- (Rupees Eighty One lakhs Only) Per annum (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term).

Additional terms

The remuneration is inclusive of salary and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement, leave travel concession for self and family and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of directors.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any Rule, perquisites and allowances shall be evaluated at actual cost.



Notice of Annual General Meeting

Benefits under the Provident Fund Scheme, the Company's Pension/ Superannuation Fund Scheme in accordance with the Company's rule and regulations in force from time to time shall not be included in the computation of the ceiling on perquisites the extend these either singly or put together are not taxable, under the Income Tax Act, 1961. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration as aforesaid.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

"RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year during the currency of the tenure of Mr. Umesh Katre as Managing Director of the Company, the company incurs loss or its profits are inadequate, the Company shall pay to Mr. Umesh Katre by way of salary, allowance and perquisites not exceeding the limits specified in Schedule V of the Companies Act, 2013 as amended from time to time as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to execute such deeds, documents and writing and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable for giving effect to the foregoing resolution and to settle any question, or doubt that may arise in relation thereto."

By order of the Board of Directors,
For SPICE ISLANDS APPARELS LIMITED

PLACE : MUMBAI

DATE : 13th August, 2019.

SEEMA UMESH KATRE
(Whole Time Director)

Notes



1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies and trusts must be supported by appropriate resolution/authorization, as applicable.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. A Statement pursuant to section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names entitled to vote.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
7. The Company has notified closure of Register of Members and Share Transfer Books from Friday, 20th September, 2019 to Saturday, 28th September, 2019 (both days inclusive)
8. (i) Those members who have not encashed their dividend warrants for the financial year 2011-12 or any subsequent financial years are requested to return the time barred dividend warrants or forward their claims to the Company for issue of Bankers' Cheque / Demand Draft in lieu thereof.
(ii) Pursuant to the provisions of Section 124 of the Companies Act, 2013, as amended, dividend for the financial year 2011-12 and thereafter which shall remain unclaimed/unpaid for a period of 7 (Seven) years from the date of transfer to the unpaid dividend account is required to be transferred to the Investors Education & Protection Fund (IEPF). Accordingly, during September, 2019, the Company would be transferring such unclaimed or unpaid dividend for the financial year ended 31 March, 2012. Members are therefore requested to make claim thereof, before August, 2019.
The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules) now additionally mandate transfer of corresponding shares as well, to the IEPF, regarding which individual notices, newspaper advertisement and information on website of Company are being given to shareholders. Such Shares shall be credited to demat account of IEPF authority within prescribed date. Anybody whose dividends and corresponding shares are thus involved may immediately contact the Company Secretary.
(iii) Pursuant to the said provisions unclaimed/unpaid dividend for the financial year upto 2010-11 have been transferred to the Investor Education and Protection Fund.
9. Pursuant to the provisions of IEPF Rules the Company has uploaded the information in respect of the unclaimed dividends of the financial years from 2008-09 to financial year 2015-16, as on date of the 30th Annual General Meeting held on 26th September, 2018 on the website of the IEPF viz. www.iepf.gov.in



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10. SEBI Regulations has mandated Companies to credit Dividend electronically to the Members' bank account. Shareholders holding shares, whether in Physical or Demat form should inform to the Company and the Depository Participant's (DP), as the case may be their Bank Name, A/c No., A/c Type, Branch name, MICR Code along with their Name and Folio Number (DP-ID/Client ID). Those Members who have earlier provided the above information should update the details, as soon as changes take place.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link Intime.
12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
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 Link Intime (Registrar and Share Transfer Agent) for consolidation into a single folio.
14. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
15. Voting through Electronic means:
 - (i) In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means, and the business set out in the Notice above may be transacted through such electronic voting. The facility of voting through electronic means is provided through the e-voting platform of Central Depository Services (India) Limited ("remote e-voting")
 - (ii) The Members whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut off date of September 19, 2019 shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. Any recipient of the notice who has no voting rights as on the cut off date shall treat this notice as intimation only.
 - (iii) A person who has acquired the shares and became member of the Company after the dispatch of the notice of the annual general meeting and prior to the cut off date i.e. September 19, 2019, shall be entitled to exercise his votes either electronically i.e. remote e-voting or through the poll paper at the AGM by following the procedure mentioned in this part.
 - (iv) The remote e-voting will commence on Wednesday, September 25th, 2019 at 10.00 a.m. and will end on Friday, September 27th, 2019 at 5.00 p.m. During this period, the members of the Company holding shares either in physical form or in demat form as on the cut off date i.e. September 19, 2019 may cast their vote electronically. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter.
 - (v) Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently or cast the vote again.
 - (vi) The facility for voting through Poll Paper would be made available at the AGM and the Members attending the Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Meeting through Polling Paper. The Members who have already cast their

Notes



vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

- (vii) The voting rights of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut off date of September 19, 2019.
- (viii) The Company has appointed Mr. Umesh Maskeri, Practicing Company Secretary (FCS No 4831 COP NO 12704), to act as the Scrutinizer for conducting the remote e-voting process as well as the voting through poll paper at the AGM in a fair and transparent manner. (ix)

The instructions for shareholders voting electronically are as under:

- a. The voting period begins on Wednesday, September 25th, 2019 at 10.00 am and ends on Friday, September 27th, 2019 at 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19th, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- c. The shareholders should log on to the e-voting website www.evotingindia.com.
- d. Click on Shareholders.
- e. Now Enter your User ID
 - i. For CDSL: 16 digits beneficiary ID,
 - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- f. Next enter the Image Verification as displayed and Click on Login.
- g. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction [ix(e)].



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- i. After entering these details appropriately, click on "SUBMIT" tab.
- j. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- k. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- l. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- m. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- n. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- o. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- p. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- q. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- r. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- s. **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- t. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (x) The Chairman shall, at the AGM, at the end of the discussion on the resolutions on which voting is to be held, allow voting, with the assistance of the Scrutinizer, by use of Poll Paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

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- (xi) The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and shall not later than three days of conclusion of the meeting, issue a consolidated Scrutinizers Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same. The Chairman or a person authorised by him in writing shall declare the Result of the voting forthwith.
- (xii) The Results declared, alongwith the Scrutinizer's Report, will be posted immediately, after the declaration of the same by the Chairman on the Company's website www.spiceislandapparelslimited.in and also on the website of CDSL www.evotingindia.com
- (xiii) In case you have any queries or issues regarding remote e-voting, please contact helpdesk.evoting@cdslindia.com or Tel. No. 022-61992900 or pravinkokam@gmail.com
- (xiv) In case of any query or grievance relating to e-voting, members may contact Mr. Pravin Kokam, Company Secretary at the Registered Office of the Company at Telephone No 022-61992900 or by email to pravinkokam@gmail.com.

REQUEST TO THE MEMBERS

1. Members desiring any relevant information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members who hold shares in demat mode are requested to bring their Client ID and DP ID numbers for easy identification of membership at the Meeting.
4. For the convenience of Members, an Attendance Slip is annexed to the Proxy Form. Members are requested to fill in and affix their signatures at the space provided therein and hand over the Attendance Slip at the entrance of the place of the Meeting. Proxy / Representative of a Member should mark on the Attendance Slip as "Proxy" or "Representative", as the case may be..

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

SEEMA UMESH KATRE
 (Whole Time Director)
 Din No: 00196783

PLACE : MUMBAI
 DATE : 13th August, 2019.



Notes

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO 3:

The Board of Directors at their meeting held on April 10th, 2019 appointed Mr. Neeraj Desai as an Additional Director of the Company. The requisite details are provided herein below..

1.	Name		Mr. Neeraj Desai	
2.	Date of Birth		23/03/1970	
3.	Age		49	
4.	Profession		Service	
5.	Qualification		B.COM, MBA	
6.	6.1	Terms and conditions of re-appointment and details of remuneration sought to be paid	NOT APPLICABLE	
	6.2	Remuneration Last drawn	NOT APPLICABLE	
7.	Experience		Working experience over 20 years in commercial field.	
8.	Shareholding of the Director		Nil	
9.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company		Nil	
10.	Date of first appointment on the Board		10 th April, 2019	
11.	List of Directorship and other Directorship and membership/Chairmanship of committees of other Boards			
	Board Meeting attended during the year	Whether attended last AGM	Other Directorships/ Board Committees (Numbers)	
	N.A	N.A	Directorships in other Companies	Board Committee Membership/ (Chairmanship)
1			Nil	

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Neeraj Desai will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Neeraj Desai for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel (KMP) of the Company and their relatives are, in any way concerned, or interested, financially or otherwise in this items of business, except to the extent of their respective shareholding interest, if any, held in the Company.

Notes

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.****ITEM NO 4.**

The Board of Directors at their meeting held on August 13th, 2019 appointed Mr. Nilesh Shevade as an Additional Director of the Company. The requisite details are provided herein below.

1.	Name		Mr. Nilesh Shevade	
2.	Date of Birth		05/12/1978	
3.	Age		40	
4.	Profession		Service	
5.	Qualification			
6.	6.1	Terms and conditions of re-appointment and details of remuneration sought to be paid	NOT APPLICABLE	
	6.2	Remuneration Last drawn	NOT APPLICABLE	
7.	Experience		18 Years	
8.	Shareholding of the Director		Nil	
9.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company		Nil	
10.	Date of first appointment on the Board		13 th August, 2019	
11.	List of Directorship and other Directorship and membership/Chairmanship of committees of other Boards			
	Board Meeting attended during the year	Whether attended last AGM	Other Directorships/ Board Committees (Numbers)	
	N.A	N.A	Directorships in other Companies	Board Committee Membership/ (Chairmanship)
			Nil	Nil

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Nilesh Shevade will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Nilesh Shevade for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel (KMP) of the Company and their relatives are, in any way concerned, or interested, financially or otherwise in this items of business, except to the extent of their respective shareholding interest, if any, held in the Company.



Notes

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO 5.

The Board of Directors at their Meeting Held on October 30th, 2018 re-appointed Mr. Umesh M. Katre as a Managing Director of the Company for a period of three years i.e. November 1, 2018 to October 31, 2021 on terms and conditions and remuneration as recommended by Nomination and Remuneration Committee. It may be noted that the proposed remuneration of Mr. Umesh M. Katre is within the limits provided in Schedule V of the Companies Act, 2013.

1.	Name		Mr. Umesh Katre	
2.	Date of Birth		08/03/1958	
3.	Age		60	
4.	Profession		Business	
5.	Qualification		B.com, MBA	
6.	6.1	Terms and conditions of re-appointment and details of remuneration sought to be paid	As mentioned in the resolution No 5 of this notice.	
	6.2	Remuneration Last drawn	Rs. 32,77,600 p.a.	
7.	Experience		Mr. Umesh Katre is graduate in Commerce and MBA. He has an experience of over 35 years in all aspect of textile production, marketing and exports. Mr. Katre was appointed as a Managing Director in the Board Meeting held on 30 th October, 2018	
8.	Shareholding of the Director		9,35,087 Equity Share of Rs. 10/- each.	
9.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company		Husband – Mrs. Seema Katre (Whole Time Director), Father – Mr. Rohan Katre (Chief Financial Officer)	
10.	Date of first appointment on the Board		18 th February, 1989	
11.	List of Directorship and other Directorship and membership/Chairmanship of committees of other Boards			
	Board Meeting attended during the year	Whether attended last AGM	Other Directorships/ Board Committees (Numbers)	
	5	Yes	Directorships in other Companies	Board Committee Membership/ (Chairmanship)
			No	Nil

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Katre, the Company has no profits or its profits are inadequate, the Company will pay



Notes

remuneration by way of salary and perquisites and allowances as specified by the provision of Section II of part II of Schedule V.

In compliance with the requirement, as laid down in Schedule V, Part II, Section II (B) of the Companies Act, 2013, some of the information required under this clause are given herein below:

The Company is engaged in the business of export of garments (100% exports) and Mr. Katre is associated with the Company since inception, as promoter and has contributed immensely to the growth of the Company. Under the guidance of the Board, he has been handling the affairs of the Company and as such remuneration proposed is commensurate with the responsibility assigned and is comparable to Industry Standards. In the adverse market situation, Mr. Katre has been able to contribute for the greater turnover and profitability.

The Agreement may be terminated by either party giving the other party three months notice or the Company paying three months salary in lieu thereof.

Accordingly, the approval of the Members of the Company is sought for re-appointment of Mr. Umesh Katre as Managing Director of the Company and for payment of remuneration to him as mentioned in the Resolution as set out in the Item No. 4 of the AGM Notice.

The Board recommends the passing of the above resolution for the member's approval.

Nature of concern or interest of Directors:

Mrs. Seema U. Katre (Whole time Director), Mr. Rohan U. Katre (Chief Financial Officer) being relatives may be deemed to be concerned or interested in the Resolution.

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

SEEMA UMESH KATRE
(Whole Time Director)

PLACE : MUMBAI

DATE : 13th August, 2019..



Director's Report

To,

The Members,

Your Directors have pleasure in presenting their Thirty First Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2019.

1. **FINANCIAL RESULTS AND OPERATIONS:**

The Company's financial performance, for the financial year ended March 31, 2019 is summarized as below;

Particulars	STANDALONE 2018-19 Rs (in lacs)	STANDALONE 2017-18 Rs (in lacs)
Revenue from operations(net) and other income	1759.40	3004.10
Profit / (Loss) Before Tax	(458.31)	(126.78)
Provision for tax (Deferred Tax / Previous Year tax adjustment)	67.30	4.98
Profit (Loss) for the period of continuing operations	(391.01)	(131.76)
Less : Other Comprehensive Income	2.00	1.06
Profit / (Loss) After Tax	(393.01)	(130.70)
Balance brought forward from previous year	82.87	213.57
Profit available for appropriations	(310.14)	82.87
Appropriation		
Proposed Equity Dividend		0
Tax on Proposed Equity Dividend		0
General Reserve		0
Surplus Carried to next year's account	(310.14)	82.87

A year of disappointment due to lackluster market conditions and negative sentiments not only within India but also in the company's major markets in the Middle East and Europe.

In the year gone by losses for the year increased to 391.01 lacs as against 131.76 lacs in the preceding year. This has been on account of revenue from operations having gone down to 1759.40 lacs as against 3004.09 lacs in the year 2017-18. The significant reduction in the top line is mostly due to the Company stopping work with a customer in the UAE for a specific product line of children garments due to extreme pressure on pricing, margins, excessive cost of sampling and so also manpower.

Margins from the reduced topline were not adequate to provide for cost of operations of the Company & until such time new customers and products are added, this pressure would continue. Considering the market sentiment, your Company only picked up selective orders with customers who had good financial track records; however margins from these were inadequate to cover all expenses. Your company's foray in manufacturing for the domestic market has also not performed as well as we hoped, due to low market sentiments leading to longer credit periods which is not viable to the company. To control expenses, unnecessary activities and operations were also shut e.g. the entire Bangalore operations, including office, were shut and excessive staff in other areas were streamlined. Certain one-time costs for closure of these operations have also added to the negative result.

During the year under review, some of the assets – particularly those not in use – and certain investments were liquidated to fund the losses. Further during the current year, efforts are being made to cut down finance costs and do away with some of the indirect cost(s) – an effort which is continuously on. Tight



Director's Report

credit policy of banks have further not helped our cause as growth in topline would require additional funding. Similarly receipts of drawback, GST / VAT refunds from various authorities is also quite slow thus adding to pressure on working capital. We are hoping that situation all around improves and we are back in black over the next couple of years.

2. DIVIDEND

Having regards to the losses incurred and in order to conserve the valuable resources your Board expresses their inability to recommend any dividend.

3. RESERVES

During the year under review no amount was transferred to reserves.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure & developments

The Textile & Garment Industry is booming – there are excitements all around and new opportunities to surge further ahead.

Opportunities and Threats

Market is growing both locally and internationally. There's an unprecedented retail boom on domestic front and the possibilities are immense although with consequent keen price war.

Segment wise or product wise performance

Men's and Ladies tops still dominate the market although bottom wears also have made deep inroads. A lot of young fashion wears are surfacing to form a major block in between.

Outlook

It's a bright future ahead. The young fashion segment will dominate a fair segment of the emerging market.

Risk and concerns

Compliances are very much in place for overall required international expectations.

Internal control systems and adequacy

As an extension of above, there is a machinery function to regulate and control the expected parameters to ensure a first class work situation and consequent quality output.

Discussion on financial performance with respect to operational performance.

Against an emerging market and consequent changes of product movements, we too have had to go through a different product mix to flow along with. The impact, financial and / or otherwise, is being investigated.

Material development in Human Resources / Industrial relation front including number of people employed

In the field that we are in it is a must that we tune well with the changes around us which not only mean changes in product lines as required but also realignment of the human resources available in order that the Company moves ahead in the competitive environment.

5. CHANGE IN NATURE OF BUSINESS

The Company continues to undertake the garment activity and during the year under review there is no change in the nature of its business.

6. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report.



Director's Report

7. SUBSIDIARY COMPANIES

The Company does not have any Subsidiary/Associate Company.

8. CORPORATE GOVERNANCE

Corporate Governance is about commitment to values, ethical business conduct and about considering all stakeholder's interest in conduct of business. Transparency and accountability are the two basic tenets of Corporate Governance. Your Company continues to lay great emphasis on the broad principles of Corporate Governance. Spice Island's philosophy on Corporate Governance is stated below:

PHILOSOPHY OF SPICE ISLANDS APPARELS LTD. ON CORPORATE GOVERNANCE:

At Spice Islands Apparels Ltd, we believe in adopting the "Best Practices" followed in the area of Corporate Governance. We emphasize the need for transparency and accountability in our businesses, in order to protect the interest of our stakeholders.

Corporate Governance is a continuous journey towards sustainable value creation for all the stakeholders. Our vision is to be the most trusted partner for every stakeholder and we are committed to provide fair, transparent and equitable treatment to out stake holders.

Our core value system is guided by the principles of accountability, transparency, timely disclosure and dissemination of price sensitive information and matters of interest to the investors ensuring compliance with the applicable acts, laws, rules and regulations and conducting business in a best ethical manner. Accordingly, Corporate Governance stands on the aforesaid broad pillars of transparency, fairness in action, accountability and responsibility towards all the stakeholders.

Securities and Exchange Board of India has issued guidelines on the Corporate Governance for all listed companies through clause 49 of the erstwhile Listing Agreement and now embodied in Securities and Exchange Board of India SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. At Spice Islands Apparels Ltd., we are not only committed to follow the prescribed corporate practices embodied in various regulatory provisions but also the best international practices. We also believe that good governance practices flow from the culture and mindset of the top management and percolate down in the organizations

Since the paid up capital of the Company is less than Rs. 10 Crore and net worth is below Rs. 25 Crore, the Company is exempted from Corporate Governance provision as specified in regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. If same provisions are applicable to the Company at a later date, than the Company shall furnish the information as specified in Clause 49.

Attention of Member is also drawn to Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, whereby certain class of Companies was exempted from compliance of erstwhile Clause 49 of the Listing Agreement and your Company falls in the said Defined Class.

Accordingly, the information required under said clauses are not furnished hereafter. However, the Board of Directors at Company level has enforced complete adherence to the Corporate Governance norms.

9. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is annexed as Annexure – A and forms an integral part of this Report.

10. DIRECTORS

1. All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
2. During the year under review and subsequent to the end of Financial year, following changes have taken place in the Board of Directors of the Company.



Director's Report

Name of Director	Designation	Changes
Umesh Mohan Katre	Chairman & Managing Director	Re-appointed as Managing Director w.e.f 1-11-2018
Ashok Daryanani	Independent Director	Ceases to be a Director w.e.f 31-03-2019
Rahul Mehta	Independent Director	Ceases to be a Director w.e.f 31-03-2019
Charuchandra Patankar	Independent Director	Ceases to be a Director w.e.f 31-03-2019
Rohan Katre	Executive Director & Director	Resigned as a Director and Executive Director w.e.f 14-02-2019
Radhakrishnan Nair	Executive Director	Resigned as an Executive Director w.e.f 10-04-2019 and as a Director w.e.f 29-05-2019
Neeraj Desai	Additional Director	Appointed as an Additional Director w.e.f 10-04-2019
Nilesh Shevade	Additional Director	Appointed as an Additional Director w.e.f 13-08-2019

As per provisions of Section 152 of the Companies Act, 2013, one third of the total strength of directors is required to retire by rotation at every Annual General Meeting and they can offer themselves for reappointment, if eligible. At present the total strength of Board of Directors of the Company is three directors out of which one is Independent Director and two are executive director.

Name	Designation	Date of appointment	Period of appointment
Mr. Umesh M. Katre	Managing Director	1 st November, 2018	3 years
Mrs. Seema U. Katre	Whole time Director	12 th November, 2016	3 years
Mr. Neeraj M. Desai	Director	10 th April, 2019	5 years
Mr. Nilesh S. Shevade	Director	13 th August, 2019	5 years

Since the Independent Directors are not required to be calculated for the purpose of determining the Directors liable to retire by rotation and the executive directors are appointed for a particular period as per the terms of employment, no Directors are retiring by rotation at the forth coming Annual General Meeting..

COMMITTEES OF THE BOARD:

- The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review.
- The Board Committees are established by the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities through the Committees and is responsible for its action. Each Committee of the Board is guided by its terms of reference and also makes specific references to the Board on various matters when required. All the minutes of committee meetings are placed before the Board for its noting.
- The Company had following Committees of the Board (during the financial year 2018 – 19) with specific terms of reference assigned to each of them.



Director's Report

Sr. No.	Name of the Committee	Members of the Committee	Position	Chairman	No. of meetings held during FY 2018-19
A	Audit Committee	Mr. Ashok Daryanani Mr. C. G. Patankar Mr. Rahul Mehta	Independent Director Independent Director Independent Director	Mr. Ashok Daryanani	4
B	Nomination and Remuneration Committee	Mr. Ashok Daryanani Mr. Rahul Mehta Mr. Umesh Katre Mrs. Seema Katre Mr. Charuchandra Patankar	Independent Director Independent Director Executive Director Whole Time Director Independent Director	Mr. Ashok Daryanani	1
C	Stakeholder's Relationship Committee	Mr. Ashok Daryanani Mrs. Seema Katre Mr. Umesh Katre	Independent Director Executive Director Executive Director	Mr. Ashok Daryanani	1

BRIEF NOTE ON NOMINATION AND REMUNERATION COMMITTEE:

i) COMPOSITION

- The Nomination and Remuneration Committee consists of two Executive and one Independent Director.
- The Administrative Manager is invited to the meetings.

ii) SCOPE / FUNCTION / TERMS OF REFERENCE

- The Nomination and Remuneration Committee of the Board, inter alia, recommends and /or approves the compensation terms of the Executive and Non-executive Directors and Senior employees of the Company and performs such other functions as may be delegated to it by the Board of Directors from time to time.

iii) MEETING AND ATTENDANCE

The Nomination and Remuneration Committee met once during the financial year 2018 - 2019 i.e. on October 30, 2018. The detail of the attendance of the members at the said meeting is as below:

Name of the Members	No. of -meetings held	No. of meetings attended
Mr. Ashok Daryanani	1	1
Mr. Rahul Mehta	1	1
Mr. Charuchandra Patankar	1	1
Mr. Umesh M. Katre	1	1
Mrs. Seema U. Katre	1	1

iv) REMUNERATION

- The policy of Committee is to ensure that the remuneration practices of the Company are competitive thereby enabling the Company to attract and retain executives of high caliber. In framing its remuneration policy, the Remuneration Committee takes into consideration the remuneration practices of garment manufacturing Company of a size and standing similar to the Company.



Director's Report

• REMUNERATION TO EXECUTIVE DIRECTORS

Mr. Umesh M. Katre, the Chairman & Managing Director, Mrs. Seema U. Katre, Whole Time Director, Mr. Radhakrishnan G. Nair, Executive Director and Mr. Rohan Katre, Executive Director of the Company was paid remuneration during the financial year 2018-2019 in accordance with the terms and conditions of the Agreement entered into by the Company with them. The details of the remuneration paid during the financial year 2018-2019 are given below:-

Particulars	Mr. Umesh M. Katre (Managing Director) Amount (Rs)	Mrs. Seema U. Katre (Whole Time Director) Amount (Rs)	Mr. Radhakrishnan G. Nair (Executive Director) (Annualized) Amount (Rs)	Mr. Rohan Katre, (Executive Director) Amount (Rs)
Salary	24,00,000	6,00,000	11,18,400	10,80,000
Contribution to provident fund	2,88,000	72,000	67,107	64,800
Other Allowances	5,50,000	4,18,500	1,93,551	1,35,000
Perquisites	39,600	-	21,600	39,600
Total	<u>32,77,600</u>	<u>10,90,500</u>	<u>14,00,658</u>	<u>13,19,400</u>

Additionally, the Company had not paid any sitting fees for attending meetings of the Board or any committees thereof.

• REMUNERATION TO NON-EXECUTIVE DIRECTORS.

The non-executive directors are paid sitting fees of Rs. 5000/- for each meeting of the Board attended by them.

No sitting fees are paid for Committee meetings (except Audit Committee) attended by the Directors.

Remuneration paid for the year ended 31st March, 2019.

Directors	Sitting fees for Board / Audit Committee Meetings
Mr. Ashok Daryanani	Rs. 35,000/-
Mr. Charuchandra Patankar	Rs. 30,000/-
Mr. Rahul Mehta	Rs. 30,000/-

11. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

Sr. No.	Name of the Person	Designation
i.	Mr. Umesh M. Katre	Chairman & Managing Director
ii.	Mr. Rohan U. Katre	Executive Director (upto 14.02.2019) and Chief Financial Officer
iii.	Mr. Pravin P. Kokam	Company Secretary



Director's Report

12. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of the specific duties obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

13. BOARD MEETINGS AND BOARD PROCEDURE

The Board meets at regular intervals. At least one meeting is held in every quarter inter alia to review the quarterly results. Additional meetings of the Board are held when deemed necessary. In case of business exigencies or urgencies, the resolutions are passed by way of circulation to the extent permissible under the applicable laws.

In the financial year 2018 - 2019, the Board met five times. The meetings were held on April 10, 2018, May 29, 2018, August 14, 2018, October 30, 2018, February 14, 2019. The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Regulation. The details of the attendance of the Directors at the Board meetings and the last Annual General Meeting is given below:

Sr. No.	Name of the Director	No. of Board meetings held	No. of Board meetings attended	Attendance at the previous Annual General Meeting
1	Mr. Umesh M. Katre	5	5	Yes
2	Mrs. Seema Katre	5	5	Yes
3	Mr. Ashok G. Daryanani	5	5	Yes
4	Mr. C. G. Patankar	5	4	Yes
5	Mr. Rahul L. Mehta	5	4	Yes
6	Mr. Rohan U. Katre (ceased to be director wef 14.02.2019)	5	4	Yes
7	Mr. Radhakrishnan Nair	5	4	Yes

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

15. WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company (www.spiceislandsapparelslimited.in).

16. REMUNERATION AND NOMINATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The detail of this policy is available on the website of the Company.



Director's Report

17. RELATED PARTY TRANSACTION

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable.

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval. The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company.

Attention of the members is drawn to the disclosures of transactions with the related parties is set out in Note 45 to Accounts forming part of the financial statement.

18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

19. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading insecurities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board of Directors and the designated employees have confirmed compliance with the Code.

20. 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 statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

- (a) that in the preparation of the Annual Accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the loss of the Company for the year ended on that date;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) that the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21. STATUTORY AUDIT

Pursuant to the provisions of Section 139 of the Companies Act, 2013, and Rules made thereunder the term of office of Messrs NSVM & Associates, Chartered Accountants, (Firm Registration No: 010072S) who are Statutory Auditors of the Company and holds office upto the 34th Annual General Meeting (subject to ratification of their appointment by the members at every intervening Annual General Meeting held after



Director's Report

this Annual General Meeting) on such remuneration as shall be fixed by the Board of Director of the Company”

There is no audit qualification for the year under review.

22. COST AUDIT

The Companies (Cost Records and Audit) Rules 2014, as notified with effect from June 30, 2014 lays down in detail the rules for applicability of maintenance of cost records and the audit thereof. None of the criteria are applicable to the Company and accordingly no audit of the cost records is carried out for the year ended March 31, 2019.

23. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Messrs Alok Khairwar & Associates a firm of Company Secretaries in Practice (C.P.No.12880) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as Annexure - B and forms an integral part of the Report.

24. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place proper and adequate internal control systems commensurate with the nature of its business and size and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources are acquired economically, used efficiently and adequately protected.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

25. RISK MANAGEMENT

During the year under review, steps were taken to identify and evaluate elements of business risk. Consequently a revised robust Business risk management framework is in place. The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also documentation, mitigating controls and reporting mechanism of such risk.

Some of the risks that the Company is exposed to are;

Financial Risks

The Company's policy is to actively manage its foreign exchange risk within framework laid down by the Company's forex policy approved by the Board.

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigation strategy to minimize interest cost.

Commodity Price Risk

The Company is exposed to risks of price fluctuation of raw materials. The Company proactively manages these risks through inventory management and vendor loyalty practices. The Company's reputation for quality, product differentiation and service mitigates the impact of price risk on finished goods.

Regulatory Risk

The Company is exposed to risks attached to various statutes and regulations. The Company is mitigating these risks through regular review of legal compliances carried out through internal as well as external audits. The Company continuously reviews the policies to avoid any statutory and regulatory risk.

Human Resources Risks

Retaining the existing talent pool and attracting new talent are major risks. The Company has initiated various measures including training and development activities to preserve the valuable employees and is liberal in pay package so as to give them the safety and dedication to the Company.



Director's Report

26. INFORMATION PURSUANT TO PROVISION OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The Disclosure required under Section 197 (12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as Annexure – C and forms an integral part of this Report.

The Company does not have any employee (s) employed throughout the year and were in receipt of remuneration exceeding Rs. 1.02 crore per annum or more or employees employed for the part of the financial year 2018 - 2019 were in receipt of remuneration of Rs. 8.5 lac per month or more.

27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company does not have any obligation to fulfill under corporate social responsibility as none of the criteria are applicable to the Company.

28. STATUTORY INFORMATION

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in Annexure – D to this report.

The Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

29. GENERAL

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013.

30. CAUTIONARY STATEMENT

Statements in the Director's Report & Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, tax regime, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

31. ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

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

SEEMA UMESH KATRE
(Whole Time Director)

PLACE : MUMBAI

DATE : 13th August, 2019



Director's Report

ANNEXURE 'A'

FORM NO . MGT-9

Extract of Annual Return

As on Financial Year ended on 31.03.2018

(Management & Administration) Rules 2014)

REGISTRATION & OTHER DETAILS :-

1	CIN NO:	L17121MH1988PLC050197
2	Registration Date :	23/12/1988
3	Name of the Company	SPICE ISLANDS APPARELS LTD.
4	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
5	Address of the Registered office & contact Details	Unit No: 43-48,Bhandup Industrial Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup-West-Mumbai-400 078. Tel: 022-61992900
6	Whether listed Company	Yes
7	Name ,Address & contact details of the Registrar & Transfer Agent, If any	Link Intime India Private Limited. C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083 Tel: 022- 4918 6000 , Fax No: 022- 4918 6060

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the Company shall be stated)

Sr. No.	Name and Description of main products/Services	NIC Code of the products/services	% to total turnover of the Company
1	Woven & Knitting	14101 & 14301	28.93% & 71.07%

Director's Report



III. SHARE HOLDING PATTERN [EQUITY SHARE CAPITAL BREAK-UP AS A PERCENTAGE OF TOTAL EQUITY]

Category -wise share holding

Category of Shareholders	No. of share held at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTORS									
1. Indian									
(a) Individual/HUF	2680412	0	2680412	62.34	2680790	0	2680790	62.34	0.01
(b) Central Govt.									
(c) State Govt.(s)									
(d) Bodies Corporate									
(e) Bonus/Fin									
(f) Any others									
Sub Total (A) (1):	2680412	0	2680412	62.34	2680790	0	2680790	62.34	0.01
2. Foreign									
(a) NRIs Individuals									
(b) Other Individuals									
(c) Bodies Corproate									
(d) Banks/ Fin									
(e) Any Others									
Sub Total (A) (2):	0	0	0	0	0	0	0	0	0.00
Total Shareholding of Promotor									
A = (A) (1)+(A) (2)	2680412	0	2680412	62.34	2680790	0	2680790	62.34	-

B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Central Government / State Government(s)	28200	0	28200	0.6558	0	0	0	0.0000	-0.66
Sub Total (B) (1):	28200	0	28200	0.6558	0	0	0	0.0000	-0.66

Category of Shareholders	No. of share hold at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non-Institutions									
a) Bodies Corp.									
i) Indian	280302	36200	316502	7.36	184717	36200	220917	5.14	-2.22
b) Individuals									
i) Individual Shareholders holding nominal share Capital upto Rs.1 lakh	721483	121743	843226	19.61	743302	107635	850937	19.79	0.18
ii)Individual Shareholders holding nominal share Capital in excess of Rs.1 lakh	393074	11400	404474	9.41	480813	11400	492213	11.45	2.04
c) Others (Specify)				0.00				0.00	
IEPF	0	0	0	0.00	30018	0	30018	0.70	0.70
Clearing Members	346	0	346	0.01	437	0	437	0.01	0.00
Hindu Undivided Family	21250	0	21250	0.49	21376	0	21376	0.50	0.00
Other Directors	1000	0	1000	0.02	1000	200	1200	0.03	0.00
Directors Relatives PAC	0	800	800	0.02	0	0	0	0.00	-0.02
Foreign Nationals									
Non-Resident Indians (REPAT)	3440	0	3440	0.08	1940	0	1940	0.05	-0.03
Non Resident Indians (NON-REPAT)	350	0	350	0.01	550	0	550	0.01	0.00
Total Public Shareholding (B):	1421245	170143	1591388	37.01	1464153.00	155435	1619588	37.66	0
C. Shares held by Custodian for FDRs & ADRs.				0.00				0.00	0.00
Grant Total (A+B+C)	4129857	170143	4300000	100.00	4144943	155435	4300378	100.01	



Director's Report

IV. SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year April 1, 2018.			Shareholding at the end of the year - March 31, 2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Umesh M. Katre	935087	21.75	-	935087	21.75	-	-
2	Umesh M. Katre(HUF)	315100	7.33	-	315100	7.33	-	-
3	Seema U. Katre	407400	9.47	-	407778	9.49	-	0.01
4	Nalini M. Katre	257200	5.98	-	257200	5.98	-	-
5	Mohan G. Katre(HUF)	255125	5.93	-	255125	5.93	-	-
6	Rohan U. Katre	239250	5.56	-	239250	5.56	-	-
7	Shweta U. Katre	239250	5.56	-	239250	5.56	-	-
8	Anjaliben S. Shevade	32000	0.74	-	32000	0.74	-	-
Total		2680412	62.34	-	2680790	62.35	-	-

V. CHANGE IN PROMOTER SHARE HOLDING

Sr No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Seema Umesh Katre	407400	9.47%	407778	9.49%

V. SHARE HOLDING PATTERN OF TOP TEN SHAREHOLDERS

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Director's Report

Sr No.	Name	Shareholding						Cumulative shareholding during the year (01/04/18 to 31/03/19)	
		No. of shares at the		% of total shares of the Company	Date	Increase or decrease in share holding	Reason	No. of shares	% of total shares of the Company
		beginning of the year (01/04/2018)	end of the year (31/03/2019)						
5	OM NATH GARG	46657		1.09	01 April 2018	NIL	NIL movement during the year	46657	1.09
			46657	1.09	31 March 2019	0		46657	1.09
6	GIRDHARI P ROHIRA	40000		0.93	01 April 2018	NIL	NIL movement during the year	40000	0.93
			40000	0.93	31 March 2019	0		40000	0.93
7	NAVEEN KUMAR T	31447		0.73	01 April 2018	NIL	NIL movement during the year	31447	0.73
			31447	0.73	31 March 2019	0		31447	0.73
8	BHUPCO ALLOYS LTD.	28500		0.66	01 April 2018	NIL	NIL movement during the year	28500	0.66
			28500	0.66	31 March 2019	0		28500	0.66
9	ASHOK G DARYANANI	26505		0.62	01 April 2018	NIL	NIL movement during the year	26505	0.62
			26505	0.62	31 March 2019	0		26505	0.62
10	PRAVEEN ARORA	16839		0.3916	01 April 2018	NIL		16839	0.39
					06 April 2018	-16839	Transfer	0	0.00
					25 May 2018	80452	Transfer	80452	1.87
					30 June 2018	16839	Transfer	97291	2.26
					13 July 2018	-16839	Transfer	80452	1.87
					24 August 2018	420	Transfer	80872	1.88
					21 September 2018	16839	Transfer	97711	2.27
			97711	2.27	31 March 2019	0		97711	2.27
11	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	0		0.00	01 April 2018	NIL		0	0.00
								30018	0.70
			30018	0.00	31 March 2019	0		30018	0.70
12	BABALBHAI MANILAL PATEL	23499		0.55	01 April 2018	NIL		23499	0.55
					06 April 2018	2139	Transfer	25638	0.60
					20 April 2018	392	Transfer	26030	0.61
					04 May 2018	2390	Transfer	28420	0.66
					11 May 2018	489	Transfer	28909	0.67
					25 May 2018	3533	Transfer	32442	0.75
					01 June 2018	558	Transfer	33000	0.77
					15 June 2018	11	Transfer	33011	0.77
					22 June 2018	989	Transfer	34000	0.79
					30 June 2018	1000	Transfer	35000	0.81
					10 August 2018	3000	Transfer	38000	0.88
			38000	0.88	31 March 2019	0		38000	0.88



Director's Report

VII. SHARE HOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr No.	Name	Shareholding						Cumulative shareholding during the year (01/04/18 to 31/03/19)	
		No. of shares at the		% of total shares of the Company	Date	Increase or decrease in share holding	Reason	No. of shares	% of total shares of the Company
		beginning of the year (01/04/2018)	end of the year (31/03/2019)						
1	Mr. Umesh Mohan Katre Chairman And Managing Director	935087	935087	21.75	01 April 2018 31 March 2019	0	Nil movement during the year	935087	21.75
2	Mrs. Seema Umesh Katre Whole Time Director	407400	407400	9.47	01 April 2018 22 March 2019 31 March 2019	0 378		407778	9.48
3	Mr. Rohan Umesh Katre Chief Financial Officer	239250	239250	5.56	01 April 2018 31 March 2019	0	Nil movement during the year	239250	5.56
4	Mr. Ashok G. Daryanani Director	26505	26505	0.62	01 April 2018 31 March 2019	0	Nil movement during the year	26505	0.62
5	Mr. Rahul L. Mehta Director	1200	1200	0.00	01 April 2018 31 March 2019	0	Nil movement during the year	1200	0.00
5	Mr. Radhakrishnan Nair Executive Director	400	400	0.00	01 April 2018 31 March 2019	0	Nil movement during the year	400	0.00

VIII. INDEBTENESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	456.42	0	0	456.42
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (I + II + III)	456.42	0	0	456.42
Change in Indebtedness during the financial year				
Addition	2193.59	0	0	2193.59
Reduction	2328.53	0	0	2328.53
Net Change	4522.12	0	0	4522.12
Indebtedness at the end of the financial year				
i) Principal Amount	321.48	0	0	321.48
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (I + II + III)	321.48	0	0	321.48



Director's Report

IX. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Direct and / or Manager (Rs. In Lacs)

Sr. No.	Particular of Remuneration	Name of MD / WTD / Manager				Total Amount
		MD	WTD	Executive Director	Executive Director	
		Mr. Umesh Katre	Mrs. Seema Katre	Mr. Rohan Katre	Mr. Radhakrishnan Nair	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	24.00	6.00	10.80	11.18	51.98
	(b) Value of Prequisites u/s 172(2) of the Income Tax Act, 1961	0.39	-	0.39	0.21	0.99
	(c) Profits in lieu of Salary u/s. 173(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % profit					
	- others specify					
5	Others, please specify- Contribution to PF	2.88	0.72	0.64	0.67	4.91
	Total	27.27	6.72	11.83	12.06	57.88

B. Remuneration to Other Directors (Rs. In Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr.C.G. Patankar	Mr. Ashok Daryanani	Mr. Rahul Mehta	
1	Independent Directors				
	Fee for attending board/committee meeting	0.30	0.35	0.30	0.95
	Commission/Others, please specify	-	-	-	-
	Total	0.30	0.35	0.30	0.95

C. Remuneration to Key Managerial Personnel and other than MD/Manager/WTD (Rs. In Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel
		Mr. Pravin Kokam
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.29
	(b) Value of Prequisites u/s 172(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of Salary u/s. 173 (3) of the Income Tax Act, 1961	
2	Stock Option	
3	Sweat Equity	
4	Commission	
	- as % profit	
	- others specify	
5	Others, please specify- Contribution to PF	0.11
	Total	2.40

X. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any(give details)
A. Company Penalty Punishment Compounding			NONE		
B. Directors Penalty Punishment Compounding			NONE		
C. Other Officers in Default Penalty Punishment Compounding			NONE		



Director's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED March 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SPICE ISLAND APPARELS LIMITED
Mumbai

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Spice Island Apparels Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Spice Island Apparels Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in Annexure I, for the financial year ended on March 31, 2019.
2. According to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder & Securities and Exchange Board of India (Depositories and Participant) Regulations 2018;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; to the extent applicable,
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period);
 - (d) The Securities and Exchange Board of India (Share Based Employee Regulation 2014);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; to the extent applicable,
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



Director's Report

- (g) Other Laws applicable to the Company;
- i. The Factory Act, 1948
 - ii. Acts Prescribed under Prevention and Control of pollution
 - iii. Acts prescribed under Environment Protection
 - iv. Industrial Disputes Act, 1947
 - v. The Payment of Wages Act, 1936
 - vi. The Minimum Wages Act, 1948
 - vii. Employee State Insurance Act, 1948
 - viii. The Employee Provident Fund and Miscellaneous Provisions Act, 1952
 - ix. The Payment of Gratuity Act, 1972
2. have relied on the representations made by the Company and its Officers and report of the Internal Auditors for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company of which adequate documents were not made available for verification to comment on their compliance status.
3. We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - (ii) The Listing Agreement entered into by the Company with the Stock Exchange(s) from time to time and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that,

As per information provided by the company due to resignation of Mr. Carl Dantas one of the Independent Director in previous year, the proper composition of the Board, as envisage in the SEBI (LODR) Regulations, 2015 and is not maintained as the Board is looking forward for filling up of vacancy by a suitable candidate.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not made:

- i. Public/Right/Preferential issue of shares / debentures/ sweat equity, etc.
- ii. Redemption / buy-back of securities.
- iii. Merger / amalgamation / reconstruction, etc.
- iv. Foreign technical collaborations.

For Alok Khairwar & Associates
Company Secretaries

(CS. Alok Khairwar)

Proprietor

M. No: 10031

C.P.No:12880

Place: Mumbai

Date: May 29, 2019



Director's Report

ANNEXURE - 1

To the Secretarial Audit Report

List of documents verified:

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March, 2018.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, and along with Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Statutory Registers viz. - Register of Directors' & KMP. - Register of Directors' Register of loans, Register of Renewed and Duplicate Share Certificate. - Register of Charge. - Register of Related Party Transaction. - Register of Members.
6. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
8. Intimations received from directors under the Prohibition of Insider Trading Code.
9. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the financial year under report.
10. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report.

For Alok Khairwar & Associates
Company Secretaries

(CS. Alok Khairwar)

Proprietor

M. No: 10031

C.P.No:12880

Place: Mumbai

Date: May 29, 2019



Director's Report

ANNEXURE 2

To the Secretarial Audit Report

To,
The Members,
SPICE ISLAND APPARELS LIMITED
MUMBAI

Our report of even date is to be read along with this letter,

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

For Alok Khairwar & Associates
Company Secretaries

(CS. Alok Khairwar)

Proprietor

M. No: 10031

C.P.No:12880

Place: Mumbai

Date: May 29, 2019

Director's Report



ANNEXURE C

DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

Sr. No.	Requirements	Disclosure
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Name of the Directors Ratio
		Mr. Umesh Katre 11.88
		Mrs. Seema Katre 3.95
		Mr. Ashok Daryanani NA
		Mr. Carl Dantas NA
		Mr. Charuchandra Patankar NA
		Mr. Rahul Mehta NA
		Mr. Rohan Katre 5.07
		Mr. Radhakrishnan Nair 4.78
		1. The median remuneration of employees of the Company was Rs.2.76 lac. 2. For this purpose, sitting fees paid to the Directors have not been considered as remuneration. 3. Figures have been rounded off wherever necessary.
2	The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year	Mr. Umesh Katre 0.00%
		Mrs. Seema Katre 15.57%
		Mr. Ashok Daryanani NA
		Mr. Carl Dantas NA
		Mr. Charuchandra Patankar NA
		Mr. Rahul Mehta NA
		Mr. Rohan Katre* -6.39%
		Mr. Pravin Kokam -11.30%
		Mr. Radhakrishnan Nair* -5.97%
		Increase in remuneration is made as per appraisal system and Remuneration and Nomination Policy of the Company. * Annualised
3	The percentage increase in the median remuneration of employees in the financial year:	During the Financial Year 2018-19 the remuneration paid to all three KMPs aggregate to approximately 2.73% of the Gross Revenue. The Gross Revenue was Rs. 1759.4 Lacs (previous year Rs.3004.10 Lacs)
4	The number of permanent employees on the rolls of company	There were 49 employees as on 31st March, 2019
5	The explanation on the relationship between average increase in remuneration and company performance	Recommendation for increase in remuneration is based on the following factors:-
		1. Compensation trends based on industry benchmarking
		2. Compensation positioning vis-à-vis market trend
		3. Alignment between risks and remuneration
		4. Applicable regulatory guidelines



Director's Report

Sr. No.	Requirements	Disclosure			
6	Composition of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company;	During the Financial Year 2018-19 the remuneration paid to all three KMPs aggregate to approximately 2.73% of the Gross Revenue. The Gross Revenue was Rs. 1759.4 Lacs (previous year Rs.3004.10 Lacs)			
7	Variation in the market capitalisation of the Company, price earning ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies;	The market capitalization of the Company has decreased from Rs. 9.33 Crores as of 31st March, 2018 to Rs. 6.15 Crores as of 31st March, 2019. Over the same period, the price earnings ratio moved from -3.04 to -9.14. The Spice Islands Apparels Limited stock price as at 31st March, 2019 has decreased by 40.857 % since the last public offer, in 16-02-1995.			
8	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Having regard to precarious financial position, no increase in Remuneration was given over the previous year.			
9	Comparison of the each remuneration personnel against the performance of the company;	Particulars	Remuneration for FY 2018-19 (Rs. In lacs)	% of gross Revenue for FY 2018-19	% of Profit for FY 2018-19
		Mr. Umesh Katre	32.77	1.86%	-7.15%
		Mrs. Seema Katre	10.91	0.62%	-2.38%
		Mr. Radhakrishnan Nair	14.01	0.75%	-3.06%
		Mr. Rohan Katre	13.19	0.12%	-2.88%
		Mr. Pravin Kokam	2.12	0.80%	-0.46%
10	The key parameters for any variable component of remuneration availed by the directors	The Company does not have policy of paying variable remuneration.			
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	This is not applicable to the Company.			
12	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed.			

General Note:

- 1 Calculation of Market Capitalization, price to earnings and other details are based on stock price on BSE Limited on relevant dates.
- 2 Profit of the Company is calculated as per Section 198 of the Companies Act, 2013.
- 3 Managerial Personnel includes Chairman & Managing Director, Whole-time Director and Executive Director



Director's Report

ANNEXURE D

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2017 is given here below and forms part of the Director's Report.

(A) Conservation of energy:

Power and fuel consumption in respect of manufacturing units

a) Purchased Units	133914
Total Amount	1085378
Rate per unit (Rs)	8.11
b) Own Generation	Nil

- (i) the steps taken or impact on conservation of energy; *
- (ii) the steps taken by the company for utilizing alternate sources of energy; *
- (iii) the capital investment on energy conservation equipment; *

*There is not much of scope for the above as the Company is getting most of its production done on job work basis.

(B) Technology absorption:

- (i) Efforts made: Continuous efforts are being made in improving the quality of Shirts, Jackets, Skirts and Blouses produced by the Company on existing production methods, improving labour productivity.
- (ii) Benefits: Company could make its impact in the items manufactured by adopting changing technology.
- (iii) Imported Technology: The Company is currently using Indian Technology.

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

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

(b)	EARNING AND OUTGO	Rs(in Lacs)
(i)	Foreign Exchange Earning Export Sales(FOB)	1638.27
(ii)	Foreign Exchange outgo (includes raw material, spare parts, capital goods and other expenditure in foreign currency including dividends)	
(a)	Raw Material	NIL
(b)	Capital Goods (Spares)	NIL
(c)	Components, Spares and Accessories	61.84
(d)	Dyes & Chemicals	NIL
(e)	Travelling & Other Expenses	14.69
(f)	Commission	39.59

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

SEEMA UMESH KATRE
(Whole Time Director)

PLACE : MUMBAI
DATE : 13th August, 2019



INDEPENDENT AUDITORS' REPORT

To the Members of Spice Islands Apparels Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spice Islands Apparels Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matter
<p>Going Concern</p> <p>The Company was earlier operating from three units, Bengaluru being one of them. During the year, it ceased its operations from the said unit.</p> <p>Further, the Company has booked a significant operating loss during the year.</p> <p>Considering the judgment and estimates involved as a part of determination of going concern concept, it is considered to be a key audit matter.</p>	<p>We have performed the following key procedures:</p> <ol style="list-style-type: none"> 1. We considered whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern. 2. Evaluated managements assessment of the Company's ability to continue as a going concern and in doing so considered if the management's assessment includes all relevant information. 3. Evaluated Management's plan for future action including efforts to streamline its process, reduce expenditures, reduce reliance on major customers, disposing off assets.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT



Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

For NSVM & Associates

Chartered Accountants

Firm registration number: 010072S

G.C.S Mani

Partner

Membership No: 036508

Place: Bengaluru

Date: 29th May, 2019

INDEPENDENT AUDITORS' REPORT



Annexure A to the Independent Auditor's Report of even date to the members of Spice Islands Apparels Limited, on the financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief,

we report that,

- (i)
 - a. The Company has maintained proper records showing full particulars, including quantitative details and Situation of Fixed assets.
 - b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
 - c. The title deeds of immovable properties (which are included under the head 'Property, Plant and Equipment') are held in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
- (iii) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In respect of loans, investments and guarantees, the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3(v) of CARO is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act 2013, for any of the products of the company. Thus paragraph 3(vi) of CARO is not applicable to the company.
- (vii) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it.
 - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-Tax, Service-Tax, Goods & Service Tax and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
 - b. On the basis of our examination of the documents and records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Goods and Service Tax, Excise Duty and Cess which have not been deposited on account of an any dispute, except as enumerated herein below which are pending before respective authorities as mentioned there against:



INDEPENDENT AUDITORS' REPORT

Name of the statute	Nature of dues	Rs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand under section 156 against order under section 143(3)	7,64,765	AY 2012-13	Commissioner of Income Tax – Appeals 8, Mumbai

- (vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its any banks and financial institutions. The Company did not have outstanding loans or borrowings from government during the year.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of public issue or further public offer (including debt instruments) during the year. Further, the Company has not borrowed any term loan during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information & explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197, read with schedule V to the act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) All transactions with the related parties are in compliance with Section 188 and 177 (where applicable) of Companies Act, 2013 and the details thereof have been disclosed in the financial statements as required by the Accounting standards and Companies Act, 2013.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For NSVM & Associates

Chartered Accountants

Firm registration number: 010072S

G.C.S Mani

Partner

Membership No: 036508

Place: Bengaluru

Date: 29th May, 2019



Annexure B to the Independent Auditor's Report

Annexure B to the Independent Auditors' Report

(Referred to paragraph 1(f) under 'Report on other regulatory requirements' Section of our report to the members of Spice Islands Apparels Limited of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **Spice Islands Apparels Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company based on our audit. We conducted our audit in accordance with the Guidance Note on audit of internal financial controls and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation



Annexure B to the Independent Auditor's Report

of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of information and according to the explanations given to us, the Company has in all material aspects, an adequate internal financial control system over financial reporting as at March 31, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For NSVM & Associates

Chartered Accountants

Firm registration number: 010072S

G.C.S Mani

Partner

Membership No: 036508

Place: Bengaluru

Date: 29th May, 2019



Balance Sheet as at 31st March, 2019

Particulars	Note No	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	22,326,998	31,209,401
Intangible Assets	4	6,064	10,986
Financial assets			
- Investments	5	2,850,889	4,058,457
- Loans	6	1,567,860	2,800,929
- Other financial assets	7	-	17,322
Non-Current Tax Assets	8	2,429,222	2,464,355
Deferred tax assets (Net)	20	6,453,554	-
Other non-current assets	9	270,469	1,394,250
		35,905,057	41,955,700
Current assets			
Inventories	10	10,542,373	8,578,183
Financial assets			
- Investments	11	15,288,914	23,083,175
- Trade receivable	12	22,514,558	57,926,125
- Loans	13	12,391,980	16,860,725
- Cash and cash equivalents	14	7,578,566	11,124,738
- Other financial assets	15	191,935	180,400
Current tax assets (Net)			-
Other current assets	16	11,277,067	20,570,980
Non- Current Assets Held for Sale	49	3,373,432	-
		83,158,824	138,324,326
		119,063,880	180,280,026
EQUITY & LIABILITIES			
Equity			
Equity share capital	17	43,000,000	43,000,000
Other equity	18	15,917,709	55,218,361
		58,917,709	98,218,361
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	19	1,397,091	3,923,621
- Other financial liabilities		-	-
Deferred tax liabilities (Net)	20	-	361,741
		1,397,091	4,285,362
Current liabilities			
Financial liabilities			
- Borrowings	21	30,607,476	41,076,580
- Trade and other payables	22	-	-
(a) Total outstanding dues of creditors to micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		13,340,196	16,595,686
- Other financial liabilities	23	11,678,760	17,740,883
Other current liabilities	24	2,547,660	1,829,476
Provisions	25	574,989	533,678
Current tax liabilities (Net)		-	-
		58,749,081	77,776,303
		119,063,880	180,280,026
Summary of significant accounting policies and other notes on accounts The accompanying notes are an integral part of these financial statements This is the Balance Sheet referred to in our report of even date		1 & 2	for and on behalf of the board of directors of Spice Islands Apparels Limited
for NSVM & Associates Chartered Accountants Firm's registration number: 010072S		Umesh Katre Chairman & MD	Ashok G. Daryanani Director & Chairman Audit Committee
G.C.S Mani Partner Membership number: 036508	Place: Bengaluru Date: 29th May, 2019	Rohan Katre Chief Financial officer	Pravin Kokam Company Secretary Place: Mumbai Date: 29th May, 2019



Statement of Profit and Loss for the period ended 31st March, 2019

Particulars	Note No	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	26	170,343,765	288,203,164
Other income	27	5,595,767	12,206,531
Total Income		175,939,531	300,409,695
Expenses			
Cost of materials consumed	28	92,898,618	137,674,946
Changes in inventories of finished goods, stock in trade and work in progress	29	(410,891)	2,823,691
Employee Benefit Expenses	30	41,406,029	41,188,736
Finance costs	31	3,590,102	3,483,003
Depreciation and amortisation	3 & 4	4,751,239	4,921,428
Other expenses	32	79,535,273	122,996,050
Total expenses		221,770,369	313,087,855
Profit before exceptional and tax		(45,830,837)	(12,678,160)
Profit before tax		(45,830,837)	(12,678,160)
Tax expense:			
Current tax		-	-
Tax adjustments relating to previous year		-	-
Deferred tax charge/ (credit)	20	(6,730,135)	497,586
Profit (Loss) for the period from continuing operations		(39,100,702)	(13,175,746)
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			-
(a) Re-measurements of the defined benefit plans		(327,543)	33,469
(b) Equity instruments through Other comprehensive income		42,432	72,212
(ii) Income tax relating to items that will not be reclassified to profit or loss		85,161	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income		(199,950)	105,681
Total Comprehensive Income for the period		(39,300,652)	(13,070,066)
Earnings per share (equity shares, par value Rs 100 each)			
- Basic		-9.09	-3.06
- Diluted		-9.09	-3.06

Summary of significant accounting policies and other notes on accounts
The accompanying notes are an integral part of these financial statements
This is the Statement of Profit and Loss referred to in our report of even date

1 & 2

for **NSVM & Associates**
Chartered Accountants
Firm's registration number: 010072S

G C S Mani
Partner
Membership number: 036508

Place: Bengaluru
Date: 29th May, 2019

for and on behalf of the board of directors of
Spice Islands Apparels Limited

Umesh Katre
Chairman & MD

Rohan Katre
CFO

Place: Mumbai
Date: 29th May, 2019

Ashok G. Daryanani
Director & Chairman
Audit Committee

Pravin Kokam
Company Secretary



Cash Flow Statements for the Year ended 31st March, 2019

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(Loss) before tax	(45,830,837)	(12,678,160)
Adjustments:		
- Finance cost	3,590,102	3,483,003
- Interest income	(1,489,158)	(1,325,049)
- Dividend Income	(579,858)	(620,342)
- Liabilities no longer required written back	(752,455)	(274,510)
- Depreciation and amortisation	4,751,239	4,921,428
- (Gain)/Loss on sale of Fixed Asset	428,435	(167,701)
- Fair Value Adjustment to Investments	6,452,305	1,132,635
- Impairment of Property, Plant and Equipment	343,422	-
- (Gain)/Loss on sale of Investments	(43,936)	(7,637,535)
- Actuarial gain/ (loss) reclassified to OCI	(327,543)	33,469
Operating cash flow before working capital changes	(33,458,284)	(13,132,762)
Changes in		
- Decrease/(Increase) in Inventories	(1,964,189)	1,526,642
- Decrease/(Increase) in Trade receivables	35,411,568	(32,601,662)
- Decrease/(Increase) in Financial Assets	5,679,136	4,750,000
- Decrease/(Increase) in Other Non-financial Assets	10,417,694	(7,928,788)
- Decrease/(Increase) in Other Assets	35,133	-2,210,201
- Increase/ (Decrease) in Trade payables	(3,255,492)	7,815,076
- Increase/ (Decrease) in Financial liabilities	(5,558,747)	6,857,613
- Increase/ (Decrease) in Other liabilities	864,629	320,512
- Increase/ (Decrease) in Provisions	41,311	305,449
Cash (used in)/ generated from operations	8,212,759	(34,298,121)
Income taxes (paid)/ refund	-	-
Net cash generated (used in) operating activities	8,212,759	(34,298,121)
Cash flow from investing activities:		
Purchase of Property, Plant and Equipment	(538,729)	(5,471,993)
Purchase of Intangible Assets	-	(12,744)
Proceeds from sale of Property, Plant and Equipment	529,527	342,915
Advance received for sale of Property, Plant and Equipment	678,667	-
Purchase of Investments	(7,043,164)	(23,658,681)
Sale Proceeds from Investment	9,679,057	32,666,021
Repayment/(Increase) in Deposits with Corporates and others	22,678	(2,000,000)
Interest Received	1,494,945	1,266,708
Dividend Income	579,858	620,342
Net cash (used in) investing activities	5,402,838	3,752,568
Cash flow from financing activities:		
Proceeds from / (repayment) of borrowings	(13,494,310)	22,863,158
Interest paid on Borrowings	(3,594,802)	(3,432,464)
Dividend paid on Equity Shares (previous year's)	(72,657)	(192,321)
Tax on Equity Dividend paid	-	-
Net cash generated from financing activities	(17,161,769)	19,238,373
Net (decrease)/ increase in cash and cash equivalents	(3,546,172)	(11,307,180)
Cash and cash equivalents at the beginning of the year	11,124,738	22,431,918
Cash and cash equivalents at the end of the year	7,578,566	11,124,738
Cash and cash equivalents comprise of:		
Cash on hand	565,022	567,604
Balances with banks		
- in current accounts	6,294,261	9,765,113
- in unpaid dividend accounts	719,284	792,021
	7,578,566	11,124,738

Summary of significant accounting policies and other notes on accounts
The accompanying notes are an integral part of these financial statements
This is the Cash Flow Statement referred to in our report of even date

1 & 2

for **NSVM & Associates**
Chartered Accountants
Firm's registration number: 010072S

G. C. S Mani
Partner
Membership number: 036508

Place: Bengaluru
Date: 29th May, 2019

for and on behalf of the board of directors of
Spice Islands Apparels Limited

Umesh Katre
Chairman & MD

Rohan Katre
Chief Financial officer

Place: Mumbai
Date: 29th May, 2019

Ashok G. Daryanani
Director & Chairman
Audit Committee

Pravin Kokam
Company Secretary

Place: Mumbai
Date: 29th May, 2019



Significant Accounting Policies for the year ended March 31, 2019

1. Company Overview

Spice Island Apparels Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on three stock exchanges in India. The company is engaged in the manufacturing and selling of knitted and woven garments. The company caters to both domestic and international markets. The Company also deploys its surplus funds in financial activities.

2. Significant Accounting Policies:

i. Basis of Preparation of Financial Statements

a) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

These financial statements are presented in Indian Rupees, which is also the Company's functional currency.

b) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined Benefits and other long term employment benefits

c) Current vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

ii. Significant Accounting Policies

a) Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.



Significant Accounting Policies for the year ended March 31, 2019

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring the fair values are included in Note 46 - Fair Value Measurement

b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of Goods:

Revenue from the sale of goods is recognised on dispatch of goods which coincides with the transfer of significant risks and rewards of ownership of the goods to the buyer, based on the applicable incoterms. Amounts disclosed as revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and the revenue recognition criteria have been complied.

Other Operating revenue is recognised on accrual basis.

Rendering of Services

Revenue from services rendered is recognised in the profit or loss as the underlying services are performed and is recognised net of service tax and goods and service tax (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on



Significant Accounting Policies for the year ended March 31, 2019

a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend Income

Dividend income from investments is recognized when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Export Incentives

Export entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

c) Property, Plant and Equipment

Recognition and Measurement

All items of property, plant and equipment are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note below.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Subsequent Measurement

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as of April 01, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

d) Intangible Asset

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on straight line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.



Significant Accounting Policies for the year ended March 31, 2019

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

e) Depreciation and Amortization

Depreciable amount for assets in the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on the property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in schedule II to the companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis.

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization. Intangible assets are amortized as under:

Intangible Asset	Estimated Useful Life
Computer Software	3 Years

f) Non-current Assets Held for sale

The Company classifies a non-current asset (or disposal group) as held for sale if it satisfies the following conditions:

1. the asset (or disposal group) is available for immediate sale in its present condition
2. the management is committed to a plan to sell the asset
3. a buyer has been located or atleast a programme is in place to locate a buyer
4. the sale is expected to be completed within a year

The asset held for sale is recognized at carrying amount except in cases where the fair value less cost to sell is lower than the carrying amount.

The company recognizes the impairment loss at write down of the asset to fair value less cost to sell.

g) Impairment of Financial Asset

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments

Evidence that a financial asset is credit-impaired includes the following observable data:

- 1) significant financial difficulty of the borrower or issuer;
- 2) a breach of contract such as a default or being past due for 180 days or more;
- 3) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- 4) it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- 5) the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- a) debt securities that are determined to have low credit risk at the reporting date; and
- b) other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.



Significant Accounting Policies for the year ended March 31, 2019

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

h) Impairment of Non-Financial Asset

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

i) Borrowing Costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

j) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and accessories:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

Finished goods and work in progress:

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k) Employee Benefits

Short Term Employee Benefits

The employee benefits payable only within 12 months of rendering the services are classified as short term employee benefits. Benefits such as salaries, Leave Travel Allowance, short term compensated absences etc., and the expected cost of bonus is recognized in the period in which the employee renders the related services.

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date. These benefits include leave travel allowance, bonus/performance incentives and leave encashment.

Post-Employment Benefits

Post retirement benefits comprise of Provident fund, Employees State Insurance and gratuity accounted for as follows:

i) Provident Fund & Employee State Insurance:

Payment to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.



Significant Accounting Policies for the year ended March 31, 2019

ii) *Gratuity Fund:*

The Company has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees of the Company. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Contributions to Gratuity fund are made to recognized funds managed by the Life Insurance Corporation of India. The Company accounts for the liability for future gratuity benefits on the basis of an independent actuarial valuation.

I) **Measurement of Fair Value**

a. *Financial instruments*

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b. *Marketable and non-marketable equity securities*

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on commonly accepted valuation techniques utilizing significant unobservable data, primarily net asset based models. If fair value cannot be measured reliably unlisted shares are recognized at cost.

m) **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts and interest rate swaps.

a. **Financial Assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company



Significant Accounting Policies for the year ended March 31, 2019

may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The company makes an assessment of the objective of a business model in which an asset is held at an instrument level because this best reflects the way the business is managed and information is provided to management.

A financial asset is measured at amortized cost net of impairment, if the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Derecognition

The company derecognize a financial asset only when contractual rights to the cash flow from the asset expires or it transfer the financial asset and substantially all the risks and rewards of ownership of the asset.

b. Financial Liability

Financial Liability are classified, at initial recognition, as either 'Financial Liability at fair value through profit or loss' or 'Other Financial Liabilities'.

- Financial Liabilities are classified as 'Financial Liability at fair value through profit or loss', if they are held for trading or if they are designated as financial liabilities at fair value through profit or loss. These are initially at fair value with subsequent changes recognized in profit or loss.
- Other financial liabilities are initially measured at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

n) Trade Receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 115 (or when the entity applies the practical expedient) or pricing adjustments embedded in the contract. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

o) Foreign Currency Transaction

Transactions in Foreign Currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and

Significant Accounting Policies for the year ended March 31, 2019



losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within the account caption pertaining to the nature of transaction.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

p) Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the percentage value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A leased asset is depreciated on straight line basis using the rates and in the manner prescribed under Schedule II of the Companies Act, 2013. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight line basis over the shorter of lease term or the useful life envisaged in Schedule II to Companies Act, 2013.

Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

q) Earnings Per Share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion into equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

r) Income Tax

a. Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The



Significant Accounting Policies for the year ended March 31, 2019

Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. However, during the current year, the company has suffered a loss and hence no Current tax has been recognized.

b. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities not recognised if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

s) Provisions and Contingencies

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

B. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

t) Key accounting estimates and judgments

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively. The estimates and underlying assumptions are reviewed on a on-going basis.



Significant Accounting Policies for the year ended March 31, 2019

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision or future periods if the revision affects both current and future periods.

Judgments

1. Note 42 : Classification of lease arrangements as finance lease or operating lease

Estimates

- i) Note 3&4 : Useful Lives of Property, Plant and Equipment
- ii) Note 44 : Accounting for Defined Benefit Plans
- iii) Note 46 : Fair Value of Financial Instruments where active market quotes are not available

u) Cash and cash equivalents and Statement of cash flows

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

v) Standards issued but not yet effective

Ind AS 116 Leases was notified in March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards, if applicable, when they become effective. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its standalone Ind AS financial statements.



Statement of changes in equity as on March 31, 2019

Particulars	Equity share capital	Other Equity					Total Other Equity	Total Equity
		Reserves & Surplus			Other Comprehensive Income			
		Securities premium reserve	General Reserve	Retained earnings	Equity Insutuments throught OCI	Remeasurements of the net defined benefit plans		
Balance as at 31 March 2017	43,000,000	34,914,240	17,376,795	21,753,571	(5,132,655)	(623,524)	68,288,427	111,288,427
Changes in equity share capital during the year	-	-	-	-	-	-	-	-
Premium on issue of equity shares	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	(13,175,746)	-	-	(13,175,746)	(13,175,746)
Other Comprehensive income	-	-	-	-	72,212	33,469	105,681	105,681
Balance at 31 March, 2018	43,000,000	34,914,240	17,376,795	8,577,825	(5,060,443)	(590,055)	55,218,362	98,218,362
Changes in equity share capital during the year	-	-	-	-	-	-	-	-
Premium on issue of equity shares	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	(39,100,702)	-	-	(39,100,702)	(39,100,702)
Other Comprehensive income	-	-	-	-	42,432	(242,382)	(199,950)	(199,950)
Balance at 31 March, 2019	43,000,000	34,914,240	17,376,795	(30,522,877)	(5,018,011)	(832,437)	15,917,710	58,917,710

for NSVM & Associates
Chartered Accountants
Firm's registration number: 010072S

G C S Mani
Partner
Membership number: 036508

Place: Bengaluru
Date: 29th May, 2019

for and on behalf of the board of directors of
Spice Islands Apparels Limited

Umesh Katre
Chairman & MD

Rohan Katre
CFO

Place: Mumbai
Date: 29th May, 2019

Ashok G. Daryanani
Director & Chairman
Audit Committee

Pravin Kokam
Company Secretary

Place: Mumbai
Date: 29th May, 2019

Notes to the Financial Statements for the Year Ended 31.03.2019



Note 3 and 4 : Property, Plant and Equipment and Intangible Assets

Description	3. Tangible Assets							4. Intangible		Total Intangible Assets
	Building	Furniture and fixtures	Electrical equipments	Plant and machinery	Computer	Office equipment	Motor vehicles	Total Tangible assets	Computer software	
Year ended 31 March 2018										
Gross Carrying amount										
Opening Gross Carrying amount	29,93,830	20,23,565	6,16,390	57,91,328	3,98,127	20,24,250	2,14,81,295	3,53,28,785	85,334	85,334
Additions	-	83,898	2,01,820	46,45,631	1,04,086	4,36,558	-	54,71,993	12,744	12,744
Disposals	-	-	-	(5,72,816)	-	-	-	(5,72,816)	-	-
Exchange Difference	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying amount	29,93,830	21,07,463	8,18,210	98,64,143	5,02,213	24,60,808	2,14,81,295	4,02,27,961	98,078	98,078
Accumulated Depreciation										
Opening Accumulated Depreciation	1,18,399	4,05,270	1,20,860	5,77,260	1,19,345	5,18,158	26,56,134	45,15,427	66,399	66,399
Depreciation Charge for the year	1,18,399	3,56,894	1,21,048	9,25,510	1,19,947	5,09,161	27,49,776	49,00,735	20,693	20,693
Disposals	-	-	-	(3,97,602)	-	-	-	(3,97,602)	-	-
Exchange Difference	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Depreciation	2,36,798	7,62,164	2,41,908	11,05,169	2,39,292	10,27,320	54,05,910	90,18,560	87,092	87,092
Net Carrying Amount as at 31 March 2018	27,57,032	13,45,298	5,76,302	87,58,975	2,62,921	14,33,488	1,60,75,385	3,12,09,401	10,986	10,986
Year ended 31 March 2019										
Gross Carrying amount										
Opening Gross Carrying amount	29,93,830	21,07,463	8,18,210	98,64,143	5,02,213	24,60,808	2,14,81,295	4,02,27,961	98,078	98,078
Additions	-	1,19,850	-	38,016	29,746	3,51,118	-	5,38,729	-	-
Disposals	-	(49,251)	(1,02,701)	(5,73,037)	(79,123)	(5,43,140)	(6,37,986)	(19,85,238)	-	-
Assets held for sale	-	-	-	-	-	-	(62,70,038)	(62,70,038)	-	-
Closing Gross Carrying amount	29,93,830	21,78,062	7,15,509	93,29,122	4,52,835	22,68,785	1,45,73,271	3,25,11,415	98,078	98,078
Accumulated Depreciation										
Opening Accumulated Depreciation	2,36,798	7,62,164	2,41,908	11,05,169	2,39,292	10,27,320	54,05,910	90,18,560	87,092	87,092
Depreciation Charge for the year	1,18,398	3,36,865	1,10,233	8,81,950	1,28,156	4,62,501	27,08,213	47,46,316	-	-
Disposals	-	(4,397)	(16,680)	(3,98,607)	(59,145)	(3,00,557)	(2,47,890)	(10,27,276)	-	-
Assets held for sale	-	-	-	-	-	-	(25,53,184)	(25,53,184)	-	-
Closing Accumulated Depreciation	3,55,196	10,94,632	3,35,461	15,88,512	3,08,303	11,89,264	53,13,049	1,01,84,416	87,092	87,092
Net Carrying Amount as at 31 March 2019	26,38,634	10,83,429	3,80,048	77,40,611	1,44,532	10,79,522	92,60,222	2,23,26,999	10,986	10,986



Notes to the Financial Statements for the Year Ended 31.03.2019

Non-current financial assets**5. Investments**

Particulars	As at 31 March 2019	As at 31 March 2018
Investment in Equity Instruments (quoted)	-	-
Investment in Equity Instruments (unquoted)		
<i>Equity Shares at Amortised Cost</i>		
31 March 2019 : Nil (31 Mar 2018: 50,000)		
Equity Shares of Rs.10 each fully paid up of Imperial Spirits Pvt. Ltd.	-	1,191,456
Investment in Mutual funds (quoted)		
<i>Mutual Funds through FVOCI</i>		
31 Mar 2019: 1727.263 (31 Mar 2018: 1727.263)		
Units of Reliance Vision Fund-Retail Growth Plan	905,988	922,101
	-	
Investment in Mutual funds (Unquoted)		
<i>Mutual Funds at Amortised Cost</i>		
31 March 2019: 1,94,490.07 (31 Mar 2018: 1,94,490.07)		
Units of Reliance Alternative Investment Fund Pvt. Equity Scheme	1,944,901	1,944,901
	2,850,889	4,058,457
Aggregate amount of quoted investments and market value	905,988	922,101
Aggregate amount of unquoted investments	1,944,901	8,748,901
Aggregate amount of impairment in the value of investments	-	(5,612,544)

6. Loans and advances

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Security deposits	1,567,860	300,929
Deposits with Corporates and others	-	2,500,000
	1,567,860	2,800,929

7. Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
Interest Receivable on ICD	-	17,322
	-	17,322

8 Non-Current tax Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Advance income-tax (net of provision for taxation)	2,429,222	2,464,355
	2,429,222	2,464,355

Non-financial assets**9 Other non-current assets**

Particulars	As at 31 March 2019	As at 31 March 2018
Advance recoverable in cash or kind	-	392,000
Prepaid Rent	270,469	-
Balances with government authorities	-	1,002,250
	270,469	1,394,250



Notes to the Financial Statements for the Year Ended 31.03.2019

Current assets**10. Inventories (valued at lower of cost and net realisable value)**

Particulars	As at 31 March 2019	As at 31 March 2018
Inventory of Accessories	1,012,717	1,091,910
Inventory Finished Goods	1,340,405	929,514
Inventory of Raw Materials	8,189,251	6,556,759
	10,542,373	8,578,183

Current financial assets**11. Investments**

Particulars	As at 31 March 2019	As at 31 March 2018
Investment in Equity Instruments (quoted) <i>Equity Shares at FVTPL</i>	8,884,625	16,602,527
Investment in mutual funds (quoted) <i>Mutual Funds at FVTPL</i>	6,404,289	6,480,648
	15,288,914	23,083,175

12. Trade receivables

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	22,514,558	57,926,125
(c) Trade Receivables which have significant increase in Credit Risk; and	-	-
(d) Trade Receivables - credit impaired	-	-
	22,514,558	57,926,125

Note : The credit period on sales of goods ranges from 0 to 60 days with or without security. In determining the allowances for credit losses of trade receivables, the Company realizes its Trade Receivables within the credit period and hence the Company believes that the expected credit losses is insignificant

There is no amount due from director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.

13. Loans

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Security Deposits	4,090,358	10,180,900
Loans to employees	824,300	1,679,825
Deposit with Corporate and others	7,477,322	5,000,000
	12,391,980	16,860,725

14. Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Cash on hand	565,022	567,604
Balances with banks		
- in current accounts	6,294,261	9,765,113
- in unpaid dividend accounts	719,284	792,021
	7,578,566	11,124,738
Less: Book overdraft		-
Cash and cash equivalents	7,578,566	11,124,738



Notes to the Financial Statements for the Year Ended 31.03.2019

15. Other financial assets**Particulars**

Interest receivable

Other Receivables

As at 31 March 2019

191,935

-

191,935**As at 31 March 2018**

180,400

-

180,400**Non-financial assets****16. Other current assets****Particulars**

Advance for supply of goods and rendering of services

Advance recoverable in Cash or Kind

Balances with government authorities

Prepayments

As at 31 March 2019

1,202,916

2,671,205

6,824,972

577,973

11,277,067**As at 31 March 2018**

1,761,718

3,692,873

14,673,510

442,878

20,570,980**17. Equity****Particulars****Authorised capital**

50,00,000 (31 March, 2018 : 50,00,000)

Equity shares of Rs. 10 each

As at 31 March 2019

50,000,000

As at 31 March 2018

50,000,000

Issued, subscribed and paid-up

43,00,000 (31 March, 2018: 43,00,000)

Equity shares of Rs. 10 each

43,000,000

43,000,000

43,000,000

43,000,000**Notes:****a) Equity shareholders holding more than 5 percent shares in the Company:****Name of the shareholder**

Umesh Katre

Seema Katre

Rohan Katre

Shweta Katre

Umesh M. Katre (HUF)

Nalini M. Katre

Mohan G. Katre (HUF)

As at 31 March 2019**No. of shares %**

935,087

407,778

239,250

239,250

315,100

257,200

255,125

2,648,790**As at 31 March 2018****No. of shares %**

935,087

407,400

239,250

239,250

315,100

257,200

255,125

2,648,412**Note:**

As per the records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



Notes to the Financial Statements for the Year Ended 31.03.2019

b) Reconciliation of the Equity Shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2019	As at 31 March 2018
	No. of shares	No. of shares
At the beginning of the period	4,300,000	4,300,000
Issued during the period	-	-
Outstanding at the end of the period	4,300,000	4,300,000

c) Buy Back of Shares

There have been no buy back of shares, issue of shares by way of bonus share or issue of share pursuant to contract without payment being received in cash for the period of five years immediately preceding the balance sheet date.

d) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs 10 each. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholders' meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting.

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

18. Other Equity

Particulars	As at 31 March 2019	As at 31 March 2018
Other Reserves		
Securities premium	34,914,240	34,914,240
General Reserves	17,376,795	17,376,795
Retained Earnings	(30,522,878)	8,577,824
	21,768,157	60,868,859
Other comprehensive income	(5,850,448)	(5,650,498)
	(5,850,448)	(5,650,498)
	15,917,709	55,218,361

Financial liabilities (Non-Current)

19. Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
Vehicle Loan	1,397,091	3,923,621
	1,397,091	3,923,621

There is no amount due to director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.

The vehicle loans are secured by hypothecation of vehicles taken on the loan

There are no defaults in repayment of principal or interest to lenders as at the balance sheet date.



Notes to the Financial Statements for the Year Ended 31.03.2019

20 Income tax**A. Amounts recognised in statement of profit and loss**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax:		
Current income tax charge	-	-
Previous Year's Tax Adjustment	-	-
Deferred tax:		
Attributable to -		
Origination and reversal of temporary differences	(2,786,320)	497,586
Deferred tax asset arising on previously unrecognised depreciation tax losses	(3,943,815)	-
	(6,730,135)	497,586
Minimum Alternate Tax credit entitlement		
Excess of tax liability under Minimum Alternate Tax over Normal Provisions as per Income Tax Act, 1961	-	-
	-	-
Income tax (credit) / expense reported in the statement of profit or loss	(6,730,135)	497,586

B. Income tax recognised in other comprehensive income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net (gain)/loss on remeasurement of defined benefit liability/ (assets)	85,161	-
Income tax charged to OCI	85,161	-

C. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before income tax	(39,100,702)	(13,175,747)
Domestic tax rate *	26.00%	25.75%
Tax using the Company's domestic tax rate	-	-
Impact of non-deductible expenses for tax purposes	-	-
Others	-	-
Impact of Deferred Tax (credited)/charged	(6,730,135)	497,586
Income tax expense	(6,730,135)	497,586
Effective Income Tax rate	17.21%	-3.78%

* The Company suffers from Loss, therefore does not recognise any tax expense



Notes to the Financial Statements for the Year Ended 31.03.2019

D. Deferred Tax

Deferred tax relates to the following:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Reversal of Deferred tax asset		
Provision for Gratuity	-	(137,420)
Provision for Bonus and other Employee Provision	-	(266,399)
Deferred tax Asset		
Property, Plant and Equipment	1,116,699	42,079
Provision for Bonus and other Employee Provision	434,862	-
Fair Valuation of Investments	958,178	
On Unused Tax losses	3,943,815	
Deferred tax assets/ (liability)	6,453,554	(361,741)

E. Temporary Differences on which Deferred Tax asset is not created

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Unused Business tax losses	62,100,915	29,000,949
Unused Depreciation tax losses	-	10,417,281
	62,100,915	39,418,230

Financial liabilities (Current)**21. Borrowings**

Particulars	As at 31 March 2019	As at 31 March 2018
Secured:		
Packing Credit	28,218,147	38,687,251
Unsecured:		
Other short-term borrowings		
Loans repayable on demand		
- loan from a director (Refer Note no 45)	2,389,329	2,389,329
	30,607,476	41,076,580

Note:**Details of security, repayment and interest of term loans****a) Loan from Vijaya Bank outstanding as at 31 March 2019 : 2,82,18,147 (31 March 2018: 3,86,87,251)**

Packing credit is Vijaya bank are secured by hypothecation of current assets in the form of raw materials, semifinished goods, finished goods, stores/spares, receivables and other current assets and Property situated at Gala No.43 - 47 Bhandup Ind. Estate, Pannalal SilkMill Compound, LBS Marg, Bhandup, Mumbai - 400 078 and carries interest rate @ 10.75 % p.a.

b) The loan from the director is interest-free and repayable on demand.**22. Trade payables**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Total outstanding dues of creditors to micro enterprises and small enterprises (refer no.)	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	13,340,196	16,595,686
	13,340,196	16,595,686



Notes to the Financial Statements for the Year Ended 31.03.2019

23. Other financial liabilities

Particulars

Current maturities of long-term debt

- Vehicle Loans

Interest accrued but not due on borrowings

Other liabilities for expenses

Security Deposit

Provision for Expenses

As at 31 March 2019

As at 31 March 2018

2,526,200

3,024,876

45,839

50,539

6,802,679

12,464,111

300,000

-

2,004,042

2,201,357

11,678,760

17,740,883

24. Other current liabilities

Particulars

Advances received from customers

Advance received for sale of Non-Current Assets

Statutory dues

Unclaimed Dividends

As at 31 March 2019

As at 31 March 2018

503,657

244,947

678,667

-

646,393

792,929

718,943

791,600

2,547,660

1,829,476

25. Provision

Particulars

Provision for employee benefits

- Gratuity

Provision for Dividend

As at 31 March 2019

As at 31 March 2018

574,989

533,678

-

574,989

533,678

26. Revenue from operations

Particulars

Sale of Products

Other Operating Revenue

For the year ended 31 March 2019

For the year ended 31 March 2018

163,826,665

271,267,733

6,517,100

16,935,431

170,343,765

288,203,164

Sale of Products

- Finished Goods

- Traded Goods

163,826,665

271,267,733

-

-

Sale of Finished Goods

- Garments

163,826,665

271,267,733

Other Operating Revenue

- Sale of Scrap

- Export Incentives

- Job Work Income

27,666

531,530

4,959,535

16,239,540

1,529,899

164,361

170,343,765

288,203,164



Notes to the Financial Statements for the Year Ended 31.03.2019

27. Other income**Particulars****For the year ended
31 March 2019****For the year ended
31 March 2018**

Liabilities no longer payable written back

752,455

274,510

Interest on Inter Corporate Deposit

1,489,158

1,325,049

Interest Income

104,150

-

Dividend Income

579,858

620,342

Net gain on foreign currency translation and transactions

2,626,210

2,180,996

Profit on sale of Investments

43,936

7,637,535

Profit on sale of Property, Plant & Equipment (net)

-

167,701

5,595,767**12,206,133****28. Cost of materials consumed****Particulars****For the year ended
31 March 2019****For the year ended
31 March 2018****Raw Materials :**

Opening stock

6,556,759

5,722,218

Add: Purchases

74,015,149

118,637,024

80,571,908

124,359,242

Less : Closing Stock

8,189,251

6,556,759

Raw Material Consumed (A)**72,382,657****117,802,483****Accessories :**

Opening stock

1,091,910

629,402

Add: Purchases

20,436,767

20,334,972

21,528,678

20,964,374

Less: Closing stock

1,012,717

1,091,910

Accessories Consumed (B)**20,515,961****19,872,464****A+B****92,898,618****137,674,946****29. Changes in inventories of finished goods, stock in trade and work in progress****Particulars****For the year ended
31 March 2019****For the year ended
31 March 2018****Inventories at the end of the year**

Finished goods - Garments

1,340,405

929,514

Inventories at the beginning of the year

Finished goods - Garments

929,514

3,753,205

(410,891)**2,823,691****30. Employee benefits expenses****Particulars****For the year ended
31 March 2019****For the year ended
31 March 2018**

Salary and wages

38,501,256

37,894,162

Contribution to provident and other funds

1,887,823

1,763,385

Gratuity Expense

147,689

766,849

Staff welfare expenses

869,261

764,340

41,406,029**41,188,736**



Notes to the Financial Statements for the Year Ended 31.03.2019

31. Finance costs

Particulars

For the year ended
31 March 2019

For the year ended
31 March 2018

Interest expense

2,623,380

3,212,461

Other Borrowing Cost

966,721

270,542

3,590,102

3,483,003

32. Other expenses

Particulars

For the year ended
31 March 2019

For the year ended
31 March 2018

Power and fuel

1,421,510

1,719,698

Repairs and maintenance:

- Building

109,993

274,307

- Plant & Machinery

317,856

380,553

- Others

3,570,273

2,748,420

Jobwork charges

14,226,955

51,503,484

Embroidery charges

3,199,567

6,429,628

Testing Charges

587,806

959,458

Commission

4,251,225

8,194,018

Conveyance expense

2,147,946

2,432,033

Service charges

4,095,102

4,002,115

Rates and taxes

943,925

3,345,197

Liquidated Damages

4,471,157

3,805,291

Freight

2,034,316

1,983,128

Clearing and forwarding charges

3,506,848

7,691,083

Communication costs

2,059,751

3,402,555

Travelling charges

5,755,196

5,573,723

Printing and stationery

413,349

649,734

Legal and professional charges

3,310,004

4,568,963

Business Promotion Expenses

6,671,539

4,846,967

Insurance

1,685,947

1,785,969

Rent

3,664,074

3,116,748

Loss of Sales of Fixed Assets

428,435

-

Office Expenses

358,365

243,943

Fair value of investments through P&L

6,452,305

1,132,635

Impairment of Property, Plant and Equipment

343,422

-

Donation

-

18,502

Directors' sitting fees

95,000

102,500

No More Receivables

1,473,133

13,944

Security Charges

279,600

261,600

Payment To Auditors

312,700

371,700

Bank Charges

662,779

811,909

Miscellaneous Expenses

685,192

626,246

79,535,273

122,996,050



Notes to the Financial Statements for the Year Ended 31.03.2019

33. Contingent liabilities, commitments and Contingent Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Contingent liabilities		
Income Tax matters pending before the authorities	7,64,765	8,500,328
The Company is also involved in other lawsuits, claims, investigations and proceedings, which arise in the ordinary course of business, however, there are no such matters pending that the company expects to be material in relation to its business.		
Contingent Assets		
Receivable from Emer Hotels and Suits Pvt Ltd (Refer Note 42)	2,620,843	2,620,843

34. Disclosure with respect to Micro, Small and Medium Enterprises

Based on the information available with the Company, no amount is outstanding as at March 31, 2019 and March 31, 2018 to suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" ('MSMED Act')

35. Payment to Auditors

Particulars	As at 31 March 2019	As at 31 March 2018
As auditor		
- statutory audit	312,700	312,700
- for taxation matters	-	59,000
Reimbursement of expenses	-	-
	312,700	371,700

36. (Loss) per share

The following table sets forth the computation of basic and diluted earnings per share :

(Figures in Rupees except number of shares)

Particulars	As at 31 March 2019	As at 31 March 2018
Loss for the period	(39,100,702)	(13,175,746)
Weighted average number of equity shares of Rs 10 each used for calculation of basic earnings per share	4,300,000	4,300,000
Earnings per share, basic and diluted*	(9.09)	(3.04)

*The Company has no potentially dilutive equity shares

37. Corporate Social Responsibility

Since the Company does not meet the criteria specified in Section 135 of the Companies Act, 2013, the Company is not required to spend any amount on activities related to corporate social responsibility for the year ended March 31, 2019.

38. Confirmations

Balances of Trade Receivables, Trade Payables, Loans and Advances, Receivables and Payables are subject to confirmation / reconciliation, if any



Notes to the Financial Statements for the Year Ended 31.03.2019

39 Expenditure in Foreign Currency and CIF Value of Imports

Particulars	Rs	
	As at 31 March 2019	As at 31 March 2018
(a) Expenditure on Foreign Currency		
Travelling Expense	1,468,857	1,265,850
Commission	3,958,557	3,806,318
(b) Value of Imports on CIF Basis	6,184,152	5,314,446
	11,611,566	10,386,614

40 Earnings in Foreign Exchange

Particulars	Rs	
	As at 31 March 2019	As at 31 March 2018
Export of Goods on FOB basis	125,647,062	250,835,012
	125,647,062	250,835,012

41 Operating Lease Disclosure

The Company's significant leasing arrangements are in respect of operating leases for Guest houses and office premises. These are cancelable operating leases and these lease agreements are normally renewed on expiry. The aggregate lease rentals payable are charged as rent under note 32

The company has commitment under non-cancellable operating leases as follows:

Minimum Lease Payments	Rs	
	As at 31 March 2019	As at 31 March 2018
Due within one year	2,040,000	2,040,000
Due later than one year and not later than five years	6,120,000	8,160,000
Due later than five years	-	-
	8,160,000	10,200,000

Lease Payments in Statement of Profit or Loss

	As at 31 March 2019	As at 31 March 2018
On account of non-cancellable lease*	2,040,000	1,530,000
On account of cancellable lease	1,504,449	1,586,748
	3,544,449	3,116,748

*The above figures are absolute and do not take into account the effect on rent (if any) due to fair valuation and unwinding of security deposit

42 Note with regard to Amount receivable from Emer Hotels & Suites Pvt Ltd

During the financial year 2010-2011, the company sold all the shares of M/s. Bhupco Alloys Limited., its erstwhile subsidiary Company, to M/s. Emer Hotels & Suites Pvt Ltd., pursuant to approval for the same by the board of directors of the Company vide its resolution dated 4 Feb, 2011 for an amount Rs. 1,16,20,843, against which an amount of Rs. 70,00,000 was received from M/s. Emer Hotels & Suites Pvt Ltd., during the year 2011-2012. The management is of the opinion that an amount of Rs. 20,00,000 though not received till date shall be received. The remaining balance of Rs. 26,20,843 is to be received from them only on receipt of rental deposit from landlord in Bhupco Alloys Ltd. Since, the consideration of Rs. 26,20,843 is contingent on happening of an event in future, the outcome of which cannot be ascertained accurately as at balance sheet date, the same has not been recognized in the books of account as at 31 March 2019.



Notes to the Financial Statements for the Year Ended 31.03.2019

43 Unclaimed Dividends on Equity Shares:

Particulars	Rs	
	As at 31 March 2019	As at 31 March 2018
2009-2010	-	-
2010-2011	-	77,232
2011-2012	69,618	69,618
2012-2013	81,682	80,157
2013-2014	191,703	189,403
2014-2015	220,767	220,167
2015-2016	155,173	155,023
	718,943	791,600

44 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Makers (Board of Directors) to make decisions about resources to be allocated to the segments and assess their performance. The Company's sole business segment is manufacturing of textiles consisting of yarn, fabrics and garments. Consequently, the management believes that there are no reportable segments as required under Ind AS 108 - 'Segment Reporting'.

Information about major customers (entity wise disclosures)

Particulars	As at 31 March 2019	As at 31 March 2018
Customer 1	78,872,099	81,010,445
Customer 2	39,677,918	151,562,247
	118,550,017	232,572,692

Information about geographical areas (entity wise disclosures)

Particulars	As at 31 March 2019	As at 31 March 2018
Revenue from customers attributable to UK	78,872,099	81,010,445
Revenue from customers attributable to UAE	39,677,918	151,562,247
Revenue from customers attributable to other foreign Countries	6,725,086	18,355,606
Revenue from customers from India	38,551,562	20,339,435
	163,826,665	271,267,733



Notes to the Financial Statements for the Year Ended 31.03.2019

44 Employee benefits

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the number of years of employment with the Company.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Particulars	Rs	
	As at 31 March 2019	As at 31 March 2018
I. Changes in present value of defined benefit obligations during the year		
Service cost	5,229,150	4,701,134
Interest Cost	105,955	91,717
Past Service Cost	408,920	339,422
Benefits settled	-	658,654
Actuarial (gain) / loss due to change in Financial Assumptions	(116,827)	(538,499)
Actuarial (gain) / loss due to change in Experience	1,170	(63,833)
Present Value of Defined Benefits at the end of the year	319,811	40,555
	5,948,179	5,229,150
II. Plan assets at year beginning, at fair value	4,695,472	4,472,905
Interest Income	367,186	322,944
Return on Plan Assets excluding Interest	(6,562)	10,191
Contributions	433,921	427,931
Benefits settled	(116,827)	(538,499)
Plan assets at end of the year, at fair value	5,373,190	4,695,472
III. Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing obligations	(5,948,179)	(5,229,150)
Closing fair value of plan assets	5,373,190	4,695,472
Asset / (liability) recognised in the balance sheet	(574,989)	(533,678)
IV. Net Interest Cost for the period		
Interest Cost	408,920	339,422
Interest Income	(367,186)	(322,944)
Net Interest Cost for the period	41,734	16,478
V. Expenses Recognized in the Statement of Profit or Loss for Current Period		
Service cost	105,955	91,717
Net Interest cost	41,734	16,478
Past Service Cost	-	658,654
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
Expenses Recognized	147,689	766,849



Notes to the Financial Statements for the Year Ended 31.03.2019

Particulars	As at 31 March 2019	As at 31 March 2018
VI. Expenses Recognized in the Other Comprehensive Income (OCI) for the current period		
Actuarial (Gains)/Losses on Obligation For the Period	320,981	(23,278)
Return on Plan Assets, Excluding Interest Income	6,562	(10,191)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	327,543	(33,469)
VII. Category of Assets		
Insurance fund	5,373,190	4,695,472
	5,373,190	4,695,472
VIII. Maturity Analysis of the Benefit Payments:		
1st Following Year	5,653,591	4,012,013
2nd Following Year	9,208	204,378
3rd Following Year	9,739	40,448
4th Following Year	12,070	41,780
5th Following Year	21,697	44,003
Sum of Years 6 to 10	76,736	538,725
Sum of Years 11 and above	948,162	1,888,158
IX. Sensitivity Analysis for significant assumptions		
Salary Escalation - Up by 1%	44,432	112,598
Salary Escalation - Down by 1%	(37,143)	(99,673)
Attrition Rates - Up by 1%	16,138	34,199
Attrition Rates - Down by 1%	(19,085)	(38,085)
Discount Rates - Up by 1%	(35,641)	(95,507)
Discount Rates - Down by 1%	43,165	109,443
Assumptions		
Interest rate		
Discount rate	7.82%	7.82%
Estimated rate of return on plan assets	7.82%	7.82%
Salary increase	4.00%	4.00%
Attrition rate	2.0%	2.0%

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.



Notes to the Financial Statements for the Year Ended 31.03.2019

45 Related party disclosures

A. Related parties where control exists

Umesh Katre	Joint Control
Seema Katre	Joint Control
Rohan Katre	Joint Control
Shweta Katre	Joint Control
Umesh M. Katre (HUF)	Joint Control
Nalini M. Katre	Joint Control
Mohan G. Katre (HUF)	Joint Control

B. Key management personnel

Mr. Umesh M. Katre	Managing Director
Mr. Ashok Daryanani	Director
Mr. Carl Dantas	Director
Mr. Charuchandra Patankar	Director
Mr. Rahul L Mehta	Director
Mr. Radha Krishnan Nair	Director
Mrs. Seema Katre	Whole Time Director
Mr. Rohan Umesh Katre	Director (Ceased to be director w.e.f. 14.02.2019)
Mr. Rohan Umesh Katre	Chief Financial Officer (w.e.f. 14.02.2019)
Mr. Pravin Kokam	Company Secretary

(i) Related party transactions

	Rs.	
Particulars	As at 31 March 2019	As at 31 March 2018
Key Management personnel compensation		
Mr. Umesh M. Katre		
Short term employee Benefits	2,950,000	2,950,000
Post employment Benefits	2,018,769	1,946,654
Mrs. Seema Katre		
Short term employee Benefits	1,018,500	868,500
Post employment Benefits	937,385	912,138
Mr. Radha Krishnan Nair		
Short term employee Benefits	1,311,951	1,351,400
Post employment Benefits	846,761	819,873
Mr. Rohan Umesh Katre		
Short term employee Benefits	1,215,000	163,125
Post employment Benefits	146,651	-
Director's Sitting Fees		
Mr. Ashok Daryanani	35,000	35,000
Mr. Carl Dantas	-	7,500
Mr. Charuchandra Patankar	30,000	30,000
Mr. Rahul L Mehta	30,000	30,000
Lease Rent		
Mr. Umesh M. Katre	120,000	120,000
Purchase of Services		
Mr. Umesh M. Katre	6,00,000	6,00,000



Notes to the Financial Statements for the Year Ended 31.03.2019

(ii) Amount outstanding as at the balance sheet date

Particulars	Rs.	
	As at 31 March 2019	As at 31 March 2018
Short-term borrowings		
Mr. Umesh M. Katre	2,389,329	2,389,329
Security Deposit (Lease Deposit)		
Mr. Umesh M. Katre	500,000	500,000
Loans to Employees*		
Mr. Radha Krishnan Nair	-	628,000
Travel Advances		
Directors	-	121,168

* Loan was given prior to becoming a director

46 Financial instruments - Fair Value

A The carrying value and fair value of financial instruments by categories are as below:

Particulars	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
- Financial Assets at Amortised Cost (Non-Current)				
- Investments 5	1,944,901	3,136,356	-	-
- Loans 6	1,567,860	2,800,929	-	-
- Other financial assets 7	-	17,322	-	-
- Financial Assets at Amortised Cost (Current)				
- Investments 11	-	-	-	-
- Trade receivable 12	22,514,558	57,926,125	-	-
- Loans 13	12,391,980	16,860,725	-	-
- Cash and cash equivalents 14	7,578,566	11,124,738	-	-
- Other bank balances -	-	-	-	-
- Other financial assets 15	191,935	180,400	-	-
(A)	46,189,799	92,046,595	-	-
- Financial Liabilities at Amortised Cost (Non-Current)				
- Borrowings 19	1,397,091	3,923,621	-	-
- Other financial liabilities	-	-	-	-
- Financial Liabilities at Amortised Cost (Current)				
- Borrowings 21	30,607,476	41,076,580	-	-
- Trade and other payables 22	13,340,196	16,595,686	-	-
- Other financial liabilities 23	11,678,760	17,740,883	-	-
(B)	57,023,522	79,336,770	-	-
Financial Assets/Liabilities at Amortised Cost (A-B)	(10,833,723)	12,709,826	-	-

Particulars	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
- Financial Asset at FVTPL (Non- Current)				
- Investments 5	-	-	-	-
- Financial Asset at FVTPL (Current)				
- Investments 11	15,288,914	23,083,175	15,288,914	23,083,175
Financial Assets/Liabilities at FVTPL	15,288,914	23,083,175	15,288,914	23,083,175



Notes to the Financial Statements for the Year Ended 31.03.2019

Particulars		Carrying value		Fair value	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
- Financial Asset at FVOCI (Non- Current)					
- Investments	5	905,988	2,113,557	905,988	2,113,557
Financial Assets at FVOCI		905,988	2,113,557	905,988	2,113,557

B Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of assets measured at fair value on recurring basis as at March 31, 2019 and March 31, 2018

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:						Rs
Particulars	Note	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets measured at fair value:						
FVTPL financial investments						
Quoted Equity Instruments - Current	11	8,884,625	8,884,625	-	-	
- Non - Current	5	-	-	-	-	
Quoted Mutual Funds - Current	11	6,404,289	6,404,289	-	-	
- Non - Current	5	-	-	-	-	
FVOCI financial investments						
Quoted Mutual Funds - Non - Current	5	905,988	905,988	-	-	
Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018:						Rs
Particulars	Note	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets measured at fair value:						
FVTPL financial investments						
Quoted Equity Instruments - Current	11	16,602,527	16,602,527	-	-	
- Non - Current	5	-	-	-	-	
Quoted Mutual Funds - Current	11	6,480,648	6,480,648	-	-	
- Non - Current	5	-	-	-	-	
FVOCI financial investments						
Unquoted Equity Instruments - Non - Current	5	1,191,456				
Quoted Mutual Funds - Non - Current	5	922,101	922,101	-	-	

Transfers between Level 1, Level 2 and Level 3

There were no transfers between Level 1, Level 2 or Level 3 during the year ended 31 March 2019 and 31 March 2018 respectively.

Valuation technique used to determine fair value

The management assessed that cash and cash equivalents, trade receivables, trade payables, short term borrowings and other current liabilities and assets approximate their carrying amounts due to the short-term maturities of these instruments.

Fair values of assets and liabilities have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- The fair value of Investment in listed Equity shares and mutual funds and are based on price quotations at reporting date.
- The Fair value of Investment in unlisted equity shares have been determined based on Net Asset Value Method



Notes to the Financial Statements for the Year Ended 31.03.2019

C Fair value measurements using significant unobservable inputs (level 3)				Rs
	No of Units	As at 31 March 2019	No of Units	As at 31 March 2018
Opening Balance	50,000	1,191,456	50,000	1,191,456
Acquisitions	-	-	-	-
Less: Sold during the year	50,000	(1,093,256)	-	-
Gains / (Loss) recognised through Other Comprehensive Income	-	(98,200)	-	-
Closing Balance	-	-	50,000	1,191,456

D Valuation Inputs and Relationship to Fair Value		Rs.
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy as at 31 March 2018, are shown below:		
Particulars		As at 31 March 2018
Unquoted Equity Shares		Net Asset Value Method
A one percentage point difference in the unobservable inputs used in fair valuation of Level 3 assets does not have significant impact in its value		

47 Note on Going Concern

The losses for the year increased to 391.01 lacs as against 131.76 lacs in the preceding year. This has been on account of revenue from operations having gone down to 1759.40 lacs as against 3004.09 lacs in the year 2017-18. The significant reduction in the top line is mostly due to the Company stopping work with a customer in the UAE due to extreme pressure on pricing, margins, excessive cost of sampling and so also manpower.

Margins from the reduced topline were not adequate to provide for cost of operations of the Company & until such time new customers and products are added, this pressure would continue. Considering the market sentiment, the Company only picked up selective orders with customers who had good financial track records; however margins from these were inadequate to cover all expenses.

The Company has initiated steps to turn around the situation by controlling expenses, unnecessary activities and operations were also shut e.g. the entire Bangalore operations, including office, were shut and excessive staff in other areas were streamlined. Certain one-time costs for closure of these operations have also added to the negative result.

The Company hopes that along with above efforts in streamlining costs and more marketing efforts in obtaining profitable orders and the cost control and rationalization measures, the Company would turn around in the next few years.

The Company has therefore prepared its financials on a going concern basis

48 Ceasing Operations in Bangalore Unit

During the year, the company has ceased its operations in Bangalore as statated in above note 47 with an effort to streamline its costs

49 Non current Assets Held for sale

During the year, the Company has committed to sell certain Motor Cars with carrying value of Rs. 37,16,854 and has identified the buyer. The same is measured at fair value less cost to sell at Rs. 33,73,432. The impairment losses of Rs 3,43,422 is recognised in Statement of Profit and Loss in Other Expenses (Note 32). The Company has received a sum of Rs 6,78,667 against the sale of such non-current assets held for sale (reflected in Note 24).



Notes to the Financial Statements for the Year Ended 31.03.2019

50 Financial risk management

The Company has exposure to following risks arising from financial instruments-

- credit risk
- market risk
- liquidity risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relations to the risks faced by the Company.

A Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's income and its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Currency risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect company's income or value of its holding financial assets/ instruments. The exchange rate between the Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the Rupee appreciates/ depreciates against US dollar (USD), Euro (EUR), and British Pound (GBP).

(a) Foreign Exchange Exposures outstanding at the year end Rs.

Nature Of Instrument

Unhedged Foreign Exchange Exposures

Trade Receivables

	As at 31 March 2019	As at 31 March 2018
Unhedged Foreign Exchange Exposures	15,582,717	57,727,722
Trade Receivables	15,582,717	57,727,722

(b) Foreign Currency Risk from Financial Instrument as of

Nature Of Instrument

Trade Receivables

Net Assets/Liabilities

	As at 31 March 2019		
	USD	GBP	Total
Trade Receivables	75,786	15,506,931	15,582,717
Net Assets/Liabilities	75,786	15,506,931	15,582,717

(b) Foreign Currency Risk from Financial Instrument as of

Nature Of Instrument

Trade Receivables

Net Assets/Liabilities

	As at 31 March 2018		
	USD	GBP	Total
Trade Receivables	33,446,273	24,281,449	57,727,722
Net Assets/Liabilities	33,446,273	24,281,449	57,727,722

(c) Sensitivity Analysis

A reasonably possible change in foreign exchange rates by 2% would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Notes to the Financial Statements for the Year Ended 31.03.2019



	As at 31 March 2019	As at 31 March 2018
Impact on Profit and Loss Statement		
USD Sensitivity		
INR/USD - Increase by 2%	1,516	668,925
INR/USD - Decrease by 2%	(1,516)	(668,925)
GBP Sensitivity		
INR/USD - Increase by 2%	310,139	485,629
INR/USD - Decrease by 2%	(310,139)	(485,629)
Impact on Equity (Net of Tax)		
USD Sensitivity		
INR/USD - Increase by 2%	1,122	496,677
INR/USD - Decrease by 2%	(1,122)	(496,677)
GBP Sensitivity		
INR/USD - Increase by 2%	229,503	360,580
INR/USD - Decrease by 2%	(229,503)	(360,580)

B Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

(a) Exposure to interest rate risk:

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	As at 31 March 2019	As at 31 March 2018
Fixed-rate instruments:		
Financial assets	7,000,000	7,500,000
Financial liabilities	3,923,291	6,948,497
Variable-rate instruments:		
Financial assets	-	-
Financial liabilities	28,218,147	38,687,251
	39,141,438	53,135,748

(b) Fair value sensitivity analysis for fixed-rate instruments

The Company's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk as defined Ind AS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates.

(c) Cash flow sensitivity analysis for variable-rate instruments



Notes to the Financial Statements for the Year Ended 31.03.2019

A reasonable possible change of 1% (100 basis points) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below:

	Rs.	
	As at 31 March 2019	As at 31 March 2018
Impact on Profit and Loss Statement		
Loan and Borrowing		
Increase by 1%	(334,527)	(260,916)
Decrease by 1%	334,527	260,916
Impact on Equity (Net of Tax)		
Loan and Borrowing		
Increase by 1%	(247,550)	(193,730)
Decrease by 1%	247,550	193,730

B Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

More than 90% of the Company's customers have been transacting with the Company for continuous periods, and no significant impairment loss has been recognized against these customers due to the realisation within the credit period. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

Particulars	Less than 3 months	3-12 months	More than 12 months	Total
As at 31 March, 2019	22,416,324	98,234	-	22,514,558
As at 31 March, 2018	57,727,722	198,403	-	57,926,125

C Liquidity Risk

Liquidity is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing the liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To ensure continuity of funding, the Company primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs. The Company believes that the working capital met by short term borrowings is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

Exposure to liquidity risk

The table below details the Company's remaining contractual maturity for its non-derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.



Notes to the Financial Statements for the Year Ended 31.03.2019

	Contractual cash flows				
	Carrying value	Total	Less than 1 year	1 - 5 years	more than 5 years
31 March 2019					
Long Term Borrowings	3,923,291	3,923,291	1,397,091	2,526,200	-
Trade payables	13,340,196	13,340,196	13,340,196	-	-
Short Term Borrowings	30,607,476	30,607,476	30,607,476	-	-
Other current financial Liabilities	9,152,560	9,152,560	9,152,560	-	-
31 March 2018					
Long Term Borrowings	6,948,497	6,948,497	3,025,206	3,923,291	-
Trade payables	16,595,686	16,595,686	16,595,686	-	-
Short Term Borrowings	41,076,580	41,076,580	41,076,580	-	-
Other current financial Liabilities	13,817,592	13,817,592	13,817,592	-	-
	78,438,355	78,438,355	74,515,064	3,923,291	-

D Price Risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the Balance Sheet either as Fair Value through OCI or fair value through profit or loss

To manage the price risk arising from investments in equity securities, the Company diversifies its portfolio. The majority of the investments held by the Company are publicly traded.

Sensitivity

The table summarises the impact of increases/decreases of their index on the Company's equity and profit for the period. The analysis is based on the assumption that the Equity Index had increased or decreased by 8% with all other variables remaining constant and that all the Company's Equity Instruments moved in line with the index

	As at 31 March 2019	As at 31 March 2018
Impact on Profit and Loss Statement		
NSE Nifty Index		
Increase by 8%	2,164,743	1,593,843
Decrease by 8%	(2,164,743)	(1,593,843)
Impact on Equity (Net of Tax)		
NSE Nifty Index		
Increase by 8%	1,601,910	1,183,428
Decrease by 8%	(1,601,910)	(1,183,428)

51 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.



Notes to the Financial Statements for the Year Ended 31.03.2019

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid, return the capital to shareholders, issue new shares or adjust its short term borrowings. The current capital structure of the Company is equity based backed with short term borrowings.

	As at 31 March 2019	As at 31 March 2018
Long Term Borrowings (incl Current Maturities)	3,923,291	6,948,497
Short Term Borrowings	30,607,476	41,076,580
Total Borrowings (A)	34,530,767	48,025,077
As a percentage of total equity	36.95%	32.84%
Total equity (B)	58,917,709	98,218,361
As a percentage of total equity	63.05%	67.16%
Total Capital (A+B)	93,448,476	146,243,437

**FORM NO. MGT - 12**

Polling Paper

[Pursuant to section 109 (5) of the Companies Act, 2013 and rule 21 (1) (c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : **SPICEISLANDSAPPARELSLTD.**(CIN:L17121MH1988PLC050197)
 Registered Office : Unit No.43-48, Bhandup Industrial Estate,
 L.B.S. Marg, Bhandup (W), Mumbai - 400 078.
 Date of Annual General Meeting : 28th September, 2019

BALLOT PAPER

Sr. No.	Particulars	Details
1	Name of the First Named Shareholder (In block letters)	
2	Postal Address	
3	Registered Folio No. / * Client ID No. (*Applicable to investors holding share in dematerialized form)	
4	Class of share	EQUITY

I hereby exercise my vote in respect of Ordinary / Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

No.	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
	ORDINARY BUSINESS			
1	Consider and Adopt : Audited Financial Statement Report of the Board of Directors and Auditors			
2	Ratification of Appointment of Auditors and fixing their remuneration			
	SPECIAL BUSINESS			
3	Appointment of Mr. Neeraj Desai (DIN : 03184375) as an Additional Director liable to retirement by rotation			
4	Appointment of Mr. Nilesh Shevade (DIN : 03184426) as an Additional Director liable to retirement by rotation			
5	Re- appointment of Mr. Umesh Katre (DIN : 00196300) as Managing Director			

If Proxy

Name of proxy holder	
Signature of proxy holder	

Place : Mumbai

Date : September 28, 2019

Signature of the Shareholder



ATTENDANCE SLIP

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

SPICE ISLANDS APPARELS LIMITED

CIN:L17121MH1988PLC050197

Registered Office: Unit 43-48, Bhandup Industrial Estate, L.B.S. Marg, Bhandup, Mumbai - 400078.

Tel: 67400800 Fax: 22826167

E-mail: sales@spiceislansindia.com

Registered Folio No./DP ID No. / Client ID No.	
Name and address of the Member(s)	
Joint Holder 1	
Joint Holder 2	
Number of Shares held:	

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 31st Annual General Meeting of the Company at M.C. Ghia hall, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, (Behind Prince of Wales Museum), Kala Ghoda, Mumbai – 400 001 on Saturday, 28th September, 2019 at 10.30 a.m.

Name of the member / proxy

Signature of member / proxy

Note:

1. Please fill up the attendance slip and hand it over at the entrance of the meeting hall.
2. Members are requested to bring their copies of the Annual Report to the AGM.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.

EVSN (Electronic Voting Sequence Number)	*Default PAN

*Only Member who have not updated their PAN with Company / Depository Participant shall use default PAN in the Pan field.

Note: Please read the instructions printed in the Notice of 31st Annual General Meeting dated 28th September, 2019. The Voting period starts from Wednesday, 25th September, 2019 at 10.00 am and ends on Friday, 27th September, 2019 at 5.00 pm. The voting module shall be disabled by CDSL for voting thereafter.

**SPICE ISLANDS APPARELS LTD.**

CIN : L17121MH1988PLC050197

Registered Office : Unit 43-48, Bhandup Industrial Estate, L.B.S. Marg, Bhandup, Mumbai-400078

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies Management and Administration) Rules, 2014]

Name of the Member(s) :		e-mail Id :	
Registered address:		Folio No / Client Id :	
		* DP Id :	

I/We, Being the member(s) of _____ shares of Spice Islands Apparels Ltd., hereby appoint :

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Saturday, September 28, 2019 at 10.30 a.m. at M.C. Ghai Hall, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, (Behind Prince of Wales Museum) Kala Ghoda, Mumbai-400 001 and at any adjournment thereof in respect of such resolutions as are indicated below :

** I wish my above Proxy to vote in the manner as indicated in the box below :

	Resolutions	For	Against
1.	Consider and Adopt : Audited Financial Statement, Report of the Board of Directors and Auditors		
2.	Ratification of Appointment of Auditors and fixing their remuneration		
3.	Appointment of Mr. Neeraj Desai (DIN: 03184375) as an Additional Director liable to retirement by rotation		
4.	Appointment of Mr. Nilesh Shevade (DIN : 03184426) as an Additional Director liable to retirement by rotation		
5.	Re- appointment of Mr. Umesh Katre (DIN : 00196300) as Managing Director		

Signed this _____ day of _____ 2019

Signature of Shareholder



Signature
first proxy holder

Signature
second proxy holder

Signature
Third proxy holder



Notes :

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of member not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting right may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) This is only optional. Please put a "X" in the appropriate column against the resolution indicated in the Box. If you leave the "For" or "Against" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

Notes



SPICE ISLANDS APPARELS LTD.

125-A, Mittal Tower, 12th Floor,
210, Nariman Point, Mumbai - 400 021