



SPICE ISLANDS APPARELS LTD.

(Govt. Recognised Export House)

Admin. Office: 125-A, Mittal Tower, 12th Floor, 210, Nariman Point, Mumbai 400 021. India
Tel.: +91 (22) 6740 0800, 2282 3128 Fax: +91 (22) 22826167 www.spiceislandsindia.com
CIN NO : L17121MH1988PLC050197

27th October, 2020

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

Security Code
526827

OUTCOME OF BOARD MEETING

Regulation 30 of Securities and Exchange Board of India (LODR) Regulation, 2015

Date of Board Meeting : 27th October, 2020 Time : 4.00 p.m.

Concluded at : 5.00 p.m.

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

Outcome :

1) RESIGNATION OF STATUTORY AUDITORS- M/S NSVM & ASSOCIATES

The Company was carrying out Manufacturing activity through leased premises at Bangalore and Tirupur. The facility at Bangalore was withdrawn in the financial year 2018-19. However, manufacturing at Tirupur continued. The landlord at Tirupur also wanted his premises back. Accordingly, the Company shifted the plant & Machinery and are temporarily kept at warehouse in Bhiwandi, near Mumbai. The Company will install this in a place in and around the core base in the western region.

M/s. NSVM & Associates are Bangalore based Audit Firm and it would be difficult for them to cater the client in Mumbai.



Regd. Office: Unit No. 3043-3048, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai - 400 078.



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M/s. NSVM & Associates have opted out and submitted their resignation and expressed their unwillingness to continue and would not like to continue their assignment.

Accordingly, the Board has accepted resignation of M/s. NSVM & Associates, Statutory Auditor of the Company.

1) APPOINTMENT OF NEW STATUTORY AUDITORS - M/S TIKEKAR AND ASSOCIATES LLP FOR THE FINANCIAL YEAR 2020-21.

Appointment of M/S Tikekar and Associates LLP, Chartered Accountants (Firm Registration Number: W100141) as statutory auditors under casual vacancy caused by Resignation of NSVM & Associates (Firm Registration No.: 010072S).

M/S Tikekar and Associates LLP, have submitted their Consent letter/ Eligibility Certificate and the Board, after careful consideration have decided to appoint M/s Tikekar and Associates LLP as Statutory Auditor for the Financial Year 2020-21 and recommend their appointment for approval of Members in the forth coming 32nd Annual General Meeting.

2) REVIEW OF THE WORKING OF THE COMPANY

It is a fact that Financial Year 2017-18, 2018-19 & 2019-20 have really not worked for our company resulting in accumulated losses of Rs. 598.77 lacs.

Few of the reasons for the woes of our industry are higher cost input in terms of material labour & logistics vis-à-vis neighboring 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





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& 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 starting 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 to the plan the Tirupur manufacturing facility was shut in February & very old machineries being disposed off, 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. Our 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.

Given this scenario, your Directors are of the opinion that the business be closed at the earliest and if no possibilities of revival are established in that case option of Voluntary liquidation may be exercised and then the company could possibly get liquidated. Business in this company should be completely stopped at the end of Current Financial Year.





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DECISION OF THE BOARD

Keep monitoring closely the financial help and take suitable decisions in the coming Board Meetings.

This is for the record of Stock Exchange.

For Spice Islands Apparels Ltd.



Umesh Katre
(Chairman)
(DIN : 00196300)
Place : Mumbai.