



SPICE ISLANDS APPARELS LTD.

(Govt. Recognised Export House)

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CIN NO. : L17121MH1988PLC050197

23rd March 2021

To,

The Secretary,
The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

Security Code
526827

Sub: Outcome of Board Meeting pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure and requirements) Regulations, 2015.

Consistent losses and temporary suspension of trading activities

Few of the reasons for the woes of our industry are higher cost input in terms of material labour & logistics vis-à-vis neighbouring countries like Bangladesh, Sri Lanka & new destination Myanmar where bulk of the manufacturing hub has now relocated. In addition to the lower cost of production, these countries also have a 10% advantage in the European market vis-à-vis Indian companies as the merchandise shipped from here does not attract any customs duty. All in all, the scope for manufacturing & increasing capacities, keeping in mind only the overseas markets, has shrunk considerably.

We also did look at contract manufacture for domestic brands. However, the credit terms sought by most of the players made this non-viable for a set up like ours. Observing the trend of the past 2 to 2 ½ years we have started downsizing manufacturing activity with a possibility of relocating with a smaller capacity closer to Mumbai i.e., in Gujarat bordering Maharashtra, so as to have better control & reduce need for multiple administrative locations. In accordance with the plan the Tirupur manufacturing facility was shut in February & old machineries being disposed of, rest were to be shifted to new locations under negotiation. This plan of downsizing & rebuilding the order book, new manufacturing set up closer to home etc. could not be put in place as Covid-19 happened in March & with it came lockdowns, labour disruptions & also complete chaos on the customer front with lot of them going into insolvency etc.

Trying to contact new customers to build a new base is completely ruled out due travel restrictions & unavailability of persons in the target customer offices in their countries due to revised work culture i.e. work from home. The business being such that requires personal presentation & relationship building has taken a tremendous hit & is unlikely to see any possibility of revival with the addition of new customers in the immediate future due to uncertainties on account of the prevalent worldwide pandemic, even business from the company's regular customers is likely to shrink by 50% or more in the short term. Given this, we are unable to verify their financial standings vis-à-vis new market conditions. It is therefore suggested that the Company suspend all trading activities while it ascertains complete effect of the pandemic on its customers & their markets.

The Board passed the following resolution

“RESOLVED THAT the Board has placed on record that due to the situation of the COVID-19 pandemic, with its effects globally, the Company has faced impacts of the same on the financial forefront; as the company's principle markets continue to remain under various forms of lockdown, further aggravating the issue;

RESOLVED FURTHER THAT the Company hereby shall work in a mechanism to utilize the resources effectively and/or judiciously to meet only the necessitous statutory obligations and settlement towards secured creditors.

RESOLVED FURTHER THAT the Company shall hereby temporarily suspend all the trading activities with effect from 31st March 2021 and take such steps towards not creating further losses until the overseas market situation improves financially and the Board deems fit to resume such activities in lieu of the various restrictions including travel which has been imposed;

RESOLVED FURTHER THAT the Board shall meet periodically to review the financial positions of the Company and overall market conditions and to take all such actions to correct such losses which has been faced by the Company due to the impact of COVID-19.

RESOLVED FURTHER THAT the Board, will explore all other possibilities in dealing with the Company in case things do not improve and necessary shareholders permission may be sought for any decision that may be required to be taken.”

This is for the record of the Stock Exchange.

for SPICE ISLAND APPARELS LIMITED,

The image shows a handwritten signature in black ink, which appears to be 'Umesh', followed by a blue circular stamp. The stamp contains the text 'SPICE ISLANDS APPARELS LTD' around the perimeter and 'MUMBAI' in the center.

Umesh Mohan Katre
(Chairman)